



MINISTRY OF INDUSTRY AND TRADE

Strategic Plan 2011-2016

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Abbreviations

AGOA	African Growth and Opportunity Act
BESTAP	Business Environment and Technical Assistance Project
COMESA	Common Market for Eastern and Southern Africa
DBS	Doing Business Survey
DEMAT	Development of Malawian Entrepreneurship Trust
DFID	Department for International Development
DTIS	Diagnostic Trade Study
EAC	East African Community
EBA	Everything But Arms
ECAMA	Economic Association of Malawi
EIF	Enhanced Integrated Framework
EPA	Economic Partnership Agreement
EPZ	Export Processing Zone
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GOM	Government of Malawi
HACCP	Hazard Analysis and Critical Control Points
ILO	International Labour Organisation
MF	International Monetary Fund
IPPA	Investment Promotion and Protection Agreements
ISO	International Standard Organisation
LDC	Less Developed Countries
MBS	Malawi Bureau of Standards
MCCI	Malawi Confederation of Chambers of Commerce and Industry
MEDI	Malawian Entrepreneurs Development Institute
MEJN	Malawi Economic Justice Network
MEPC	Malawi Export Promotion Council
MFA	Multi-Fibre Agreement
MGDS	Malawi Growth and Development Strategy
MIPA	Malawi Investment Promotion Agency
MIRTC	Malawi Industry Research and Technology Development Centre
MITC	Malawi Investment and Trade Centre

MK	Malawi Kwacha
MoIT	Ministry of Industry and Trade
MRA	Malawi Revenue Authority
MSME	Micro Small and Medium Enterprises
MTEF	Medium Term Expenditure Framework
NEP	National Export Policy
NSO	National Statistical Office
PPP	Public Private Partnership
PSD (S)	Private Sector Development (Strategy)
RBM	Reserve Bank of Malawi
SADC	Southern African Development Cooperation
SEDOM	Small Enterprise Development of Malawi
SEZ	Special Economic Zone
SME	Small and Medium Enterprises
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
USA	United States of America
USAID	United States Agency for International Development
WB	World Bank
WTO	World Trade Organisation

1. Background

1.1 Introduction

The Ministry of Industry and Trade is responsible for creating a conducive and regulatory environment, formulating and implementing policies on trade for industry development and competitiveness. It is also responsible for ensuring the expansion of products and services from Malawi on domestic and international markets. Furthermore an important responsibility of the Ministry's is the empowering of Malawians, including small and medium enterprises (SMEs) and cooperatives, to participate in economic activities.

The Ministry of Industry and Trade is responsible for formulating and implementing policies with the objective of creating an economic regulatory environment conducive to encouraging industry development and competitiveness, as well as promoting the provision of Malawian products in both domestic and international markets. Furthermore an important responsibility of the Ministry's is the empowering of Malawians, including small and medium enterprises (SMEs) and cooperatives, to participate in economic activities.

This Strategic Plan for the period 2011-2016 sets out the key goals the Ministry of Industry and Trade intends to achieve over the coming five years. This plan succeeds the first Strategic Plan for the Ministry covering the period 2006 – 2011. The accomplishments with respect to economic development, trade and private sector development are reviewed in the remaining sections of this introduction.

The Strategic Plan presents:

- The organizational structure of the Ministry and the most relevant stakeholders;
- The vision, mission and link with the MGDS;
- Strategic objectives and targets;
- The outputs and related indicators;
- The resource framework; and
- The monitoring and evaluation framework.

1.2 Economic overview

1.2.1 Economic performance

Over the years, the overall economic development trends of Malawi have been favourable, with GDP growth amounting to an average of 7.9 percent annually over the period 2006 to 2010. This growth was primarily fuelled by agriculture. Additionally, prudent macro-economic management by the government, which has resulted in lower inflation and interest rates, created a favourable environment for the private sector to thrive. However, sustaining high growth rates requires overcoming several obstacles to growth. Among the major challenges facing the economy is the need to diversify away from traditional exports.

The strategic sectors that have significantly contributed to the recent growth include: agriculture, manufacturing, construction, wholesale and retail, information and technology, and financial and insurance services among others. As can be seen from Table 1, agriculture accounts for one-third of GDP whilst services account for almost half of GDP. Manufacturing's share has declined to 7.5 percent in 2010 from 8.2 percent in 2006.

Table 1: Percentage distribution of GDP by sector in 2003, 2006 and 2009
(based on GDP measured in constant prices of 2005)

Sector	2003	2006	2010
Agriculture	34.1	31.3	34.1
Mining	0.8	0.9	1.3
Manufacturing	8.5	8.2	7.5
Electricity, gas and water	1.5	1.6	1.4
Construction	4.0	4.6	4.5
Services	48.0	50.4	48.0
Wholesale & retail	12.4	14.7	13.8
Transportation & storage	3.3	3.7	3.4
Accommodation & restaurants	2.1	1.8	1.7
Information & communication	3.4	2.6	3.8
Financial, insurance activities, real estate and business services	12.1	12.4	12.1
Public administration & defence, education and health	10.8	10.3	9.0
Other services, nec	4.0	4.7	4.0
Less: FISIM	-4.6	-6.4	-6.5
Plus: taxes less subsidies on products	8.2	9.4	9.8
GDP	100.0	100.0	100.0

Source: NSO

1.2.2 Developments in trade

Malawi continues to pursue an open economy strategy as the economic growth of the country is export-led. Total trade in goods and services in 2010 amounted to about 75 percent of GDP. Table 2 and Figure 1 below show that exports of goods and services have increased quite significantly since 2006, by 74.8 percent, while imports have grown by 100 percent, much of it in 2010. This surge in imports in 2010 may have been partly the result of a strengthening currency in that year, making imports relatively cheap. Overall, Malawi's negative trade balance widened from MK 72 billion in 2006 to MK167 billion in 2010.

The main imports are fuel and fertiliser. Machinery and spare parts are the next largest category of imports. There is a group of end product manufactured goods the import for which has risen rapidly. They include toiletries, plastic products, pharmaceuticals, books and paper products and textiles. These products directly compete with locally produced goods.

Table 2: Exports and imports of goods and services, 2006, 2009 and 2010 in millions of Kwacha

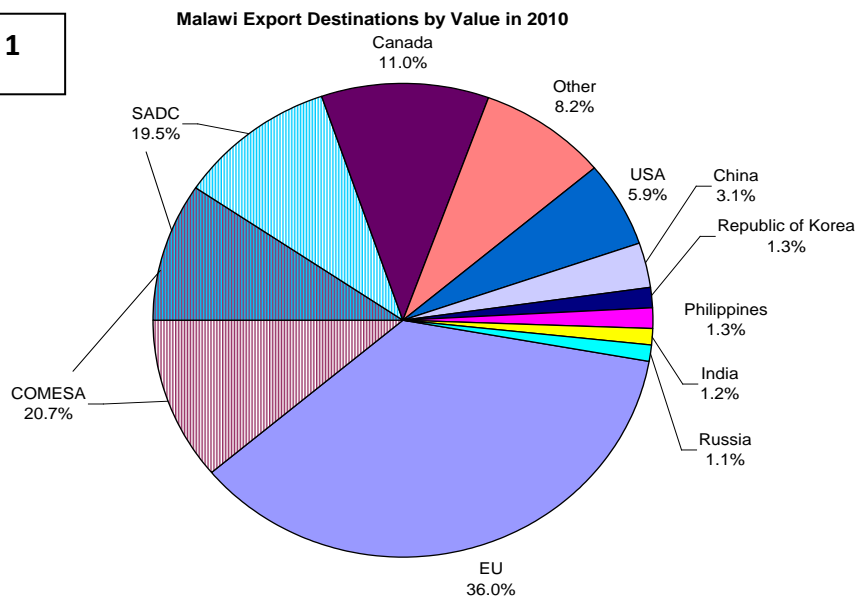
	Millions of Kwacha		
	2006	2009	2010
Exports (fob)	91,092	166,551	159,436
Export of non-factor services	7,904	10,316	11,388
Total exports	98,996	176,867	170,824
Imports (cif)	162,505	286,536	325,579
Imports of non-factor services	36,024	46,967	50,000
Total imports	198,529	333,503	375,579
GDP in current prices (million Kwachas)	396,444	640,063	731,612
Share of imports of goods and services in GDP (%)	50.1	52.1	51.3
Share of exports of goods and services in GDP (%)	25.0	27.6	23.3
Total trade as percentage of GDP	75.0	74.8	74.7
Exchange rate US\$	136	141.2	150

Sources: Import and exports of goods from NSO as presented on the NSO website. Data on trade in non-factor services have been obtained from the Balance of Payments as published by the RBM.

Note: 2010 data are preliminary estimates

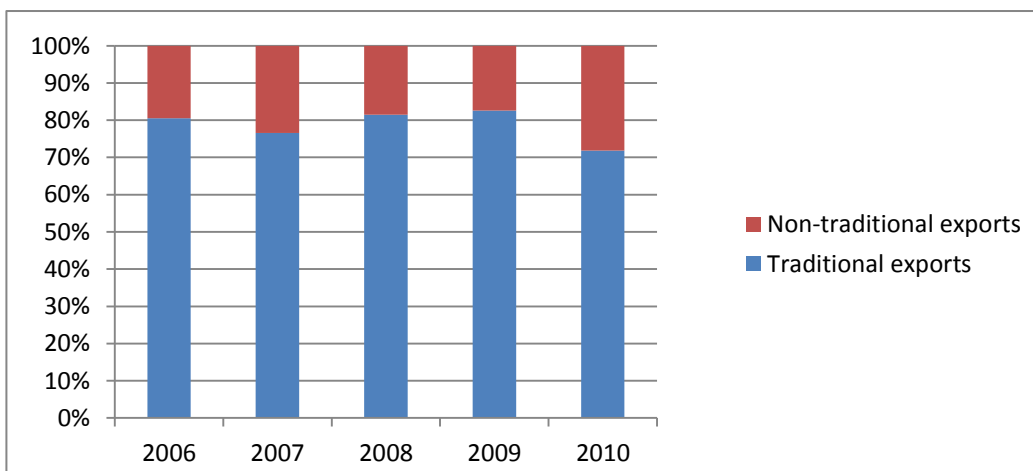
The EU is still the largest market for Malawian exports accounting for 36 percent in 2010. The other main markets are the countries in the region of SADC and COMESA, accounting for 30 percent of total exports. Exports to the emerging economies of China and India are also rapidly increasing. See figure 1 below for Malawi's main export destinations in 2010.

Figure 1



The need for export diversification is underscored in several policy documents. Figure 2 below shows that between 2006 and 2009 the share of non-traditional exports fluctuated at around 20 percent of total exports. In 2010, however, the share of non-traditional exports increased significantly mainly due to the export of uranium which started that year. An increase in non-traditional exports to other members of COMESA and SADC has also been seen.

Figure 2: The distribution of exports by traditional and non-traditional products, 2006-2009



Source: NSO

Note: Traditional exports include tobacco, tea, coffee, sugar, rice and cotton

Malawi is a member of two regional economic groupings, COMESA and SADC. COMESA is a customs union, although it is not yet fully operational. A three year transition period is in effect (started in 2009) for countries to harmonize trade policies, including tariff regimes. SADC is currently an FTA, but also has the intent to establish a customs union. Furthermore Malawi participates in the newly established Tri-Partite Agreement between COMESA, SADC and the EAC to establish a free trade area between these regions.

The AGOA agreement with US provides concessional access to the US market for selected goods. Products exported to the US under this agreement include garments and agricultural goods (macadamia nuts and certain types of tobacco). Garment exports under AGOA have declined due to increased competition from Asian countries after the abolishment of the MFA agreements in 2005. However, this decline has been more than compensated by growing exports of agricultural products to the US. Between 2006 and 2010 exports to the US under AGOA have increased from US\$ 30 million to US\$ 47 million. In 2010 agricultural AGOA exports increased to US\$ 37 million (from US\$ 11 million in 2006).

Malawi has preferential market access to the EU under the Everything but Arms (EBA) initiative. Furthermore, Malawi has bilateral trade agreements with South Africa, India, and Mozambique. Malawi also benefits from preferential market access to China, Canada, and Japan under preferential arrangements for LDCs.

1.2.3 Investment

Important indicators of private sector performance are the growth in private sector investment and the uptake of credit by the private sector. Developments in these indicators are presented in Table 2. The data shows that private sector investment has grown significantly as the share of private sector investment as a percentage of GDP has increased from 14.4 percent

of GDP in 2006 to 16.1 percent in 2009, according to IMF estimates. The private sector has also increased its access to credit as reflected by a trebling in the amount of credit outstanding to the private sector and its increase as a percentage of GDP.

Table 3: Gross investment by government and the private sector as a percentage of GDP and outstanding private credit in billion Kwacha (and percentage of GDP)

	2006	2009	2010
Government	7.7	7.2	
Private sector	14.4	16.1	
Total	22.1	23.3	
Private sector credit	35.8		110.4
(% of GDP)	(9.0%)		(15.1%)

Sources: IMF country reports and RBM statistics

Malawi has few restrictions on FDI. Table 3 shows that in recent years the country has been successful in attracting FDI. Over the period 2005 to 2010 FDI has amounted to US\$ 550 million, which amounts to 70 percent of the stock of FDI in the country, indicating that most FDI has taken place in recent years. Nevertheless the exposure of Malawi to FDI is still low in comparison with other countries in the region as is reflected in Table 6.

With an investment in a mining project of US\$ 196 million, Australia is the biggest foreign investor. Other big investors are South Africa (US\$ 97 million), India (US\$ 90 million), and China (US\$ 50 million). The largest number of projects is in manufacturing (130 out of 276 projects). They cover a wide range of manufacturing activities from food products, to garments, wood products, chemicals, plastics, metal product, etc.

Table 4: Foreign investment inflows, 2005-2010 (US\$ million)

	2005	2006	2007	2008	2009	2010	Total
Manufacturing	10.0	30.4	13.8	9.3	66.0	5.3	134.8
Services	33.0	0.9	2.9	27.2	5.1	6.0	75.1
Tourism	2.9	1.5	2.0	27.1	0.2	0.1	33.8
Mining	16.2	134.3	17.3	20.8	20.8	3.5	212.9
Agriculture	0.3	0.3	32.2	49.2	0.0	11.0	93.0
Total	62.4	167.4	68.2	133.6	92.1	25.9	549.6

Source: MIPA

Table 5: FDI stock as percentage of GDP (2009)

Country	FDI /GDP %
Malawi	20.1
Mozambique	53.8
Zambia	63.7
Tanzania	32.5
Africa (LDC)	33.1

Source: UNCTAD

A system of incentives is in place to promote both foreign and domestic investment. These incentives include:

- General incentives (investment allowances, deductibility of preparation costs, loss carry forward, import duty exemption non raw materials and certain investment goods);
- Export incentives for EPZs (no withholding tax on dividend, no duty on raw materials and capital goods, excise tax and VAT exemptions);
- Manufacturing in bond (export and transport tax allowances, customs tax exemptions on capital equipment, exemptions on excise tax, duty drawback on all imported materials used in the production process).

There are additional incentives for investments in horticulture, dairy farming, fisheries, mining, tourism, telecommunications, water supply and electricity generation.

The country's investment promotion agency, MIPA, has been merged with the export promotion council, MEPC, to form the MITC which will provide support for both foreign investment and exporting firms.

1.2.4 Manufacturing

In spite of an average real growth rate of 5.6 percent per annum between 2006 and 2010, the share of manufacturing value added has fallen from 8.2 to 7.5 percent of GDP over this period, as the growth rate of total GDP exceeded the manufacturing growth rate.

Imports of manufactured goods have risen rapidly over the past five years, but the share of manufactured exports in total exports has been declining. The decline in manufacturing export performance is largely due to the decline in garments exports. The declining export performance of the manufacturing sector is also reflected by a falling share of manufactured exports in total manufacturing output, which amounted to some 15 percent in 2010. The share of domestic manufacturing production in meeting the domestic demand for manufactures was 39 percent in 2010 and has fallen from 41.8 percent in 2006.

Table 6: Trade-related indicators of manufacturing performance (2006-2010)

	2006	2009	2010
Percentage share of manufacturing exports in manufacturing output.	17.5	14.6	14.7
Share of manufacturing output in domestic demand (%)	41.8	39.0	39.0

Sources: Estimated based on NSO trade data and estimates by the Ministry of Industry and Trade

1.3 Highlights of past key interventions of the Ministry of Industry and Trade

Under its previous Strategic Plan covering the period 2006-2011 the Ministry of Industry and Trade has formulated and implemented programmes in several key areas in support of trade, industry and private sector development.

Strategy and policy formulation

A private sector strategy and policy have been formulated, as well as a National Investment Policy. A draft AGOA strategy has been formulated and a National Export Strategy (NES) is under preparation.

Regulatory reform

The Ministry has been implementing a major programme of regulatory reform reviewing and revising a range of economic laws and simplifying regulatory procedures. A key programme in this area is the BESTAP programme. Some of the key achievements of which have been: the simplification of business establishment procedures, the establishment of a commercial court and facilitation of the registration of property. In addition a competition commission has been established.

Investment promotion and investment protection

To strengthen investment promotion efforts the investment promotion agency MIPA has been merged with the export promotion council, MEPC, to form the MITC. An investment protection agreement (IPPA) has been concluded with Germany and more are under preparation. An EPZ programme is administered by the ministry. Currently 10 companies have been registered as EPZ companies.

Market access

The ministry has intensively participated in bilateral, regional and international trade negotiations. Several bilateral trade agreements have been concluded. In the context of the regional groupings in which Malawi participates, COMESA is moving to a customs union and SADC is operating as a free trade area. Recently a tripartite free trade agreement has been concluded between COMESA, SADC and the EAC which aims at establishing a free trade area covering a large part of Eastern and Southern Africa.

Trade facilitation

A working group has been established which addresses bottlenecks with respect to cross border trade constraints in the form of procedures and documentation requirements.

SME and cooperative development

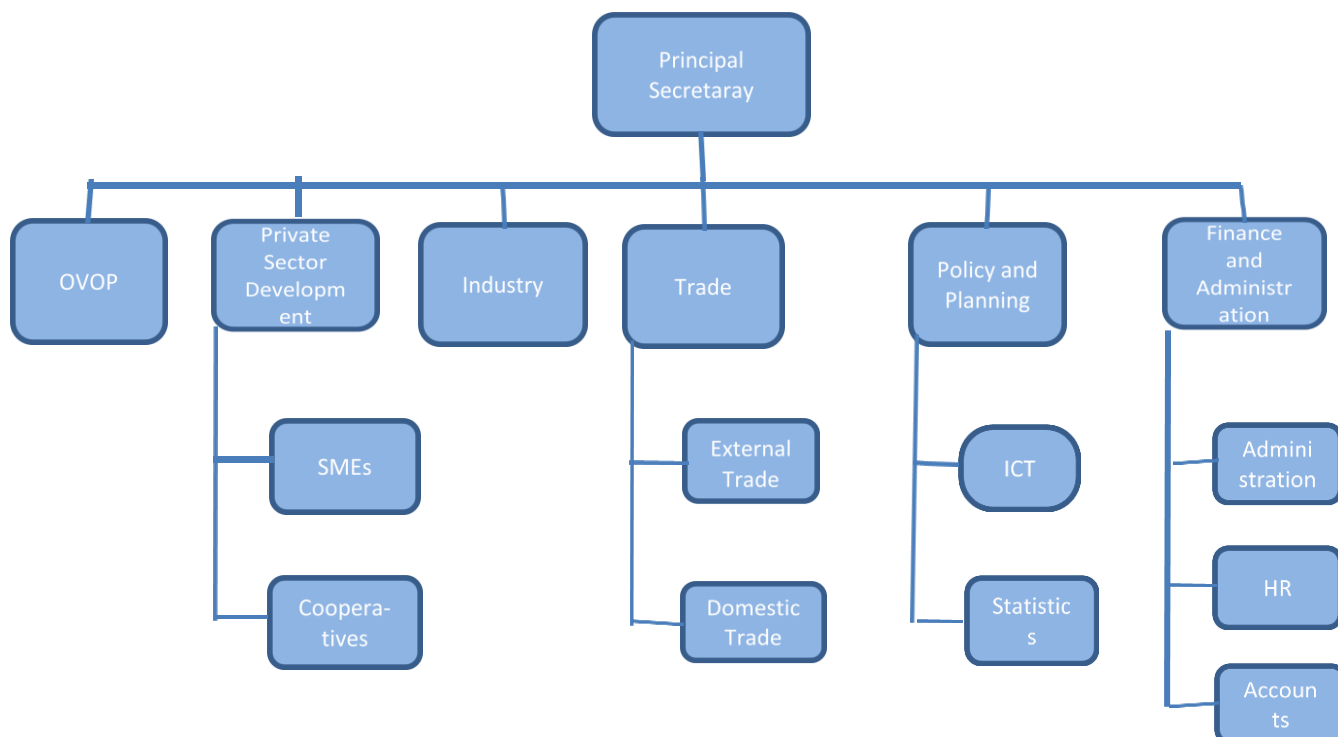
Support has been provided to SMEs and cooperatives through training and business support services.

Rural industrialisation

Support has been provided to establish and upgrade ventures processing agricultural products in rural districts, facilitating private investment, providing equipment and establishing linkages with markets.

2. Organisational Structure of the Ministry of Industry and Trade

Figure 4: Organisational structure of the Ministry of Industry and Trade



2.1 Stakeholders

The key stakeholders in trade, industry and private sector development include the following government ministries, parastatals, private sector organizations, civil society organizations, and development partners:

- Ministry of Industry and Trade;
- Ministry of Labour;
- Ministry of Transport;

- Ministry of Agriculture and Food Security;
- Malawi Bureau of Standards (MBS);
- Malawi Enterprise Development Institute (MEDI);
- Small Enterprise Development of Malawi (SEDOM);
- Malawi Industrial Research and Technology Development Centre (MIRTDC);
- Malawi Confederation of Chambers of Commerce and Industry (MCCCI);
- Development of Malawian Traders (DEMAT);
- Economics Association of Malawi (ECAMA);
- Malawi Economic Justice Network (MEJN);
- Malawi Investment and Trading Centre(MITC);
- Malawi Revenue Authority (MRA);
- The World Bank;
- African Development Bank;
- Department For International Development (DFID);
- United States Agency for International Development (USAID);
- United Nations (UNDP. UNIDO. ILO);
- Japanese International Cooperation Agency;
- European Union (EU).

3. Vision, mission and goal

The mandate of the ministry is to promote industry, trade and private sector development for sustainable economic growth.

3.1 Vision

A dynamic, innovative and globally competitive economy.

3.2 Mission Statement

To promote, support and facilitate the development of industry, trade, and private sector in both existing and potential growth sectors thereby increasing supply of value-added goods and services for domestic and international markets while sustaining competitive advantage.

3.3 Medium to Long term Goal

Transform the economy from predominantly importing and consuming into a producing and exporting country thereby contributing significantly towards sustainable economic growth, job creation, economic empowerment, generation of competitive exports and harnessing of local resources.

3.4 The Strategic Plan and the MGDS 2

The strategy is consistent with the goals and themes of MGDS 2. In particular the strategy addresses theme one of the MGDS 2 - Sustainable Economic Growth. The Ministry focuses on the following sub-themes:

- Mining and Industrial Development;
- Export-led Growth; and
- Promoting an Environment for Private Sector Development

4. Strategic objectives and targets

The Strategic Plan 2011 – 2016 contains six strategic objectives. These include:

1. To promote growth and diversification of exports.
2. To stimulate the contribution of manufacturing value addition to Gross Domestic Product.
3. Empower Malawians by stimulating the growth and development of the SME sector.
4. Create a business environment conducive to industry development and competition.
5. Facilitate access to both domestic and international markets.
6. Ensure an effective and efficient Ministry.

	Strategic Objective	Targets
1	To promote growth and diversification of the exports	Increase the share of non-traditional goods in total exports from 29% in 2009 to 35% in 2016
2	To stimulate value addition in manufacturing	Increase the share of manufacturing in GDP from 7.5% in 2011 to 10% in 2016
3	Empower Malawians by stimulating the growth and development of the SME sector.	Increased value added and employment generated in SMEs in line with overall growth in value added and employment; Increase productivity in SMEs.
4	Create a business environment conducive to industry development and competition.	Improvement in the Doing Business score by 25 percent, or improve overall Doing Business from 133 in 2011 to 100 in 2016
5	Facilitate access to domestic, regional and international markets	Increase the share of domestically manufactured goods on the domestic market from 39% to 44%; Increased share of imports from Malawi in total imports of partner countries in regional groupings; Increased share of exports to non-traditional export

		partners (India, China, Brazil, others);
6	Ensure an effective and efficient Ministry	80 percent of actions implemented

Objective 1: To promote growth and diversification of exports

Economic growth in Malawi is closely correlated with export performance. However, Malawi's exports continued to be dominated by traditional agricultural exports (coffee, tea, tobacco and sugar) accounting for over 70% of total exports and by extension the performance of traditional agricultural exports have a major impact on the country's economic growth. This renders the country's growth susceptible to external shocks.

Over the next five years this Ministry aims to promote the growth of traditional exports through value addition, export capacity enhancement and the removal of barriers to both internal and external trade. In addition, the Ministry will seek to make concerted efforts to diversify the export base of Malawi through the promotion of more viable non-traditional export products. The export of non-traditional products such as vegetables, cereals, nuts, etc. to regional markets is becoming an increasingly important source of export growth and will be vigorously pursued in this strategy.

Key to achieving the above objective will be the finalization of the National Export Strategy which will map-up strategies that will enhance the export capacity of the country, improve the competitiveness of key products and identify promising export products and markets.

Objective 2: To stimulate the contribution of manufacturing value addition to GDP

Malawi's manufacturing is highly inward-oriented. Only 14 percent of manufacturing is exported¹. The manufacturing sector is not very diversified comprising mainly of

¹ Ministry of Development Planning and Cooperation Annual Economic Report (2009) and IMF staff (September 2008)

agro-processing industries such as, tobacco, tea, and sugar and a number of import-substitution industries in areas such as cleaning materials, pharmaceuticals, plastics and furniture. As noted earlier, the contribution of the manufacturing sector has been falling over the past decade. This poor performance of the manufacturing sector implies that the country is failing to transform its economy from a primary product producing economy to a value adding one.

The medium term objective for this Plan is to increase the share of manufacturing value added to the country's GDP. Key strategies to be pursued in this area include rural industrialisation, promotion of strategic industries and preparation and dissemination of information about industrial investment opportunities. The Ministry will promote upgrading of technologies in manufacturing by supporting the implementation of an Industrial Upgrading and Modernisation Programme in the coming years, focusing on improving management, organisation of production and the introduction of more modern machinery and equipment.

The Ministry will strengthen cooperation with ministries and bodies that are responsible for infrastructure development in the country to ensure that infrastructure is tailored to the needs of industry. To improve infrastructure for industrial development the establishment of industrial parks will be promoted through PPPs. These parks will have good quality power and water infrastructure. The Ministry also aims at establishing a SEZ, which will in addition to providing high quality physical infrastructure also provide a fast track regulatory environment and access to investment incentives.

Objective 3: Empower Malawians, by stimulating the growth and development of the SME sector

The overall goal of this strategic objective is to ensure vibrant local entrepreneurship and indigenous enterprise development as well as to promote effective integration and

growth of indigenous enterprises. Specific objectives to be pursued include the promotion of an entrepreneurial culture and the development of new enterprises, increasing technical and business management skills of MSMEs, facilitation of the graduation of enterprises from small to medium and larger firm sizes and the promotion of broader MSME representation in business associations.

MSMEs remain the major source of employment and earnings for a significant share of Malawi's work force. The Ministry will continue to support MSME development in the country. The Ministry will conduct a fact finding exercise on the MSME sector through a survey to be conducted in 2011 and 2012. This survey aims at determining the size and characteristics of the MSME sector and will be an important input in formulating a new MSME policy. This new policy will be the basis for an MSME act.

Through various SME bodies support will be provided to individual or groups of SMEs in the form of training in business management, accounting and marketing, as well as in technical skills. The training will be supplemented by business advisory services including the preparation of bankable business plans, advice on the organization of production, as well as management and marketing. The participation of SMEs in relevant fairs will be promoted and facilitated.

It is felt that a particular promising way to promote SME development is to link SMEs with larger buyers, including supermarkets, agro-processing, hotels and also exporters. The ministry intends to be pro-active in promoting the development of such linkages. There is scope for developing linkages in a wide range of sectors such as for various agricultural crops (sugar, cotton etc.), horticulture, aquaculture, livestock, raw material inputs for bio-fuels, cooking oil, furniture and so on. The support provided will be to work with suppliers and buyers to upgrade product quality and quantity, ensure adequate certification and proper organization of logistics.

Cooperatives constitute a specific form of cooperation, which has a potentially positive impact on groups of producers. The development of cooperatives requires

intensive support. The Ministry will provide training in cooperative management and accounting to newly registered cooperatives and support the strengthening of existing cooperatives through the provision of advisory services. Cooperatives will also be involved in the business linkages programme.

Other key strategies envisaged under this objective are to create information centres that will inform Malawians of credit and investment opportunities, to establish incubation centres to provide entrepreneurial training to Malawians to empower them to go beyond subsistence business, strengthening the policy environment for micro-finance and targeting women's participation in economic growth activities.

Objective 4: Create a business environment conducive to industry growth and competition

The creation of a regulatory environment conducive to private sector development continues to be a high priority among the ministry's tasks. Already a large number of trade and private sector related laws have been reviewed and several laws have been amended. In the coming years more amendments will be finalized and the revised laws will be submitted to cabinet and parliament for approval. It is expected that passing these laws will significantly reduce regulatory constraints to private sector development resulting in increased private sector development activity.

A key target of regulatory reform is a marked improvement in Malawi's ranking in the World Bank Doing Business Indicator.

It is further envisaged that a number of policies will be formulated to guide the Ministry's work in specific areas. Some of these policies may include the SME policy, the Integrated Trade and Industry policy and the business linkages policy. Special attention will be paid to promoting PPPs, especially in infrastructure, including power, water, and industrial parks.

Access to finance remains a key constraint to private sector development and specific measures will be taken to facilitate access to finance such as allowing movable assets as collateral and linked to a registry for movable assets used as collateral.

Objective 5: Facilitate access to both domestic and international markets

The Ministry will continue to be actively involved in the negotiation and conclusion of bilateral, regional and international trade agreements. Negotiations are continuing to further strengthen economic cooperation in the context of the regional groupings of COMESA and SADC. It is targeted to have the Tri-Partite Free Trade Area of COMESA, SADC and EAC in place by 2016. In moving towards this free trade area, tariff regimes of these three regions will be harmonized and intra-regional infrastructure improved.

On the international scene the Ministry will be active at the WTO forum and provide its inputs into international trade negotiations. The Ministry will be actively pursuing the conclusion of more bilateral trade agreements with countries in the region as well as with emerging economies like Brazil and Turkey. It will also remain in dialogue with the EU on further strengthening economic cooperation links.

To strengthen the Ministry's capacity to undertake trade negotiations at various levels staff will be trained in trade policy and trade negotiation skills. In developing its negotiation positions the Ministry will commission assessments of the potential impact on output, employment, as well as on social and environmental conditions in the country. The Ministry will also undertake efforts to raise awareness of trade issues among other relevant ministries.

Significant work is envisaged in cross border trade facilitation, especially through participation in the Malawi Trade Logistics Technical Working Group, which is chaired by the Ministry of Industry and Trade. The aim is to reduce the time, cost and

number of procedures involved in exporting and importing goods and the establishment of one-stop border posts at key border crossings.

The Ministry intends to strengthen significantly the coordination of support to trade, industry and private sector development by leading the establishment of a working group with representatives of other ministries, the private sector, civil society and donors. The aim is to share knowledge and expertise and target resources and technical support more optimally. Moreover, this process will allow the pursuit of a common strategy.

On the domestic front, the key strategy that will drive the agenda for market access for producers will be the business linkages programme which seeks to link producers especially SMEs and smallholder farmers to large companies. Special value chain programs will be implemented for specific products to address constraints of competitiveness for these products at the different stages of the value chain.

Objective 6: Ensure an effective and efficient Ministry

To improve the capability of the ministry to carry out its responsibilities effectively, improvements will be undertaken in several areas.

High priority will be put on improving internal and external communication systems, including enhanced email, internet and telephone facilities. In terms of its external communication system, the web site will be upgraded to allow outsiders to access up-to-date information on the ministry's plans and programmes.

Systems will be put in place to allow the effective monitoring and evaluation of the implementation of policies and programmes to function as a management information tool.

Statistical databases will be established to allow monitoring of economic activities that fall under the responsibility of the ministry (such as foreign trade, SMEs, cooperatives, EPZs and industrial support activities).

From the next financial year the budgeting will be done on a multi-year basis, applying the MTEF framework. Accounting practices in terms of record keeping and monitoring will be strengthened, as well as auditing practices.

Staff will be trained through appropriate training programmes, locally and internationally, so that they can effectively perform their tasks. In addition high priority will be given to fill vacant positions.

Priority will be given to establish a productive working environment, ensuring adequate office space of good quality that is equipped with quality furniture, computers and printers, as well as adequate organization of office supplies. Also the security of the offices will be improved. An important aim is to reunite the ministry in one building.

Ensuring access to adequate transport will be essential for staff to carry out their tasks.

5. Outputs

Outputs that will contribute to achieving the strategic objectives are presented in the following tables. For each output indicators have been defined based on which the realisation of each output can be measured.

Outputs for objective 1: To promote growth and diversification of exports

No.	Outputs	Indicators
1	MBS quality infrastructure enhanced	Review of National Quality Infrastructure carried out; Strategic plan of MBS formulated and implemented; Laboratories (private and public) improved; Accreditation facility established; Businesses supported in quality certification (HACCP and ISO); Businesses supported with packaging and labeling.
2	Investment and export promotion capacity improved	Investment promotion institution (MITC) strengthened; Investment incentives made more transparent and rationalized; One stop shop for investment information established; A total of 20 Investment forums organized; 6 new IPPAs concluded (UK, EU, Zambia, India, Mauritius, and South Africa).
3	Export capacity enhanced	National export strategy formulated and implemented; DTIS updated and actions implemented; Identification of promising export markets; Identification of promising export products; 20 export profiles developed; Participation in local & international trade and investment fairs enhanced; 100 companies supported with export development.
4	Competitiveness in selected	Value chain programmes conducted in 4 sectors.

	value chains increased	
5	Number of businesses with EPZ status increased	10 new companies with EPZ status facilitated.
6	Physical infrastructure for PSD improved	Improved collaboration with ministries and authorities responsible for the development of infrastructure.
7	Domestic production capacity assessed	Domestic production survey/study conducted.

Outputs for objective 2: To stimulate value addition in manufacturing

No.	Outputs	Indicators
1	Rural industrialization promoted	New agro-processing facilities established; Existing agro-processing facilities improved; Training provided on small business issues.
2	The quality of products produced locally improved	Businesses supported in accessing quality/food security certification (ISO/HACCP).
3	Key or strategic industries promoted (cotton, sugar, macadamia nuts, forestry, agro-processing, mineral processing, leather, bio-fuels)	Pre-feasibility studies prepared; Number of companies in these industries increased; Incentives for companies in these industries increased.
4	Industrial Upgrading and Modernization Programme implemented	Companies have accessed the services under this programme, have invested in more modern equipment and have become more efficient and productive.
5	Information about industrial investment opportunities in rural areas prepared and disseminated.	Industrial profiles prepared.
6	Malawian products promoted at the domestic market	Buy Malawian campaign implemented.
7	Industrial parks established	PPP's with private developers to establish two

		industrial parks realized.
8	SEZ established	SEZ policy formulated; SEZ institutional infrastructure established; One SEZs established and developed.

Outputs for objective 3: To empower Malawians and to stimulate the growth of the SME sector.

No.	Outputs	Indicators
1	Information on SMEs improved	SME survey conducted, results analyzed and report prepared.
2	Businesses and technological competences of SMEs improved	2500 SMEs supported with technical and business advisory services.
3	Access of SMEs to finance improved	Amount of outstanding credit to SMEs increased by 100%; SME revolving fund established; Financial inclusion Challenge Fund established; Financial sector reforms implemented.
4	Linkages between large businesses/exporters and SMEs/cooperatives developed	50 groups of SMEs linked to large businesses/exporters; 150 cooperatives linked to large businesses/exporters.
5	Innovative SMEs established	One incubation centre established.
6	Develop and register new cooperatives	100 new cooperatives registered.
7	Functioning of existing cooperatives improved	150 existing cooperatives supported (product development, business management, audits).
8	Cooperative training developed	Cooperative training programmes introduced.

Outputs for objective 4: To create conducive business environment.

No.	Outputs	Indicators
1	Modernize legislative and regulatory frameworks	Existing laws reviewed and updated: Companies Act Employment Act Trade Marks Act Copyright Act Patents Act SME Act Registered Designs Act Immigration Act Taxation Export Incentives Act Communications Act Securities Act Competition & Fair Trading Act Labour Relations Act Land Act Registered Land Act Customary Land (Development) Act Land Acquisition Act
2	Policies formulated	SME policy reviewed; SME Act adopted; Integrated Trade and Industry policy reviewed and updated.
3	Public-Private Sector Partnership enhanced	PPPs implemented.
4	Promote access to finance by reducing constraints with respect to collateral requirements	Formulation of law on using movable property as collateral finalized and adopted; Registry of movable property established.
5	Decentralization of selected functions achieved	Business registration functions effectively functioning at district level.

Outputs for objective 5: Facilitate access to both domestic and international markets

No.	Outputs	Indicators
1	Bilateral, regional and multilateral trade/ economic agreements negotiated and signed	Review of SADC protocol completed; Malawi to have fulfilled all its commitments for the establishment of the COMESA and SADC customs unions and the Tripartite Free Area Agreement; Negotiations on EPA agreement conducted; Bilateral trade agreements negotiated with India and Turkey; Bilateral agreements with Zambia and Tanzania concluded; Bilateral agreements with South Africa, Zimbabwe and Mozambique reviewed and concluded; AGOA exports to the USA facilitated (extension of preferences, easier procedures, standard certification and removal of tariff quota).
2	Upgrade trade policy and negotiation capacity	Training programmes in trade policy formulation and negotiation implemented. Preparing negotiation positions by commissioning impact studies and holding public consultations.
3	Procedures for across border trading facilitated	One-stop shop border posts established; One stop-shop for trade documentation established; Time taken to export reduced from 41 to 20 days (DBS).
4	Expand domestic markets	Link SMEs and Cooperatives to large companies.

Outputs for objective 6: Ensure an effective and efficient Ministry

Number	Outputs	Indicators
1	Monitoring and evaluation systems improved and applied;	M&E system computerized; quarterly monitoring reports generated and annual evaluations carried out.
2	Communications systems	Internal email system in place for all staff;

	improved	Telephones functioning all of the time; Faster internet access realized; Web site improved with enhanced capacity to present data bases.
3	Information systems enhanced	Statistical data bases established on: Industry, trade, SMEs, and Cooperatives
4	Coordination with stakeholders in promoting trade, industry and private sector development enhanced	Sector wide working group on trade, industry and private sector development established and functioning.
5	Projects formulated for the PIP	1 new project formulated each year (5 projects over the plan period).
6	Management capacity enhance	MIS in place.
7	Work Planning and Budgeting strengthened	Budgeting system based on a MTEF in place and staff trained.
8	Financial and accounting systems approved	Ministry staff trained in new accounting procedures; Improved keeping of accounts and monitoring; Ministry able to close own books.
9	Qualifications of staff improved	50 staff trained.
10	Number of vacancies reduced	60 vacancies filled.
11	Working conditions improved	Staff has adequate office space and is supplied with quality office furniture and equipment.
12	Access to transport facilities	Sufficient cars purchased/hired.
13	Supplies, procurement systems improved	Mechanisms introduced that ensure that office supplies are available when needed.
14	Office security enhanced	Adequate security systems put in place.

6. Resources

The Ministry of Industry and Trade requires sufficient resources in order to achieve the objectives stipulated in this strategic plan.

6.1 Human Resources

Over the years the responsibility and workload of the Ministry has increased due to the challenges associated with a growing economy. This has led to a high demand for well qualified staff. It has been difficult to fill the vacant positions in the Ministry. In the next plan period priority will be given to the filling of vacancies. Furthermore, Staff will be trained through appropriate training programmes, locally and internationally, so that they can effectively perform their tasks.

6.2 Financial Resources

Financial resources are required to ensure smooth operation of the Ministry to achieve the goals and strategic plans. High priority will be given to mobilising the required resources for implementing the planned programmes from both domestic sources and from donors.

7. Monitoring and evaluation

An M&E framework will be put in place to assess at regular intervals the achievements under each strategy and the extent to which the targets have been met. The monitoring and evaluation will be primarily the task of the Planning Department within the ministry. However each department will be expected to contribute to the provision of information on related outputs of the department. A full M&E report will be produced annually. At the middle of the year a mid-term monitoring report will be produced. The reports will be presented and discussed at meetings with participation of the Principal Secretary, directors and deputy directors. Based on these reports outputs and expected results may be modified.