

**INTEGRATED SAFEGUARDS DATA SHEET  
CONCEPT STAGE**

Report No.: AC2700

**Date ISDS Prepared/Updated: 02/13/2007**

**I. BASIC INFORMATION**

**A. Basic Project Data**

Country: Malawi	Project ID: P103773
Project Name: Business Environment Strengthening Technical Assistance (BESTAP)	
Task Team Leader: Constantine Chikosi	
Estimated Appraisal Date: April 2, 2007	Estimated Board Date: May 24, 2007
Managing Unit: AFTPS	Lending Instrument: Specific Investment Loan
Sector: General industry and trade sector (100%)	
Theme: Regulation and competition policy (P);Export development and competitiveness (S)	
IBRD Amount (US\$m.):	0.00
IDA Amount (US\$m.):	15.00
GEF Amount (US\$m.):	0.00
PCF Amount (US\$m.):	0.00
Other financing amounts by source:	
BORROWER/RECIPIENT	0.00
<u>EUROPARTNERS BANK</u>	<u>3.50</u>
	3.50

**B. Project Objectives [from section 2 of PCN]**

The project will support acceleration of economic growth by reducing the cost of doing business, improving service delivery to the private sector and providing targeted support to small and medium enterprises. One of the medium term outcomes in Malawi's CAS is the improvement of the climate for private business in Malawi. This project is one instruments by which the Bank seeks to achieve this.

**C. Project Description [from section 3 of PCN]**

The project will have the following four components:

a) Business Environment: This component will provide support to the efforts being made by various technical working groups to improve the regulatory environment (as reflected in the Doing Business indicators), e.g. (a) TA for establishment and running of commercial courts which significantly improve access to commercial justice; (b) TA to the Ministry of Justice would fast track the updating and revision of economic laws; (c) TA to improve customs processes, to facilitate import-export trade, including assistance for harmonization of procedures

and documentation at borders, and computerization of immigration processes at borders; (d) On going TA for the Doing Business Reform agenda.

(b) Support to Agencies that Serve the Private Sector: To improve the volume and quality of service delivery to the private sector, and as part of the efforts to strengthen the business environment, this component would involve building capacity in some key public sector institutions directly supporting the private sector: e.g. the Registrar General, Lands Registry and the Malawi Confederation of Chambers of Commerce and Industry. Support to the establishment of a Public Private Partnerships (PPP) unit, currently under discussion and the Malawi Investment Promotion Agency, is also a possibility. Upon the completion of the Privatization and Utilities Reform Program (PURP) in June 2007, a number of privatization transactions will remain uncompleted. Such a fund would enable sufficient flexibility for opportunistic responses during project implementation for activities to be funded under this component.

(c) Promoting Access to Finance and enhancing productivity of MSMEs: This component will include IDA participation in promotion of an SME development fund, involving the private sector with a contribution by Government (discussions have already been initiated with GoM on this). Another sub component would be TA for the merger and restructuring of the Malawi Rural Finance Corporation and the Malawi Savings Bank into a viable rural micro finance institution. Discussions have already begun and the expected result of such a merger would be an increase in opportunities for SME financing. The provision of business development services (BDS) will assist this objective by helping entrepreneurs improve their preparation and presentation of bankable SME projects. In addition, other instruments, such as a Business Plan competition (initiated with much success in Rwanda and Ethiopia) might be considered. The component will also support micro and small enterprises in improving their level of skills (for entrepreneur and workers) through a matching grant or similar fund. Such an instrument would be based on the principle of a matching contribution from the entrepreneur or worker seeking training, thereby ensuring a degree of commitment to the training, and funds disbursed - which could be for a variety of specifically described purposes for activities to be funded under this component - would be accompanied by a hand-holding component, whereby the fund managers would assist in identifying relevant training courses and opportunities.

(d) Project Implementation: This Component will support implementation costs of the Project: (i) technical assistance for the Project Implementation Unit (PIU) and (ii) BUGS Business Advisory Unit - to finance the consultant positions for Project Manager, BUGS Program Manager, BUGS Business Advisor, Secretary and consultancy services for provision of procurement, financial management and M&E services and (iii) operational costs and goods necessary for the functioning of the PIU and BUGS Business Advisory Unit

**D. Project location (if known)**

Ministry of Trade and Private Sector Development  
Gemini House  
Capital City  
Lilongwe 3, Malawi

**E. Borrower's Institutional Capacity for Safeguard Policies [from PCN]**

The Borrower has limited safeguards policies capacity. During project preparation, the borrower's current capacity will be assessed and measures to strengthen it identified. AS appropriate, the project will outline the institutional arrangements, including the roles and responsibilities of the various stakeholder groups, to implement and monitor environmental and social mitigation measures, and make appropriate recommendations.

**F. Environmental and Social Safeguards Specialists**

Mr Warren Waters (AFTQK)

**II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<b>Environmental Assessment (OP/BP 4.01)</b>		<b>X</b>	
<b>Natural Habitats (OP/BP 4.04)</b>		<b>X</b>	
<b>Forests (OP/BP 4.36)</b>		<b>X</b>	
<b>Pest Management (OP 4.09)</b>		<b>X</b>	
<b>Physical Cultural Resources (OP/BP 4.11)</b>		<b>X</b>	
<b>Indigenous Peoples (OP/BP 4.10)</b>		<b>X</b>	
<b>Involuntary Resettlement (OP/BP 4.12)</b>		<b>X</b>	
<b>Safety of Dams (OP/BP 4.37)</b>		<b>X</b>	
<b>Projects on International Waterways (OP/BP 7.50)</b>		<b>X</b>	
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		<b>X</b>	

**Environmental Category:** C - Not Required

**III. SAFEGUARD PREPARATION PLAN**

A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared: 03/01/2007

B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS: N/A

C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS.  
N/A

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<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

#### IV. APPROVALS

*Signed and submitted by:*

**Task Team Leader:**

**Mr Constantine Chikosi**

**02/13/2007**

*Approved by:*

**Regional Safeguards Coordinator: Mr Warren Waters**

**Comments: No SGP Specialist required if project remains as defined in the PCN and ISDS. Later, should project involve land acquisition, construction or potential environment and social impacts, consult ASPEN.**

**Sector Manager:**

**Mr Demba Ba**

**Comments:**