



Terms of Reference

Malawi National Export Strategy (NES) Review and Design of a Successor Strategy

1. Background

The Commonwealth Secretariat is assisting the Government of Malawi through the Ministry Industry, Trade and Tourism to review its National Export Strategy (NES) 2012-2018 and to draft a successor strategy to run 2019-2023. The NES review process will involve measuring the extent to which NES delivery was achieved and collating lessons learnt from the implementation of the strategy. Identifying any challenges or missed opportunities in operationalization of the NES Action Plan will be critical to improve the successor NES. The successor strategy will consequently assist exporters or export-ready firms from strategic sectors to increase exports in regional and international markets. It is envisaged that this work will include an assessment of entire supply chains for proposed NES products and services under the successor strategy.

Malawi is a landlocked, largely agricultural country in central Africa, economically dominated by its larger neighbours of Mozambique, Zambia and Tanzania. The economy is driven by subsistence farming on which approximately 70 per cent of people rely on for their livelihoods. There are ongoing challenges with food supply due to the precarious climate, resulting into the government prioritizing food security which periodically impacts on production incentives and the professed export driven focus. Malawi's export base is founded on traditional crops tobacco and tea, on which the country relies on for foreign exchange. The country is a Least Developed Country (LDC) with a low Human Development Index (HDI) rank (170 of 188; 2017 data); male life expectancy is 60 years; female life expectancy is 65 years. For many years Malawi struggled to control the onslaught of HIV/AIDs, running afoul of the vagaries of the disease, becoming one of the world's worst-hit with more than one million children orphaned by the disease. An aggressive campaign to control infection and spread of the disease has in recent years, brought HIV/AIDS rates down.

Over a number of years Malawi has experienced unsustainable trade deficit of over one billion dollars at 21 per cent of GDP. As of 2017, total exports for Malawi were at MK 786 billion compared to MK 1.5 trillion total imports. This shows a negative trade balance of MK 751 billion. However, there has been a positive change in the value of exports from 2016 to 2017. Total exports increased by 12% from MK700 billion in 2016 to MK 786 billion in 2017. The country experienced an increase in imports by 51%. Consequently, the trade balance worsened by 44% between 2016 and 2017. The main problem has been that while the country strives to grow its exports, it tends to increase imports as well thereby maintaining, and at times, expanding the trade deficit.

Since independence there has been an inadequate focus on the productive capacity of the economy in general and of non-traditional export sectors in particular which have the potential to transform the economy. Malawi is periodically experiencing forex crises - in which foreign exchange export receipts are insufficient to cover import volumes, including essential inputs to the productive processes. This has required budgetary support from a wide range of donor agencies to bridge the surplus and allow the Malawi Government to undertake the day to day running of government agencies and deliver activities in the social sector. However, that direct donor support is slowly winding down, placing the country under further economic strain. This has dire consequences for export development, not least because producers (particularly in the non-traditional sectors) experience challenges accessing foreign exchange to pay suppliers of inputs. Malawi



needs to transform its economy away from its over-reliance on traditional exports of tobacco and tea production; the first NES provided a roadmap for this transformation. In addition, maintenance of a strong GDP growth pathway will assist the country in undertaking the necessary investments in physical and social infrastructure which will facilitate transformation of the economy. Between 1994 until 2017, Malawi achieved an average GDP growth rate of 4.44 per cent, reaching an all-time high of 16.70 per cent in 1995 and a record low of -10% in 1994¹.

It has been noted that Malawi has not been able to take full advantage of a number of trade agreements that the government has negotiated. A case in point, the US African Growth and Opportunity Act (AGOA); The EU- Everything but Arms framework and regional EPA. At a regional level, opportunities to penetrate COMESA markets have not been effectively exploited. With eminent further regional and Africa continental market integration the pressure to take advantage of these platforms, regional blocs will be keenly felt.

Malawi has received economic aid from a variety of sources, including the World Bank, DFID, the European Union, and GIZ and UNDP. In addition, the UK government in partnership with its private sector has set up an infrastructure group to invest in infrastructure projects in Commonwealth countries, including Malawi.

2. Objectives and Purpose

2.1 The Overall Objectives

The NES review seeks to measure the extent to which NES delivery was achieved and collating lessons learnt from the implementation of the strategy. The review of the strategy will serve to inform the development of the successor strategy. Therefore, identifying any gaps, challenges or missed opportunities in operationalization of the NES Action Plan will be critical to improve the successor NES. The review will also assess the progress towards the achievement of the key NES outcomes including:

- a) Increased the rate of growth of exports in value terms from nine per cent per year between 2001 and 2011 to thirteen per cent per year from 2013 to 2017; thereby allowing the NES goal to be achieved.
- b) Empowered Malawians by stimulating the growth and development of MSMEs, farmer organisations, cooperatives, youths and women groups while increasing the contribution of exports to foreign exchange generation and job creation
- c) Facilitated access to both domestic and international markets, including Malawi's capacity to meet the standards requirements of importing countries, trade negotiation capacity and addressed non-tariff barriers

The objective of developing the successor strategy is to provide a prioritized road map through which the country will sustainably develop its productive capacity from 2019 beyond to generate sufficient exports to match the upward pressure on Malawi's import. The development of the successor strategy will also serve to provide a way through which the gains achieved through the implementation of the first NES are sustained and the gaps identified in the review are adequately addressed. The development process of the

¹ https://www.theglobaleconomy.com/Malawi/Economic_growth/



successor strategy will include an assessment of entire supply chains for proposed NES products and services under the successor strategy. The successor strategy will consequently assist exporters or export-ready firms from prioritized sectors to increase exports in regional and international markets.

2.2 The Purpose

The purpose of this contract is the execution of the NES review and the development of the successor strategy in line with the objectives given and within the scope of work. The review and assessment will be done following the criteria of relevance, efficiency, effectiveness, sustainability and impact of the strategy to critically inform the development of the successor NES.

3. Scope of Work

Phase I: Review of the National Export Strategy (2012-2018)

- a) Assess the process of NES formulation - review documentation and interview key stakeholders to establish whether the process undertaken in the NES design including the selection criteria for the priority sector was effective.
- b) Review the implementation structure for the NES and assess the extent to which local ownership was embedded.
- c) Undertake an analytical assessment following the criteria of of relevance, efficiency, effectiveness, sustainability and impact of the strategy including a detailed analysis of achievements against targets - quantify implementation to date and provide a narrative on indicators achieved (or underachieved).
- d) Lessons Learnt - outline strengths, challenges and opportunities- from the NES design and implementation process.
- e) Identify and establish the gaps and capacities been built under TIPSWAp during the NES implementation that will critically inform the development of the Successor Strategy.
- f) Recommend improvements in the development and implementation of the Successor Strategy

Phase II: The Design of the successor NES (2019-2023)

- a) Capture the Government of Malawi's medium term objectives and donor activity in areas of strategic importance, as aligned to the new NES.
- b) Review the baseline data, situational analysis and define the criteria that will be used to select the priority sectors and cross-cutting issues.
- c) Export competitiveness environment assessment - Identify export sector capabilities, challenges and opportunities given current regional and international business environment developments.
- d) Using appropriate criteria identify priority products and services, map value chains and identify strategic points where value may be maximised and export competitiveness increased.
- e) Develop key objectives and targets for the priority areas over the strategy period.
- f) Define Action Plans for each priority sector and cross-cutting issue, to include measurable interventions baseline data, owner/implementing agency, resource requirements, expected timeline, risks, etc.



- g) Develop a mechanism to monitor the implementation of the strategy, including templates to be used by implementing agencies
- h) Develop an annualised implementation plan for the strategy period
- i) Define an institutional framework for a NES Secretariat to co-ordinate strategy implementation, including strengthening capacities for communication and knowledge sharing.

4. Key Deliverables

- a) An Inception report capturing first mission to Malawi which will validate consultant understanding of the TORs after mobilisation, 6 weeks after contract. The report will include the proposed methodology to undertake activities outlined in the scope of work, the work plan (road map) and milestones.
- b) A Progress report, delivered by week 18 to the Commonwealth Secretariat who will release it to the MoITT.
- c) Draft NES Review (*of implementation*) Report to be presented at MoITT Senior Management meeting followed by a National Consultative Meeting after week 24. Finalise the NES Review Report, taking into account inputs from the NES Review consultative meeting.
- d) Final NES Review Report submitted to the Commonwealth Secretariat and MoITT.
- e) Undertake Focus Group sessions and National Consultation on Design of new NES 2019-2023 by week 36.
- f) Draft NES document to be discussed at a Stakeholders Workshop by week 42.
- g) Submission of Final draft NES document, Action Plan and Results Based Management Framework by week 48.
- h) Verification of the Final draft NES document and associated plans in a National Verification Meeting by week 54. Suggested comments/changes integrated.
- i) Final NES document submitted to the MoITT by Year 2, week 8 (overall project week 60).
- j) Detail of endorsement of NES Final document and launch of new NES to be determined by the Government of Malawi.

5. Approach and Implementation Arrangements

The Ministry of Industry, Trade and Tourism will remain the core implementation driver for the new NES and will play a key coordinating and leadership role in ensuring stakeholder entities are engaged in the development of the NES action plan. Other agencies of importance to NES delivery are the Malawi Trade and Investment Centre (MITC), the Ministry of Agriculture, National Statistics Office, Small Medium Enterprise Development Institute (SMEDI), Ministry of Finance, Economic Development and Planning, Ministry of Labour, Ministry of Education and the Malawi Bureau of Standards.

The requested technical assistance is aimed at supporting the Ministry of Industry, Trade and Tourism to develop a successor national export strategy, which is more effective than the first NES and builds on the lessons learnt from implementation in the previous strategy. Overall the intention is that stakeholder agencies critical to the development of the country's export base are able to better engage in a new export strategy framework to drive effective change. This project will mainstream gender to support gender-equitable access to export opportunities.

The assignment will be delivered through a stakeholder-driven approach in partnership with the MoITT. The consultant(s) are expected to convene a number of Stakeholder



Dialogue consultations or facilitate smaller meetings at key stages of the assignment and make use of the Trade, Industry, and Private Sector Wide Approach (TIPSWAp) structures, TWGs. The consultant(s) are expected to work in a small team, made up 3 staff members from MoITT in order to encourage local ownership and ensure the cross-fertilisation of ideas. The project will be supervised by the Trade Advisor, Commonwealth Secretariat. Bidding consultancy companies are encouraged to identify a local consultant to deliver inputs in the overall project such as to facilitate stakeholder dialogue and collate data locally. An office base will be provided through the MoITT on a temporary basis to support international consultants work when in country.

6. Qualifications and Expertise

The Commonwealth Secretariat is seeking to hire the services of a team of two consultants or a consultancy firm with named consultants possessing the following attributes:

- a) Strong International experience in export development
- b) Considerable expertise in national and/or sectoral strategy development for exports, preferably acquired in emerging or developing economies
- c) Knowledge of, and experience in, applying qualitative and quantitative evaluation methods
- d) At least 10 years' experience in policy and trade development
- e) Ability to work with a broad range of stakeholders
- f) Good understanding of trade policy issues affecting LDCs.
- g) Good track record of working in Africa, particularly Southern Africa.
- h) Good understanding of the policy and business environment of Malawi will be an added advantage

7. Qualifications:

- a) A Trade Specialist with post graduate qualifications in International Trade, Economics or law.
- b) A Marketing Specialist with post graduate qualifications in Marketing or Business. Six years' employment experience in marketing will be accepted in place of a postgraduate qualification.

8. Preparation of Proposals

Proposals should clearly indicate the following:

- a) Methodology proposed to undertake activities outlined in the scope of work - no more than 12 pages for this section;
- b) Proposed work plan and milestones;
- c) Proposed budget with all costs clearly broken down;
- d) Detailed CVs of the proposed team members;
- e) A breakdown of tasks and responsibilities between the members of the team; and
- f) Letter of commitment for consultancy inputs, for collaborating individual consultants

9. Level of Effort and Duration

The level of effort required from the successful consultants is 24 person weeks over a period of June 2018 to September 2019.



10. Budget

An all-inclusive budget of £61,000 has been allocated for consultancy services, which will cover professional fees of up to £1750 per person week, daily subsistence allowance, and economy class international airfares to Malawi for 6 return trips.

Cost-competitive bids will be favourably received in the evaluation process for this consultancy role.

11. Reporting Arrangements

- a) The successful consultancy will sign a contract with the Commonwealth Secretariat which will be responsible for making contractual payments under the terms of the contract.
- b) The Commonwealth Secretariat and the Ministry of Industry, Trade and Tourism will jointly retain the overall responsibility for the review and the development of successor strategy. The Commonwealth Secretariat in collaboration with the Ministry of Industry, Trade and Tourism through the Department of Planning will be responsible for the management and coordination of the evaluation activity and the development of the successor strategy. Therefore, the successful consultancy shall from time to time report to the Commonwealth Secretariat through the Trade Advisor and keep the MoITT informed through the Department of Planning.

12. Submission of Proposals

Proposals should be submitted to Human Resources Division, The Commonwealth Secretariat, London.



ANNEX I: LIST OF USEFUL DOCUMENTS

1	National Export Strategy Document
2	TIPSWAp Monitoring and Evaluation Plan
3	The Joint Sector Plan
4	MolTT Strategic Plan
5	The Malawi Growth Development Strategy II & III
6	Ministry Annual Work Plans
7	ASWAp Document (Ministry of Agriculture)
8	The National Agriculture Investment Plan (NAIP) Document
9	National Trade Policy
10	National Industrial Policy
11	National Agriculture Policy
12	Resource Mobilization Plan
13	TIPSWAp Capacity Plan
14	TIPSWAP Resource Mobilization Plan
15	The Malawi National Transport Master Plan
16	Micro, Small, Medium Enterprise (MSMEs) Policy-Draft
17	The National Tourism Policy
18	National Economic Empowerment (NEEP) Policy-Draft