

# **FINANCIAL INCLUSION AND ENTREPRENEURSHIP SCALING PROJECT**

**Ministry of Finance, Economic Planning and Development**



**Reserve Bank of Malawi**

**STAKEHOLDER ENGAGEMENT PLAN (SEP)**

**Lilongwe  
MALAWI  
23 January 2020**

---

## ABBREVIATIONS AND ACRONYMS

AP	Aggrieved Party
COMSIP	Community Savings and Investment Promotion
BDS	Business Development Services
CLS	Customary Land Committee
DEA	Department of Environmental Affairs
EHSGs	World Bank Group Environmental Health and Safety Guidelines
EIA	Environmental Impact Assessment
ESCP	Environmental and Social Commitment Plan
ESIA	Environmental and Social Impact Assessment
ESMS	Environmental and Social Management System
ESS	Environmental and Social Standard
FI	Financial Intermediaries
FIF	Financial Intermediary Financing
FL:	Financial Literacy
FMO	Entrepreneurial Development Bank
FSTAP	Financial Sector Technical Assistance Project
GBV	Gender Base Violence
GDP	Gross Domestic Product
GIID	Good International Industry Practice
GRC	Grievance Redress Committee
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
IFC	International Finance Corporation
LOC	Line of Credit
LTF	Long-term Finance
MAIIC	Malawi Agriculture and Industrial Investment Corporation
MCCCI	Malawi Confederation of Chambers of Commerce and Industry
M&E	Monitoring and Evaluation
MFI	Microfinance Institutions
MGDS	Malawi Growth and Development Strategy
MoFEPD	Ministry of Finance, Economic Planning and Development
MoITT	Ministry of Industry, Trade and Tourism
MSE	Malawi Stock Exchange
MSME	Micro, Medium and Small-scale Enterprises
NEP	National Environmental Policy
NES	National Environmental Policy
NGO	Non-Governmental Organization
OHS	Occupational Health and Safety
PCG	Partial Credit Guarantee
PDO	The Project Development Objective
PFI	Participating Financial Institutions
PGC	PFI Grievance Committee
PIU	Project Implementation Unit
PM	Project Manager
POM	Project Operational Manual
PSC	Project Steering Committee
PTC	Project Technical Committee

---

RBM	Reserve Bank of Malawi
SEP	Stakeholder Engagement Plan
SMEDI	Small and Medium Enterprises Development Institute
TLMA	Traditional Land Management Area
SADC	Southern African Development Community
ST	Secretary to the Treasury

---

## TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS .....	I
TABLE OF CONTENTS .....	III
TABLES .....	V
<b>1.0 INTRODUCTION</b>	
1.1 Project Overview .....	1
1.2 Project Development Objectives ... ..	1
1.3 Project Components and Activities .....	1
1.4 Project Beneficiaries .....	2
1.5 Institutional, Implementation and Oversight Arrangements.....	2
<b>2.0 POLICY AND LEGAL FRAMEWORK, STRATEGIES AND STANDARDS.....</b>	<b>4</b>
2.1 Brief Background .....	4
2.2 Policies and Strategies .....	4
2.3 The Republican Constitutions .....	5
2.4 Statutory Provisions.....	5
2.5 Guidelines .....	9
2.6 World Bank Environmental and Social Standards.....	10
<b>3.0 PRELIMINARY ASSESSMENT OF ES IMPACTS &amp; MITIGATION MEASURES .....</b>	<b>12</b>
3.1 Preliminary Assessment of ES Risks and Impacts .....	12
3.2 Arrangements for the Management of ES Risks and Impacts .....	13
<b>4.0 STAKEHOLDER ENGAGEMENT .....</b>	<b>15</b>
4.1 Purpose .....	15
4.2 Specific Objective .....	15
4.3 Risk Rating of Stakeholders.....	15
4.4 Reserve Bank of Malawi Commitment to Compliance with National, Regional and International Obligations .....	16
<b>5.0 STAKEHOLDER CONSULTATIONS .....</b>	<b>17</b>
<b>6.0 PROPOSED STAKEHOLDER ENGAGEMENT PLAN.....</b>	<b>28</b>
<b>7.0 GRIEVANCE MANAGEMENT .....</b>	<b>33</b>
7.1 Overview .....	33
7.2 RBM Grievance Redress Mechanism.....	33
7.3 Grievance Redress Mechanisms of PFIs.....	33

---

7.4	Arrangements and Procedures for Redress of Grievances .....	35
<b>8.0</b>	<b>RESULTS MONITORING AND EVALUATION ARRANGEMENTS .....</b>	<b>37</b>
<b>9.0</b>	<b>BUDGET ESTIMATE FOR SEP IMPLEMENTATION .....</b>	<b>38</b>
	<b>ANNEX 1: SEP CONSULTATIVE MEETINGS .....</b>	<b>39</b>

---

**TABLES**

**Table 1.** Potential Impacts and Applicable ESS.....12  
**Table 2.** Record of Discussions with Key Stakeholders ..... 18  
**Table 3.** Proposed Stakeholder Engagement Plan .....29  
**Table 4.** Tentative Budget for the Implementation of the SEP.....37

---

## **1. INTRODUCTION**

### **1.1 Project Overview**

The government of Malawi through the Financial Inclusion and Entrepreneurship Scaling Project (the Project) seeks to support private sector growth, especially Micro, Small and Medium-scale Enterprises (MSMEs) for economic transformation and creation of jobs. This will be achieved through a platform of combining financing, and non-financing/technical assistance suite of interventions focusing on:

- (a) Increasing the supply of affordable financing to MSMEs: this includes a Line of Credit (LOC) to increase the level of wholesale funding to financial intermediaries, especially the smaller banks, to facilitate increased lending to MSMEs; possible funding to be provided to a Partial Credit Guarantee (PCG) being developed under the Agriculture Commercialization project, should it be deemed feasible and in line with the project development objective- for underwriting of guarantees to PFIs that will extend credit to MSMEs; developing the long-term equity finance market for MSME - to support development of early stage financing /venture capital (VC) for innovative startups and SMEs that are transformative with potential for high growth and job creation;
- (b) Scaling Entrepreneurship and Building Firm Capabilities for MSMEs; and
- (c) Enhancing the Enabling Environment for Supporting Financial Inclusion of Entrepreneurs.

Supporting women's economic empowerment constitutes a cross cutting theme in all project activities through targeted outreach, and design of interventions.

### **1.2 Project Development Objective (PDO)**

The Project Development Objective is to increase access to financial services, and entrepreneurship and skills support for micro small and medium enterprises (MSMEs).

In Malawi a micro enterprise is defined as one that has 1 to 4 employees, a turnover of up to MK5 million and an asset value of up to MK1 million. A small enterprise has 5 to 20 employees, a turnover of between MK5 million and MK50 million and maximum assets value of MK20 million (MSME Policy, 2018). A medium enterprise has 21 to 99 employees, turnover of between MK50 million and MK100 million and maximum asset value of MK250 million..

Progress towards achieving the PDO will be measured through the following key results indicators:

- Number of new firms established through the project support (segregated by gender);
- Volume of funds to MSMEs through the LoC scheme, and indirectly, beyond the project financing, and
- Number of MSMEs reporting improvement in capabilities (segregated by gender)

### **1.3 Project Components and Activities**

Activities funded within the project will be structured under the following components:

- (a) Increasing financing to MSME: This component aims at providing affordable financing to MSMEs, by increasing the supply of wholesale financing to financial intermediaries to scale their lending to the project target group. Funding will cover three interventions organized under the following sub-components: (i) a Line of Credit (LOC) - to increase the level of wholesale funding to financial intermediaries, especially the smaller banks, to facilitate increased lending to MSMEs; (ii) possible funding to be provided to a Partial Credit Guarantee

- 
- (PCG) being developed under the Agriculture Commercialization project, should it be deemed feasible and in line with the project development objective, to underwrite guarantees to PFIs that will extend credit to MSMEs; and (iii) developing the long-term equity finance market for MSME - to support development of early stage financing /venture capital (VC) for innovative startups and SMEs that are transformative with potential for high growth and job creation. ;
- (b) Scaling Entrepreneurship and Building Firm Capabilities for MSMEs: This component, to be delivered by competitively selected service provider, aims at enhancing the internal capabilities of firms, particularly micro and small enterprises and women businesses who stand to benefit the most from this training, as well as building of firm capabilities by enhancing the quality of business support provided by business development services' (BDS) providers through a training of trainers (TOT) approach. Funding will cover three interventions: (i) Building Firm Capability for SMEs - to provide training to entrepreneurs and firms through a three-stage approach encompassing psychological and technical skills training and connecting the trained firms with potential to markets; and (ii) Developing Domestic Capacity of BDS providers – to ensure sustainability of quality BDS beyond the life of the project; and (iii) Funding would also be set aside for training and supporting micro enterprises. ;
- (c) Enhancing the Enabling Environment for Supporting the Financial Inclusion of Entrepreneurs: building on activities supported under the Financial Sector Technical Assistance Project (FSTAP). Funding will cover two interventions. (i) Improving Financial Infrastructure and Regulatory Framework. This will aim at improving the delivery of digital financial services (DFS), including: a) development of digital tools and platforms to facilitate provision of financial products and services (especially to MSMEs); b) expansion of other innovative mechanisms to support financial inclusion; and c) promotion of increased DFS usage (including development of regulations, last mile efforts to digitalize all G2P payments, and procedures to improve confidence in DFS). These activities will also support pilot schemes to design of new DFS and to adopt fintech approaches targeting youth and women. Building on the momentum from the predecessor project (FSTAP). Specifically, the sub-component will support: increased usage of the MFI Hub and the mobile payment systems; improved functionality of the central securities depository (CSD) for the Stock Exchange; and improved usage of the credit reporting system. TA will be provided to the National Registration Bureau (NRB) to facilitate the integration of the national identity into the financial sector. TA will also be provided to RBM and MoFEPD to strengthen the legal, regulatory and policy environment supporting financial inclusion and MSMEs in the following areas. (ii) Increasing Financial Literacy and Consumer Protection: Through this sub-component, the project will provide TA to the RBM and financial institutions targeting MSMEs for implementing national financial literacy and consumer protection initiatives.; and
- (d) Project Implementation Support. Funds under this component will finance costs pertaining to the Project Implementation Unit (PIU), as the implementing entity, including costs related to fiduciary and safeguards aspects and monitoring and evaluation (M&E)The M&E activities will include updating the baseline data using the on-going surveys.

#### 1.4 Project Beneficiaries

- (a) **The primary beneficiaries of this Project are MSMEs facing challenges to access financing for their businesses:** MSME's will benefit from availability of funds through line of credit extended to PFIs, early stage financing /venture capital (VC) for innovative startups and SMEs that are transformative with potential for high growth and job creation, channeled through

---

the Malawi Agriculture and Industrial Investment Corporation (MAIIC) and TOT aimed at building capabilities of potentially “transformative” firms with establishing market linkages.

- (b) **Government agencies (MoITT, MoFEPD, RBM, MAIIC, and other financial infrastructure entities):** These will benefit mostly in form of institutional strengthening and capacity building for their staff. PFIs will also be beneficiaries from capacity building designed to enhance their capacity to sustainably serve the MSME sector under the proposed project. The project will potentially build domestic capabilities to supply business development services and hence benefit the local providers.
- (c) **The other beneficiaries of the project will be those who are not financially literate and those who are not banked:** The 2014 Malawi FinScope Survey reports that 77 percent of adult Malawians are unbanked. The Malawi Financial Literacy and Consumer Protection Household Follow-up Survey (2018) reported that only about 29 percent of the population in Malawi have access to formal financial services. Financial Literacy programs will be rolled out throughout the country.

### **1.5 Institutional, Implementation and Oversight Arrangements**

- (a) The RBM will be responsible for the overall implementation of the project. The Project Implementation Unit (PIU) will be established at the RBM to manage the project. To ensure accountability, RBM has appointed a senior official as Project Manager (PM), and will appoint a senior Accountant with access to the integrated financial management and information systems (IFMIS) and a Procurement Officer experienced in World Bank procedures. Under component 1 the RBM will implement the Line of Credit (LOC), as well as technical assistance to Participating Financial Institutions (PFIs). Should the PCG scheme become feasible and operational the RBM could contribute capital through the project to the entity that is established conditional on it meeting the criteria of the World Bank and international best practice. The MAIIC will be responsible for extending equity and quasi equity financing. Under Component 2 The Ministry of Industry, Trade and Tourism (MoITT) will manage contract and technical implementation. This component will employ competitively selected local and/or international service providers, with a proven track record, to implement the firm support program in accordance to criteria developed under the project operations manual. The service providers will specify the best modalities to strengthen and support participating firms/Entrepreneurship intermediaries. Since the MoITT is new to World Bank fiduciary processes, the RBM would carry out the fiduciary aspects of all initial consultancy contracts in Component 2 as the Project builds the fiduciary capacity of the MoITT. MoITT has appointed a senior officer to ensure ownership of Component 2’s activities. RBM will implement Component 3’s and 4’s activities;
- (b) Project Steering Committee (PSC): PSC has been established to provide overall strategic guidance and will comprise representatives of RBM, MoITT, MITC, and MoFEPD, all at PS level or delegated, and representatives from MCCCCI, Bankers Association of Malawi (BAM), Economics Association of Malawi (ECAMA, Financial Market Dealers Association of Malawi, the Insurance Association of Malawi, Malawi Confederation of Chambers of Commerce and Industry (MCCCCI), and the Microfinance Network. The PSC is chaired by the Treasury (ST) and co-chaired by the Governor of the RBM . The PSC will be the highest oversight body responsible for providing general policy guidance to the project. The Project Coordinator will serve as secretary to the PSC, which will meet bi-annually.
- (c) **A Project Technical Working Group (TWG)** has been established under the PSC and comprise the Project Manager (Chairperson), the Director of Pensions and Financial Sector

---

Policy the Director for Debt and Aid Management, the Director of Public Finance Management Services, the Director of Bank Supervision, the Director of Micro-finance and Capital Market Supervision, the Director of National Payment System, the Director of Economic Policy Research, the Director of Accounting and Finance, the Director of Financial Markets and the Director of Financial Sector Regulations and Director of Cooperatives and SMEs. The PIU will function as the secretariat for both the PSC and the TWG. The TWG will meet on a quarterly basis in the initial years but later bi-annually. The project will utilize existing policy dialogue forums to improve dialogue and coordination. Such platforms include Joint Sector Reviews (under TIP-SWAp), technical working groups (TWGs) Development of Tip-SWAp, and other relevant TWGs under the National Export Strategy and the Financial Inclusion Strategy. The project will also utilize the existing PPD Forum and other relevant commodity platforms.

## **2.0 POLICY AND LEGAL FRAMEWORK, STRATEGIES AND STANDARDS**

### **2.1 Brief Background**

The Policy, legal and administrative framework on environmental and social impact assessment (ESIA) in Malawi is derived from the Republican Constitution and several statutes, policies, plans and guidelines. This chapter isolates the policies, legislative instruments and strategies that are relevant to this Project. In addition, the section describes the pieces of legislation from which the Reserve Bank of Malawi derives its mandate.

### **2.2 Policies and Strategies**

#### **(a) The Malawi National Land Policy (2002)**

The Malawi National Land Policy is relevant to the project in so far as it provides the policy framework for land administration in Malawi. The subproject with a spatial dimension will be subject to controls as stipulated in the Land Policy and provided for in the relevant Statutes.

#### **(b) National Environmental Policy (NEP) - 2004**

The Policy is meant to promote sustainable socio-economic development through sound management of the environment in the country. The Policy provides the objectives, the guiding principles and strategies for addressing environmental concerns in human settlements planning and design.

#### **(c) The National Industry Policy (2014)**

The policy vision is the creation of a competitive, structurally transformed industrial sector, generating livelihoods that are environmentally and socially sustainable. The sector will be inclusive of MSMEs and contribute to reducing the trade deficit. The Policy goal is an altered GDP growth path resulting from ensuring the industrialization and structural transformation of the Malawian economy by coordinated policy efforts to address key constraints and increase the productive capacity of industry. The policy focuses on manufacturing. The policy specifically calls upon stakeholders to address the environmental and social sustainability of industrialization.

#### **(d) The National HIV/AIDS Workplace Policy (2010)**

---

The policy is instrumental in helping to prevent the spread of the pandemic, mitigate its impact on workers and their families and provide social protection to help cope with the disease. The policy covers key principles, such as the recognition of HIV and AIDS as a workplace issue, non-discrimination in employment, gender equality, screening and confidentiality, social dialogue, prevention and care and support, as the basis for addressing the pandemic in the workplace.

The Policy applies to the public and private sectors, NGOs, including employers and managers, jobseekers and job applicants, apprentices, casual workers, volunteers, part- and full-time employees and to all types of employment contract. It applies to the workplace in the broad sense with specific provisions concerning the informal sector. All employers and employees and their respective organizations are encouraged to use this policy to develop, implement and refine their HIV and AIDS policies and programmes to suit the needs of their workplace.

#### **(e) National Gender Policy (2011)**

Overall Policy goal is to mainstream gender in the national development process in order to enhance participation of women and men, girls and boys for attainment of sustainable and equitable development. One of the objectives of the policy is to reduce poverty among women through economic empowerment. It is thus important that beneficiaries of this project create a favourable and safe environment for both men and women at the workplace and exercise a zero-tolerance policy on sexual harassment.

#### **(f) The Malawi Growth and Development Strategy III (MGDS III) – 2017 – 2022**

The third Malawi Growth and Development Strategy (MGDS III) is the medium-term strategy for Malawi designed to contribute to Malawi's long-term development aspirations. The strategy covers a period of five years, from 2017 to 2022 and it is a successor to the MGDS II that was implemented between 2011 and 2016. The overall objective of the strategy is to move Malawi to a productive, competitive and resilient nation through sustainable economic growth, energy, industrial and infrastructure development while addressing water, climate change and environmental management and population challenges.

### **2.3 The Republican Constitution**

#### **(a) The Constitution of the Republic of Malawi (1995)**

Section 13d of the Constitution of the Republic of Malawi (1995) stipulates mechanisms for management of the environment for the benefit of the current and future generations. The Constitution further provides for the integration of international environmental legislation into Malawi's own legal system. The Section places on the State the responsibility to actively promote the welfare and development of the people of Malawi by progressively adopting and implementing policies and legislation aimed at achieving the following goals:

- Prevent the degradation of the environment
- Provide a healthy living and working environment for the people of Malawi
- Accord full recognition to the rights of future generations by means of environmental protection and the sustainable development of natural resources
- Conserve and enhance the biodiversity of Malawi.

---

It prohibits arbitrarily deprivation of property and stipulates that expropriation of property shall be permissible only when done for public utility and only when there has been adequate notification and appropriate compensation provided and there shall always be a right to appeal to a court of law.

## **2.4 Statutory provisions**

### **(a) The Environment Management Act, 2017**

The Environment Management Act provides the legal basis for the protection and management of the environment and the conservation and sustainable utilization of the natural resources. The Act outlines the ESIA processes to be followed and requires that all project developers in both the public and private sectors comply with the process. The “*Prescribed List for which ESIA is Mandatory*” that is gazetted under the Act, sets out which activities must have an ESIA before they can be implemented. If a developer is proposing a “prescribed project”, ESIA applies, and the developer needs to submit a project brief. Furthermore, projects that have the potential to affect national parks, water resources, cemeteries and historical sites (among other screening criteria) also require ESIA. The Act further requires that no licensing authority issues any license for a project for which an ESIA is required unless the Director of Environmental Affairs (DEA) has given consent to proceed due to completion and approval of a satisfactory ESIA report or due to non- requirement of an ESIA. Prescribed activities for which ESIA is mandatory are outlined in the Guidelines for ESIA.

The act provides for public participation and enforcement of duties created under the Act. In order to promote the right of every person, the Act provides for (a) access to environmental information and lead agencies, private sector and non-governmental organizations are duty bound to provide such information in a timely manner; (b) public participation in environmental decision-making processes directly or through representative bodies and mechanisms for effective, direct and indirect public participation shall be created by lead agencies; and (c) the public to be afforded an adequate and effective administrative or judicial remedy for any harmful or adverse effects resulting from acts or omissions affecting the environment.

The Authority is mandated to establish guidelines and, where necessary, recommend promulgation of regulations for ensuring the realization and implementation of the provisions noted above

### **(b) The Physical Planning Act (2016)**

The Physical Planning Act (2016) and several associated legal texts, form the basis for guiding physical development planning and development control in Malawi. The Act contains provisions for most of the basic environmental concerns under this project. Section 50 (1) of Act provides for matters planning authorities should consider in granting planning permission. The considerations most relevant to this project are in connection with noise and air, water and groundwater pollution.

The beneficiaries of this project will, where applicable, be required to take the necessary steps to comply with this legislation.

### **(c) Water Resources Act (2013)**

One of the objectives of the Act is the control of pollution and the promotion the safe storage, treatment, discharge and disposal of waste and effluents which may pollute water or otherwise harm the environment and human health.

---

In this regard, the screening of subprojects, where, applicable will endeavour to identify the activities with potential to pollute surface and ground water resources and will implement appropriate measures to reduce or eliminate those adverse impacts.

**(d) Local Government Act (1998)**

The Act mandates local governments to regulate planning and development within their area of jurisdiction and empowers them to have by-laws that specify how specific development projects should minimize or avoid environmental degradation. The subprojects supported under this project will have to comply with the applicable by-laws.

**(e) Public Health Act (1996)**

The Act requires the developer to provide adequate sanitary and health facilities to avoid harmful effects of waste.

**(f) Safety, Health and Welfare at work Act (2005)**

The Act regulates the requirement for adequate environmental health and safety measures within industrial estates. Under the Act, no person shall occupy or use a workplace unless he is a holder of (a) a registration certificate issued in respect of such premises (b) a current provisional registration permit issues in respect of such workplace.

Under the Act the employer's duties and responsibilities include

- Provision and maintenance of plant and systems of work that are safe and without risks to health;
- Arrangements for ensuring safety, absence of risks to health about the use, handling, storage and transportation of articles and substances; and
- Provision of information, instructions, training and supervision to ensure safety at work of his employees.

**(g) Land Act (2016)**

The title to land in Malawi is recognized by the Land Act, 2016. The Act recognizes two categories of land, namely: public and private land. Public land is classified as either Government Land or unallocated customary land while private land is identified as freehold, leasehold or customary estate.

The provisions under private land that are most relevant to this project are:

- The right of the Government to collect rent; and
- Power of re-entry by the Minister where a lease is in breach or does not observe any of the covenants or conditions contained or implied in the lease

The beneficiaries of this project will be, where applicable, be required to comply with the provision of the Act.

**(h) Lands Acquisition (Amendment) Act (Act 9 of 2017)**

The Act makes provision for compensation whenever the Minister acquires land under the Lands Acquisition (Amendment) (Act 9 of 2017) and specifically requires that the compensation be paid in a lump sum. The Act stipulates that unless otherwise agreed between parties, appropriate compensation shall be assessed by an independent valuer appointed by the Minister.

---

The grounds on which the assessment of the compensation shall be based on are very extensive and overall resonate very well with World Bank Safeguard Policies. Procedures for acquiring land: This law covers procedures relating to the acquisition of land by either the government or individuals or developers from any category of land.

**(i) Public Roads (Amendment) Act (Act 8 of 2017)**

According to the Public Roads (Amendment) Act (Act 8 of 2017), the amount of compensation in respect of private land shall be based on the loss or damage suffered by the claimant arising from the damage or destruction of his interest in surface rights on such land valued at the valuation date.

In case of customary estate, the Act stipulates that the occupier shall be entitled to reasonable compensation in respect of the disturbance and the amount of such compensation shall be based on the open market value on the loss suffered by the claimant arising from damage to or destruction of his interest in the land and surface rights on such land. The Act provides for compensation for other disturbances where the claimant must move his place of residence or business

**(j) Registered Land (Amendment) Act, 2017**

The Act incorporates provisions to provide for title registration throughout the country for all Categories of land including customary estates. The Act also considers the move to decentralize land administration and management. Thus, all land shall be subjected to registration for purposes of determination of ownership. Registration districts have been decentralised and reliance is no longer placed on the Minister to declare registration districts. The Act stipulates that the consent of local lands committees be obtained in the dealings with customary land in place of the Local Land Boards.

**(k) Customary Land Act, 2016**

The Customary Land Act, 2016 is the main act in customary land administration and management in Malawi. The Act establishes “customary estates”, which is customary land owned, held or occupied as private land within a traditional land management area and which is registered as private land under the Registered Land Act. As such, customary land is given equal value as any privately-owned land such as leasehold or freehold.

In terms of operation, the Act creates customary land committees (CLCs) at group village headman (GVH) level to manage land within a Traditional Land management Area (TLMA).

Land dispute resolution under the Act will be through Land Tribunals. These will be Customary Land Tribunal at traditional Authority level (to be chaired by the TA for TLMA), District Land Tribunal (to be chaired by the District Commissioner) and Central Land Board (to be presided a Resident Magistrate). If the complainant is not satisfied with a decision of a land tribunal, he or she can appeal to the next level or the high court.

**(l) The Reserve Bank of Malawi Act, 1989**

The Reserve Bank of Malawi Act (the Act) Chapter 44:02 of the Laws of Malawi was enacted in 1989 with the purpose of establishing the Reserve Bank of Malawi (the Bank), regulating the issue of

---

currency, providing for central banking powers and duties, including general powers for provision of supervision of banks and financial institutions, among others. However, since its enactment, the operations of central banks have evolved both regionally in the Southern Africa Development Community (SADC) region and internationally. At the time of compiling this report, the Act is being repealed and replaced with a new one for the Bank to operate in accordance with best practices obtaining internationally for a central bank and for the efficient and sound economic management of the country. The new law, basically, harmonizes all the piecemeal amendments made to the Act and also introduces new provisions aimed at incorporating best practices for the efficient discharge of the mandate of the Reserve Bank of Malawi and address the shortfalls currently in the Act, as well as enhance penalties for some offences.

#### **(m) Financial Services Act, 2010**

The Reserve Bank of Malawi is appointed as the Registrar of Financial Institutions under this Act with regulatory and supervisory authority for the financial institutions. The Registrar shall perform his supervisory function with a view to achieving the :

- Safety and soundness of prudentially regulated financial institutions;
- Highest standards of conduct of business by financial institutions;
- Fairness, efficiency and orderliness of the financial sector ;
- Stability of the financial system; and
- Reduction and deterrence of financial crime in financial institutions.

### **2.5 Guidelines**

#### **(a) The Malawi Guidelines for Public Consultation during ESIA Preparation**

The EIA process typically involves consultations with members of the public-individuals, community and business leaders, elected officials, and non-governmental organizations. These people are consulted because they are usually "stakeholders" in that, in several ways, they can have a "stake" in a project.

There are several methods for consulting the public, however, no one method is usually enough by itself: An effective public consultation programme typically incorporates two, three or more methods which complement each other in ensuring adequate input to the EIA process.

- **Press conferences, information notices & brochures/ fliers:** Typical methods used to disseminate public information about a project. The sole objective of these methods is to inform the public so, strictly speaking, they are not genuine consultation. They are one-way communication "with" no attempt made to solicit people's views about the project. Genuine public consultation goes beyond issuing information to using two-way communication methods which allow the public both to be informed and to express their views about a project.
- **Overviews, questionnaires and polls:** Useful for soliciting information about an environmental and socio-economic setting for use in an EIA. They assist in gathering the views of the public about the project proposal, its desirability, and how it might best fit into the local community.
- **Interviews:** Generally conducted individually with a selected group of people, hopefully representative of the range of "stakeholders" in a project. They tend to be unstructured

---

Conversations' guided by some general questions, in which the interviewer seeks key information about a project and responses to it.

- **Questionnaires and polls:** The methods seek more specific information from a broader sample of people. They are not simple "instruments" to design and implement. The questions must be carefully crafted to avoid ambiguity and "leadings the respondent to a particular reply. Both "closed" and "open" questions can be asked, the first presenting a set range of replies for the respondent to choose from, and the second allowing the respondent to say anything. The two types are often used together to cover the same topic and provide the opportunity for unexpected answers.
- **Community meetings:** More structured gatherings where the developer, stakeholders and, perhaps, government representatives exchange information, views, concerns and suggestions.
- **Public hearing:** Formal meetings are usually held to consider the official of an EIA or of an entire project. They are structured proceedings, presided over by an administrative authority, in which testimony is given and examined, arguments for and against approval are heard, and a decision is made concerning approval or not.

Public consultations should be started as early as possible in the project cycle. This will ensure that information is given and received in a timely fashion to expedite the EIA and to dispel unfounded rumours and suspicions which may make project planning and implementation more difficult. The process should be continued at some level throughout the project cycle. A sustained programme will contribute to better project planning, to enhanced public confidence in a project, and to timely notice should difficulties with public acceptance of a project begin to develop. It should have its major elements timed to coincide with significant planning and decision-making activities in the project cycle. It is important to ensure that it reaches important stakeholders in the project area and both informs them about the project and gathers their views on the costs and benefits and how these can best be managed.

The objectives, methods and results of consulting the public during an EIA must be documented in the ESIA report. Lists of individuals, groups and organizations which were consulted should be included as an appendix to the study report

## 2.6 World Bank Environmental and Social Standards (ESS)<sup>1</sup>

The ESS together with their annexes set out the mandatory requirements that apply to the Borrower and projects relating to the identification and assessment of environmental and social risks and impacts associated with projects supported by the World Bank through Investment Project Financing. The Financial Inclusion and Entrepreneurship Scaling Project falls within this category. The section that follows is summary of the requirements under each ESS relevant to Malawi.

- (a) **1 Assessment and Management of Environmental and Social Risks and Impacts:** This standard requires the conduct of an environmental and social risk assessment of the proposed project including stakeholder engagement, development of an environmental and social commitment plan (ESCP) and implementing measures and actions set out in the legal agreement.

---

<sup>1</sup> The World Bank Environmental and Social Framework

- 
- (b) **2 Labour and working conditions:** This standard cover working conditions and management of worker relationship, protection of the workforce including prohibition of use of child labour, provision of grievance mechanism and occupational health and safety (OHS) of workers.
  - (c) **3 Resource Efficiency and Pollution Prevention and Management:** This standard requires efficient use of energy, water and raw materials and sets standards for the management of air pollution, hazardous and non-hazardous waste, chemicals and hazardous materials and pesticides.
  - (d) **4 Community Health and Safety:** This is a requirement to evaluate risks and impacts of the project on the health and safety of the affected communities during the project cycle.
  - (e) **5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement:** The standard defines affected persons and makes it mandatory for the borrower to pay compensations and benefits to the affected persons, engage the communities in stakeholder engagement described in ESS10, put in place grievance mechanism for the project and conduct census to identify project affected persons.
  - (f) **6 Biodiversity Conservation and Sustainable Management of Living Natural Resources:** The environmental and social assessment as set out in ESS1 will consider direct, indirect and cumulative project-related impacts on habitats and the biodiversity they support.
  - (g) **8 Cultural Heritage:** The environmental and social assessment as set out in ESS1 will consider direct, indirect and cumulative projects specific risks and impacts on cultural heritage.
  - (h) **9 Financial Intermediaries:** The environmental and social policy of the FI will include organizational commitments, objectives and metrics regarding the FI's environmental and risk management. The FI will put in place and maintain clearly defined environmental and social procedures which reflect and implement the FI's Environmental and Social Policy. The FI will also develop and maintain organisational capacity and competency for implementation of the ESMS with clearly defined roles and responsibilities and will designate one senior officer to have overall accountability for the environmental and social performance of the FI's subprojects. Stakeholder the FI will require the FI subproject to conduct stakeholder engagement in a manner proportionate to the risks and impacts of the FI subproject and which reflects the type of the FI subprojects it will finance.
  - (i) **10 Stakeholder Engagement and Information Disclosure:** This standard requires the Borrower to identify the different stakeholders, and in consultation with the Bank, develop and implement a Stakeholder Engagement Plan (SEP).

### **3.0 PRELIMINARY ASSESSMENT OF ES IMPACTS AND ARRANGEMENTS FOR THEIR MANAGEMENT**

#### **3.1 Preliminary Assessment of Environmental and Social risks and impacts**

The Bank undertook a screening of similar MSMEs under Financial Sector Technical Assistance Project (FSTAP) and it was determined that environment and social risk under this project are moderate and that the likelihood of potential adverse risks are well understood and limited in impact. The project components that are likely to have environmental and social risks are: (1) increasing financing available to MSMEs; and (2) developing entrepreneurship and firm capabilities for firms. These components entail support to MSMEs to access financing and business development services. The proposed project targets significant female and youth participation in its programming focusing on facilitating start-ups and expanding the capacity of MSMEs through liquidity support, Technical Assistance (TA), entrepreneurship training, financial education, institutional capacity building for BDS providers, and boosting competitiveness of MSMEs.

The nature and scope of the proposed activities are at this stage not yet defined but are widely expected to generate some adverse environment and social impacts on people and the environment

Table 1 shows the potential negative impacts and the applicable World Bank environmental and Social Standards. These impacts are expected to be temporary, reversible, low in magnitude and site specific. On the other hand, the Reserve Bank of Malawi (RBM) that will be the implementing agency of the project and the PFIs that will on-lend to MSMEs are deemed to have insufficient capacity and experience in managing environmental and social risks<sup>2</sup>. While RBM has been involved in the implementation of a recently closed Bank funded project, FSTAP, this project did not trigger any of the Bank safeguards policies hence neither RBM nor the PFIs have prior experience in environmental and social risk management in accordance with Bank safeguards policies or the ESF. In addition, screening indicated that none of these institutions have prior experience with setting up an Environmental and Social Management System.

**Table 1: Potential Impacts and Applicable ESS**

Expected impacts	Applicable World Bank ESS
Loss of biodiversity as a result of extending farms into fragile ecosystems such as wetlands	6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
Unsustainable use of natural resources such as use of firewood/charcoal from forests that are not sustainably managed	3: Resource Efficiency and Pollution Prevention
Processes that generate hazardous and nonhazardous waste	
Practices that adversely affect sites of cultural heritage	8: Cultural Heritage
Possible taking of land and impacts on livelihoods	5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
Impacts on vulnerable groups within communities, including exclusion of such groups	1: Assessment and Management of Environmental and Social Risks and Impacts
Inappropriate construction practices that may imperil both hired labour and local communities.	4: Community Health and Safety
Possible influx of labor due to construction related activities and associated impacts such as increase in communicable diseases, increase in cases of GBV and other illicit behavior. Also, the possibility of trafficking of persons in relation to labor for FI financed projects, as well as use of child labor,	

<sup>2</sup> However, it was learnt during consultations that the Banks have ESM systems and frameworks which are not necessarily geared towards MSMEs.

Expected impacts	Applicable World Bank ESS
including worst forms of child labor, in relation to such projects.	
Poor working conditions for workers and unsafe working environment. Also, the possibility that a PFI does not, as required under para. 13 of ESS9, provide a safe and healthy work environment for its own workers, and that there might be problems with gender, age or disability discrimination in FI hiring, employment and customer relations practices. Additionally, the possibility of employment discrimination, GBV, or other working conditions problems in relation to RBM and Ministry of Trade and Tourism.	2: Labour and Working Conditions

### 3.2 Arrangements for the Management of the Environmental and Social Risks and Impacts

It is expected that the RBM where the PIU is placed will put in place expertise responsible for overall environmental and social risk management and monitor portfolio environment and social risk. Lending to MSMEs will be channeled through several participating financial institutions (PFIs) including commercial and development banks that would meet the World Bank’s eligibility criteria. The PFIs could either lend directly to entrepreneurs and firms or to other MFIs / lending institutions to on-lend to the MSMEs. Therefore, the PFIs including commercial and development banks are also expected to put in place environment and social safeguard capacity. In addition, each of the participating financial institutions (PFIs) in the on-lending cascade would perform its own separate environmental and social due diligence.

The Reserve Bank of Malawi, as the client and recipient of support from the Bank to provide financing or guarantees to PFIs, will apply the requirement of ESS 9 – Financial Intermediaries and will cause each subsequent PFI to apply these requirements. In that regard, the Client is required to develop and maintain an Environmental and Social Management System (ESMS) which complies with the requirements in ESS9 to identify, assess, manage and monitor the environmental and social risks and impacts of their portfolio and subprojects on an ongoing basis. The relevant provisions of ESS10 – Stakeholder Engagement and Information Disclosure will in the FIs environmental and Social Procedures. The ESMS will be commensurate with the nature and magnitude of environmental and social risks and impacts of subprojects and the overall risk aggregated at the portfolio level. The ESMS will comprise an Environmental and Social Policy and Environmental and Social Procedures. The ESMS will entail that the client put in place adequate environmental and social management capacity and competence for implementing the ESMS by defining environment and social roles and responsibilities in the institution and recruiting a senior level environmental and social expert who will provide overall guidance to the PIU during the implementation of the project and monitor the PFIs’ and the MSMEs management of environmental and social risks. In addition, the ESMS will include a budget and a framework for monitoring and reporting on the implementation of the ESMS as well as the environmental and social performance of the PFI subprojects financed through the project.

---

The Reserve Bank of Malawi will ensure that participating financial institutions (PFIs) conduct stakeholder engagement in a manner proportionate with the risks and impacts of the subprojects and in accordance with ESS 9 and ESS 10. Stakeholder engagement provisions including procedures for external communications in the project's life cycle and a grievance redress mechanism (GRM) that will respond to public enquiries and concerns in a timely manner will be outlined in the ESMS. The project will prepare an ESCP outlining material measures and actions that will be undertaken during project implementation including capacity building for the selected financial intermediaries, stakeholder engagement processes and the setting up of a grievance redress mechanism.

## **4.0 STAKEHOLDER ENGAGEMENT**

### **4.1 Purpose**

Stakeholder engagement is a mandatory requirement that applies to the Borrower and projects relating to the identification and assessment of environmental and social risks and impacts associated with projects supported by the World Bank through Investment Project Financing. It falls under Environmental and Social Standard 10: Stakeholder engagement and Information Disclosure. It is also a requirement under Section 5 of the Malawi Environmental Management Act (2017)

The purpose of stakeholder engagement is to build and maintain a constructive relationship with stakeholders and affected communities throughout the project cycle. It is important for successful management of a project's environmental and social risks and is most effective when initiated at the earliest stages of the project development process. The nature and frequency of engagement should be in-line with the risks of the project and the adverse impacts on the communities. The more significant the potential risks and impacts are for a project, the more rigorous the stakeholder engagement program must be.

### **4.2 Specific Objectives of Stakeholder Engagement**

The following are the specific objectives of stakeholder engagement :

- (a) To establish a systematic approach to stakeholder engagement that will help Borrowers identify stakeholders and build and maintain a constructive relationship with them;
- (b) To assess the level of stakeholder interest and support for the project and to enable stakeholders' views to be considered in project design and environmental and social performance;
- (c) To promote and provide means for effective and inclusive engagement with project-affected parties throughout the project life cycle on issues that could potentially affect them;
- (d) To ensure that appropriate project information on environmental and social risks and impacts is disclosed to stakeholders in a timely, understandable, accessible and appropriate manner and format; and
- (d) To provide project-affected parties with accessible and inclusive means to raise issues and grievances and allow Borrowers to respond to and manage such grievances .

### **4.3 Risk Rating for Stakeholders**

The overall risk rating for stakeholders for this project is moderate mainly due to the possible difficulties to reach some deserving beneficiaries in the country and whose needs may not be

---

considered. It is thus important that stakeholder engagement and consultations should identify the most pressing needs and potential beneficiary groups. The project will also create opportunities to generate feedback on improve service delivery including procedures for external communications and a grievance redress mechanism that will respond to public enquiries and concerns

#### **4.4 RBM Commitment to compliance with National, Regional and International Obligations <sup>3</sup>**

The commitment of the Reserve bank of Malawi to comply with national, regional and international obligations is expressed through their vision, the mission statement and core values. The commitments specific to the SEP are expressed in the following core values:

- Commitment to stand public scrutiny and take responsibility for decisions and actions it takes
- Commitment to be credible in the eyes of its stakeholders

The Reserve bank of Malawi recognises the importance of taking into account needs of its stakeholders in pursuing its mission of “Fostering the stability, integrity, and efficiency of the monetary, financial, and payment systems through the formulation and implementation of sound monetary and macro-prudential policies that take into account national interest.” It is stated in its Strategic Plan 2019 -2021 “The Strategic Plan is based on the Bank’s vision, mission, core values and its statutory objectives and takes into account the **needs of the majority of stakeholders.**” Importance of meeting the needs and expectations of its stakeholders is further reflected in the Bank’s core values which will be used as a road map for guiding all activities of the Bank.

The Bank considers the needs of its stakeholders as it fulfils its roles and responsibilities. This is to recognise that these are groups that are directly or indirectly affected by the Bank’s activities or have vested interest and can therefore contribute to the outcomes by either their positive efforts or can undermine the same through their negative efforts. The RBM has identified the groups in Table 2 as the primary stakeholders. They have been grouped based on their level of influence and interest in the activities of the Bank.

## **5.0 STAKEHOLDER CONSULTATIONS**

Stakeholder consultations on ES risks were held between 12<sup>th</sup> December 2019 and 22<sup>nd</sup> January 2020 (see table 2 for a record of the discussions). The larger scale commercial PFIs are generally already incorporating E&S risks in their due diligence processes for lending as this is already seen as a commercial issue with the potential to affect the viability of their customers, the repayment of loans being provided and ultimately posing a risk to their own business and its wider reputation. The smaller and microfinance organizations are generally interested in but not currently including E&S issues within their decision-making processes. RBM will have to undertake capacity analysis of this group and provide capacity building support to help develop policies and ensure loan officers have the skills to identify risks and advise MSME client on approaches to address them. Capacity support for PFIs is included in the project to address capacity constraints in their support of MSMEs including E&S issues. MSME’s exposure to E&S issues is anticipated to be limited and will require awareness-raising and capacity building which is included in the project structure through Building Firm Capability. Providing MSMEs the business skills for business development which will include E&S issues and will be

---

<sup>3</sup> The vision and mission statement could benefit from revision to include reference to safeguards

---

important for MSMEs wishing to access E&S-sensitive supply chains. Support on general business readiness, licensing, record keeping etc. will also support the MSMEs awareness and ability to address and manage E&S issues. Risks are expected to be moderate/low and where risks are identified PFIs will be able to request improvement on E&S performance as a condition of support through the project.

**Table 2: A Record of Discussions with Key Stakeholders**

Organization	First Name	Surname	Designation	Summary of discussions with stakeholders
Ministry of Industry, Trade and Tourism	Wiskes	Nkombezi	Director SMEs	<p>The project is likely to raise social issues more than environmental as there will be no major construction works. The Ministry however noted that a good proportion of the projects will be in the Agriculture sector (farming) with several potential negative impacts on the environment. The negative social issues arising from the project include sexual harassment, GBV, use of child labour, HIV/Aids infection, potential exclusion of people living with disabilities and the youth.</p> <p>The Ministry has an SMEs policy which has mainstreamed cross-cutting issues. This could be used as resource material for trainings. The Ministry recommended (a) mainstreaming of cross-cutting issues (gender, age, HIV/Aids, disability and environment/climate change) in the regulatory frameworks being supported by the Project (b)PIU to work towards gender balance in their recruitment of staff (c) Zero-tolerance policy on sexual harassment at the Work Place (d) awareness to include cross cutting issues and sensitisation on rights of the vulnerable groups, (e) Trainers to be made aware of the social issues (f) M&amp;E framework to include capture of age-sex disaggregated data.</p>
	Lisbert	Kumatso	Enterprise Development Officer	
National Bank of Malawi	Charles	Ulaya	Head of Risks Department	<p>The Bank is aware of the Project through a meeting organized by the World Bank. NBM has Environmental and Management Policy and Environmental and Social Management Framework. The two have been in operation for 5 years. The instruments were developed with assistance from FMO. Other notable partners of the National Bank who have been instrumental in the development of ESMF include the European Investment Bank (EIB) and Citi Bank. It is a requirement that any lending application should undergo ES risk screening</p> <p>The Risk Division is championing the management of Environmental and Social risks and it has a dedicated staff member who report to Risk subcommittee of</p>
National Bank of Malawi	Francis	Kadzakalowa		

Organization	First Name	Surname	Designation	Summary of discussions with stakeholders
				<p>the Board of Directors. The Bank understands and appreciates the importance of managing ES risks to ensure that loans are fully serviced. A typical example cited by a Senior Bank Official is the use of child labour in the tobacco industry which has backfired as a result of the position of the United State Government on the use of child labour.</p> <p>The NBM officials noted that a bank that adopts ES risk assessment has everything to gain. They referred to IFC survey which found that 86% of the commercial banks that have implemented an ESMS, reported substantial benefits including: improved brand value and reputation, reduced credit , security and legal risks as well as Improved access to financing and improved community relations.</p> <p>The NBM has and an in-house Complaint Handling Policy and the compliance Division takes lead in handling grievances. This compliments the RBM Grievance redress system.</p> <p>Recommendations for FIESP include continued engagement through Bankers Association of Malawi with more involvement of their compliance team and provision of structured training to selected staff members of the lending institutions.</p>
First Capital Bank	William	Masamba	Head of Risk	<p>FCB is in the process of developing its Environmental and Social Management Policy. It is expected to be operational the first half of 2020 with internal capacity developed to put the policy into operation. The FCB is looking at the ESM risks from the viewpoint of reputation. The FCB is calling for a level playing field in the banking sector. Stiff competition is sometimes a cause for laxity in the screening of applications. The top Managers both at the Group and Country levels were passionate about issues of environmental and social risks and responsibility has been shared by the Departments as follows: Credit and Business team: Screening during credit underwriting;</p>

Organization	First Name	Surname	Designation	Summary of discussions with stakeholders
				<p>Risk team: Monitor customer activities after loan disbursement ; and Compliance team: Certify compliance</p> <p>Already FCB does not finance projects to do with gambling, drugs, and firearms and they have Policy on customer acceptance. Potential bank customers are screened and may be refused a loan on basis of information available to the bank through its own intelligence or information in public domain</p> <p>FCB has a Grievance Redress Policy and procedures in place. Complaints are lodged through registers placed in all its branches. The Risk and Compliance team works on the closure of the complaints. The Board looks at the open complains and management must apprise the Board on how the grievances are being addressed. The FCB’s grievance redress system compliments the RBM’ system. FCB submits quarterly reports to RBM.</p> <p>FCB would like to see comprehensive engagement throughout the project cycle. FCB noted that issues of ESM are behavioural and therefore see SME as the appropriate entry point as it is not unusual to see the SMEs grow and start to implement large scale projects in say agriculture and manufacturing sectors The bank is seeing ESM system as a way of protecting their brand, more so that the Bank has a regional footprint.</p>
NBS Bank	Harold	Phiri	Head of Risk	<p>NBS Bank has in place Environmental and Social Policy and Credit Risk Management Policy driven by partners notably IFC. It does not have dedicated staff looking into the ES risks. However, the ES issues are embedded in all Bank processes. The Credit and Business Department deals with ES risk issues during Credit underwriting, Risk Management looks at ES risks from a governance point of view. It reviews bank actions against the policies of the Bank on a monthly basis and collects intelligence from the market. The Compliance team is more thorough in reviewing compliance with ESM and other policies of NBS Bank.</p>

Organization	First Name	Surname	Designation	Summary of discussions with stakeholders
				<p>NBS has SME Section in Blantyre and in their branches throughout the country. Typical SME project supported include trading, small scale manufacturing, construction by small scale construction firms and farming</p> <p>Sometimes SMEs focus is on increasing their margins other than complying with their ESM responsibilities. The NBS Bank is made aware of the non-compliant clients when their SME Officers undertake monitoring and supervisory visits. NBS Bank has Customer Acceptance Policy which determines at what point the relationship should be terminated.</p> <p>NBS Bank has in-house grievance redress mechanism clearly indicating the steps to follow when a customer is aggrieved. The steps to be taken are displayed in all their Banking Halls. Reports are compiled regarding how the complaints have been handled and the reports are shared with RBM on demand.</p> <p>NBS Bank has a capacity gap as its members of staff dealing with issues of ES risks have not undergone any structured training on how to deal with such risks.</p>
FDH Bank	Sammy	Chilunga	Head of Risk and Compliance	<p>FDH has an Environmental and Social Risks Policy which was approved by the Board in December 2017. The policy development was driven by its partners notably Ministry of Local Government on the Social Cash Transferprogramme, EIB and FMO. The policy is working well in practice and has passed the test of its partners including UNICEF and Save the Children. FDH has been able to demonstrate to its partners that its actions are guided by the policy. For instance, a loan application for the manufacture of thin plastic was turned down. However, FDH finds it costly to monitor compliance for the Social Cash Transfer programme as there are too many beneficiaries. As result there remains cases where elderly persons are fraudulently excluded from programme.</p> <p>FDH sees itself as well placed to provide loans to SMEs as it has presence in all the districts as well as in some peri-urban areas and has Agency Banking.</p>

Organization	First Name	Surname	Designation	Summary of discussions with stakeholders
				<p>However, FDH has a capacity gap and structured training will be required for its staff in the Personal and Business Banking (PBB) Section which services SMEs</p> <p>FDH has internal mechanism for handling customer grievances. It has customer complaints Box in all its Banking Halls. Complaints can be lodged directly at its Call Centres. Monthly reports on the complaints received and how they have/are being handled are shared with RBM.</p> <p>FDH sees awareness campaigns on ES risks as critical for the success of the Project. Targeting is also critical as not all the banks have capacity and are willing to support SMEs</p>
Malawi Microfinance Network	Duncan	Phulusa	Executive Director	<p>The network collects data on youths, women, and people with disabilities and nothing on the environment. The MFIs focus is on financial viability of the projects. Support will be required for the development of policy and instruments for ES risk management as well as, trainings and sensitization targeting all the MFIs.</p> <p>The group lending would render compliance to ES risk requirements problematic since the MFIs only recognize the group and not individuals. It is difficult to follow up on the businesses of the individuals getting loans from the MFIs.</p> <p>The MMN Executive Director was of the view that Banks with agency banking arrangements with MFIs are better placed to participate in the Financial Inclusion and Entrepreneurship Scaling Project.</p> <p>The MMN noted that Grievance Redress Mechanism is a regulatory requirement. All MFIs have a framework for dealing with customer complaints and they all submit reports ton RBM on quarterly basis.</p>

Organization	First Name	Surname	Designation	Summary of discussions with stakeholders
				<p>The MFIs are expected to adhere to Client protection principles in order to reduce the number of complaints that they must deal with.</p> <p>MMN is the first point of licensing the MFIs and the issue of compliance to the Laws of Malawi and Regulations is a key consideration in recommending an MFI for licencing</p> <p>The Network has code of conduct for the MFIs. MFIs lose their membership for continued breach of the Network's code of conduct.</p>
Ministry of Finance, Economic Planning and Development	Felix	Nkhoma	Economist	Looks at ESS risks in the context of climate change and its impact on the economy at large. Frequent droughts and floods have devastating effects on the national economy. Regarding financial inclusion, the Ministry is of the view that progress may be hampered by issues of technology failure, cyber security and exorbitant service fees.
Ministry of Finance, Economic Planning and Development	Nancy	Mpita	Deputy Director, Pensions and Financial Sector Policy Division	<p>On stakeholder engagement, the Ministry felt that there is room for improvement in the sharing of documents</p> <p>The expectation on capacity building, is that there will be a balance between providing long term TAs (LTTAs) at the Ministry and training of government officials. Due to the high staff turnover at the Ministry, it is important that the trainings are not a one-off event. There is also a need to organize ESS risks orientation to the members of the Steering and Technical Committees</p>
Standard Bank	Antony	Mwakabanga	Manager, Credit Risk	Standard Bank has comprehensive framework to help identify and manage E&S risks. The Group Environmental and Social Risk Governance Standards is the key instrument for ensuring that all environmental, social and related risks are correctly identified, evaluated and managed. The ESMS support conscious risk taking and encourages green financing and upholds ESR management commitment to its stakeholders.
	Christopher	Kisyombe	Manager, Credit Risk	

Organization	First Name	Surname	Designation	Summary of discussions with stakeholders
				<p>In screening projects for financing , Standard Bank applies, IFC, World bank standards and Equator Principles framework<sup>4</sup> and in addition to compliance with national laws and regulations. Projects proposed for financing are categorised based on magnitude of potential environmental and social risks and impacts (Category A = HIGH, B = MEDIUM , C = LOW</p> <p>ES screening is done at client level (client assessment) and for the transaction itself.</p> <p>Standard Bank has an SME section within personal and business banking Department.</p> <p>For grievance redress, Standard bank has comprehensive system for resolving complaints. It has staff dedicated to receiving and resolving complaints, steps for lodging a complaint are displayed in all its banking halls</p>
My Bucks	Sylvester	Chalira	Head of Risk and Compliance	<p>My Bucks focusses on micro lending, SMEs, retail lending and loans to Civil Servants. It conducts financial literacy training to its small loan clients. My Bucks sees ES issues as important in the context of protecting their reputation but do not have a framework or instruments for managing ES risk. ES risk management is an area My Bucks would be too happy to receive support.</p> <p>My Bucks has policies on customer complaints. They have multiple channels for lodging complaints including placing of a complaint register in banking halls and social media (Facebook, twitter etc). Their call centre is scheduled to open during the first quarter of 2020.</p> <p>My Bucks sends complaints report to RBM every quarter.</p>
Vision Fund	Chilala	Hakooma	Chief Executive Officer	<p>No stand-alone policy dealing with issues of ES risks. World Vision as a key partner and requires that issues of ES risk are fully addressed in the projects that</p>

<sup>4</sup> The Equator Principles (EP) is a global risk management framework for determining, assessing and managing environmental and social risk in project related transactions

Organization	First Name	Surname	Designation	Summary of discussions with stakeholders
				it funds. Within the generic policy, the Fund has an exclusion list which includes project to do with brewing of illicit alcoholic drinks, charcoal burning etc
COMSIV	Kelvin	Msiska	Commercialisation Manager	COMSIV is a subsidiary of COMSIP. It does not have a policy on ES risk management. The focus is on fund management. However, it provides ES Safeguards training to the clients ( Primary cooperative)a and agriculture sector clients undergo training in climate smart agriculture.
MUSCCO	Fumbani	Nyangulu	Chief Executive Officer	<p>The SACCOs have difficulties to get financing from the Commercial Banks and they will be happy to participate in the upcoming project. However, they do not have policies and instruments for the management of ES risks. The SACCOs would welcome technical assistance in development of the policy and instruments for the management of ES risks.</p> <p>All SACCOs have in-house grievance redress mechanism as a regulatory requirement</p>
Farmers Union of Malawi (FUM)	Prince	Kampondamgaga	Chief Executive Officer and President Malawi Chamber of Commerce and Industry	<p>Main challenge is access to competitively priced financing and lack of credit facilities to suit long term investments such as coffee or macadamia nuts growing. FUM focusses on cooperatives with turnover of 20-50 million Kwacha. Main issues hampering growth of cooperative include inadequate capital for purchase of inputs leading to low productivity. Banks have own commercial interest and without any incentives may not be keen to on-lend the money to MSMEs provided under the project.</p> <p>Cooperatives also face leadership and governance challenges in the areas of strategic management, inadequate internal financial controls and lack of proper reporting structure – they generally avoid providing formal employment contracts to their employees and are therefore prone to fraud. Other issues include lack of access to modern technologies, lack of capacity to access markets that offer competitive prices, lack of access to market information, poor negotiation skills, noncompliance to standards, and existence of unscrupulous middlemen</p>

Organization	First Name	Surname	Designation	Summary of discussions with stakeholders
				<p>The potential environmental negative impacts for activities in the agriculture sector include (a) Cutting of trees and other forest products for the construction of livestock housing (b) effect of fish farming as a result of digging of dams (c) pollution of water courses from oils from motorised pumps (d) excessive use of pesticides/chemicals for winter crops.</p> <p>Good practices from environmental point of view includes promotion of greenhouse farming , promotion of drip irrigation and cage fish culture systems</p>
Malawi Chamber of Commerce and Industry (MCCI)	Hope	Chavula	Economist	<p>Banks are keen to lend for trading business ( retail and wholesale) because of lower risk and shorter repayment periods. They need incentives to finance high risk ventures which are value adding. Unpredictable policy shift within the government is also a disincentive to financing production of certain crops such as maize which is now and again subject to export ban or government regulates the price.</p> <p>There is a proliferation of informal sector banking “Bank Nkonde” as banks do not have suitable products for small businesses.</p>
Chitsanzo Dairy Farmers Cooperative	Limbikani	Bernard	Chairperson	<p>The cooperative has farmers involved in crop and milk production. It was an association that graduated into a cooperative. Lack of adequate capital is the main issue that hindering the growth of the cooperative. The Coop is unable to advance operating capital to its members and therefore the farmers do not have enough capital to buy inputs in readiness for the growing season. This adversely affects productivity with farmers producing far below the potential yields per hectare. The Coop has difficulties to meet standards of their markets due to failure to procure grading equipment for soya and groundnuts. Climate change – droughts and floods are also a challenge to the farmers. The same applies to dairy farmers who are currently unable to meet MDIs demand for milk. The problems with the dairy farmers/cooperative include inadequate capital to food supplements. For example, the cooperative does not have resources to procure</p>

Organization	First Name	Surname	Designation	Summary of discussions with stakeholders
				<p>a dairy march mixer. Power failure and frequent breakdown of their generator leads to loss of milk.</p> <p>It is not easy to get financing from the banks because of a long list of requirements including insurance cover, surrender of title deed, up to date business plan and valuation report of buildings.</p>
Group Village Headman Mtayamatalala	Damson	Kathyola	Group Village Headman	<p>Support to raising of small animals such as chickens, rabbits and goats for generation of income and as well as a source protein. This would help in child development and address issues of stunting. The support could include provision of financing, training in basic record keeping, extension and linkage to markets . Deliberate effort to include women, youth and vulnerable groups would be particularly helpful.</p> <p>The banks do not have products that meet the needs of rural communities. In addition, the banks are located in cities and towns and therefore they are not readily accessible to rural poor. Most MFIs and NGOs who are bridging the gap do not have a national wide coverage, and as such there a number of rural communities that are not serviced by any of lending institutions.</p>



---

## 6.0 PROPOSED STAKEHOLDER ENGAGEMENT PLAN (SEP)

Table 3 shows the proposed stakeholder engagement plan (SEP) for the project. The SEP outlines the consultation and disclosure approaches and efforts already undertaken and to be undertaken in the course of implementation of the project. The SEP has through consultations made so far identified the special needs of the target stakeholders and which are included in the stakeholder engagement plan.

The SEP makes a distinction between “Project-affected parties” (PAPS) and “Other interested parties” (OIPs). For the purpose of the SEP, the term “Project-affected parties” includes “those likely to be affected by the project because of actual impacts or potential risks to their physical environment, health, security, cultural practices, wellbeing, or livelihoods. These stakeholders may include individuals or groups, including local communities” (World Bank, 2018b). They are the individuals or households most likely to observe changes from environmental and social impacts of the project. The term “Other interested parties” (OIPs) refers to “individuals, groups, or organizations with an interest in the project, which may be because of the project location, its characteristics, its impacts, or matters related to public interest. For example, these parties may include regulators, government officials, the private sector, the scientific community, academics, unions, women’s organizations, other civil society organizations, and cultural groups”<sup>5</sup>

---

<sup>5</sup> World Bank. 2018b. Guidance Note for Borrowers. Environmental and Social Framework for IPF Operations. ESS10: Stakeholder Engagement and Information Disclosure.

**Table 3: Proposed Stakeholder Engagement Plan**

Target stakeholder	Specific needs/Interest of the stakeholder	Engagement Methods/How to address identified needs	Frequency
<b>PROJECT AFFECTED PARTIES (PAPs)</b>			
Communities and individuals in the area of the MSME subproject	Public information about the subproject  Resolving of project-related issues openly and in a mutually satisfactory manner.	Press conferences, community engagement and consultation meetings, mass/social media Communication, disclosure of written information in local languages - brochures, posters, flyers, information desks   at the District Councils offices and project launches.	Immediately after approval of MSME funding and throughout the period of project implementation
Disadvantaged and vulnerable groups including persons with disabilities, rural poor women, men and youth, the elderly, people living with HIV/Aids, female headed households <sup>6</sup>	To be determined at the commencement of the project	Community engagement and consultation meetings, focus group discussions with the disadvantaged and the vulnerable groups; administration of questionnaires, key informant interviews, information desks at the District Council offices	Immediately after approval of the project and throughout the period of project implementation
<b>OTHER INTERESTED PARTIES (OIPS)</b>			
RBM	Capacity building in the area of Environment and Social Risks Management	International and in-county training courses and workshops , tailor made inhouse training courses and long term and short-term technical assistance	On need basis and as per training plan throughout project implementation
Government Agencies (MoITT, MoFEPD, MAIC including the Project Steering Committee	ESRM awareness and updates on project progress	One-on-one meetings and workshops for the relevant government officials to present	SC meetings quarterly and one-on-one meetings on need basis

<sup>6</sup> Disadvantaged or vulnerable refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so

Target stakeholder	Specific needs/Interest of the stakeholder	Engagement Methods/How to address identified needs	Frequency
		progress reports and discuss emerging strategic issues	
Project Technical Committee	ESRM awareness	Tailor made orientation courses, conferences and workshops	Immediately after project launch and as needed
Banks and other PFIs	Training of the staff involved in ESRM issues and updates on project progress and provision of feedback and disclosure of documents	ES risk training sessions for selected PFI members of staff in the risk and compliance Divisions; meetings of all the PFIs to get updates on progress of the activities, share experiences/best practices among PFIs, receive reports on bottlenecks that cut across all the PFIs and provide on spot guidance on ways forward, and disclosure of project related documents of interest to the PFIs during the meetings and on RBM Website	As per training plan and progress reporting biannually  Disclosure of documents on RBM website is the entire duration of the project
MSMEs	Competitively priced financing for inputs and equipment and machinery , capacity building in business development basic financial management, leadership and governance , E&S issues, linkage to markets and disclosure	Mentoring support on identification of competitively priced financing; PFI supervision; support in procurement of inputs, equipment and machinery; training workshops in areas business development, basic financial management, leadership and governance , E&S issues; disclosure of written documents on RBM website, feedback on quarterly and annual reporting	Supervisory and monitoring visits – every quarter and as needed; training works- as per training plan; and Feedback on reports to be done quarterly and annually;
MSMEs owned by members of vulnerable and marginalized populations, including persons with disabilities, rural poor women, men and youth and the elderly..	Such MSMEs will be identified and their needs be determined at the commencement of the project	Key informant Interviews including consultations, administration of questionnaires among owners of MSMEs from the disadvantaged and vulnerable groups; information desks at the District Council offices	At the beginning of the project with support provided to continue for the duration of the project

<b>Target stakeholder</b>	<b>Specific needs/Interest of the stakeholder</b>	<b>Engagement Methods/How to address identified needs</b>	<b>Frequency</b>
Business Development Service providers	Orientation in ES issues	Orientation of Business Development Service providers on issues of Environmental and Social risks management	Immediately after Project launch
Development partners and international organizations of mutual interests.	Sharing of experiences and complementing each other's interventions	Donor group meeting, Sector Working Groups meetings and RBM Website,	Project preparation and throughout project duration
Press and media; NGOs; Businesses and business organizations; Workers' organizations; Academic institutions; District Councils, Farmer Organizations	Project information, Business opportunities, Research , worker welfare	Press releases, Public meetings, Mass/Social Media Communication -disclosure of written information on RBM Website Brochures, posters, flyers, public relations kits, project tours for media and local representatives and District Executive Committee entry and exit meetings	Immediately after project launch and on ongoing basis thereafter



---

The project will put in place specific measures to ensure the inclusion of disadvantaged and vulnerable groups, such as women, persons with disabilities, youth, the elderly, the ultra-poor and people from remote/hard to reach areas, persons who are illiterate, and persons with HIV/AIDS. The project will ensure that it provides and seeks feedback from these groups and that members of these groups have equal opportunity to access funding and information, and/or submit grievances. In order to identify and address issues specific to vulnerable groups, stakeholder engagement will use focus group discussions to capture special needs of the vulnerable groups.

---

## **7.0 GRIEVANCE MANAGEMENT**

### **7.1 Overview**

World Bank policy requires the Borrower to establish a grievance mechanism (GM), process or procedures to respond to concerns and grievances of project-affected parties related to the environmental and social performance of the project in a timely manner. The grievance mechanism should address concerns promptly, using easy to understand and transparent process that is culturally appropriate and readily accessible and should meet the needs of the disadvantaged and vulnerable groups, and at no cost and without retribution. The GM should not impede access to the already established judicial and administrative remedies. In addition, it should be made known to the project-affected parties that they may submit complaints regarding the project to the World Bank Corporate Grievance Redress Service (GRS)

### **7.2 RBM Grievance Mechanism**

The Financial Services Act 2010, in Part VIII, establishes the Financial Services Appeals Committee (FSAC) with the mandate to review regulatory decisions of the Registrar of the financial institutions and hear appeals from financial institutions. The Act provides for the Committee to consist of three members, one of whom shall be designated as Chairperson and others as ordinary members. The members are appointed by the Minister of Finance.

The Rules prescribe the procedure for the conduct of proceedings brought before the FSAC. Under the Rules, a person affected by the decision of the Registrar may appeal against the decision by filling a Notice of Appeal with the Secretary within 21 days of date of the decision.<sup>7</sup>

The notice of appeal must among other information contain a copy of disputed decisions, grounds for appeal relief sought by the applicant, grounds and urgency of the appeal. At the conclusion of the appeal FSAC delivers its decision in writing to the parties. A copy of the decision and the reasons for the decision are published on the FSAC website.

The right to appeal the decision of the Registrar is well known by the Banks and Financial Institutions and the PFIs will be reminded of this remedy during stakeholder engagement meetings.

### **7.3 Grievance Mechanisms of PFIs**

The Registrar in 2016 issued a directive to all financial institutions on the requirement of an internal complaint handling system by all the financial institutions to assist in resolving complaints by customers of financial institutions in relation to financial services and products. It is in this context that the Registrar of Financial Institutions issued a Complaints Handling Directive. The Objectives of Complaints Handling Directive are to:

- (a) Ensure that a financial institution has in place avenues for resolving complaints lodged by financial consumers;
- (b) Promote transparency in the process of handling financial consumer complaints to improve service delivery; and
- (c) Ensure that financial institutions timely report data on complaint to the Registrar.

---

<sup>7</sup> See Financial Services (Financial Services Appeal Committee Procedures) (Rules)

---

The Registrar outlined procedures for complaints handling as follows:

1. A consumer reports complaint to financial service providers (FSPs) through designated officers and once received, officers must record complaints and strive to timely resolve the complaint;
2. Provide feedback on complainants;
3. Complaints handling should be guided by internal process approved by the Board and reviewed by the Registrar;
4. Complaint resolution rule - 0/10/30 rule - should apply i.e.:
  - Simple complaints be dealt with immediately
  - Complaints that require investigation should be dealt within 10 working days
  - Complex complaints be resolved within 30 days
  - Longer periods should be approved by management and specifically flagged in complaints register
  - Response should be in line with how the complaint was lodged.
  - Institutions must inform complainants about the right to appeal to an internal appeals committee, if available, the Registrar of Financial Institution and contacts; or to a civil court - file a lawsuit

The FIs are under the directive obliged to : submit complaints reports to Registrar on quarterly basis highlighting the number of complaints received, nature of complaints and the resolutions

All the FIs consulted indicated that they have internal grievance redress mechanism although not all reported to be submitting report to the Registrar on quarterly basis as required. Some reported to submit reports to the Registrar upon request. Most grievances received by FIs and the Reserve Bank relate to financial services such as poor customer care services, technology failure, lack of transparency and full disclosure of all financial risks as well as reward of their products, unfair contract terms and misrepresentation of financial services and deceptive advertising. However, the potential grievances of much interest to this project are those related to the negative environmental and social impacts arising from the implementation of the subprojects. There are various acts of parliament and regulations that provide remedies to grievances related to land disputes as well as negative environmental and social impacts.

The EMA 2017, created a Tribunal to address issues of environmental and social impacts to the extent that “any person who has reason to believe that his right to a clean or healthy environment has been violated by any person may, file a written complaint to the Tribunal outlining the nature of his complaint and particulars. The Tribunal shall, within thirty (30) days from the date of the filing of the complaint, institute an investigation into the activity or matter complained about and shall give a written response to the complainant indicating what action the Tribunal has taken or shall take to restore the claimant's right to a clean and healthy environment, including instructing the Authority to take such legal action on the matter as the Authority may deem appropriate”.

Similarly, the Customary Land Act has put in place alternative land dispute settlement mechanism. It has created customary land committees (CLCs) at group village headman (GVH) level to manage land within a Traditional Land management Area (TLMA).

Land dispute resolution under the Act are through Land Tribunals. These are Customary Land Tribunals at Traditional Authority and district level. At the Central the Act established the Central Land Board to be presided over by a Resident Magistrate. If the complainant is not satisfied with a decision of a land tribunal, he or she can appeal to the next level or the high court.

---

The grievance mechanisms outlined above are not directly linked and it is the duty of the relevant GRC to ensure that project affected persons are given the option of using the grievance redress mechanisms that are led by local authorities where project led negotiations have not been able to provide a satisfactory solution to the complaint. The project is duty bound to forward to the relevant local authority the complaints they receive that are, in their view, can be better resolved by the local government led dispute resolution systems.

The PFIs will be duty bound to use in-house intelligence mechanisms and routine supervisory visits to register grievances affecting the disadvantage and vulnerable groups.

#### **7.4 Arrangements and Procedures for Redress of Grievances**

For the purpose of redressing grievances under the project it is proposed that grievance redress mechanism be introduced at the subproject level. Thus, each beneficiary MSME will be required to set up a simple grievance redress committee. The grievance redress committee will be put in place in order to:

- (a) create and maintain trust with project affected persons;
- (b) avoid the negative consequences of failure to adequately address grievances; and
- (c) identify and manage stakeholder concerns and thus support effective risk management.

The GR committee will comprise:

- (a) Representative of the PAPs who a member of is either a Village Development Committee or an Area Development Committee as may be appropriate;
- (b) Representative of MSME workers;
- (c) Representative (s) of extension workers in the area such as Forestry Assistant, Health Surveillance Officer (HAS), Community Development Assistant, Agriculture Extension Assistant depending on the nature of the project and will be the secretary of the Committee;
- (d) One MSME Directors/Senior Manager; and
- (e) Representative of vulnerable groups.

The following are the proposed stages for the redress of grievances arising from the implementation of subprojects under this project:

**Stage 1:** Complaints from project affected persons (PAPs) are in first instance lodged verbally or in writing to the Secretary of the concerned MSMEs Grievance Redress Committee (MGRC) for recording and for initial screening of the validity of the grievance. The committee will act within 15 days upon receipt of the complaint and arrange a hearing by the committee which will be attended by the aggrieved party (AP). It is the duty of the MSME to resolve the issue within 15 working days from the date of the hearing. MGR committee will be provided with a hard cover for recording of the complaints indicating the date, name of the complainant, the date the complaint was received, and the action taken.

**Stage 2:** If the aggrieved is not satisfied with the decision of the MDRC, or if no response is received from the MGRC, within 15 days of registering the complaint, the AP can escalate the complaint to PFI's GR committee (PGC). The AP must lodge the complaint within 30 days of registering the original complaint. The PGC will address the complaint within 1 month of receiving the appeal.

**Stage 3:** If the AP is not satisfied with the solution provided by the PGC or in the absence of any response, the AP can appeal to the Financial Services Appeal Committee (FSAC) of the Reserve Bank of Malawi. The FSAP will provide a direction on the appeal within 30 days from the day it received the appeal.

---

**Stage 4:** If the AP is still not satisfied with the decision of FSAC on appeal, or in the absence of any response within the stipulated time, the AP may as a last resort, exercise their constitutional rights by taking their grievances to a formal court system for remedy. Affected persons will be exempt from all administrative and legal fees incurred pursuant to the grievance redress procedures.

---

## **8.0 RESULTS MONITORING AND EVALUATION ARRANGEMENTS**

The Project Manager will report on the Monitoring and Evaluation (M&E) framework. PFIs will track PDO indicators, as well as indicators on gender and on citizen engagement, through a survey of beneficiaries by mid-term review to check whether their access to finance and firm capabilities has improved with the project's intervention. This survey of beneficiaries will also provide data on beneficiaries' income segment. PFIs will develop reporting/representation mechanisms to collect and monitor information on beneficiaries of affordable and disaggregation of PFI's refinancing by new vs roll-over of existing loans

## 9.0 BUDGET ESTIMATE

A tentative budget for implementing the stakeholder engagement plan over five years is reflected in the table below.

**Table 6: Tentative budget for implementing the SEP**

Activities	Number	Unit Cost (MK)	Total Cost
One-one-meetings Government Agencies	50	500000	25000,00
Workshops Government Agencies	10	5000000	50000000
Disclosure meetings Government Agencies	10	5000000	5,000000
One-on-one meetings PFIs	50	500000	25000000
Workshops PFIs	10	5,000,000	500000000
ES risk orientations for PFIs	3	10,000,000	30000000
Disclosure meetings PFIs	5	5000000	25000000
Training RBM staff	5	20,000,000	100000000
Trainings MSMEs	15	5,000,000	45000000
MSMEs supervisory visits	80	1000000	80000000
Feedback on quarterly and annual reports	40	3000000	120000000
Disclosure meetings MSMES	15	3000000	4500,000
Orientation of Business Development Service providers	3	5000000	15000000
Media ( newspapers and TV)	10	2000000	20000000
Focus group discussions with disadvantaged and vulnerable groups			15000000
Public meetings with communities in the project areas	30	2,000,000	60000000
Disclosure meetings with PAPs	10	5000000	50000000
Meetings, tours for Media and Business Associations etc			30000000
Publicity/awareness material			50000000
<b>Total</b>			<b>1215029505</b>

### Annex 1: Stakeholder Engagement Plan Consultative Meetings

Date	Name of Organization	Name of Representative	Designation
12/12/2019	Ministry Industry, Trade and Tourism	Wiskes Nkombezi	Director of SMEs
		Lisbert Kumatso	Enterprise Development Officer
13/12/2019	National Bank	Charles Ulaya	Head of Risk
		Francis Kadzkalowa	
	First Capital Bank	William Masamba	Head of Risk
	NBS Bank	Harold Phiri	Head of Risk
	FDH Bank	Sammy Chilunga	Head of Risk and Compliance
16/12/2019	Malawi Microfinance Network	Duncan Phulusa	Executive Director
	Ministry of Finance and Economic Planning and Development	Felix Nkhoma	Economist, Pensions and Financial Sector
		Nancy Mpita	Deputy Director, Pensions and Financial Sector Policy Division
16/12/2019	Standard Bank	Antony Lywell Mwakabanga	Manager, Credit Risk
		Christopher Kisyombe	Credit Manager
	My Bucks	Sylvester Chalira	Head of Risk and Compliance
21/01/2010	Farmers Union of Malawi (FUM)	Prince Kapondamgaga	Chief Executive Officer and President Malawi Chamber of
	Chitsanzo Dairy Farmers Cooperative	Limbikani Bernard	Chairperson
20/01/2020	Malawi Chamber of Commerce and Industry	Hope Chavula	Economist
	Traditional Authority	Damson Kathyola	Group Village Headman
	Lilongwe Horticulture Cooperative	Jeruzye Munthali	Coordinator