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ANNEX 3

to the Commission Implementing Decision on the financing of the annual action plan in favour of the Republic of Malawi for 2024

Action Document for Civil Society Partnership for Jobs

ANNUAL PLAN

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Civil Society Partnership for Jobs OPSYS number: ACT-62429 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative (TEI)	<input type="checkbox"/> Not applicable <input checked="" type="checkbox"/> Supporting (inter alia) TEI “Green Growth for Malawi”
3. Zone benefiting from the action	The action shall be carried out in Malawi, targeting secondary cities ¹
4. Programming document	Republic of Malawi – Multiannual Indicative Programme (MIP) for Malawi 2021-2027
5. Link with relevant MIP(s) objectives / expected results	The Action is part of the “Support measures in favour of Civil Society” and contributes to: - Specific objective 1.1: Boosting productivity, resilience, diversification, value addition and commercialisation of agriculture and fisheries; Expected Result 1.1.2: Accelerated economic transformation, creating decent jobs and value addition, in particular in agri-food value chains Specific Objective 3.1: Advancing quality education and skills; Expected result 3.1.1: Enhanced quality employment and entrepreneurship opportunities
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Not applicable
7. Sustainable Development Goals (SDGs)	Main SDG: 17 Partnerships for the Goals. Other significant SDGs: 1 (No poverty); 4 (Quality Education: target 4.4 substantially increase the number of youth and adults who have relevant skills for employment, decent jobs and entrepreneurship); 5 (Gender Equality); 8 (Decent Work and Economic Growth); 12 (Ensure sustainable consumption and production patterns)
8 a) DAC code(s)	16020 Employment Creation

¹ Karonga, Kasungu, Salima/Chipoka, Mangochi/Monkey Bay, Liwonde, Luchenza and Bangula.

8 b) Main Delivery Channel	20000 Non-Governmental Organisations (NGOs) and Civil Society			
9. Targets	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective
Digitalisation @		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services		YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
Connectivity @		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
transport people2people energy digital connectivity		YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
Migration @		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities @		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Covid-19		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

BUDGET INFORMATION	
12. Amounts concerned	Budget line: 14.020122 Total estimated cost: EUR 8,000,000 Total amount of EU budget contribution EUR 8,000,000
MANAGEMENT AND IMPLEMENTATION	
13. Type of financing²	Direct management through: Grants
14. Type of Measure	<input type="checkbox"/> Cooperation facility <input checked="" type="checkbox"/> Measures in favour of Civil Society

1.2 Summary of the Action

Malawi is facing a deep economic crisis with successive external shocks exacerbating the structural weaknesses of its economy, including a persistent lack of decent jobs for the youth. Approximately 130,000 youth enter the labour market every year while the formal sector generates annually only 30,000 to 40,000 jobs. The situation is even more acute in urban and peri-urban areas with an urban growth rate of above 5%, among the highest in the region.

In that context, the Action intends to support Civil Society Organisations in creating innovative pathways for decent job creation in secondary cities³. Specifically, the action intends to expand and diversify employment and self-employment prospects for unemployed or underemployed youth, in particular young women (SO1); to enhance flexible, industry-driven gender-responsive skills training and workforce development (SO2); and to support adoption of novel business solutions in priority sectors and higher up prioritised value chains, especially in the green and circular economy and in the agri-food sector (in particular rice, soybean, groundnuts, macadamia, aquaculture, banana, mangoes and apiary) (SO3).

To achieve these objectives, the Action foresees a call for proposals with the aim to strengthen Civil Society Organisations (CSOs) in their role as actors of development, bringing innovative solutions for challenges to youth employment. By delivering the proof of concept and developing the collaboration with the Private Sector and Government, Civil Society will be encouraged to pilot innovative and sustainable solutions that foster decent and green job creation.

The Action will allow exploring innovative and scalable strategies, concentrating on the expansion and diversification of self-employment prospects for unemployed or underemployed youth, on the promotion of greater industry involvement in workforce development and on the creation of decent and green jobs through the piloting of viable business solutions and the establishment of new micro, small or medium businesses, particularly in the digital, green and circular economy.

The Action aligns with Malawi's development aspirations outlined in the country's long-term development plan, Malawi 2063 (MW63), with a specific focus on the youth-centric vision and high-quality job opportunities. It also supports the Urbanisation Pillar of MW2063 with a geographical focus on urban and peri-urban areas of the secondary cities of the country, where the prevalence of rural-urban migrants is notably high, recognising the significance of urban centres in economic growth.

The Action is part of the "Support measures in favour of Civil Society" and supports the Multi-Annual Indicative Programme (MIP) Priority Area 1, "Green and resilient economic transformation", aligning with Specific Objective 1 "Boosting productivity, resilience, diversification, value addition and commercialisation of agriculture and fisheries". The Action also contributes to MIP Priority Area 3

² Art. 27 NDICI

³ Secondary Cities in the Malawi 2063 and MIP-1: Karonga, Nkhata Bay, Kasungu, Salima/Chipoka, Mangochi/Monkey Bay, Liwonde, Luchenza and Bangula.

“Human Development and Social Inclusion”, Specific Objective 1, “Advancing quality education and skills”.

In addition, the Action contributes to the Team Europe Initiative “Green Growth for Malawi”, exploring and piloting innovative approaches to job creation for the youth in an enhanced collaboration between Civil Society, the Private Sector and the Government.

Further, the Action contributes to the Global Gateway Strategy and its priority area of sustainable growth and decent and green jobs and to the Country Level Implementation Plan of the Gender Action Plan III, the EU Youth Action Plan and the 2030 Agenda and the Sustainable Development Goals (SDG).

1.3 Zone benefitting from the Action

The Action shall be carried out in Malawi which is included in the list of ODA recipients.

2 RATIONALE

2.1 Context

Since COVID-19, Malawi’s economy continues to face serious challenges. In addition to polio and cholera outbreaks, cyclone Freddy hit the south of the country early 2023, causing major loss of lives with 1,213 people killed, destroying harvests and livelihoods, and displacing 659,278 people. Malawi is extremely vulnerable to climate change. It has experienced more than 19 major flooding events and seven droughts over the past five decades and in 2015 it was affected by the worst floods in 50 years; the floods affected over 1 million people, displaced 230,000 people and killed 106 people, with another 172 people reported missing. The agriculture sector suffers the greatest losses as a result of climate change impacts. Most smallholder farmers in Malawi are resource poor with very limited capacity to contain shocks arising from climate change. Economic modelling has estimated the direct overall costs due to climate change impacts equivalent to losing at least 5% of the country’s gross domestic product (GDP) each year.⁴

The food security outlook is further complicated by the inflationary effects of Russia’s war of aggression against Ukraine, pushing food inflation to 40%. For the 2023-2024 lean season, the number of food insecure people is estimated at 4.4 million. The successive shocks exacerbate the structural weaknesses of Malawi’s economy, further reducing already limited exports and availability of forex. This disrupts imports of fertiliser, fuel, pharmaceuticals and equipment, slowing the economy to a mere 0.7% growth in 2023.

Government’s policy response has focused on restructuring its external debt, controlling public expenditure, expanding social protection, and intervening on the agricultural commodity market in an attempt to control prices and reduce unregistered exports. Government is also starting to develop the mining sector where several investment projects are emerging.

The risks of low growth remain however substantial, referring to the very narrow fiscal space, pervasive corruption affecting all branches of government, an unappealing investment climate, lack of decent jobs for the vast majority of the youth and inappropriate management of natural resources, epitomised by the high rate of deforestation and soil depletion. In contrast, a crucial precondition for fostering economic growth is the effective and sustainable management of natural resources, ensuring their preservation for long-term prosperity. This underscores the imperative for comprehensive strategies that address both economic and environmental considerations to pave the way for sustainable development.

⁴ NDC Malawi 2021

The Action seeks then to provide solutions to the problems that the majority of unskilled poor urban youth, in particular young women, encounter in finding decent work. The main problems concern low access to tailored skills development and to seed finance and a private sector reluctant to invest in emerging sectors of the digital, green and circular economy.

Through a call for proposals, civil society organisations will be invited to devise innovative solutions to these problems and test them in practice, providing proof of their efficiency, effectiveness and sustainability. Such solutions may include setting up a financing mechanism for tailored skills development, piloting innovative and green/circular business models in emerging sectors, providing direct cash transfers as seed finance, and others.

The Action will focus on the fast growing secondary cities (Karonga, Nkhata Bay, Kasungu, Salima/Chipoka, Mangochi/Monkey Bay, Liwonde, Luchenza, Bangula) to which the rural youth increasingly migrates (urban growth rate above 5%) remaining outside of education, employment or training.

The Action will complement various ongoing EU funded initiatives, particularly those focused on private sector development, skills enhancement, education and resilience building. It capitalises on Civil Society's capacity to develop and pilot innovative solutions and establish sustainable pathways, promoting uptake of such solutions by the private sector and government.

2.2 Problem Analysis

Short problem analysis:

Malawi faces several challenges in its efforts to address youth unemployment and underemployment.

1. **Demographic Pressure:** Malawi is a youthful country, with 51% of its population being 18 years or younger. Approximately 130,000 young people enter the labour market annually, while the formal sector generates only 30,000 to 40,000 jobs. This results in a significant portion of young adults, estimated at 30% in 2020⁵, being in neither employment, education, nor training.
2. **Gender Disparities:** Female participation in the labour market remains low, and employment quality is a significant issue. A higher percentage of young women are neither in employment nor in education or training compared to young men.
3. **Private Sector and Business Environment Challenges:** The private sector in Malawi reflects characteristics typical of a Least Developed Country. It lacks the technical capacity to expand business, especially into regional and global markets, and international companies do not find the country an attractive market. Support agencies and accountability institutions struggle due to limited technical knowledge, human and financial resources, and insufficient coordination among stakeholders. Economic diversification is limited, and the majority of private enterprises (90% being informal) cater to the domestic market, with limited integration into regional and global value chains.
4. **Natural Resource Degradation:** Malawi's natural resources are under increasing pressure due to high population growth, unsustainable agricultural practices, poverty, and a lack of environmental awareness, regulation and standards, exacerbated by the impacts of climate change. This leads to environmental degradation, including soil fertility loss, soil erosion, deforestation, water depletion, pollution, and biodiversity loss. The private sector primarily operates using linear business models, which contribute to environmental issues. Transitioning to greener, circular business models that promote sustainable development is essential. This could be achieved through adopting greening and circular business models that are environmentally and socially inclusive, that mitigate climate vulnerabilities and risks and could lead to profitable ventures.

⁵ Labour Market Profile Malawi 2022-2023, Danish Trade Union Development Agency.

5. **Technical, Entrepreneurial and Vocational Education and Training (TEVET):** Malawi's TEVET system faces challenges in meeting the skills needs for development and growth. The lack of workforce skills in key areas of the economy, insufficient infrastructure and facilities, and the limited number of spaces in TEVET institutions hinder access to formal TEVET programmes. Hence, the TEVET system is unable to offer the volume required to meet labour market needs.

6. **Urbanisation and Rural-Urban Migration:** Rural-urban migration in Malawi is increasing, with migrants being predominantly young, economically disadvantaged and unskilled. Cities are struggling to provide adequate infrastructure and services to accommodate this population growth, and many young migrants find employment in the informal sector. However, when properly managed and anchored to industrial activities, urbanisation can represent an opportunity in Malawi, one of the most densely populated countries in Southern Africa and facing demographic pressure.

Addressing these challenges will require comprehensive and multi-sectoral approaches, focusing on youth empowerment, gender equality, private sector development, sustainable and circular resource management and improved technical and vocational education and training.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

The proposed Action will involve a wide range of stakeholders.

The **primary beneficiaries** of the action will be the Malawian underemployed and unemployed youth, and rural and urban migrants. The action is specifically designed to address the challenges that these demographic groups face in building their livelihood whether through gainful employment or self-employment. The action aims to improve the overall livelihoods of these groups by addressing their specific needs, fostering economic empowerment and promoting social inclusion.

The action will have wider benefits to Malawian society by creating decent jobs through the adoption of advanced production methods and the establishment of new businesses. This strategic approach will not only boost job creation, but also catalyse sustainable local economic development, thereby positively impacting Malawian society.

Local Government: District Councils, in particular those directly involved in the Secondary Cities Plan of Malawi. In the short term, District Councils' role encompasses partnership building, entrepreneurship support and community engagement. In the medium and long term and with the progress of the decentralisation process in Malawi, their role may also encompass, policy formulation, strategic planning, resource allocation, education and training initiatives, and infrastructure development. Through all these roles, District and City Councils play a critical role in contributing to create a supportive environment for youth employment and sustainable economic development.

The National Planning Commission: The National Planning Commission has the overarching mandate of coordinating the effective delivery of the country's development agenda. The National Planning Commission leads the development of the Malawi Secondary Cities Plan; for this reason it will be involved in each effort to bring together key stakeholders and to make the implementation process as inclusive as possible.

The Ministry of Labour, Department of Technical and Vocational Training, responsible for providing policy guidance on all matters of technical and vocational training, with an overarching objective "to help improve the creation of wealth and standard of living of Malawians through the provision of technical, entrepreneurial and vocational skills for wage and self-employment". The Ministry of Labour will help identifying TEVET Institutes and providers, which may be involved in the development of new skills trainings to meet the private sector demands. Also the Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA) will be involved in these definitions.

The Ministry of Industry and Trade is the policy holder for entrepreneurship related laws and policies. The Ministry will be involved in identifying potential unexplored business opportunities able

to generate employment, and private enterprises that, for the nature of their business, may benefit from grants to improve productivity, in particular in connection to the introduction of new technologies in their production methods to enhance efficiency and competitiveness.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The **Overall Objective** of this action is to create innovative and sustainable pathways for decent and green job creation in particular for young women, in urban and peri-urban settings in Malawi through an enhanced partnership between Civil Society, the Private Sector, and Government.

The Specific Objective(s) of this action are to:

SO1: expand and diversify employment and self-employment prospects for unemployed or underemployed youth;

SO2: enhance flexible, industry-driven skills training and workforce development;

SO3: advance production methods and establish new businesses higher up the value chain, especially in the green and circular economy and in the agri-food sector.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives are:

Output 1.1: A novel scheme in support to vulnerable youth self-employment is created and piloted;

Output 2.1: An innovative partnership between private sector, government and civil society is established to support skills training and workforce development;

Output 3.1: New businesses in priority value chains (in particular rice, soybean, groundnuts, macadamia, aquaculture, banana, mangoes and apiary), notably guided towards adopting green and circular economy principles, ensuring sustainable practices and innovative approaches in their operations, are established as a result of the partnership between CSOs and private sector.

3.2 Indicative Activities

Output 1.1: A new scheme in support to vulnerable youth self-employment is created and piloted by CSOs in partnership with the Government of Malawi.

- Assessment of existing cash transfer programmes and their effectiveness in enhancing livelihood for urban and peri urban youth;
- Analysis of youth poverty and vulnerabilities in connection to self-employment prospects in secondary cities;
- Development of a pilot cash transfer scheme that includes innovative and cost effective solutions for targeting, delivering and monitoring.

Output 2.1: An innovative partnership between private sector, government and civil society is established to support skills training and workforce development.

- Assessment of major workforce constraints and skills gaps in selected value chains (in particular rice, soybean, groundnuts, macadamia, aquaculture, banana, mangoes and apiary) and in the green/circular economy;
- Assessment of international best practices in the establishment of Skills Development Funds;
- Supporting the establishment of a financing mechanism for skills development based on international best practices to facilitate partnerships that:

- Generate employer-led training in high demand skills for the labour market aimed at recruit, train and retrain workers targeting mainly youth, with emphasis on young women;
- Provide grants to private enterprises to improve productivity in particular in connection to the introduction of new technologies in their production methods to enhance efficiency and competitiveness.

Output 3.1: New businesses in priority value chains (in particular rice, soybean, groundnuts, macadamia, aquaculture, banana, mangoes and apiary), notably guided towards adopting green and circular economy principles, ensuring sustainable practices and innovative approaches in their operations, are established, as a result of the partnership between CSOs and Private Sector.

- Identification of unexplored business opportunities able to generate green and decent employment;
- Creation or support of promising new resilient, green and circular businesses that will be transferred to private sector once economically sustainable and mature enough;
- Support the transition to full private sector ownership by:
 - Assessing readiness to take over the business;
 - Providing support and technical advice in the medium term.

The commitment of the EU's contribution to the Team Europe Initiative (TEI) to which this action refers, will be complemented by other contributions from Team Europe members. It is subject to the formal confirmation of each respective member's meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside a TEI framework.

3.3 Mainstreaming

Environmental Protection & Climate Change

Outcomes of the SEA (Strategic Environmental Assessment) screening (relevant for budget support and strategic-level interventions)

The SEA screening concluded that no further action was required.

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project)

The EIA screening classified the action as Category C (no need for further assessment).

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project)

The CRA screening concluded that this action is no or low risk (no need for further assessment).

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this Action is labelled as G1. This implies that the action tackles disparities incorporating women's economic and social empowerment throughout its various activities. It acknowledges the potential of women to contribute to inclusive growth.

Gender equality and the empowerment of women and girls is not only integrated into the Action goals, activities and performance indicators, but is also a significant objective of the initiative.

This Action addresses gender related vulnerabilities by enhancing self-employment, employability, professional development and further specialisation for young women. The Action will also explore ways to enhance young women participation in skills development opportunities, businesses and professions that have traditionally attracted mostly male candidates.

Furthermore, the action will ensure that concerns of gender based violence in education institutions and business environment are addressed, providing a safe environment to female students and workers.

Human Rights

The action will implement a Human rights-based approach through the respect of the five working principles in all the phases and processes of the action: respect to all human rights, accountability, transparency, non-discrimination and participation. It will also abide by the 'do no harm principle' to avoid unintended negative impact in terms of human rights.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This classification underscores the importance of giving special attention to promoting equity, particularly for youth and young adults with disabilities. The overarching goal is to ensure that these groups can fully benefit from the intervention.

The provision of economic opportunities for youth with disabilities is framed by the Convention on the Rights of Persons with Disabilities. There is growing evidence that efforts to more deeply engage youth with disabilities in economic activities have beneficial impacts, both on a macroeconomic scale and at the enterprise level (Banks and Polack, 2014; ILO, 2014).

Young employees with disabilities tend to stay in their jobs longer, exhibit higher attendance rates and have better safety records compared to non-disabled youth. This translates into increased enterprise productivity and improved returns on investment (ILO, 2014).

The three strands of action can address vulnerabilities and marginalisation experienced by youth with disabilities.

Reduction of inequalities

Malawi's economy struggles to generate employment opportunities in proportion to the number of young people entering the labour market each year. Many working youth find themselves in low-quality employment situations, often in the informal sector, underemployment or lack adequate qualifications for their current jobs.

According to an application of the Youth-focused Multidimensional Deprivation Index by the OECD, 20% of Malawi's youth experience multiple deprivations in health, education and employment.

The intervention aims to enhance the livelihoods of youth by creating decent job opportunities in both formal and informal markets.

Democracy

The Action will enhance the relationship between Civil Society Organisations, private sector and central and local governments. It will promote dialogue and joint efforts aimed at addressing youth underemployment and unemployment.

The different initiatives under this Action will contribute to social cohesion, creating an environment conducive to a strong democratic process and preventing the spread of violent extremism at the national level, in particular in connection to the approaching of national elections (September 2025).

Conflict sensitivity, peace and resilience

N/A

Disaster Risk Reduction

By investing in green and circular businesses and sustainable value chains the action will take into consideration the high vulnerability of Malawi's economy to extreme climate shocks, such as cyclones, in particular when identifying sustainable value chains and green businesses for investment. The action will also encourage green investment and circular economy related investments, and the introduction of standards related to sustainability. This will contribute to the resilience of people and of enterprises to climate shocks and a more sustainable use of natural resources.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood	Impact	Mitigating measures
External environment	Political disruptions and loss of political commitment fuelled by the 2025 elections, taking away the focus on jobs creation	Low	Medium	Maintain sound political dialogue and engagement with government officials at the highest level
External environment	Political interference affecting the operations of the CSOs and the involvement of the private sector.	Medium	High	Maintain political dialogue to address external influence.
External environment	The challenging macroeconomic situation not only fails to improve, but also continues to deteriorate, further weakening the business environment. This may have severe repercussions, potentially undermining the private sector's capacity to invest in skills development and expand their workforce	Medium	High	Maintain sound political dialogue and engagement with government officials and the private sector at the highest level. Ensure sound monitoring of activities.
Planning, processes and systems	Limited interest from CSOs in those areas targeted by the Action.	Low	High	Draft clear and comprehensive guidelines for the call for proposal. Organise engaging question and answer sessions to address at an early stage CSOs concerns and raise their interest.
Planning, processes and systems	Private Sector, demonstrates little interest to establish partnerships with CSOs and Government	Medium	High	Establish and maintain sound dialogue and engagement with private sectors stakeholders at any level throughout the process.
Planning, processes and systems	Small intake of youth	Low	High	CSOs will be asked to include large scale awareness campaigns as part of their proposals to inform youth about the opportunities offered by the Action.
External environment	Mismatch between TVET curriculum and private sector needs	Medium	High	Greater dialogue and engagement with the private sector and TEVET.
External environment	Risk of climate shocks that would jeopardise EU project investments	Medium	High	Inclusion of crisis modifiers in the selected projects to support response actions

Lessons Learnt:

Past experience also clearly signals the need for greater result-oriented interventions and culture of performance and that programmes work best when they include a focus on improving coordination, collaboration and cooperation amongst stakeholders. Against that background, this action benefits from the highest political interest (private sector, investment, exports, anti-corruption, etc...), as repeatedly highlighted by the Malawi authorities and enshrined in the country's long-term blueprint, "Malawi 2063" launched in 2021, and its first implementation plan, thus mitigating risks of insufficient interest from the government.

In addition, this action will capitalise on the existing support to TEVET and Private Sector development under the Zantchito – Skills for Jobs Programme, and on past interventions such as the Support to Technical Education Programme (STEP). In particular, the Zantchito Programme is supporting the creation of four Centres of Vocational Excellence, in Lilonwe - Agricultural Mechanisation, Mzuzu - Renewable Energy, Blantyre - Tourism, and Salima -Marine transport. These Centres can represent relevant skills development partners during the implementation of this action.

Lessons learnt from interventions in the area of MSME development highlight the importance of envisaging coaching and mentoring as a long-term endeavour and the ability of the programme to adapt assistance to evolving needs of businesses throughout their life-cycle (training, finance, etc.). It has also been found that services must be well-targeted and delivery mechanisms must be timely, as delays can have a critical impact on businesses. In this perspective, linkages with business development services supported under the entrepreneurship component of the Zantchito programme will also be created as part of the synergies that the action will establish with other EU funded actions.

Finally, Team Europe is actively supporting initiatives related to job creation and sustainable growth, including circular economy, agribusiness, value chain development, access to finance, and skills development. The Action will identify synergies with these ongoing efforts, such as prioritising value chains already in focus (which encompass but are not limited to rice, soybean, banana, honey, aquaculture, macadamia, and groundnuts), while also venturing into emerging sectors of the digital, green and circular economy.

3.5 The Intervention Logic

The underlying intervention logic for this action is based on the premise that civil society can play a pivotal role in driving job creation for youth in Malawi. This can be achieved by establishing and strengthening partnerships with the government and private sector, introducing innovative solutions aimed at enhancing job opportunities and private sector dynamism.

Specifically, the following key strategies are proposed:

1. Cash Transfer Scheme: Civil society and the government can collaborate, leveraging insights from international best practices, to develop and pilot a context-appropriate cash transfer scheme tailored to the needs of Malawian youth. This scheme should be effective, innovative and sustainable, with the potential for replication. It shall support enhanced employment and self-employment opportunities.
2. Skills Development Fund: Civil society, in cooperation with the private sector and the Malawian government, can design and establish a sustainable mechanism, such as a skills development fund, addressing two critical aspects:
 - a) Workforce Development, filling the gaps in the formal Technical, Entrepreneurial, and Vocational Education and Training (TEVET) system.
 - b) Technology Integration, supporting the private sector in adopting new technologies in their production methods to enhance efficiency and competitiveness.

Where feasible and relevant, partnerships can be established with the four TEVET Centres of Excellency of TEVETA in Lilongwe – Agricultural Mechanisation, Mzuzu – Renewable Energy, Blantyre – Tourism and Salima –Marine transport, and with the 6 network institutions that work with the Centres of Excellency.

3. **Supporting Small to Medium-Sized Enterprises:** Civil society can provide essential support to the private sector, including cooperatives, in establishing and sustaining small to medium-sized productive businesses, especially those higher up in the value chain in the agri-food sector (in particular rice, soybean, groundnuts, macadamia, aquaculture, banana, mangoes and apiary), and those contributing to digital, green and circular economy. This initiative will contribute to advancements in production methods and the creation of value-added jobs.

If these strategies successfully materialise, the following outcomes can be expected:

1. **Expanded Employment Opportunities:** informal and formal micro-enterprises can be generated, creating employment and self-employment opportunities, particularly for vulnerable youth.
2. **Skills Development:** Short-term skills needs linked to new employment opportunities and the integration of new technologies can be addressed in a timely and effective manner.
3. **Value Chain Enhancement:** Small to medium-sized viable businesses higher up the value chain, especially in the agri-food sector (in particular rice, soybean, groundnuts, macadamia, aquaculture, banana, mangoes and apiary) and in the green and circular economy, will be established and sustained, contributing to advancements in production methods and the creation of higher-value jobs.

If these outcomes are achieved, innovative pathways, as replicable models, for decent job creation in urban and peri-urban areas of Malawi will be established through strengthened partnerships between Civil Society, the Private Sector and Government.

3.6 Logical Framework Matrix

Given the nature of this Action a Logical Framework Matrix is not required at Action level.

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the Government of Malawi.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Budget Support – not applicable

4.4 Implementation Modalities

The Commission will ensure that the EU rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁶.

4.4.1 Direct Management (Grants)

Grants: (direct management)

(a) Purpose of the grant(s) : The grants will contribute to achieve the overall and specific objectives listed in section 3.

(b) Type of applicants targeted

The potential applicants for funding shall be civil society organisations with demonstrated in-depth knowledge and expertise in: 1) Supporting livelihood interventions; 2) supporting the provision of innovative skills development opportunities; and 3) developing partnership with the private sector. With regard to essential characteristics, the applicant shall be a legal person or an entity with legal personality, and established in one of the EU Member States or eligible countries defined by the basic act.

4.5. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6. Indicative Budget

Indicative Budget components⁷	EU contribution (in EUR)
<i>SO1 Expand and diversify employment and self-employment prospects for unemployed or underemployed youth</i>	7 700 000
<i>SO2 Enhance flexible, industry-driven skills training and workforce development</i>	
<i>SO3 Support advancement in production methods and establishment of new businesses higher up the value chain</i>	
Grants (Direct management) – cf. section 4.4.1	7 700 000
Evaluation – cf. section 5.2	300 000
Audit – cf. section 5.3	
Total	8 000 000

⁶ www.sanctionsmap.eu.

4.7 Organisational Set-up and Responsibilities

Responsibility for the implementation, coordination, monitoring and evaluation of the remaining activities will be vested in a Programme Steering Committee (PSC), meeting at least twice a year, and consisting of, as a minimum:

- Implementing CSO partners.
- A representative of each of the government counterparts associated to the project;
- Relevant representatives from the private sector;
- Representative of maximum 3 relevant youth associations active in Malawi.

Consideration for equal gender representation within the PSC to be made at its creation stage.

Responsibility for the provision of secretariat support to the steering committee will be assigned to one of the grantee organisations implementing the Action during the first meeting of the PSC.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.2 Evaluation

Having regard to the importance of the action, an ex-post evaluation may be carried out for this action and its components via independent consultants contracted by the Commission.

The implementation of a rigorous evaluation will assess the short and mid-term impact of the Action's three components, not only on the directly targeted individuals or entities, but also on the broader community and economy. This broader perspective will help determine the action's overall effectiveness and its indirect consequences.

The Evaluation will also analyse the economic changes that have occurred in the targeted communities because of the action. This includes assessing the impact on local businesses, employment, income levels, and overall economic development.

Finally, the social and environmental effects of the action will be evaluated to consider how it has affected the quality of life, social cohesion and environmental sustainability in the targeted communities.

The evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the innovative nature of the activities implemented.

The Commission shall inform the implementing partner at least 30 days in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this Action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The EU Delegation's Strategic Communication Plan focuses on the policy dialogue priorities which include climate change mitigation and adaptation, the jobs and growth agenda and economic governance.

Target audiences include in particular the youth, senior level government and academia, while not excluding the general population,

The corresponding strategic communication contract is subject of an international tender process and is financed from another measure constituting a Financing Decision.

7 Appendix 1 REPORTING IN OPSYS

A Primary Intervention (project/programme) is a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;

Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);

Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the action document.

The intervention level for the present action identifies as:

Action level (i.e. Budget Support, blending)		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action
Group of actions level (i.e. top-up cases, different phases of a single programme)		
<input type="checkbox"/>	Group of actions	NA
Contract level		
<input type="checkbox"/>	Single Contract 1	NA
Group of contracts level (i.e. series of programme estimates, cases in which an Action includes for example four contracts and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other)		
<input type="checkbox"/>	Group of contracts 1	NA