

GOVERNMENT OF MALAWI



Ministry of Industry, Trade and Tourism

NATIONAL INDUSTRIAL POLICY
April, 2016

Ministry of Industry, Trade and Tourism
Gemini House
PO Box 30366
Lilongwe 3
Malawi
Tel: +265 1 770 244
Fax: +265 1 770 680

Table of Contents

Foreword.....	ii
Preface.....	iii
1 Introduction.....	1
1.1 Problem Statement.....	1
1.2 Key constraints	1
1.3 Linkages with other relevant policies.....	2
2 Broad Policy Directions	3
2.1 Policy Goal.....	3
2.2 Policy Outcomes.....	3
2.3 Policy Objectives	3
3 Priority Areas	4
3.1 Appropriate skills and technology	4
3.1.1 Mismatch of supply with private sector demand for skills.....	4
3.1.2 Appropriate technology	5
3.2 An improved business environment for the manufacturing sector	5
3.2.1 Trade related constraints.....	5
3.2.2 Land and factory sites.....	6
3.2.3 Taxation.....	6
3.3 Improved access to key business services.....	7
3.3.1 Business Development Services.....	7
3.3.2 Access to credit facilities and capital investment.....	7
3.4 Support Infrastructure (Enablers).....	8
3.4.1 Transport Operations and infrastructure.....	8
3.4.2 Electricity Power supply.....	9
3.4.3 Quality infrastructure.....	10
3.5 Participation of MSMEs in manufacturing.....	10
3.5.1 Problems/ issues.....	10
3.6 Social and environmental sustainability of industrialization.....	11
3.6.1 Labour relations	11
3.6.2 Environmental sustainability	11
3.7 Cluster and sector specific support	12
3.7.1 Priority sectors	12
3.7.2 Export clusters	12
3.7.3 Import substitution sectors.....	14
4 Implementation Arrangements	15
4.1 Institutional arrangements	15
Implementation, Monitoring and Evaluation plan.....	18
Annex I: Implementation Plan	23
Annex II: Monitoring and Evaluation Plan	41

Foreword



This document sets out the Government of Malawi's Policy industrialization of the economy. This Policy is critical for Malawi's economic development because the goals of Vision 2020 and the Malawi Growth and Development Strategy II cannot be achieved without industrialization. Poverty cannot be reduced if industries are not able to meet their potential and generate the jobs and value added that is required to meet the welfare needs of Malawi's increasing population.

There is need for Malawi to adopt a new industrial policy that sets the country on a path of economic structural transformation and industrialization. This is also needed because Malawi is lagging behind other regional member states in terms of economic growth.

This National Industrial Policy is therefore necessary to provide guidance in dealing with factors that determine the growth of the private sector, industry and the economy such as land availability, taxes, productive labour force, energy supply, availability of raw materials and transport cost, and education standards. If these factors are not consistent, coherent and collectively focused on industrial development, then the private sector will struggle to grow at the pace that is necessary to raise sufficient fiscal revenue, generate enough urban and rural jobs, and improve the incomes of Malawians.

Successful implementation of the NIP is very critical as it would lead to the attainment of the goals for industry, trade and private sector development as articulated in the Malawi's Vision 2020, MGDS II, the National Export Strategy (NES) and other regional policy development frameworks.

The Government of the Republic of Malawi is therefore committed to addressing the challenges in industrialization through the implementation of this policy.

A handwritten signature in black ink, which appears to read 'Mwanamvekha'. The signature is stylized and cursive.

Hon. Joseph Mwanamvekha, (M.P.)
Minister of Industry, Trade and Tourism

Preface



Malawi's economy has remained largely agricultural, despite several efforts being undertaken to increase the share of manufacturing in national production. This is increasingly being recognized as a key impediment to Malawi's ability to reduce poverty and achieve sustainable economic growth.

In line with the National Export Strategy (NES) that the Government launched in 2012, the National Industrial Policy (NIP) sets a new path for the development of Malawi's productive economy. The NES and NIP are complementary because Malawi's industrialization programme is inextricably linked to agro processing and its ability to export. If Malawi does not access both foreign as well as domestic markets, the country cannot create employment, raise incomes of the poor and raise sufficient tax revenue for the Government. Furthermore NIP also addresses import substitution and thereby reducing trade imbalance.

The policy is based on three key pillars. Firstly, is the need to prioritize public and private sector resources for supporting those clusters that can structurally transform the economy. The second pillar is on the importance of establishing a robust system to support continued up-skilling and upgrading of productive technology so that the economy's greatest asset – its people – have the competencies, skills, knowledge and technology necessary in a fast globalizing economy. The third pillar is the need to address the institutional constraints by strengthening the actual process of policy-making and implementation. In this regard change is required of de facto policy (not merely policy documents) in areas that serve as binding constraints to the productive economy.

The NIP is aligned to the Vision 2020, the Malawi Growth and Development Strategy II and meets Malawi's requirements under the SADC Industrial Policy Development Framework and other Regional Industrial Development Policies.

Therefore, the NIP builds on three years of extensive consultations with key stakeholders through the NES, the Trade, Industry and PSD Sector Wide Approach Technical Working Groups, the Diagnostic Trade Integrated Study, the Situation Analysis for this policy document and numerous other consultation exercises.

A handwritten signature in black ink, appearing to read 'Cliff Kenneth Chiunda', written in a cursive style.

Cliff Kenneth Chiunda
Secretary for Industry, Trade and Tourism

Acronyms

BDS	Business Development Services
EPZ	Export Processing Zone
ERP	Economic Recovery Plan
ESCOM	Electricity Supply Corporation of Malawi
ESWAp	Education Sector Wide Approach
FDI	Foreign Direct Investment
FSDU	Financial Sector Development Unit
GDP	Gross Domestic Product
IMF	International Monetary Fund
M&E	Monitoring and Evaluation
MBS	Malawi Bureau of Standards
MCC	Millennium Challenge Corporation
MGDS	Malawi Growth and Development Strategy
MIRTDC	Malawi Industrial Research, Technology and Development Centre
MITA	Malawi Industrial Training Association
MITC	Malawi Investment and Trade Centre
MoAIWD	Ministry of Agriculture, Irrigation and Water Development
MoEST	Ministry of Education, Science and Technology
MoE	Ministry of Energy
MoFED	Ministry of Finance, Economic Planning and Development
MoIT	Ministry of Industry and Trade
MoL	Ministry for Labour and Vocational Training
MoLGRD	Ministry of Local Government and Rural Development
MoLands	Ministry of Lands and Urban Development
MoTPW	Ministry of Transport and Public Works
MSME	Micro, Small and Medium Enterprises
NES	National Export Strategy
NGOs	Non-Governmental Organisations
OPC	Office of the President and Cabinet
OSP	Oil Seed Products
P&P	Plastics and Packaging
PED	Performance Enforcement Department
PS	Principal Secretary
PSD	Private Sector Development
PSD DG	Private Sector Development Donor Group
R&D	Research and Development
RBM	Reserve Bank of Malawi
SADC	Southern African Development Community
SCP	Sugar Cane Products
MSMEs	Micro, Small and Medium Enterprises
SWAp	Sector Wide Approaches
TCC	Tobacco Control Commission
TEVET	Technical, Vocational, Entrepreneurial Training
TEVETA	Technical, Vocational, Entrepreneurial Training Authority
TIP SWAp	Trade, Industry and Private Sector Development Sector Wide Approach
TWG	Technical Working Group
WB	World Bank

1 Introduction

The Government of Malawi recognizes that industrialization and the structural transformation of the economy are essential to maintain the rapid long-term economic growth that is needed to raise per capita income, create sufficient rural and urban jobs, widen the tax base to finance Malawi's welfare requirements and address an unsustainable trade deficit. The industrial sector in this context refers to the manufacturing sector of the economy. The National Industrial Policy therefore provides policy direction on how Malawi can develop its productive economy and industrialize.

The economy remains largely agricultural, with agriculture representing on average 33 per cent of GDP. The share of manufacturing in GDP has steadily declined from a peak of 20 per cent in 1992 to only around 9.2 per cent in 2014. The failure to structurally transform the economy and industrialize has added to the fundamental challenges facing Malawi. The narrow productive base has limited export growth and increased import dependence, contributing to a structural trade deficit that continues to widen and constrained GDP growth. The situation is worsened by the increasing population, which is growing by more than 3.2 per cent at present.

1.1 Problem Statement

Key challenges for industrial growth and structural transformation are low levels of competitiveness, limited investment in physical and human capital, and small and fragmented markets.

Fundamental to the challenge of structural transformation is the limited growth and investment in clusters that have the greatest chance of generating learning, efficiency gains and positive spillovers, not just for the cluster but for the economy as a whole. The clusters that have been identified in the NIP as the export clusters are those that were outlined in the NES. This dovetailing of the NIP and NES is critical for implementation. Furthermore, given small domestic markets, the focus of an industrial policy needs to be on sectors with export potential as they have the highest probability of realizing the economies of scale needed for efficiency gains and long term competitiveness. The sectors are oil seeds and products produced from oil seeds, sugar cane and products produced from sugarcane, manufacturing, including agro-processing of other crops that grow well in Malawi (such as maize, wheat, rice, cassava, pigeon peas), beverages (including dairy), plastics and packaging and assembly. The Cluster Prioritisation Method used in the selection of these clusters involved an assessment of the clusters competitiveness, the potential for value addition, the degree of spill overs in the economy that would reduce cost of future investment in new and high-value products, projections of local and regional demand for associated products, the existing resource and production base and the developmental risks posed by each cluster.

The National Industrial Policy (NIP) has also identified sectors for import substitution. These include textiles and clothing, leather and leather products and pharmaceuticals.

1.2 Key constraints

Key constraints underlying the challenges facing the growth and structural transformation of the industrial sector are:

- 1) Lack of appropriate skills and uptake of technology;

- 2) High costs of doing business and deficient support infrastructure;
- 3) Market access to export markets;
- 4) Barriers to MSME participation in manufacturing;
- 5) Incentive to invest, in particular in strategic sectors;
- 6) Governance challenges with regards to policy-making and implementation;
- 7) Lack of appropriate Industrial waste management system and social sustainability of the environment;
- 8) Macroeconomic instability.

Fundamental constraints that affect the development of the industrial sector, such as inflation rate, interest rates, stability of local currency and other macroeconomic factors also have a strong bearing on the growth of this sector.

1.3 Linkages with other relevant policies

The NIP is aligned to the Vision 2020 and MGDS II in terms of focus on sustainable comparative and competitive advantage in export cluster development. The Malawi Government further launched the National Export Strategy (NES) in December 2012 with the primary objective of promoting exports of the country's prioritized productive sectors. These sectors are the oilseeds products, the sugarcane and sugarcane products, and manufacturing sector which includes subsectors like beverages, agro-processing, plastics and packaging and assembly.

The NES is a clearly prioritized roadmap for building Malawi's productive base. Further it is aimed at generating sufficient exports to match the upward pressure on Malawi's imports. It is a key strategy to accomplish Malawi's desired move into exporting of high value-added goods and reducing the country's over reliance on raw or semi-raw commodities. However, it is worth noting that the NES also created gaps in terms of meeting domestic demand of manufactured products. The NES left out important clusters such as leather and leather products, pharmaceuticals and textiles and clothing that have high potential to drive import substitution, as well as support infrastructure and other important services. The Industrial Policy therefore supports the identified target product clusters that have a high potential to generate significant spillovers and structurally transform the economy. The Malawi industrial policy is also in line with the SADC Industrial Policy Framework, which calls for the prioritization of growth clusters identified in SADC policy Framework. The policy targets sectors that inherently have significant knowledge and cost discovery spillovers in the economy.

The policy is also linked to policies and programmes supporting the private sector and MSME's including business linkages, private sector development policy and the Small and Medium Enterprise Development programmes.

Implementation of this policy will ensure achievement of Sustainable Development Goals (SDG's) as advanced by the United Nations. Of particular interest is SDG Number Nine on Industry, Innovation and Infrastructure.

The Industrial Policy is linked to key Government Regulations which have an impact on the development of the manufacturing sector. These regulations include Export Processing Zones Act, Control of Goods Act, Customs and Excise Act, Export Promotion Act, Taxation Act and VAT Act.

2 Broad Policy Directions

2.1 Policy Goal

The policy goal is to increase the proportion of manufacturing in GDP through structural transformation of the Malawian economy.

2.2 Policy Outcomes

- Increased productivity of the industrial sector
- Increased diversification of Industrial products
- Increased value addition of primary products
- Reduced trade deficit.

2.3 Policy Objectives

The objectives of the Industrial Policy are:

- To enhance the provision of appropriate skills and technology;
- To improve business environment for the manufacturing sector;
- To Improve access to key business services;
- To support provision of support infrastructure (enablers);
- To facilitate participation of MSME in manufacturing and provide market linkages;
- To address the environmental and social sustainability concerns of industrialization;
- To address the governance challenge in terms of policy formulation and implementation.

3 Priority Areas

3.1 Appropriate skills and technology

Up skilling the labour force is essential for industrialization and it ensures that the economy has an adequate supply of skilled workers to meet the demands of its industrial and non-traditional sectors. Skills gaps identified include business management skills for smallholder farmers, food technologists, graduate level monitoring and evaluation experts, plastic products designers, plastic packaging technicians, quality standards certifiers, hydro-electric engineering, project management skills, factory sewing machine technicians and master brewers. Skills gaps are also present in popular trade like welding and fabrication, mechanical engineering, and electrical engineering.

This is due to a number of factors such as unavailability of the training programs in some of these fields in the country, low graduate output in some of the course on offer in various training institutions including the Rural Community Colleges and low content in some of the courses offered.

3.1.1 Mismatch of supply with private sector demand for skills

- i) Information gap
There is a lack of information on the forward-looking needs of the private sector relative to current supply of skills.
- ii) Co-ordination mechanisms
There is limited co-ordination and collaboration between manufacturing (and supply sectors), government authorities and (public and private) training institutions on curricula development and approach to training.
- iii) Under-investment in skills by the private sector
The incentive for a company to invest in the training of staff is limited by “poaching”.
- iv) Restrictions on access to foreign skills
Given the nature of modern industry there will always be a need for specialized skills and human resources that cannot efficiently be developed locally.

Policy Statements

The Government will:

- Improve the productivity and skills base of the labour force by among others establishing link between demand and supply of skills using an effective labour marketing information system;
- Provide a framework to incentivize employers to train employees;
- Improve access to technology by manufacturing companies and MSMEs;
- Develop and implement a National Competencies and Skills Plan in order to address the disconnect between the demand and supply of skills in Malawi;
- Improve secondary education and TEVET, as this lays the foundations for having a skilled and productive workforce.

3.1.2 Appropriate technology

Research and Technology Development is a key component of the Industrial development. This has lagged behind in Malawi over the decades due to various factors. There has been poor support of the research institutions from Government, Private Sector and development partners. The institutions such as Malawi Industrial Research and Technology Development Centre and the Agriculture Research Institutions lack adequate financial and human resource capacity.

- i) Low investment in improved technology
Investment by companies in technological upgrading is limited by the fact that they will not realize the full benefits in terms of a competitive edge. This is because the development of new production techniques would soon be adopted by the entire industry not only the company investing in developing the new techniques.
- ii) Limited diffusion of technology
Diffusion of technology in Malawi is constrained by a range of factors, including limited awareness and understanding and limited access to finance.
- iii) Low levels of high quality FDI
The unstable economic environment and high costs of investing in Malawi limit high quality FDI that brings with it technology and transfers knowledge through learning by doing.

Policy Statements

The Government will:

- Promote innovation and technology transfer through the intellectual property rights;
- Build capacity for industrial technology research institutions by ensuring that the tax policy incentivizes investment in improved technology in all productive and enabling sectors;
- Develop a framework that incentivizes research and development, in part through anchor farm model and in co-ordination with private sector and MSMEs support programs;
- Ensure tax policy incentivizes investment in key clusters; and
- Enhance extension services to target access to technology.

3.2 An improved business environment for the manufacturing sector

Malawi has a very challenging business environment. It is ranked low by the World Bank Doing Business Indicators. Businesses face difficulties in a number of areas.

3.2.1 Trade related constraints

- i) Access to imported inputs
Raw materials and intermediate imported inputs to the manufacturing sectors often attract higher tariffs relative to consumption goods.
- ii) Access to export markets
While Malawi faces few tariff barriers in key markets, non-tariff barriers are a challenge for exporters.

iii) Access to cross border markets

The barriers to small-scale producers trading into regional markets can be prohibitively high given the relatively low value of goods traded.

Policy Statements

The Government will:

- Rationalize tariffs to reduce the imported input costs of priority clusters and sectors. This will better reflect the needs of manufacturing for imported inputs;
- Ensure that the manufacturing sector have access to markets by addressing access to markets-related issues (tariff and non-tariff barriers) using bilateral, regional and multilateral trade agreements, negotiations and implementation;
- Support the free movement of the products of MSMEs through trade facilitation measures such as the Simplified Trade Regime.

3.2.2 Land and factory sites

Access to designated and serviced land by Government to potential investors is a major constraint to growth of industrial sector in Malawi because it takes a long period of time for an investor to be allocated land for factory construction. This is a disincentive that has pushed away a number of potential investors.

Policy Statements

The Government will:

- Streamline procedures for land allocation to potential investors for construction of factories by fast-tracking the enactment and operationalization of the amendments to land legislation, including automated Lands Registry, and Land Information Management System Project; and by immediately enacting the existing package of land bills;
- Promote development of industrial parks, EPZs and Special Economic Zones in the designated areas by developing a Special Economic Zones Act and review of the EPZ Act;
- Allocate significant investment to capacity building in land administration, especially in Department of Lands, Physical Planning and Surveys and the Land Registry.

3.2.3 Taxation

As a result of fiscal pressures arising partly from increasing funding conditionality by the development partners, tax policy has over the years been increasingly aligned towards meeting the short term revenue collection needs at the expense of promotion of overall economic development. Many of the manufacturing industries have complained about the numerous taxes imposed by government. There is a strong feeling that such taxes stifle growth of the private sector.

Policy Statement

The Government will:

- Facilitate review of the tax regime to meet industrial needs by implementing the comprehensive tax review.
- Balance revenue collection through taxes with the need to develop the Industrial sector;
- Widen the tax revenue base and improve tax administration to relieve pressure on few industries paying taxes; and
- Monitor implementation of the Industrial Rebate Scheme to avoid misuse of the facility.

3.3 Improved access to key business services

Services are key to the productive economy and provide inputs into other economic activities. The Government acknowledges that the shortage of competitively priced services impedes the development of strong manufacturing sectors. To facilitate access to these services, there is a need to strategically reduce domestic barriers to entry, to improve the regulatory frameworks governing service provision and further support the growth of the services sector.

3.3.1 Business Development Services

Problems/ issues

- i) Trade barriers to foreign services
Cross border services provision is restricted by a range of issues, including visa requirements and the lack of mutual recognition agreements for professionals.
- ii) Narrow base of domestic service providers
The limited number of business service providers reflects existing deficit gap between supply and demand from MSMEs.

Policy Statement

The Government will:

- Reduce barriers to entry for key business services through domestic policy reform and trade negotiations;
- Encourage the provision of affordable business development services by linking extension services to priority clusters and prioritise farmer organization and agricultural technology dissemination.

3.3.2 Access to credit facilities and capital investment

Interest rate margins in Malawi—the difference between the lending and deposit rates—are some of the highest in the world at over 20 per cent. As a result private sector credit to GDP is very low.

Problems/ issues:

- i) Lack of competition in the financial sector.

Though there are a relatively large number of banks, market concentration is high. Financial inclusion indicators remain low and there is little financial sector innovation.

ii) Information asymmetry

Banks have little knowledge of their clients, which increases risk and drives up the interest rate spread.

Policy Statements

The Government will:

- Increase competition through an active Investment promotion policy in the financial sector;
- Enhance the application of competition policy ;
- Increase capacity of financial and commercial development institutions;
- Increase support to development of Warehouse Receipts Regulatory Framework that ensures warehouse receipts benefits smallholder farmers;
- Increase competition and innovation by strengthening participation and enhancing efficiency in the financial sector;
- Prioritize information systems to lower monitoring costs for firms and help to expand access to finance at affordable rates;
- Ensure Credit Reference Bureaus function effectively through the development of consistent regulations;
- Encourage the development of leasing finance in Malawi.

3.4 Support Infrastructure (Enablers).

The infrastructure deficit is a significant constraint for business - surveys of the private sector undertaken by the World Economic Forum suggest that this is a third most important constraint to doing business. Looking at the Global Competitiveness Index, Malawi's overall infrastructure ranking is 118 out of 144 countries.

Key constraints to growth and competitiveness include the poor quality of Malawi's port infrastructure for all modes of transport, the country's deficient electricity supply, low mobile telephone subscriptions and limited fixed telephone lines. Quality mobile and fixed telephone infrastructure is also a challenge.

3.4.1 Transport Operations and infrastructure

Government is aware that transport costs in Malawi are very high compared to other countries in the region, representing over 50 per cent of the value of exports. Domestic transport costs are the most prohibitive.

Problems/ issues

i) A lack of competition

There is a lack of competition in the road haulage sector, with the Road Transporters Operators Association acting as a cartel in the sector. This is compounded by a lack of inter-modal competition for transport because of the poor quality of the rail system.

ii) Inadequate maintenance

Railway operations have been hampered by inadequate maintenance both domestically and in Mozambique. However, currently there is a new company that is developing the line from one side of Mozambique to the other side across. The waterways are not efficient due to frequent breakdowns by the old fleet of vessels. The lack of maintenance is also risk factor to human lives.

iii) Limited air services

There are a limited number of airlines operating in Malawi, as such competition is minimal in a number of routes. Malawian Airlines has been formed out of a joint venture between Malawi Government and Ethiopian Airlines in order to increase the capacity and coverage of the national airline.

Policy Statements

The Government and private sector will:

- Increase investment in road transport operations by using a time-bound approach that sets clear targets for identifying selected internal routes for cabotage;
- Promote competition among transport modes to reduce costs;
- Encourage utilization of Nacala railway to transport imports and exports;
- Permanently apply fifth freedom for air transport;
- Develop water transport including Shire Zambezi Waterway; and
- Procure modern vessels to operate on the lake as well as Shire-Zambezi waterway.

3.4.2 Electricity Power supply

Although energy prices in Malawi are relatively low compared with other African countries, supply is generally limited and inconsistent. In order to achieve its growth potential, Malawi needs more and better access to energy to sustain industrial development.

Problems/ issues:

- i) Limited incentive to invest in energy provision
Private investment in Malawi's energy sector is low because private firms cannot compete at current subsidized electricity tariffs. Similarly ESCOM has limited incentive to invest in energy infrastructure and improved service.
- ii) Limited connectivity to regional power supply
While the entire region is energy constrained, limited connectivity to the regional power grid means even the limited opportunities to share power cannot be realized.

Policy Statements

The Government will:

- Incentivize the private investment and partnerships in energy generation and distribution to meet the growing demand by the industrial sector by developing an effective regulatory framework and a roadmap to encourage independent power providers;
- Pursue initiatives to import electricity from the region to meet local demand.

3.4.3 Quality infrastructure

For the private sector, the challenges of meeting the product standards set for destination markets is as important as tariff barriers. With value addition, the demands on Malawi's quality infrastructure are set to grow as the product base diversifies and testing becomes more complex.

Problem/ issue:

The capacity of the Quality Infrastructure and Extension Services in Malawi to offer a range of services at competitive prices is restricted as a result of high costs and limited public funds for investment.

Policy Statements

The Government will:

- Facilitate capacity building of Quality Infrastructure in Malawi by fully implementing the National Quality Policy;
- Enhance the transparency and functionality of the Malawi Bureau of Standards by splitting its function into two parts: regulator (facilitator) and enforcer.

3.5 Participation of MSMEs in manufacturing

Micro and small-scale economic activities support most of the population and generate nearly two-thirds of overall business turnover. Over 80% of those employed in the sector worked for micro enterprises (those with 1-4 employees). Only a very small proportion of Malawians work in the formal economy. According to the Welfare Monitoring Survey of 2008, about 2.5% of the labour force works for private businesses and 1.1% works on estates,

According to the MSME Policy Strategy of 2012, the majority of MSMEs are engaged in trading and retail. Malawi's small manufacturing sector is in decline, with low capacity utilization and falling investment.

3.5.1 Problems/ issues

- i) Meeting market requirements
Products of MSMEs are generally of low quality and there is little knowledge of quality and standards requirements.
- ii) Access to finance and informality
Access to finance is a far more severe problem for MSMEs than large companies. Financial exclusion is in part a result of enterprises being informal. This informality is in turn driven by a number of factors, including red tape and regulatory costs to formalization.
- iii) Limited awareness of available support
According to the MSME 2012 enterprise survey, the majority of enterprises are not aware of the institutional support available.

Policy Statements

The Government will:

- Target industrial extension, coordinated and facilitated by MIRTDC, on facilitating MSME manufacturing access to technology for priority clusters;
- Ensure effective coordination of MSMEs support to facilitate MSME up skilling by raising awareness of available support for MSMEs;
- Facilitate business linkages for market entry and technology transfer;
- Facilitate and ensure ease of meeting tax and regulatory obligations by incentivizing informal businesses to register through lowering cost of formalization, favourable taxation and ease of access to finance and Business Development Services (BDS); and
- Raise awareness of support available.

3.6 Social and environmental sustainability of industrialization

Government recognizes that as industrialization progresses, the environment can be degraded and labour relations can become strained.

3.6.1 Labour relations

The requirements of a globalizing market and the pressures of competition can put downward pressure on the conditions and terms for the workforce. Poor communication in the workplace can contribute significantly to labour unrest.

Policy Statements

The Government will:

- Promote harmonious labour relations in all the workplaces by promoting awareness on labour rights and responsibilities;
- Maintain operations of the industrial courts.

3.6.2 Environmental sustainability

Recently, there has been an increase in industrial waste products dumped into rivers and public places. This poses danger to human lives. This is also contributing to environmental degradation especially in cities and urban areas. Better use of waste material needs to be encouraged.

Policy Statements

The Government will:

- Enforce strict measures to curb disposal of industrial waste by among others enforcing the “polluter pays principle”;
- Promote recycling of the industrial by-products;
- Encourage production and use of biodegradable packaging materials;
- Promote appropriate waste management interventions countrywide.

3.7 Cluster and sector specific support

The approach of the Industrial Policy is to focus support on identified export clusters and selected import substitution sectors. In practical terms, this means that the implementation of the policy activities set out above will be focused on the selected clusters and sectors.

3.7.1 Priority sectors

The sectors are oil seeds and products produced from oil seeds, sugar cane and products produced from sugarcane and manufacturing, which includes agro-processing of other crops that grow well in Malawi (such as maize, wheat, rice, cassava, pigeon peas), beverages (including dairy), plastics & packaging and assembly. The Cluster Prioritisation Method used in the selection of these clusters involved an assessment of 1) the clusters competitiveness, 2) the potential for value addition, 3) the degree of spill overs in the economy that would reduce cost of future investment in new and high-value products 4) projections of local and regional demand for associated products 5) the existing resource and production base and 6) the developmental risks posed by each cluster.

The NIP has also identified sectors for import substitution, in line with the SADC industrial policy. These include wood and wood products, leather and leather products and pharmaceuticals.

However, there are policy measures relevant to a specific cluster or sector. These are set out here.

3.7.2 Export clusters

3.7.2.1 Policy Statements for Plastics and Packaging

The Government will:

- Encourage production and utilization of bio degradable plastics and recycling of products;
- Review excise tax on plastic products;
- Facilitate dialogue and collaboration between P&P cluster and MITA/TEVETA and other training institutions to improve focus of vocational training institutions for the needs of the cluster;
- Facilitate collaboration between MITC/MoIT, MBS, and cluster stakeholders to strengthen links with potential export destinations and ensure appropriate standards are developed;
- Establish P&P Task Force within the Manufacturing TWG and ensure continued support so that this serves as the P&P industry forum;
- Facilitate production of quality packaging in manufactured products.

3.7.2.2 Policy Statements for Agro-processing of non-oil seed and non-sugar cane products

The Government will:

- Facilitate operations and effectiveness of Agro-Processing Task Force within the Manufacturing TWG through adequate resourcing;
- Establish specific value chain industry platforms if necessary, such as dairy, wheat, cassava etc. For rice, ensure sustainability & effectiveness of National Rice Development Platform;
- Facilitate establishment of cigarette manufacturing factories;
- Encourage industrial linkages especially between SMEs and large industries.

3.7.2.3 Policy Statements for Beverages

The Government will:

- Facilitate establishment of and ensure continued operations and effectiveness of Beverages Task Force within the Manufacturing TWG, as the industry forum for this sub-cluster, through adequate resourcing.

3.7.2.4 Policy Statements for Assembly

The Government will:

- Facilitate establishment of and ensure continued operations and effectiveness of Assembly Task Force within the Manufacturing TWG through adequate resourcing.

3.7.2.5 Policy Statements for Oilseed Product Cluster

The Government will:

- Facilitate the establishment of and operationalization of support institutions for the Oil Seed Products sector by fully implementing the Oil Seed Products Strategy as outlined in the NES;
- Facilitate and ensure that the sector has access to information by addressing the farmer-processor disconnect;
- Facilitate the provision of affordable access to finance and secure tenure of property;
- Fully enable and ensure ongoing support to the Oil Seed Products TWG to act as industry forum for collaboration amongst stakeholders and basis for structured market, together with Cotton Council and Legume Development Trust.

3.7.2.6 Policy Statements for Sugar Cane Product Cluster

The Government will:

- Facilitate the establishment of and operationalization of support institutions for the Sugarcane Products sector by fully implementing sub-strategy for developing Sugar cane product cluster, as outlined under the Manufacturing Strategy in the NES;

- Facilitate and ensure that the sector has access to information by addressing the farmer-processor disconnect;
- Fully enable and ensure continued support to Sugar Cane Products TWG to act as industry forum for collaboration amongst stakeholders.

3.7.3 Import substitution sectors

3.7.3.1 *Policy statements for textile and clothing sector*

The Government will:

- Promote the development of textile and clothing industry by among others encouraging consumption of locally manufactured textile and clothing products, reviving the dormant textile mills and ginneries in the country and encouraging setting up of weaving and milling plants through incentives on capital equipment; and
- Establish Cotton Council.

3.7.3.2 *Policy statements for leather and leather products*

The Government will:

- Establish a Leather Development Institute in the country;
- Provide support and training for the indigenous leather industries to develop technical; capacity in processing of leather products;
- Encourage experience sharing and collaboration between local and foreign leather industries with the aim of strengthening local industries.

3.7.3.3 *Policy statements for pharmaceuticals sector*

The Government will:

- Promote the procurement of locally manufactured pharmaceutical products through initiatives such as Buy Malawi Campaign;
- Prohibit the importation of counterfeit pharmaceutical products in the country;
- Promote the use of local raw materials in the manufacture of pharmaceutical products;
- Ensure that local pharmaceutical companies meet national and regional standards for the production pharmaceutical products;
- Encourage investment in local pharmaceutical industries research and innovation initiatives;
- Encourage the development and delivery of pharmaceutical courses at institutions of higher learning.

4 Implementation Arrangements

4.1 Institutional arrangements

Creating and embedding a process for continually identifying and addressing constraints to industrial growth through coordinated policy efforts is a core factor necessary in achieving industrial development in Malawi. In identifying and agreeing on the binding constraints, and hence on prioritization, there must be close collaboration and productive working relationships between players in touch with said constraints and with the decision makers in State House, the Office of the President and the Ministry of Finance, whose political and financial support is essential. Transparency and accountability in these processes are crucial to develop trust and support on all sides.

Industry Forums are needed for strategic partners and champions of the productive economy to emerge and to then work with decision makers and resource holders to identify and address binding constraints. Such forums should:

- Allow for champions and leaders (mentors) to emerge;
- Allow for genuine partners to government to emerge (strategic team);
- Ensure competition policy is applied;
- Not be one-size-fits all: the scope and size of forums will vary by sector and cluster;
- Prioritize the identified clusters and sectors and key enabling sectors;
- Form strategic teams and growth coalitions to drive implementation, monitor progress and evaluate impact.
- Link to OPC (with the project implementation and monitoring and evaluation department or a body that plays the M&E function in OPC) for joint monitoring of the implementation of policy statements (activities) and joint evaluations how those activities should change over time so the binding constraints to industrialization are addressed, a process of learning is secured, a robust process of policy making is established and the priority clusters for structural transformation are developed.

The TIPSWAp provides the best structure for such forums. It currently runs six forums and supports others, including the Cotton Council. The six Technical Working Groups (TWGs) are focused on addressing binding constraints and have formal links to political and business elites (decision makers).

TWGs and their dedicated task forces can help identify and address binding constraints through structured private sector dialogue. For example, an in-depth cluster analysis of the plastics and packaging manufacturing sector was conducted and one of the binding constraints noted was the lack of a platform for cluster issues to be discussed and then lobbied with Government. The TIPSWAp should establish a plastics and packaging task force to serve as such a platform, and to provide an institutionalized channel for cluster issues to be raised with central government and relevant policy makers.

The advantage of the TIPSWAp is that it is the most representative of forums and the most focused, as it is based on the NES, which is a technically sound and robust strategy for developing Malawi's productive economy.

Tools like the TIPSWAp are important for communicating to donors the implications of their behavior on the productive economy.

The Ministry of Industry and Trade will coordinate the implementation of the policy. Among others, the Ministry will formulate into programmes the major development priorities areas of the policy and monitor and evaluate on periodic basis the progress made in meeting the policy goal, objectives and outcomes.

The Ministry of Agriculture, Irrigation and Water Development will be responsible for production of crops that have been prioritised for industrial development. These include, among others, groundnuts, cotton, sunflower, soya and sugarcane.

The Ministry of Energy will be responsible for consistent energy supply for industrial development.

The Ministry of Finance, Economic Planning and Development will have the responsibility of making sure that the tax policy incentivises investments in the prioritised clusters.

The Ministry of Lands and Urban Development will ensure that land is readily available for industrialisation, by among others streamlining procedures for land allocation.

The Ministry of Transport and Public Works will ensure that transportation costs are favourable for industrial development.

The Ministry of Labour and Vocational Training will ensure that harmonious labour relations exist in all work places.

The Office of the President and Cabinet will be responsible for the overall monitoring of the Industrial Policy.

TEVETA will be responsible for ensuring that the country has a skilled and productive workforce.

The Reserve Bank of Malawi will ensure that interest rates are favourable for investments.

The Office of the Director of Public Procurement will be responsible for procurement oversight.

The National Audit Office will be responsible for oversight of prudent use of resources.

The Registrar General will be responsible for patenting innovations and administer intellectual property rights

The Private Sector will be responsible for the actual investments in the Country.

4.2 Implementation Plan

The Ministry of Industry and Trade shall be responsible for translating this policy into strategies and plans and ensure implementation of such plans in partnership with all stakeholders.

A detailed implementation plan is contained in the Implementation, Monitoring and Evaluation Plan.

4.3 Monitoring and Evaluation Plan

The Ministry of Industry and Trade and other key stakeholders shall be responsible for monitoring the policy from time to time, guided by the Monitoring and Evaluation Framework contained in the Implementation, Monitoring and Evaluation Plan document that accompanies this Policy Document. The Planning Department shall take the full responsibility of leading the monitoring and evaluation of this policy in collaboration with all the relevant stakeholders at all levels.

Implementation, Monitoring and Evaluation plan

Introduction

This Implementation, Monitoring and evaluation Plan will operationalise the National Industrial Policy (NIP). It has Strategies, an implementation plan matrix and a Monitoring and Evaluation Framework.

2.0 Strategies for Policy Priority Areas

The NIP has the following policy priority areas:

- i. Appropriate skills and technology;
- ii. An improved business environment for the manufacturing sector;
- iii. Improved access to key business services;
- iv. To promote support infrastructure (enablers);
- v. Facilitate participation of MSMEs in manufacturing;
- vi. Social and environmental sustainability of industrialisation; and
- vii. Cluster and specific support.

2.1. Policy Priority Area 1: Appropriate skills and technology

2.1.1 Policy objective 1: Enhance the provision of appropriate skills and technology

2.1.1.1 Strategies

- i. Establish link between demand and supply of skills using an effective labour marketing information system;
- ii. Increase collaboration between stakeholders to foster private sector input in curriculum development;
- iii. Reform immigration business and work permits to match them with local skills and investment gaps;
- iv. Ensure tax policy incentivizes investment in improved technology in all productive and enabling sectors;
- v. Introduce innovations Awards
- vi. Strengthen patent of the innovations
- vii. Develop market structures that incentivize R&D, both domestic and imported;
- viii. Provide infrastructure to support private investment e.g. Agro-Processing (including beverages; and plastics and packaging; Special Economic Zone and Assembly Special Economic Zones).

2.2 Policy Priority Area 2: An improved business environment for the manufacturing sector

2.2.1 Policy Objective 2: Improve business environment for the manufacturing sector

2.2.1.1 Strategies

- i. Rationalize the tariff structure to better reflect the needs of manufacturing for imported inputs;
- ii. Improve market access (tariff and non-tariff) using bilateral, regional and multilateral trade agreements, negotiations and implementation. Restrict use of export bans;
- iii. Implement the Simplified Trade Regime in COMESA and enhance domestic business linkages;

- iv. Immediate enactment of existing package of land bills;
- v. Fast-track the enactment and operationalization of the amendments to land legislation, including automated Lands Registry, and Land Information Management System Project;
- vi. Develop a Special Economic Zones Act and review the EPZ Act;
- vii. Implement the comprehensive tax review recommendations.

2.3 Policy Priority Area 3: Improved access to key business services

2.3.1 Policy Objective 3: Improve access to key business services

2.3.1.1 Strategies

- i. Link extension services to priority clusters and prioritise farmer organization and agricultural technology dissemination;
- ii. Reduce barriers to entry for key business services through domestic policy reform and trade negotiations;
- iii. Strengthen participation in enhance efficiency in the financial sector;
- iv. Ensure Credit Reference Bureaus function effectively through the development of consistent regulations;
- v. Strengthen participation in enhance efficiency in the financial sector;
- vi. Ensure Credit Reference Bureaus function effectively through the development of consistent regulations.

2.4 Policy Priority Area 4: To promote support infrastructure (enablers);

2.4.1 Policy Objective 4: Support provision of support infrastructure (enablers)

2.4.1.1 Strategies

- i. Improve stakeholder collaboration to increase competition in the road haulage sector to decrease domestic transport costs;
- ii. Institute a time-bound approach that sets clear targets for identifying selected internal routes for cabotage;
- iii. Prioritise railway transportation, by allowing for private investment and operations;
- iv. Increase availability and reliability of power by gradually increase capacity for importing energy from regional partners;
- v. Ensure an effective regulatory framework to encourage independent power providers;
- vi. National Quality Policy to be fully implemented and expedited;
- vii. Malawi Bureau of Standards (MBS) split into two parts: regulator (facilitator) and enforcer;
- viii. Build the capacity of the MBS and accredited laboratories under the Technical Service Department.

2.5 Policy Priority Area 5: Facilitate participation of MSMEs in manufacturing;

2.5.1 Policy Objective 5: Improve participation of MSMEs in manufacturing and market linkages

2.5.1.1 Strategies

- i. Raise awareness of support available for MSMEs;

- ii. Target industrial extension on facilitating MSMEs manufacturing access to technology for priority clusters;
- iii. Incentivize informal businesses to register through lowering cost of formalization, favourable taxation & ease of access to finance & Business Development Services (BDS).

2.6 Policy Priority Area 6: Social and environmental sustainability of Industrialisation

2.6.1 Policy Objective 6: Address the environmental and social sustainability issues of industrialisation

2.6.1.1 Strategies

- i. Promote awareness on labour rights and responsibilities;
- ii. Strengthen operations of the industrial courts;
- iii. Promote recycling of the industrial by products;
- iv. Encourage production and use of biodegradable packaging materials;
- v. Promote appropriate waste management interventions countrywide.
- vi. Enforce the “polluter pays principle”

2.7 Policy Priority Area 7: Cluster and specific support

2.7.1 Policy Objective 2: To improve business environment for the manufacturing sector

2.7.1.1 Strategies

- i. Review excise tax on plastic products;
- ii. Improve collaboration between MITC/MoITT, MBS, and cluster stakeholders to strengthen links with potential export destinations and ensure appropriate standards are developed;
- iii. Establish P&P Task Force within the Manufacturing TWG and ensure continued support so that this serves as the P&P industry forum;
- iv. Fully implement National Export Strategy’s sub-strategy for developing Agro-processing cluster, as outlined under the Manufacturing Strategy in the NES;
- v. Establish an economically sustainable Agro-Processing Special Economic Zone close to Nacala Railway;
- vi. Facilitate establishment of and ensure continued operations and effectiveness of Agro-Processing Task Force within the Manufacturing TWG through adequate resourcing. Establish specific value chain industry platforms if necessary, such as dairy, wheat, cassava etc;
- vii. Fully implement National Export Strategy’s sub-strategy for developing beverages cluster, as outlined under the Manufacturing Strategy in the NES;
- viii. Facilitate establishment of and ensure continued operations and effectiveness of Beverages Task Force within the Manufacturing TWG, as the industry forum for this sub-cluster, through adequate resourcing.
- ix. Fully implement National Export Strategy’s sub-strategy for developing beverages cluster, as outlined under the Manufacturing Strategy in the NES;
- x. Fully implement NES’s Manufacturing Sub-Strategy for developing Assembly cluster, as outlined under the Manufacturing Strategy of the NES;
- xi. Facilitate establishment of and ensure continued operations and effectiveness of Assembly Task Force within the Manufacturing TWG through adequate resourcing;
- xii. Fully implement NES Oil Seed Products Strategy, as outlined in the NES;

- xiii. Fully enable and ensure ongoing support to the Oil Seed Products TWG to act as industry forum; for collaboration amongst stakeholders and basis for structured market, together with Cotton Council and Legume Development Trust;
- xiv. Fully implement National Export Strategy's sub-strategy for developing Sugar cane product cluster, as outlined under the Manufacturing Strategy in the NES
- xv. Fully implement National Export Strategy's sub-strategy for developing Sugar cane product cluster, as outlined under the Manufacturing Strategy in the NES;
- xvi. Encourage consumption of locally manufactured textile and clothing products
- xvii. Revive dormant textile mills and ginneries in the country;
- xviii. Encourage the setting up of Weaving and milling plants through incentives on capital equipment;
- xix. Subscribe the African Growth and Opportunities Act (AGOA) to access the US market for textile and apparels;
- xx. Encourage development of textile within the region to maximize on comparative advantage;
- xxi. Provide competitive prices to cotton farmers through the established Cotton Council;
- xxii. Establish a Leather Development Institute in the country;
- xxiii. Encourage experience sharing and collaboration between local and foreign leather industries with the aim of strengthening local industries;
- xxiv. Establish a Leather Development Institute in the country;
- xxv. Encourage experience sharing and collaboration between local and foreign leather industries with the aim of strengthening local industries;
- xxvi. Promote the procurement of locally manufactured pharmaceutical products (Buy Malawi Campaign);
- xxvii. Prohibit the importation of counterfeit pharmaceutical products in the country;
- xxviii. Promote the use of local raw materials in the manufacture of pharmaceutical products.

Annex I: Implementation Plan

Policy Priority 1. Appropriate skills and technology			
Policy Statement 1: Improve the productivity and skill base of the labour force			
Objective 1	Strategies	Responsibility	Timeframe
Enhance the provision of appropriate skills and technology	Mismatch of supply with private sector demands		
	Establish link between demand and supply of skills using an effective labour marketing information system	MoL	2016 -2018
	Increase collaboration between stakeholders to foster private sector input in curriculum development;	MoL	2016- ongoing
	Reform immigration business and work permits to match them with local skills and investment gaps;	Ministry of Home Affairs	2016 – ongoing
Policy Statement 2: Provide a framework to incentivize employers to train employees			
Objective 1	Strategies	Responsibility	Timeframe
Enhance the provision of appropriate skills and technology	Establish link between demand and supply of skills using an effective labour marketing information system	MoL	2016 -2018
	Increase collaboration between stakeholders to foster private sector input in curriculum development;	MoL	2016- ongoing
	Reform immigration business and work permits to match them with local skills and investment gaps;	Ministry of Home Affairs	2016 – ongoing
Policy Statement 3: Improve access to technology by manufacturing companies and MSMEs			
Objective 1	Strategies	Responsibility	Timeframe
Enhance the provision of appropriate skills and technology	Ensure tax policy incentivizes investment in improved technology in all productive and enabling sectors;	MoFEPD	2016 - ongoing
	Develop market structures that incentivize R&D, both domestic and imported	MoIT&T	2015 - 2018
	Provide infrastructure to support private investment e.g. Agro-Processing (including beverages and plastics and packaging; Special Economic Zone and Assembly Special Economic Zones)	MoFEPD	2015 - 2019
Policy Statement 4: Develop and implement a National Competencies and Skills Plan in order to address the disconnect between the demand and supply of labour			
Objective 1	Strategies	Responsibility	Timeframe
Enhance the provision of appropriate skills and technology	Establish link between demand and supply of skills using an effective labour marketing information system	MoL	2016 -2018

	Increase collaboration between stakeholders to foster private sector input in curriculum development;	MoL	2016- ongoing
	Reform immigration business and work permits to match them with local skills and investment gaps;	Ministry of Home Affairs	2016 - ongoing
Policy Statement 5: Improve secondary education and TEVET, as this lays the foundations for having a skilled and productive workforce			
Objective 1	Strategies	Responsibility	Timeframe
Enhance the provision of appropriate skills and technology	Establish link between demand and supply of skills using an effective labour marketing information system	MoL	2016 -2018
	Increase collaboration between stakeholders to foster private sector input in curriculum development;	MoL	2016- ongoing
Policy Statement 6: Promote innovation and technology transfer			
Enhance the provision of appropriate skills and technology	Introduce Innovations Awards	Registrar General	2016-on going
	Strengthen Patent of the innovations	Registrar General	2016- ongoing
Policy Statement 7: Build capacity for industrial technology research institutions			
Objective 1	Strategies	Responsibility	Timeframe
Enhance the provision of appropriate skills and technology	Appropriate technology		
	Ensure tax policy incentivizes investment in improved technology in all productive and enabling sectors;	MoFEPD	2016 - ongoing
	Develop market structures that incentivize R&D, both domestic and imported	MoIT&T	2016 - 2019
Policy Statement 8: Develop a framework that incentivizes research and development, in part through anchor farm model and in coordination with private sector and MSME support programmes			
Objective 1	Strategies	Responsibility	Timeframe
Enhance the provision of appropriate skills and technology	Ensure tax policy incentivizes investment in improved technology in all productive and enabling sectors;	MoFEPD	2016 – ongoing
	Develop market structures that incentivize R&D, both domestic and imported	MoIT&T	2016 – 2019
Policy Statement 9: Ensure tax policy incentivizes investments in key clusters			
Objective 1	Strategies	Responsibility	Timeframe
Enhance the provision of appropriate skills and technology	Provide infrastructure to support private investment e.g. Agro-Processing (including beverages and plastics and packaging; Special Economic Zone and Assembly Special	MoFEPD	2016 – 2020

	Economic Zones)		
Policy Statement 10: Enhance extension services to target access to technology			
Objective 1	Strategies	Responsibility	Timeframe
Enhance the provision of appropriate skills and technology	Ensure tax policy incentivizes investment in improved technology in all productive and enabling sectors;	MoFEPD	2016 - ongoing
	Develop market structures that incentivize R&D, both domestic and imported	MoIT&T	2016 – 2019
Policy priority 2: An improved business environment for the manufacturing sector			
Policy Statement1: Rationalize tariffs to reduce the imported input costs of priority clusters and sectors			
	Trade related		
Objective 2: Improve business environment for the manufacturing sector	Rationalize the tariff structure to better reflect the needs of manufacturers for imported inputs	MoIT&T	2016 – 2020
	Improve market access (tariff and non-tariff) using bilateral, regional and multilateral trade agreements, negotiations and implementation. Restrict use of export bans.	MoIT&T	2016 – 2020
	Implement the Simplified Trade Regime in COMESA and enhance domestic business linkages.	MoIT&T	2016 – 2020
Policy Statement 2: Ensure that the manufacturing sector have access to markets by addressing access to market related issues			
Objective 2: Improve business environment for the manufacturing sector	Rationalize the tariff structure to better reflect the needs of manufacturer for imported inputs	MoIT&T	2016 – 2020
	Improve market access (tariff and non-tariff) using bilateral, regional and multilateral trade agreements, negotiations and implementation. Restrict use of export bans.	MoIT&T	2016 – 2020
	Implement the Simplified Trade Regime in COMESA and enhance domestic business linkages.	MoIT&T	2016 – 2020
Policy Statement 3: Support the free movement of the produce of MSMEs through trade facilitation measures such as the Simplified Trade Regime			
Objective 2: Improve business environment for the manufacturing sector	Rationalize the tariff structure to better reflect the needs of manufacturer for imported inputs	MoIT&T	2016 – 2020
	Improve market access (tariff and non-tariff) using bilateral, regional and multilateral trade agreements, negotiations and implementation. Restrict use of export bans.	MoIT&T	2016 – 2020
	Implement the Simplified Trade Regime in COMESA and enhance domestic business linkages.	MoIT&T	2016 – 2020

Policy Statement 4: Streamline procedures for land allocation and promote development of industrial sites in the designated areas			
Objective 2: Improve business environment for the manufacturing sector	Land and Factory Sites		
	Immediate enactment of existing package of land bills	OPC, MoL	2016 – 2019
	Fast-track the enactment and operationalization of the amendments to land legislation, including automated Lands Registry, and Land Information Management System Project	MoFEPD, MoL	2016 – 2020
Policy Statement 5: Promote development of industrial parks, EPZ's and SEZ's in the designated areas			
Objective 2: Improve business environment for the manufacturing sector	Immediate enactment of existing package of land bills	OPC, MoL	2016 – 2019
	Fast-track the enactment and operationalization of the amendments to land legislation, including automated Lands Registry, and Land Information Management System Project	MoFEPD, MoL	2016 – 2020
Policy Statement 6: Allocate significant investment to capacity building in land administration, especially in Department of Lands, Physical Planning and Surveys and the Land Registry			
Objective 2: Improve business environment for the manufacturing sector	Immediate enactment of existing package of land bills	OPC, MoL	2016 – 2019
	Fast-track the enactment and operationalization of the amendments to land legislation, including automated Lands Registry, and Land Information Management System Project	MoFEPD, MoL	2016 – 2020
Policy Statement 7: Facilitate review of the tax regime to meet industrial needs			
Objective 2: Improve business environment for the manufacturing sector	Taxation		
	Develop a Special Economic Zones Act and review of the EPZ Act.	MoIT&T	2016 -2017
	Implement the comprehensive tax review	MoIT&T	2016 – 2017
Policy Statement 8: Balance revenue collection through taxes with development on the industrial sector			
Objective 2: Improve business environment for the manufacturing sector	Taxation		
	Develop a Special Economic Zones Act and review of the EPZ Act.	MoIT&T	2016 - 2017
	Implement the comprehensive tax review	MoIT&T	2016 – 2017
Policy Statement 9: Widen the tax revenue base and improve tax administration to relieve pressure on few industries paying tax			
Objective 2: Improve business environment for the manufacturing sector	Develop a Special Economic Zones Act and review of the EPZ Act.	MoIT&T	2016 – 2017
	Implement the comprehensive tax review	MoIT&T	2016 – 2017
Policy Statement 10: Monitor implementation of the industrial rebate scheme to avoid misuse of the facility			
Objective 2: Improve business	Develop a Special Economic Zones Act and review the EPZ	MoIT&T	2016 – 2017

environment for the manufacturing sector	Act.		
	Implement the comprehensive tax review	MoIT&T	2016 – 2017
Priority area 3. Improved access to key business services			
Policy Statement 1: Reduce barriers to entry for key business services through domestic policy reform and trade negotiations			
Objective 3: Improve access to key business services	Business Development Services		
	Link extension services to priority clusters and prioritise farmer organization and agricultural technology dissemination	MoAIWD	2016 - ongoing
	Reduce barriers to entry for key business services through domestic policy reform and trade negotiations.	MoIT&T	2016 - ongoing
Policy Statement 2: Encourage the provision of affordable business development services			
Objective 3: Improve access to key business services	Business Development Services		
	Link extension services to priority clusters and prioritise farmer organization and agricultural technology dissemination	MoAIWD	2016 - ongoing
	Reduce barriers to entry for key business services through domestic policy reform and trade negotiations.	MoIT&T	2016 - ongoing
Policy Statement 3: Increase competition through an active Investment Promotion Policy in the financial sector			
Objective 3: Improve access to key business services	Access to credit facilities and capital investment		
	Strengthen participation in enhance efficiency in the financial sector	OPC, MITC	2016 - 2019
	Ensure Credit Reference Bureaus function effectively through development of consistent regulations	MoFEPD	2016 - ongoing
Policy Statement 4: Enhance the application of the competition policy			
Objective 3: Improve access to key business services	Strengthen participation in enhance efficiency in the financial sector	OPC, MITC	2016 - 2019
	Ensure Credit Reference Bureaus function effectively through development of consistent regulations	MoFEPD	2016 - ongoing
Policy Statement 5: Increase competition and innovation			
Objective 3: Improve access to key business services	Strengthen participation in enhance efficiency in the financial sector	OPC, MITC	2016 - 2019
	Ensure Credit Reference Bureaus function effectively through development of consistent regulations	MoFEPD	2016 - ongoing
Policy Statement 6: Prioritize information systems to lower monitoring costs for firms and help expand access to finance at affordable rates			
Objective 3: Improve access to	Strengthen participation in enhance efficiency in the	OPC, MITC	2016 - 2019

key business services	financial sector		
	Ensure Credit Reference Bureaus function effectively through development of consistent regulations	MoFEPD	2016 - ongoing
Policy Statement 7: Ensure credit reference bureaus function effectively through developing consistent laws			
Objective 3: Improve access to key business services	Strengthen participation in enhance efficiency in the financial sector	OPC, MITC	2016 - 2019
	Ensure Credit Reference Bureaus function effectively through development of consistent regulations	MoFEPD	2015 – ongoing
Policy Statement 8: Encourage the development of leasing finance in Malawi			
Objective 3: Improve access to key business services	Strengthen participation in enhance efficiency in the financial sector	OPC, MITC	2016 – 2019
	Ensure Credit Reference Bureaus function effectively through development of consistent regulations	MoFEPD	2016 – ongoing
Priority Area 4: Promote Support Infrastructure (Enablers)			
Objective 4	Strategies	Responsibility	Timeframe
Policy statement 1: Increase investment in road, rail and waterway transport operations			
Objective 4: Promote Support infrastructure(enablers)	Transport Operations and infrastructure		
	Improve stakeholder collaboration to increase competition in the road haulage sector to decrease domestic transport costs.	OPC with CFTC and MoTPW	2017 – 2021
	Institute a time-bound approach that sets clear targets for identifying selected internal routes for cabotage	OPC with MoTPW	2017 – 2021
	Prioritise railway transportation, by allowing for private investment and operations	OPC, MoFEPD and MoTPW	2016 - 2030
Policy statement 2 Promote competition among transport modes to reduce costs			
	Objective 4: Promote Support infrastructure(enablers)	OPC with CFTC and MoTPW	2017 – 2021
	Institute a time-bound approach that sets clear targets for identifying selected internal routes for cabotage	OPC with MoTPW	2017 – 2021
	Prioritise railway transportation, by allowing for private investment and operations	OPC, MoFEPD and MoTPW	2016 - 2030
Policy statement 3 Encourage utilization of Nacala Railway to transport imports and exports			
Objective 4: Promote Support infrastructure(enablers)	Improve stakeholder collaboration to increase competition in the road haulage sector to decrease domestic transport costs.	OPC, CFTC and MoTPW	2017 – 2021
	Institute a time-bound approach that sets clear targets for identifying selected internal routes for cabotage	OPC, MoTPW	2017 – 2021
	Prioritise railway transportation, by allowing for private	OPC, MoFEPD and	2016 - 2030

	investment and operations	MoTransport	
Policy statement 4 Permanently apply fifth freedom for air transport			
Objective 4: Promote Support infrastructure(enablers)	Improve stakeholder collaboration to increase competition in the road haulage sector to decrease domestic transport costs.	OPC, CFTC and MoTPW	2017 – 2021
Policy statement 5 Develop water transport including Shire Zambezi Waterway			
Objective 4: Promote Support infrastructure(enablers)	Invest in water transport and allow competition.	OPC, CFTC and MoTPW, Private sector	2017 – 2021
Policy statement 6 Procure modern vessels to operate on the lake as well as Shire Zambezi Waterway			
Objective 4: Promote Support infrastructure(enablers)	Invest in water transport and allow competition.	OPC, CFTC and MoTPW, Private sector	2017– 2021
Policy statement 7 Gradually remove restrictions on foreign truckers operating within Malawi			
Objective 4: Promote Support infrastructure(enablers)	Improve stakeholder collaboration to increase competition in the road haulage sector to decrease domestic transport costs.	OPC, CFTC and MoTPW	2017 – 2021
Policy Statement 8: Incentivize the private investment and partnerships in energy generation and distribution to meet the growing demand by the industrial sector			
Objective 4: Promote Support infrastructure(enablers)	Electric Power Supply		
	Increase availability and reliability of power by gradually increase capacity for importing energy from regional partners	OPC with MoE	2016 – 2020
	Ensure an effective regulatory framework to encourage independent power providers	MoE with MCC	2016 – 2017
Policy Statement 9: Ensure an effective regulatory framework to encourage independent power providers			
Objective 4: Promote Support infrastructure(enablers)	Increase availability and reliability of power by gradually increase capacity for importing energy from regional partners	OPC with MoE	2016 – 2020
	Ensure an effective regulatory framework and roadmap to encourage independent power providers	MoE with MCC	2016 – 2017
Policy Statement 10: Pursue initiatives to import electricity from the region to meet local demand			
Objective 4: Promote Support infrastructure(enablers)	Increase availability and reliability of power by gradually increase capacity for importing energy from regional partners	OPC with MoE	2016 – 2020
	Ensure an effective regulatory framework and roadmap to encourage independent power providers	MoE with MCC	2016 – 2017
Policy Statement 11: Build the capacity of accredited quality infrastructure in Malawi			
	Quality infrastructure		

Objective 4: Promote Support infrastructure(enablers)	National Quality Policy to be fully implemented and expedited.	MoIT&T	2016 – 2019
	Malawi Bureau of Standards (MBS) split into two parts: regulator (facilitator) and enforcer.	MoIT&T	2016 – 2018
	Build the capacity of the MBS and accredited laboratories under the Technical Service Department.	MoIT&T	2016 – 2019
Policy Statement 12: Enhance the transparency and functionality of the Malawi Bureau of Standards			
Objective 4: Promote Support infrastructure(enablers)	National Quality Policy to be fully implemented and expedited.	MoIT&T	2016 – 2019
	Malawi Bureau of Standards (MBS) split into two parts: regulator (facilitator) and enforcer.	MoIT&T	2016 – 2018
	Build the capacity of the MBS and accredited laboratories under the Technical Service Department.	MoIT&T	2016 – 2019
Priority Area 5. Facilitate participation of MSME in manufacturing			
Policy Statement 1: Promote Industrial extension			
Objective 5	Strategies	Responsibility	Timeframe
Improve participation of MSME in manufacturing and market linkages	Raise awareness of support available for MSMEs	SMEDI	2016 – ongoing
	Target industrial extension on facilitating MSME manufacturing access to technology for priority clusters	MoIT&T/MIRTDC	2016 – ongoing
	Incentivize informal businesses to register through lowering cost of formalization, favourable taxation & ease of access to finance & BDS	MoIT&T and MoFEPD	2016 – 2019
Policy Statement 2: Ensure effective coordination of MSMEs support to facilitate MSME up skilling			
Objective 5: Improve participation of MSME in manufacturing and market linkages	Raise awareness of support available for MSMEs	SMEDI	2016 – ongoing
	Target industrial extension on facilitating MSME manufacturing access to technology for priority clusters	MoIT&T/MIRTDC	2016 – ongoing
	Incentivize informal businesses to register through lowering cost of formalization, favourable taxation & ease of access to finance & BDS	MoIT&T and MoFEPD	2016 – 2019
Policy Statement 3: Facilitate business linkages for market entry and technology transfer			
Objective 5: Improve participation of MSME in manufacturing and market linkages	Raise awareness of support available for MSMEs	SMEDI	2016 – ongoing
	Target industrial extension on facilitating MSME manufacturing access to technology for priority clusters	MoIT/MIRTDC	2016 – ongoing
	Incentivize informal businesses to register through lowering cost of formalization, favourable taxation & ease of access	MoIT&T and MoFEPD	2015 – 2018

	to finance & BDS		
Policy Statement 4: Facilitate and ensure ease of meeting tax and regulatory obligations			
Objective 5: Improve participation of MSME in manufacturing and market linkages	Raise awareness of support available for MSMEs	SMEDI	2016 – ongoing
	Target industrial extension on facilitating MSME manufacturing access to technology for priority clusters	MoIT&T/MIRTDC	2016 – ongoing
	Incentivize informal businesses to register through lowering cost of formalization, favourable taxation & ease of access to finance & BDS	MoIT&T and MoFEPD	2016 – 2019
Policy Statement 5: Raise awareness of support available			
Objective 5: Improve participation of MSME in manufacturing and market linkages	Raise awareness of support available for MSMEs	SMEDI	2016 – ongoing
	Target industrial extension on facilitating MSME manufacturing access to technology for priority clusters	MoIT&T/MIRTDC	2016 – ongoing
	Incentivize informal businesses to register through lowering cost of formalization, favourable taxation & ease of access to finance & BDS	MoIT&T and MoFEPD	2016 – 2019
Priority Area 6: Social and environmental sustainability of industrialization			
Objective 6: Address the environmental and social sustainability issues of industrialization	Strategies	Responsibility	Timeframe
Policy Statement 1: Promote harmonious labour relations in all work places			
	Labour relations		
Objective 6: Address the environmental and social sustainability issues of industrialization	Promote awareness on labour rights and responsibilities	MoL and MoIT&T	2016 – 2021
	Strengthen operations of the industrial courts	MoL and MoIT&T	2016 – 2021
Policy Statement 2: Maintain operations of the industrial courts			
Objective 6: Address the environmental and social sustainability issues of industrialization	Strengthen operations of the industrial courts	MoL and MoIT&T	2016 – 2021
Policy Statement 3: Enforce strict measures to curb disposal of industrial waste			
	Environmental Sustainability		
Objective 6: Address the environmental and social sustainability issues of industrialization	Promote recycling of the industrial by products	EAD, MoLGRD and MoIT&T	2016 – ongoing

industrialization			
	Encourage production and use of biodegradable packaging materials	EAD, MoLGRD and MoIT&T	2016 – ongoing
	Promote appropriate waste management interventions countrywide	EAD, MoLGRD and MoIT&T	2016 – ongoing
Policy Statement 4: Promote recycling of industrial by-products			
Objective 6: Address the environmental and social sustainability issues of industrialization	Promote recycling of the industrial by products	EAD, MoLGRD and MoIT&T	2016 – ongoing
	Encourage production and use of biodegradable packaging materials	EAD, MoLGRD and MoIT&T	2016 – ongoing
	Promote appropriate waste management interventions countrywide	EAD, MoLGRD and MoIT&T	2016 – ongoing
Policy Statement 5: Encourage production and use of biodegradable packaging materials			
Objective 6: Address the environmental and social sustainability issues of industrialization	Promote recycling of the industrial by products	EAD, MoLGRD and MoIT&T	2016 – ongoing
	Encourage production and use of biodegradable packaging materials	EAD, MoLGRD and MoIT&T	2016 – ongoing
	Promote appropriate waste management interventions countrywide	EAD, MoLGRD and MoIT&T	2016 – ongoing
Policy Statement 6: Promote appropriate waste management interventions countrywide			
Objective 6: Address the environmental and social sustainability issues of industrialization	Promote recycling of the industrial by products	EAD, MoLGRD and MoIT&T	2016 – ongoing
	Encourage production and use of biodegradable packaging materials	EAD, MoLGRD and MoIT&T	2016 – ongoing
	Promote appropriate waste management interventions countrywide	EAD, MoLGRD and MoIT&T	2016 – ongoing
Policy Priority Area 7: Cluster and Sector specific support			
Objective 2: Provide cluster and sector specific support	Plastics and packaging	Responsibility	Time Frame
Policy Statement 1: Encourage production and utilization of bio degradable recycling of products			
Objective 2: Provide cluster and sector specific support	Review excise tax on plastic products;	MoFEPD	2016
	improve collaboration between MITC/MoIT, MBS, and cluster stakeholders to strengthen links with potential export destinations and ensure appropriate standards are developed;	MoIT&T	2016 – ongoing
	Establish P&P Task Force within the Manufacturing TWG and ensure continued support so that this serves as the P&P	MoIT&T	2016 – ongoing

	industry forum.		
Policy Statement 2: Review excise tax on plastic products			
Objective 2: Provide cluster and sector specific support	Review excise tax on plastic products;	MoFEPD	2016
	improve collaboration between MITC/MoIT, MBS, and cluster stakeholders to strengthen links with potential export destinations and ensure appropriate standards are developed;	MoIT&T	2016 – ongoing
	Establish P&P Task Force within the Manufacturing TWG and ensure continued support so that this serves as the P&P industry forum.	MoIT&T	2016 – ongoing
Policy Statement 3: Facilitate dialogue and collaboration between P&P cluster TEVETA and other institutions to improve focus of vocational training institutions for the needs of the cluster			
Objective 2: Provide cluster and sector specific support	Review excise tax on plastic products;	MoFEPD	2016
	improve collaboration between MITC/MoIT, MBS, and cluster stakeholders to strengthen links with potential export destinations and ensure appropriate standards are developed;	MoIT&T	2016 – ongoing
	Establish P&P Task Force within the Manufacturing TWG and ensure continued support so that this serves as the P&P industry forum.	MoIT&T	2016 – ongoing
Policy Statement 4: Facilitate collaboration between MITC/MoIT, MBS, and cluster stakeholders to strengthen links with potential export destinations and ensure appropriate standards are developed			
Objective 2: Provide cluster and sector specific support	Review excise tax on plastic products;	MoFEPD	2016
	improve collaboration between MITC/MoIT, MBS, and cluster stakeholders to strengthen links with potential export destinations and ensure appropriate standards are developed;	MoIT&T	2016 – ongoing
	Establish P&P Task Force within the Manufacturing TWG and ensure continued support so that this serves as the P&P industry forum.	MoIT&T	2016 – ongoing
Policy Statement 5: Establish P&P Task Force within the Manufacturing TWG and ensure continued support so that this serves as the P&P industry forum			
Objective 2: Provide cluster and sector specific support	Review excise tax on plastic products;	MoFEPD	2016
	improve collaboration between MITC/MoIT, MBS, and cluster stakeholders to strengthen links with potential export destinations and ensure appropriate standards are developed;	MoIT&T	2016 – ongoing
	Establish P&P Task Force within the Manufacturing TWG and ensure continued support so that this serves as the P&P industry forum.	MoIT&T	2016 – ongoing

Policy Statement 6: Facilitate production of quality packaging in manufacturing products			
Objective 2: Provide cluster and sector specific support	Review excise tax on plastic products;	MoFEPD	2016
	improve collaboration between MITC/MoIT, MBS, and cluster stakeholders to strengthen links with potential export destinations and ensure appropriate standards are developed;	MoIT&T	2016 – ongoing
	Establish P&P Task Force within the Manufacturing TWG and ensure continued support so that this serves as the P&P industry forum.	MoIT&T	2016 – ongoing
Policy Statement 7: Facilitate operations and effectiveness of Agro processing Task Force within the Manufacturing TWG through adequate resourcing			
	Agro processing of non-oil seed and non-sugar cane products		
Objective 2: Provide cluster and sector specific support	Fully implement National Export Strategy’s sub-strategy for developing Agro-processing cluster, as outlined under the Manufacturing Strategy in the NES;	OPC and Manufacturing TWG	2016 – 2020
	Establish an economically sustainable Agro-Processing Special Economic Zone close to Nacala Railway	OPC, MoLands MoIT&T	2016 – 2020
	Facilitate establishment of and ensure continued operations and effectiveness of Agro-Processing Task Force within the Manufacturing TWG through adequate resourcing. Establish specific value chain industry platforms if necessary, such as dairy, wheat, cassava etc.	MoIT&T	2016 - ongoing
Policy Statement 8: Establish specific value chain industry platforms if necessary, such as dairy, wheat, cassava etc. For rice, ensure sustainability & effectiveness of National Rice Development Platform			
Objective 2: Provide cluster and sector specific support	Fully implement National Export Strategy’s sub-strategy for developing Agro-processing cluster, as outlined under the Manufacturing Strategy in the NES;	OPC and Manufacturing TWG	2016 – 2020
	Establish an economically sustainable Agro-Processing Special Economic Zone close to Nacala Railway	OPC with MoLands and MoIT&T	2016 – 2020
	Facilitate establishment of and ensure continued operations and effectiveness of Agro-Processing Task Force within the Manufacturing TWG through adequate resourcing. Establish specific value chain industry platforms if necessary, such as dairy, wheat, cassava etc.	MoIT&T	2016 - ongoing
Policy Statement 9: Facilitate establishment of cigarette manufacturing factories			
Objective 2: Provide cluster and	Fully implement National Export Strategy’s sub-strategy for	OPC and Manufacturing	2016 – 2020

sector specific support	developing Agro-processing cluster, as outlined under the Manufacturing Strategy in the NES;	TWG	
	Establish an economically sustainable Agro-Processing Special Economic Zone close to Nacala Railway	OPC, MoLands and MoIT&T	2016 – 2020
	Facilitate establishment of and ensure continued operations and effectiveness of Agro-Processing Task Force within the Manufacturing TWG through adequate resourcing. Establish specific value chain industry platforms if necessary, such as dairy, wheat, cassava etc.	MoIT&T	2016- ongoing
Policy Statement 10: Encourage industrial linkages especially between SMEs and large industries			
Objective 2: Provide cluster and sector specific support	Fully implement National Export Strategy’s sub-strategy for developing Agro-processing cluster, as outlined under the Manufacturing Strategy in the NES;	OPC and Manufacturing TWG	2016 – 2020
	Establish an economically sustainable Agro-Processing Special Economic Zone close to Nacala Railway	OPC, MoLands and MoIT&T	2016– 2020
	Facilitate establishment of and ensure continued operations and effectiveness of Agro-Processing Task Force within the Manufacturing TWG through adequate resourcing. Establish specific value chain industry platforms if necessary, such as dairy, wheat, cassava etc.	MoIT&T	2016 - ongoing
Policy Statement 11 :Facilitate establishment and ensure continued operations and effectiveness of Beverages Taskforce within the Manufacturing TWG			
	Beverages		
Objective 2: Provide cluster and sector specific support	Fully implement National Export Strategy’s sub-strategy for developing beverages cluster, as outlined under the Manufacturing Strategy in the NES;	OPC and Manufacturing TWG	2016– 2020
	Facilitate establishment of and ensure continued operations and effectiveness of Beverages Task Force within the Manufacturing TWG, as the industry forum for this sub-cluster, through adequate resourcing.	MoIT&T	2016 – ongoing
	Fully implement National Export Strategy’s sub-strategy for developing beverages cluster, as outlined under the Manufacturing Strategy in the NES;	OPC and Manufacturing TWG	2016 – 2020
Policy Statement 12: Establish and ensure continued operations and effectiveness of Assembly Taskforce within the Manufacturing TWG			
	Assembly		
Objective 2: Provide cluster and	Fully implement NES’s Manufacturing Sub-Strategy for	OPC and Manufacturing	2016 – 2020

sector specific support	developing Assembly cluster, as outlined under the Manufacturing Strategy of the NES;	TWG	
	Facilitate establishment of and ensure continued operations and effectiveness of Assembly Task Force within the Manufacturing TWG through adequate resourcing.	MoIT&T	2016 – ongoing
Policy Statement 13: Facilitate the establishment of and operationalization of support institutions for the Oil Seed Products sector			
	Oil seed cluster		
Objective 2: Provide cluster and sector specific support	Fully implement NES Oil Seed Products Strategy, as outlined in the NES	OPC and Oil Seed Products TWG	2016 – 2019
	Fully enable and ensure ongoing support to the Oil Seed Products TWG to act as industry forum for collaboration amongst stakeholders and basis for structured market, together with Cotton Council and Legume Development Trust	MoIT&T	2016 – ongoing
Policy Statement 14: Facilitate and ensure that the sector has access to information by addressing the farmer-processor disconnect			
	Fully implement NES Oil Seed Products Strategy, as outlined in the NES	OPC and Oil Seed Products TWG	2016 – 2019
	Fully enable and ensure ongoing support to the Oil Seed Products TWG to act as industry forum for collaboration amongst stakeholders and basis for structured market, together with Cotton Council and Legume Development Trust	MoIT&T	2016 – ongoing
Policy Statement 15: Facilitate the provision of affordable access to finance and secure tenure of property			
Objective 2: Provide cluster and sector specific support	Fully implement NES Oil Seed Products Strategy, as outlined in the NES	OPC and Oil Seed Products TWG	2016 – 2019
	Fully enable and ensure ongoing support to the Oil Seed Products TWG to act as industry forum for collaboration amongst stakeholders and basis for structured market, together with Cotton Council and Legume Development Trust	MoIT&T	2016 – ongoing
Policy Statement 16: Fully enable and ensure ongoing support to the Oil Seed Products TWG to act as industry forum for collaboration amongst stakeholders and basis for structured market, together with Cotton Council and Legume Development Trust			
Objective 2: Provide cluster and sector specific support	Fully implement NES Oil Seed Products Strategy, as outlined in the NES	OPC and Oil Seed Products TWG	2016 – 2019
	Fully enable and ensure ongoing support to the Oil Seed	MoIT&T	2016 – ongoing

	Products TWG to act as industry forum for collaboration amongst stakeholders and basis for structured market, together with Cotton Council and Legume Development Trust		
Policy Statement 18: Facilitate the establishment of and operationalization of support institutions for the Sugarcane Products sector			
	Sugar cane product cluster		
Objective 2: Provide cluster and sector specific support	Fully implement National Export Strategy's sub-strategy for developing Sugar cane product cluster, as outlined under the Manufacturing Strategy in the NES;	MoIT&T	2016 – ongoing
Policy Statement 19: Facilitate and ensure that the sector has access to information by addressing the farmer-processor disconnect			
Objective 2: Provide cluster and sector specific support	Fully implement National Export Strategy's sub-strategy for developing Sugar cane product cluster, as outlined under the Manufacturing Strategy in the NES;	MoIT&T	2016 – ongoing
Policy Statement 20: Fully enable and ensure continued support to Sugar Cane Products TWG to act as industry forum for collaboration amongst stakeholders			
	Fully implement National Export Strategy's sub-strategy for developing Sugar cane product cluster, as outlined under the Manufacturing Strategy in the NES;	MoIT&T	2016 – ongoing
Policy Statement 21: Promote the development of textile and clothing sector			
Objective 2: Provide cluster and sector specific support	Encourage consumption of locally manufactured textile and clothing products	MoIT&T	2016 – 2020
	Revive dormant textile mills and ginneries in the country;	MoIT&T and MoAIFS	2016 – 2021
	Encourage the setting up of Weaving and milling plants through incentives on capital equipment;	MoIT&T and MOAIFS	2016 – 2021
	Subscribe the African Growth and Opportunities Act (AGO) to access the US market for textile and apparels;	MoIT&T	2016 – 2021
	Encourage development of textile within the region to maximize on comparative advantage.	MoIT&T	2016 – 2020
	Provide competitive prices to cotton farmers through the established Cotton Council;	MoIT&T	2016 – 2021
Policy Statement 22: Establish Cotton Council			
Objective 2: Provide cluster and sector specific support	Encourage consumption of locally manufactured textile and clothing products	MoIT&T	2016 – 2020

	Revive dormant textile mills and ginneries in the country;	MoIT&T and MoAIFS	2016 – 2021
	Encourage the setting up of Weaving and milling plants through incentives on capital equipment;	MoIT&T and MoAIFS	2016 – 2021
	Subscribe the African Growth and Opportunities Act (AGOA) to access the US market for textile and apparels;	MoIT&T	2016 – 2021
	Encourage development of textile within the region to maximize on comparative advantage.	MoIT&T	2016 – 2020
	Provide competitive prices to cotton farmers through the established Cotton Council;	MoIT&T	2016 – 2021
Policy Statement 23: Establish a Leather Development Institute in the country			
	Leather and leather products		
Objective 2: Provide cluster and sector specific support	Establish a Leather Development Institute in the country	MoIT&T and MoAIFS	2016 – 2021
	Encourage experience sharing and collaboration between local and foreign leather industries with the aim of strengthening local industries	MoIT&T and MoAIFS	2016 – 2021
Policy Statement 24: Provide support and training for the indigenous leather industries to develop technical capacity in processing of leather products			
2016 – 2020	Establish a Leather Development Institute in the country	MoIT&T and MoAIFS	2016 – 2021
2016 – 2020	Encourage experience sharing and collaboration between local and foreign leather industries with the aim of strengthening local industries	MoIT&T and MoAIFS	2016 – 2021
Policy Statement 25: Encourage experience sharing and collaboration between local and foreign leather industries with the aim of strengthening local industries			
Objective 2: Provide cluster and sector specific support	Establish a Leather Development Institute in the country	MoIT&T and MoAIFS	2016 – 2021
	Encourage experience sharing and collaboration between local and foreign leather industries with the aim of strengthening local industries	MoIT&T and MoAIFS	2016 – 2021
Policy Statement 26: Promote the procurement of locally manufactured pharmaceutical products (Buy Malawi Campaign)			
	Pharmaceutical Sector		

Objective 2: Provide cluster and sector specific support	Promote the procurement of locally manufactured pharmaceutical products (Buy Malawi Campaign)	MoIT&T and ODPP	2016 – 2021
	Prohibit the importation of counterfeit pharmaceutical products in the country	MoIT&T	2016 – 2021
	Promote the use of local raw materials in the manufacture of pharmaceutical products	MoIT&T	2016 – 2021
Policy Statement 27: Prohibit the importation of counterfeit pharmaceutical products in the country			
Objective 2: Provide cluster and sector specific support	Promote the procurement of locally manufactured pharmaceutical products (Buy Malawi Campaign)	MoIT&T and ODPP	2016 – 2021
	Prohibit the importation of counterfeit pharmaceutical products in the country	MoIT&T	2016 – 2021
	Promote the use of local raw materials in the manufacture of pharmaceutical products	MoIT&T	2016 – 2021
Policy Statement 28: Promote the use of local raw materials in the manufacture of pharmaceutical products			
Objective 2: Provide cluster and sector specific support	Promote the procurement of locally manufactured pharmaceutical products (Buy Malawi Campaign)	MoIT&T and ODPP	2015 – 2020
	Prohibit the importation of counterfeit pharmaceutical products in the country	MoIT&T	2015 – 2020
	Promote the use of local raw materials in the manufacture of pharmaceutical products	MoIT&T	2015 – 2020
Policy Statement 29: Ensure that local pharmaceutical companies meet national and regional standards for the production of their products			
Objective 2: Provide cluster and sector specific support	Promote the procurement of locally manufactured pharmaceutical products (Buy Malawi Campaign)	MoIT&T and ODPP	2016 – 2021
	Prohibit the importation of counterfeit pharmaceutical products in the country	MoIT&T	2016 – 2021
	Promote the use of local raw materials in the manufacture of pharmaceutical products	MoIT&T	2016 – 2021
Policy Statement 30: Encourage investment in local pharmaceutical industries research and innovation initiatives			
Objective 2: Provide cluster and sector specific support	Promote the procurement of locally manufactured pharmaceutical products (Buy Malawi Campaign)	MoIT&T and ODPP	2016 – 2021

	Prohibit the importation of counterfeit pharmaceutical products in the country	MoIT&T	2016 – 2021
	Promote the use of local raw materials in the manufacture of pharmaceutical products	MoIT&T	2016 – 2021
Policy Statement 31: Encourage the development and delivery of pharmaceutical courses at institutions of higher learning			
Objective 2: Provide cluster and sector specific support	Promote the procurement of locally manufactured pharmaceutical products (Buy Malawi Campaign)	MoIT&T and ODPP	2016 – 2021
	Prohibit the importation of counterfeit pharmaceutical products in the country	MoIT&T	2016 – 2021
	Promote the use of local raw materials in the manufacture of pharmaceutical products	MoIT&T	2016 – 2021

Annex II: Monitoring and Evaluation Plan

Objectives	Outputs	Performance Indicator	Target	Baseline	Source of verification	Assumptions/risks
Policy Priority 1. Appropriate skills and technology						
Policy Outcome 1: Increased productivity of the industrial sector						
Objective 1: Enhance the provision of appropriate skills and technology	Demand and supply linkages established	Number of business linkage fora organized	4 per year	2016	Report	Availability of resources, policy in place, political will
	Collaboration between stakeholders to foster private sector input in curriculum development increased	Number of meetings	4 per year	2016	TIPSWAp Reports	Availability of resources, political will
	Business and work permits reforms to match local skills and investment gaps facilitated	number of consultative meeting undertaken	4 per year	2016	Reports	Availability of resources, political will
	Provision and review of tax policy incentives in technology investment for productive and enabling sector facilitated;	Tax policy reviewed	1	2016	MoFED report	Availability of resources, political will
	Infrastructure to support private investment provided/facilitated e.g. Agro-Processing (including beverages and plastics and packaging; Special Economic Zone and Assembly Special Economic Zones)	Number of Special Economic Zones in place	Atleast 3 in 5years	2016	Reports	Availability of resources, political will
Policy priority 2: An improved business environment for the manufacturing sector						
Policy Outcome 1: Increased productivity of the industrial sector						
Objective 2: Improve business environment for the manufacturing sector	Market access facilitated (tariff and non-tariff) using bilateral, regional and multilateral trade agreements – negotiations and implementation.	Number of agreements facilitated	2 in 5 years	2016	Reports	Availability of resources, political will
	Facilitated enactment of existing	Land bill in	1 by June	2016	Ministry of	Political buy-in

	package of land bills	place	2016		Lands Reports	
	Special Economic Zones Act reviewed and amended.	SEZ Act in place	Act reviewed/amended by 2018	2016	MITC Reports	Political buy-in, availability of resources
	An Incentives Act developed and enacted	Incentive act reviewed/enacted	Act enacted by 2018	2016	Reports	Capacity to develop and review the act, political will
Priority area 3. Improved access to key business services						
Policy Outcome 1: Increased diversification of industrial sector						
Objective 3: Promote support infrastructure (enablers)	Linkages of extension services to priority clusters, farmer organization and agricultural technology dissemination facilitated	Number of farmer groups linked in a year	10 farmer organization per year	2016	Quarterly and annual reports, MoIT&T	Availability of resources,
	Participation in financial sector activities to lobby for friendly financial products for the manufactures promoted.	1. Number of lobbying meetings, 2. number of financial regulations reformed	8 lobbying meetings per year, at least 1 regulation per year	2016	MoFED reports, RBM reports	Capacity to develop the regulations, political will
	Effective functioning of Credit Reference Bureaus through consistent laws facilitated	Number of laws enacted	1 by December 2016	2016	Ministry of Justice Gazette, Reports	Political will, availability of resources
Priority Area 4: Promote Support Infrastructure (Enablers)						
Policy Outcome: Reduced trade deficit by promoting exports and imports substitution						
Objective 4: Promote Support infrastructure(enablers)	Stakeholder collaboration in transport sector in order to reduce transport costs improved.	Number of consultative meeting conducted	4 per year	2016	MoTPWP reports, MoIT&T reports	Availability of resources, willingness of transporters to participate in the discussion, political

						will
	Removal of restrictions on foreign truckers operating within Malawi, using a time-bound approach that sets clear targets for identifying selected internal routes for cabotage facilitated.	Number of consultative meeting conducted	4 per year	2016	MoTPWP reports, MoIT&T reports	Availability of resources, willingness of transporters to participate in the discussion, political will
	Participation in the development of an effective regulatory framework to involve independent power providers ensured.	Regulatory framework in place	1 in 5 years	2016	Dept of Energy reports, MITC reports	Political will, capacity of government officers to develop the framework
	National Quality Policy to be fully implemented and expedited.	National quality strategy developed	1 by December 2016	2016	MBS Report, MoIT&T quarterly and annual reports	MBS staff capacity
	Splitting of MBS functions into two separate bodies: regulator (facilitator) and enforcer implemented.	Two institutions in place	2 institutions by the end of 5years	2016	PPP reports	Political will
	The capacity of the MBS technical departments and accredited laboratories developed.	1. Number of MBS officers trained. 2. Number of Accredited laboratories	10 officers trained per year.	2016	MBS training reports.	Availability of resources. Political will
Priority Area 5: Facilitate participation of MSMEs in manufacturing						
Policy Outcome 3: Improved value added to the primary products						
Objective 5: Improve participation of MSMEs in manufacturing and market linkages	Industrial extension programmes targeting MSMEs developed.	1. Industrial extension programme in place. 2. Number of MSMEs benefiting	1 extension programme in place by December 2016. 50 MSMEs benefiting	2016	Programme document. Reports	Availability of resources

Priority Area 6: Social and environmental sustainability of industrialization						
Policy Outcome 1: Increased productivity of the industrial sector						
Objective 6: Address the environmental and social sustainability issues of industrialization	Promotion of awareness on labour rights and responsibilities facilitated	Number of awareness campaigns conducted	2 per year	2016	MoL reports, TIPSWAp report	Availability of resources, political will
	Operations of the industrial courts strengthened	Number of labour relations regulations reviewed	At least 1 per year	2016	Industrial relations courts report, MoIT reports	Availability of resources, political will
	Appropriate waste management interventions promoted	Regulatory framework on waste management in place	1	2016	Dept of Environmental Affairs reports, MoIT&T reports	Political buy-in, Resource constraints
Policy Priority 7: Cluster and Sector specific support						
Policy Outcome 5: Improved Malawi's GDP path (Structural transformation)						
Objective 2: Provide cluster and sector specific support	The National Export Strategy's sub-strategy for all clusters (manufacturing, oil seed products, sugar and sugarcane products; and pharmaceuticals) fully implemented	TWG and taskforce meetings organized	1 round of meetings every quarter per year	2016	TIPSWAp reports	Political buy-in, Capacity of staff to implement the programme, funding constraint
	Consumption of locally manufactured textile and clothing products promoted	1. Buy Malawi framework in place. 2. Number of consultative meetings conducted	Framework in place by June 2016, 4 consultative meeting per year	2016	Reports	Political buy-in, Capacity of staff to implement the programme
	Establish a Leather Development Institute in the country	Development institute in place	1 by June 2017	2016	Progress reports, legislation	Political buy-in, Capacity of staff to implement the programme