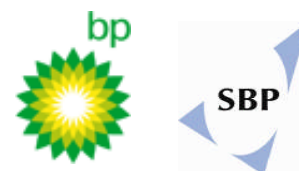


## PSI – Malawi



Project Performance: **Green** ● Lead Grantee: SBP ● Region: Africa

<b>Project reference</b>	RO8SA15/1	<b>Country</b>	Malawi
<b>Round grant award</b>	Eight	<b>Amount granted</b>	£43,850
<b>Start date</b>	April 2005	<b>Private sector contribution</b>	£55,850
<b>End date</b>	March 2007	<b>Actual grant drawn down</b>	£37,850
<b>Sector</b>	Private Sector Development	<b>Actual private sector contribution</b>	£55,850
<b>Project description</b>	Facilitating business linkages between large corporations and SME's.	<b>Status</b>	On-going contract

### Overview

In recognition of the success of the PSI Tanzania and South Africa, BP Southern Africa contracted SBP to roll the model out in Malawi. Private Sector Initiative (Psi) Malawi is directed toward the same overall objectives and is employing the same methodological approach: Psi brings together major corporations in Malawi in a forum where they share experience of working with SMEs and actively seek out ways to better integrate local SMEs into their supply chains.

### Linkage Partners

*Lead:* BP Malawi – manages the project  
*Partners:* SBP – provides technical capacity and specialized support

### Grant Thesis

The implementation of a corporate social responsibility initiative will lead to enhanced incomes and employment arising from the inclusion of local SMEs into supply chains of BP and other major corporations operating in Malawi. There is significant potential for best practice sharing with development projects in other parts of Sub-Saharan Africa.

### Progress

SBP has been working with BP Malawi and gained buy-in from 8 other corporate partners operating there. SBP and BP Malawi have gained full endorsement from the Malawian Minister of Trade and Private Sector Development. Psi Malawi was publicly launched on 17<sup>th</sup> November 2005, with the Minister publicly endorsing the initiative. A combined SME supplier list generated and developed by SBP is currently being used by the nine participating companies.

### Broader Impact

As a result of the project, broader regional lessons learned will be captured, shared and disseminated in the Sub-Saharan Africa. In line with this, Psi was to be presented at the Commonwealth Business Council's inaugural Small Business Summit in Abuja in July 2006.

**Project Sustainability / Exit Strategy**

The sustainability of the project is ensured by the internalization of the Psi strategies by participating corporations which will lead to changing procurement patterns in favor of local SMEs.

**Lessons Learned**

A demand-led intervention in which strong partnerships are built can really have an impact. Top executives buy-in helps procurement managers take risks to change procurement patterns in favor of local SMEs

Key Performance Indicators			
General BLCF Indicators <i>(combination of quantitative and qualitative)</i>			
Business Linkages		Market Development	
<ul style="list-style-type: none"> <li>Corporate participants</li> <li>Local SMEs</li> <li>Government of Malawi</li> <li>International donors</li> </ul>		<ul style="list-style-type: none"> <li>Various spin-offs to SMEs supplying medium-sized companies created</li> <li>SME development firmly placed in the operations of many multi-nationals operating in Malawi.</li> <li>Improved quality of products due to the formalization of SMEs</li> </ul>	
		<ul style="list-style-type: none"> <li>increased incomes due to access of SMEs to corporate procurement and outsourcing contracts</li> <li>More employment and income opportunities for women</li> <li>Improved quality of goods and services for local population due to enhanced efficiency of SMEs</li> </ul>	
Project Specific Indicators			
Indicator	Baseline Position	Current Position	Foreseen Position at Project-End
Improve incomes, livelihoods and opportunities for target group	<ul style="list-style-type: none"> <li>55% of Malawian population lives below poverty line</li> <li>Women constitute most of the poor</li> <li>low incomes in SME sector</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>Increased Employment</li> <li>Increase in sustainable livelihoods</li> <li>Enhanced opportunities for SME's</li> <li>Improved Skills</li> <li>Leveraged infrastructure into communities</li> <li>Communities access to goods and services</li> </ul>
Increased business competitiveness and share of new and existing markets	<ul style="list-style-type: none"> <li>Huge gap between small enterprises and large businesses</li> <li>Very poorly developed corporate sub-contracting between large firms and SMEs</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue forum initiated to address constraints in business links between SMEs and large companies (see Q4 report)</li> </ul>	<ul style="list-style-type: none"> <li>Increased efficiency and competitiveness of SMEs</li> <li>Increased corporate outsourcing and procurement from local SMEs</li> </ul>
New sustainable product		<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable partnership established between large corporation and local SME contractors</li> </ul>

[www.businesslinkageschallengefund.org](http://www.businesslinkageschallengefund.org)

Emerging Markets Group (EMG) Ltd. • Bush House • North West Wing • Aldwych, London WC2R 4PX • United Kingdom  
Tel: +44 (0) 20 7420 8300 • Fax: +44 (0) 20 7420 8301 • [www.emergingmarketsgroup.com](http://www.emergingmarketsgroup.com)