



Empowered lives
Resilient nations

CORPORATE PROMOTIONS 2014 LTD +965 1 770 200 / 211



BMS | **BUY**
MALAWI
STRATEGY

BMS | **BUY**
BMS | **MALAWI**
BMS | **STRATEGY**



“Buy Malawian Build Malawi”



MINISTRY OF INDUSTRY AND TRADE



BMS | **BUY**
BMS | **MALAWI**
BMS | **STRATEGY**

TABLE OF CONTENTS

ACRONYMS	3
FOREWORD	4
REMARKS BY MINISTER	7
ACKNOWLEDGEMENTS	9
EXECUTIVE SUMMARY	10
<hr/>	
CHAPTER 1: INTRODUCTION	12
<hr/>	
1.1 Background	13
1.2 Rationale for the BMS	14
1.3 Strategy formulation process- methodology	15
1.4 Organisation of the strategy document	15
<hr/>	
CHAPTER 2: CONTEXT ANALYSIS	16
<hr/>	
2.1 Population and demographic profile	17
2.2 Over view of the Malawian economy	17
2.3 Trends in trade deficit, imports	18
2.4 Sector performance- growth and contribution to GDP	20
2.5 Social and economic challenges	22
2.6 Business environment	22
2.7 Programmes in place and successes	25
2.8 Key issues impacting on BMS design - opportunities and challenges	33
2.9 Implications for the revised BMS	34

TABLE OF CONTENTS

CHAPTER 3: THE STRATEGY	35
3.1 Vision, goals and focus of the BMS	36
3.2 Result Area 1: Strengthen the procurement environment	37
3.3 Result Area 2: Effective robust communication and marketing plan	39
3.4 Result Area 3: Exemplary leadership and effective implementation management	41
3.5 Improved business environment and competitiveness of domestic producers	43
3.6 Sectors/products selection	47
3.7 Participating businesses	47
CHAPTER 4 : IMPLEMENTATION PLAN	63
4.1 Critical success factors	64
4.2 Options for managing implementation	64
4.3 Establish a BMS Secretariat based at a high profile office, VP's	65
4.4 Monitoring, evaluation, feedback and reporting	66
4.5 Sustainability – resources, gains, exit	66
4.6 Sustainability	66

ACRONYMS

AfDB	African Development Bank
BMC	Buy Malawi Campaign
CAMA	Consumers Association of Malawi
CMST	Central Medicals Stores Trust
ERP	Economic Recovery Plan
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation)
IBAM	Indigenous Business Association of Malawi
ICT	Information and Communications Technology
M&E	Monitoring and Evaluation
MBLP	Malawi Business Linkages Programme
MBS	Malawi Bureau of Standards
MCCCI	Malawi Confederation of Chambers of Commerce and Industry
MICF	Malawi Innovation Challenge Fund
MGDS	Malawi Growth and Development Strategy
MITC	Malawi Investment and Trade Centre
MOA	Ministry of Agriculture
MoFEP&D	Ministry of Finance, Economic Planning and Development
MoIT	Ministry of Industry and Trade
MOU	Memorandum of Understanding
MRA	Malawi Revenue Authority
MSME	Micro, Small and Medium Enterprises
NES	National Export Strategy
NGOs	Non-Governmental Organisations
ODPP	Office of the Director of Public Procurement
OPC	Office of the President and Cabinet
OVOP	One Village One Product
PE	Procuring Entity
PS	Principal Secretary
RBM	Reserve Bank of Malawi
SADC	Southern African Development Community
SMEDI	Small and Medium Enterprises Development Institute
SWAp	Sector Wide Approach
SWOT	Strengths, Weaknesses, Opportunities and Threats
TIP SWAp	Trade, Industry and Private Sector Development Sector Wide Approach
TWG	Technical Working Group
UNDP	United Nations Development Programme
WB	World Bank
WBG	World Bank Group





FOREWORD

and services. To that effect Government through the Ministry of Industry and Trade has come up with an ambitious Buy Malawi Strategy. This strategy builds on gains made in the previous Buy Malawi Campaign and comes at a time when there is stiff competition from imported goods and services, a situation that demands re-engineering and re-defining Malawi destiny.

The spirit behind the Buy Malawi Strategy is to encourage consumption of locally produced goods and services through deliberate interventions. Consequently, it is expected that such conduct will substantially enhance competitiveness of local firms, stimulate local production, job and wealth creation and promote industrialization, a key priority of in the Malawi Growth and Development Strategy (MGDS II). This is also in tandem with commitments of world leaders to promote an equitable global economic system in which no country or person would be left behind. The Buy Malawi Strategy will create necessary conditions for sustained, inclusive and sustainable economic growth, shared prosperity and decent work for all. Inclusive growth is an underlining factor in the context of Buy Malawi Strategy.

Our vision in coming up with the Buy Malawi Strategy is to stimulate local production and growth by mobilizing all the players to embrace locally produced goods and services and building the competitiveness of enterprises. This is in line with our current vision which is to transform lives of the people who work for this economy through their industriousness by guaranteeing markets for their outputs. This is evidenced among other things by our initiatives to open up community colleges in each district and

While Malawi has made important strides in its economic development agenda, it has suffered some economic setbacks that are characteristic of a country with a weak productive base. The intermittent weakening of the local currency, huge trade imbalance, speaks of an economy that has a huge appetite for imported goods and services, some of which are efficiently produced locally. The consequences of ignoring consumption and patronizing of locally produced goods and services have been well documented and are there for all to see; lost jobs, unstable exchange rate, stagnating industrial development, imported inflation, worsening trade balances with trading partners and many more. This trajectory is undesirable, unsustainable and catastrophic for our country hence need for a change in the way we support our home grown industries. .

It is against this background that my Government resuscitated our ambition to promote consumption of locally-made goods



unprecedented investment facilitation initiatives being undertaken by the Government. This is the surest way towards sustainable inclusive economic growth, job creation, and empowerment of the local industries, generation of competitive products and services, and harnessing of local resources.

When consumers buy locally produced products and support local service providers, the local economy is stimulated and sustainable job opportunities are created. By supporting local producers and manufacturers by buying goods made in Malawi each and every citizen would contribute towards creating a bigger demand for home grown products and services. Furthermore, there is a direct link between a favourable balance of trade and consequent impact on the nation's economy. Buying locally made goods will improve our balance of trade, boost entrepreneurial aptitude, provide a viable platform for Malawians to express, showcase and earn value for their creativity and innovativeness. Furthermore, the programme would also enhance the market linkages programme where permanent structures would be developed to encourage and promote communication between the producers and suppliers on the required specifications of the products and services to be traded.

It is expected, therefore, that the Government's purchasing power including that of other big organisations will be used to stimulate local production and consumption by largely procuring from locally based manufacturers and service providers. To ensure that this purchasing power is leveraged, the Government will introduce preference margins to give local manufacturers and service providers a competitive advantage when bidding for Government jobs. Government will support local producers and manufacturers to develop goods and services that comply with local and international standards; and to develop an entrepreneurship culture for business growth and enhanced citizen participation in the economy.

May I, therefore, call upon the private sector and all the citizens of this country to rally behind this Strategy by procuring and consuming goods and services produced in Malawi and be part of the unique story of economic transformation of our beloved country. We should be mindful that if we Malawians do not buy our locally produced goods and services the result would be stunted industrial development and the private sector will struggle

Government will support local producers and manufacturers to develop goods and services that comply with local and international standards; and to develop an entrepreneurship culture for business growth and enhanced citizen participation in the economy.



to grow at the pace that is necessary to raise sufficient fiscal revenue, generate enough urban and rural jobs and thereby improve the incomes of Malawians.

Furthermore, to enhance effective participation of nationals in the economy, more especially in large and mega government projects, Government will continue to find better ways to uphold the reservation and preference schemes for citizens.

My Government will accelerate public sector reforms in general and business reforms in particular to create a more robust conducive business environment so that the public sector delivers its services to the private sector more effectively and efficiently. This will ensure that producers and suppliers of goods and services in Malawi are promoted and encouraged to be efficient and effective in their operations as well.

The strategy will only bear meaningful fruits if it is streamlined with other existing policies. The implementation of this strategy will therefore be aligned with implementation of the Sustainable Development Goals (SDGs), the MGDS II, the National Export Strategy and the National Industrial Development Strategy. This will, in effect, demand active involvement of a wide range of stakeholders such as Office of the Director of Public Procurement (ODPP), the Malawi Bureau of Standards (MBS) Competition and Fair Trading Commission (CFTC) and government ministries. In addition, effective participation by the private sector, civil society, academia, towards implementation of the BMS will certainly ensure that it delivers its intended objectives.

On its part, my Government will accelerate public sector reforms in general and business reforms in particular to create a more robust conducive business environment so that the public sector delivers its services to the private sector more effectively and efficiently. This will ensure that producers and suppliers of goods and services in Malawi are promoted and encouraged to be efficient and effective in their operations as well.

It is my sincere hope that the cooperation shown during the development of the Strategy from all sectors of the economy will continue during the implementation phase of the Strategy. *May God bless Malawi and its people.*



Professor Arthur Peter Mutharika
President of the Republic of Malawi



REMARKS BY THE MINISTER OF INDUSTRY AND TRADE



The Buy Malawi Strategy (BMS) is a revised edition of the Buy Malawi Campaign (BMC) developed in November 2009, following a Presidential directive for formal launch of a programme to drive consumption of locally produced goods and services.

The Buy Malawi Strategy complements the Ministry's mission to promote, support and facilitate trade and private sector investment in prioritized potential growth sectors thereby increasing competitive supply of value added goods and services for domestic and international markets. Therefore, the ultimate goal of the Buy Malawi Strategy is to create and sustain local production and consumption of locally produced quality goods and services. The BMC identified agriculture, education and health sectors as priority sectors due to their highest consumption propensity.

During the period 2009 to 2014, the former Buy Malawi Campaign did not manage to achieve its intended objective due to limited support from key stakeholders, changes in policies; lack of consistency in implementation; limited authority of the implementing institutions; and to some extent lack of capacity by the private sector. Nonetheless, BMC succeeded in concluding a Memorandum of Understanding (MOU) between government and the Pharmaceutical Industry on advancing the intentions of the campaign.

- In order to reverse the above shortfalls faced by the BMC, the Buy Malawi Strategy will, therefore, endeavor to strategically address the fundamental challenges that the Buy Malawi Campaign was confronted with. Some of the key strategic result



areas identified by the Buy Malawi Strategy include: Improvements to national procurement systems leading to tendering procedures more accessible and affordable to local suppliers;

- Deployment of an effective BMS marketing and branding plan that assists in overcoming the negative mind-set and bias towards Malawian products;
- Leadership in implementation.. This will be spearhead by a credible public-private sector dialogue platform mandated to monitor and ensure successful undertakings; and
- Improved business environment and competitiveness of domestic producers by means of reforming relevant regulatory and policy frameworks.

The economic and social benefits of a successful BMS are enormous. The BMS has huge potential to create and sustain quality jobs; to generate higher national revenues and GDP growth; to spur growth in prioritized economic sectors.

There will be job creation and increased household incomes from employment and sales; higher national revenues and GDP growth from tax collections and growth in prioritized sectors and more government spending on public services. Ultimately, the BMS will significantly contribute to reduction of poverty and positive transformation of people's lives.

The preparatory phase of the BMS has been extremely consultative and the engagement with Government Ministries, parastatal organizations, the private sector, non-governmental organizations and the general public has been intense.

The Strategy is presented in five chapters contained in three parts. Part 1 covers an introduction and a context analysis. The chapter provides a background to the strategy development process and also a detailed situation analysis and the current operating environment. Part 2 elaborates on the vision and objectives of the strategy. It also includes proposals for prioritization of sectors and selection of firms that should champion the campaign. The chapter also provides strategic approaches to address key challenges identified in the context analysis. It concludes with a brief section on best practices in import substitution. The last part includes the focus and core of the strategy and its implementation framework. Chapter 4 specifies the actual strategic initiatives recommended and resource requirements and prioritization while chapter 5 focuses on how the BMC is executed for efficiency.

I wish to thank, in a special way, the United Nations Development Programme (UNDP) for providing financial and technical assistance which has enabled the successful completion of this strategy. I also wish to thank all those who contributed to the preparation of this policy document. Preparation of the document was the first part, and probably the easiest part, implementation however remains the crucial part of this Strategy and should be a joint effort

The Ministry of Industry and Trade is kindly requesting all stakeholders to constructively continue supporting the Buy Malawi Strategy as a contribution towards the economic transformation of Malawi.



Joseph M. Mwanamvekha, MP
MINISTER OF INDUSTRY
AND TRADE



ACKNOWLEDGEMENTS

Sincere appreciation is to be particularly extended to His Excellency the State President Professor Arthur Peter Muntharika, for his visionary leadership towards transforming the country to be an export led economy. The Minister of Industry and Trade, Hon. Joseph Mwanamvekha for the policy direction towards the development of the strategy. Principal Secretary of the Ministry of Industry and Trade, Mr. Cliff Chiunda, for the strategic guidance provided to the consultant during the review process of the Buy Malawi Strategy. Without such leadership this document could not have been shaped in a sound manner.

Also, all the Departments in the Ministry of Industry and Trade in particular the Department of Trade, are to be acknowledged for their invaluable contribution in developing the strategy. Furthermore, all the ministries, departments, and agencies (MDAs) that contributed to the strategy are praised for their support. Finally, we wish to thank the United Nations Development Programme (UNDP) for their technical and financial assistance to the design and development of the strategy.



EXECUTIVE SUMMARY

The Buy Malawi Campaign Strategy is a revised edition of what was developed in November 2009 following a Presidential directive for the formal launch of a programme aimed at driving consumption of locally produced goods. The essence of the Buy Malawi Campaign (BMC) is to encourage consumption of locally produced goods and services. A fundamental underlying assumption is that such goods and services shall be found in Malawi with a sufficient appeal to potential buyers. Therefore, the BMC is inherently expected to enhance competitiveness of local firms; to stimulate local production; and to promote industrialization, a key priority of the Malawi Growth and Development Strategy (MGDS) II. Three key sectors, including agriculture, education and health, were identified as having the highest propensity for consumption and were therefore selected as preliminary areas of focus.

During the period 2009 to 2014, the Buy Malawi Campaign succeeded in signing a Memorandum of Understanding between the Government of Malawi and the Pharmaceuticals Industry. However, no other noticeable progress was attained. This was due to recurring changes in policies; lack of consistency in implementation of Government programmes; limited authority of the implementing group; narrow ability of the private sector to follow suit the BMC promise; and lack of overall goodwill.

Malawi is confronted with social and economic challenges that make the promotion of locally produced goods rather challenging. Since the launch of the BMC, the import bills have increased significantly causing the trade deficit to widen further and foreign reserves to decline to critical levels that curtail procurement of vital imports such as drugs, fuel and raw materials required for manufacturing. Poverty levels have peaked at over 52% and the need for inclusive growth is an imperative. The business environment has been underperforming compared to other countries in the region as indicated by both the Ease of Doing Business report of the World Bank and the Global Competitiveness report of the World Economic Forum. A relatively unfavorable investment climate has not stimulated FDI or even domestic investment due to sluggish growth in most sectors of the economy. Agriculture remains the pillar of the economy in terms of contribution to GDP, employment and exports. Forestry, ICT, retail and wholesale, transport and warehousing are amongst other significant sectors registering steady growth. Hence, the key hindrances likely to affect the success of the BMC include: quality of the business environment; competitiveness of local producers; capacity and effectiveness of the support services network; procurement systems and leadership. Such key issues have provided the basis for reflection and the foundation for the revised BMC strategy.

This was blamed on changes in policies; lack of consistency in implementation of government programmes; limited authority of the implementing group; lack of capacity by the private sector to follow through with the BMC promise; and lack of goodwill.





The key strategic proposals that are being recommended include the following areas:

i) Improvements to procurement settings for suppliers in national tenders

- Make tendering procedures accessible and affordable to local suppliers;
- Generate local economic empowerment through procurement;
- Sustain capacity of local suppliers through financial intermediation;
- Make ODPP an independent institution with expanded authority to regulate more effectively procurement activities undertaken by government agencies;

ii) Use an effective and robust communication/marketing plan for BMS

- Project a positive national image for the country;
- Roll out an aggressive media content;
- Build sustainability within the campaign;
- Address the negative mind-set and stigma about Malawian products.

iii) Leadership in implementation

- Control conspicuous spending that portrays an unpersuasive image regarding imports, trade deficits and foreign reserves;
- Establish a dedicated and credible public-private sector dialogue platform to constantly deliberate, monitor and ensure successful implementation;
- Rapid improvement in productivity;
- Drastic measures to change work ethics;

iv) Improved Business Environment and Competitiveness of domestic producers;

- Finalize outstanding policy documents and expedite reforms in progress;
- Increase availability of land for irrigation and manufacturing facilities;
- Strengthen the institutional support service framework;
- Fast track development of entrepreneurship development;

The strategy recommends the Campaign be managed by a dedicated and specialized secretariat that can be established with technical support by development partners, but shall gradually build its own sustainability through the application of a levy and through sales of BMS promotional materials.

CHAPTER 1: INTRODUCTION

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND

This strategy follows the review of the Buy Malawi Campaign formulated in 2009. The campaign identified the health sector, agriculture and education as ideal sectors to trial the campaign. Subsequently in 2003, a Memorandum of Understanding was signed between the Central Medical Stores and the Pharmaceuticals industry. There was limited or no progress with regards to other sectors, however remarkable changes were registered in procurement awards which resulted in an increased local preference from 10 – 20% with a simplification of the tendering conditions.

Lack of consistency in policy implementation, poor quality of locally produced products and general limited production capacity of local firms, together with mind-sets that are focused on imports, were some of the challenges that hindered advancement of the campaign. The main lessons learnt from the very first BMC attempt include as follows:

Lessons learnt from the implementation of the Campaign

1. Implementing the BMC was possible where enterprises have capacity. The relative success achieved in the pharmaceutical industry is due to the fact that the few businesses in the pharmaceutical sector are quite well developed and have sufficient financial capacity to follow suit the promise of the government as far as the BMC is concerned. Through lobbying and clearly articulating the industry issues, the pharmaceutical industry managed to sign an MOU with the CMST and to ultimately add additional drugs on to their list. The industry was also able to comply with the required conditions in virtue of their financial capacity. Smaller businesses would certainly have found it quite difficult. Without political clout/patronage, the MSMEs in other sectors are unlikely to succeed.
2. Goodwill and the right attitude are key attributes that, if embraced by relevant government institutions, can make the campaign quite successful. ODPP demonstrated, through prompt dispatch of circulars to the procuring entities and timely followed up, that the requisite changes were effected in order to support local producers. Similarly, with the leadership and championing of the Minister initially chairing the Task Force, some remarkable progress was made. The pharmaceutical industry and CMST have also shown tremendous goodwill by remaining committed to make the pharmaceuticals MOU work. Had other institutions e.g. the Ministry of Industry and Trade (MoIT), the Ministry of Agriculture (MoA) and Ministry of Education (MoE) been equally enthusiastic, it would have been possible to achieve some progress also within the other sectors..
3. Legal backing is necessary. Though ODPP issued circulars and required PEs to i) file returns regularly with disclosure of local procurements and ii) seek authorization of ODPP before importing any product that would be locally available, there was no legal basis to enforce compliance. PEs could rely on support from elsewhere and carry on “business as usual”.



4. It is easier to enforce the BMC where procurement systems are centralized. For instance, CMST is the sole purchasing agent for government drugs. This therefore entailed that the pharmaceutical manufacturers dealt with one buying entity only. The circumstances are quite different for other products which are primarily bought by several and scattered agencies, possibly with the exception of fertilizers.
5. A structured private sector is key to success. Well organised businesses are able to collectively articulate their issues and present them in a convincing manner. This certainly enhances the chances to get the sectors more organised.

1.2 Rationale for the BMS

The essence of the Buy Malawi Strategy (BMS) is to encourage consumption of locally produced goods and services. A fundamental underlying assumption is that such goods and services shall be found in Malawi and with sufficient appeal to potential buyers. Therefore, the BMC is inherently expected to enhance competitiveness of local firms; to stimulate local production; and to promote industrialization, a key priority of the Malawi Growth and Development Strategy (MGDS) II.

A successfully implemented BMS shall yield enormous economic and social gains. These include job creation and increased household incomes generated from employment and sales; higher national revenues and GDP growth produced by tax collections and growth in prioritized sectors; more government spending on public services and ultimately improved chances of achieving the country's long term goals of wealth creation and better lives for all. In the long run, the BMC will contribute to a reduction in the levels of poverty and transformation of people's lives. Also, a more compelling image of Malawi will emerge and shall be able to ably compete with other rapidly growing economies.

In the short to medium term, the BMS is a valuable means to reduce the import bill and to assist in narrowing Malawi's wide trade deficit. The savings in foreign currency can then be directed towards the procurement of more productive inputs, such as equipment and machinery, and towards vital raw materials. The subsequent investments in productive capacity and the overall competitiveness of end products will provide a solid basis for export development. In such a way that import substitution and export promotion will not be antagonistic; rather, the former shall occur before exporting. Hence, import substitution policies will create the capacity to export. This same approach was detected in countries such as Brazil, Chile, China, Korea and Turkey. Effectively all of Korea's heavy industries and textiles were a result of import substitution measures. China's leading firms also built their capabilities through import substitution at first, and only subsequently they ventured into export markets. The combination of import substitution and export-led growth represented

Alice H. Amsden: From Heaven to Hell: A Tale of Two Empires in the Developing World:
Chapter 6 ;Divine Discipline



a phenomenal change in the context of economic development. Intensified investments in prioritized sectors created, to a large extent, import substitution effects and laid necessary foundations for industrialization in the long run .

1.3 Strategy formulation process- methodology

The processes of reviewing the 2009 BMC was quite consultative and included intense interaction with relevant stakeholders operating in the public and private sectors, under the leadership of the Ministry of Industry and Trade. The review process also included the effective involvement and participation of rural enterprises.

Collection of information, to allow sound conclusions to the review of the BMC strategy 2009 and to the development of a new strategy, was done through documentation review, interviews and the administration of an ad-hoc questionnaire. Consultations were held with key government departments, development partners, leading private sector companies, private sector associations, selected individual producers and ordinary consumers. Some input was obtained by observing consumer behaviour in supermarkets and other commercial environments .

1.4 Organisation of the strategy document

The strategy document is presented in five (5) chapters encompassing three (3) parts. Chapters 1 and 2 include an introduction and an analysis of the context. These provide an important background to the strategy development process and also a detailed situation analysis and the prevailing environment at the time of formulating the campaign. The second part of the document includes a chapter that elaborates on the vision of the ambitions of the country and shapes the vision and objectives of the strategy. It also includes key proposals for the prioritization of sectors and selection of firms that are apt for championing the campaign. The chapter also presents strategic responses to key issues and challenges identified in the analysis of the context. It closes with a brief section on best practices in import substitution. The third and last part includes chapters 4 and 5. These focus on the core of the strategy and recommended implementation arrangements. Chapter 4 details the recommended strategic initiatives and prioritized activities and the resources required whilst chapter 5 focuses on how to ensure that the BMS is properly executed in an effective manner.



CHAPTER 2: CONTEXT ANALYSIS

CHAPTER 2: CONTEXT ANALYSIS

2.1 POPULATION AND DEMOGRAPHIC PROFILE

Malawi has a population of 17 million people of which over 67% are 25 years old and below. The country has a high population growth rate of 3.3%. Close to 85% of the population lives in the rural areas. In 2012, UNICEF reported that for the period 2007-2011, poverty prevalence (the proportion of people living on less than US\$1.25 per day) was 61.6%. Unemployment is fairly low and is registered at 6.6% in 2014 (National Statistics Office). The minimum wage is of MK 551, about US\$ 1 per day or US\$30 per month.

2.2 Overview of the Malawian economy

Malawi's economy is largely agricultural based with tobacco being the main product in terms of contribution to GDP and export. Manufacturing accounted for 11% of GDP in 2014. Other significant economic indicators are summarised in the table below.

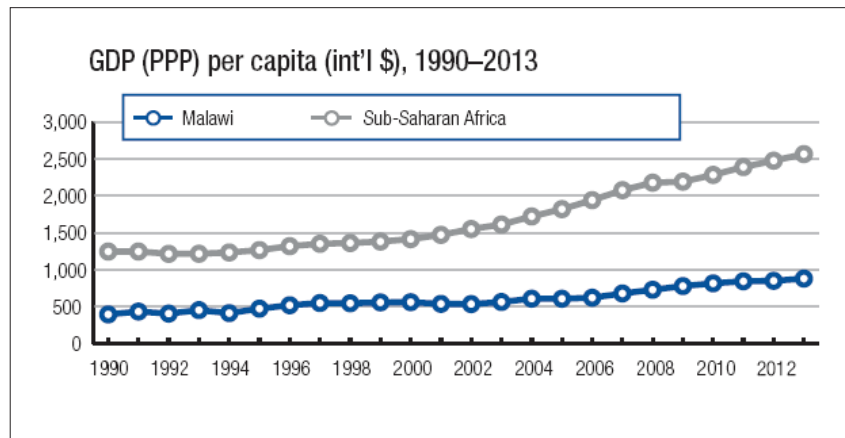
Table 2.1: Selected economic indicators

Year	GDP Growth rate	Interest rate	Inflation	FDI (US\$ Million)
2010	8.3		8	49
2011	6.9			97
2012	2.9	16	10	1128
2013	1.9	21		(53)
2014	5.4	25	25	623

Sources: Transparency International; World Bank Doing Business Reports; World Economic Forum Global Competitiveness Reports

In terms of GDP per capita growth, Malawi's growth has been much lower than the rest of Africa, registered to be under US\$1,000. This confirms the country to be one of the least developed in the world. Figure 2.1 shows that, though relatively lower, the country kept pace with the rest of Sub-Saharan Africa until the year 2000 where other countries accelerated their growth.

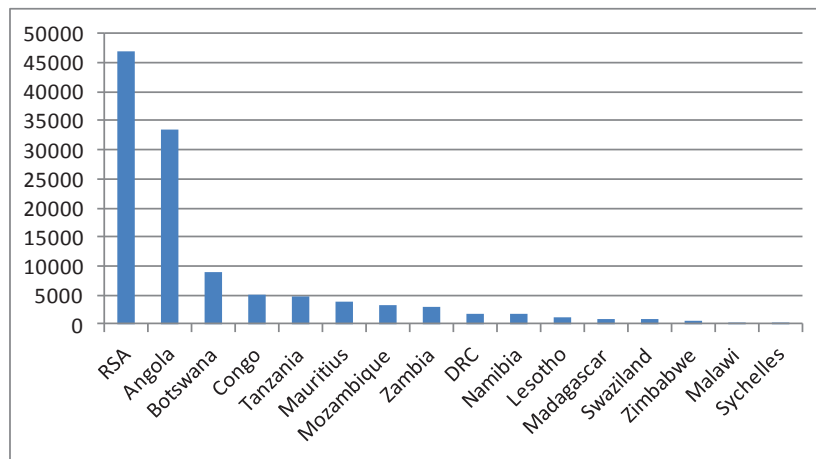
Figure 2.1: Malawi's GDP growth per capita relative to Sub-Saharan Africa



Source: World Economic Forum, Global Competitiveness Report, 2014/2015

There was an expectation that promoting consumption of Malawian products would have resulted in increased foreign reserves. Regrettably, the situation has not changed much as indicated in the figure below. Malawi has the lowest reserves among SADC countries.

Figure 2.2: SADC Countries foreign reserves as at Dec 2014

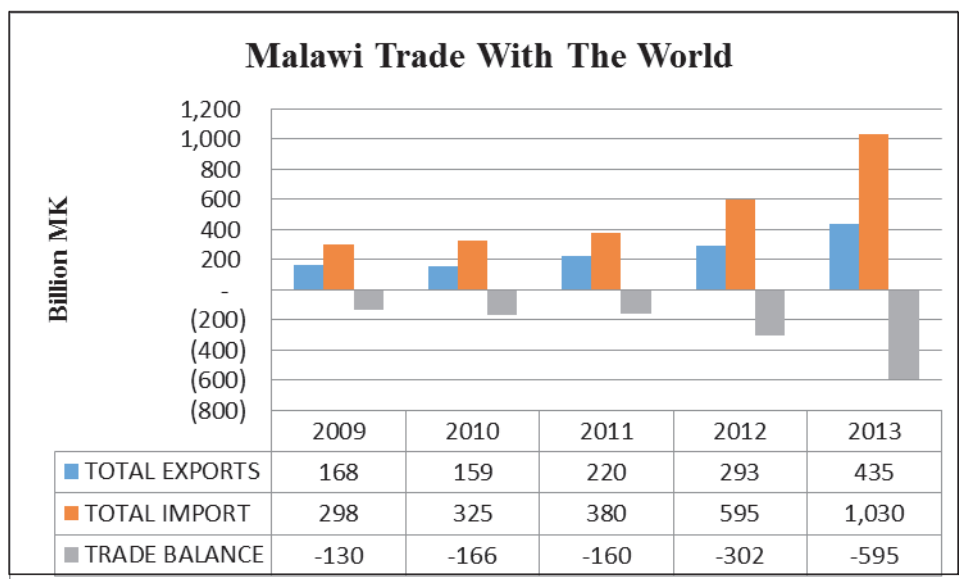


Source: [https://en.wikipedia.org/wiki/List_of_countries_by_foreign-exchange_reserves_\(excluding_gold\)](https://en.wikipedia.org/wiki/List_of_countries_by_foreign-exchange_reserves_(excluding_gold))

2.3 Trends in trade deficit, imports and export

Malawi's trade patterns reveal a widening gap in the trade deficit and limited diversification. Over the period 2009-2013, exports and imports increased by 159% and 245% respectively at current prices.

Figure 2.3: Malawi's trade with the World 2009-2013



Source: ITC/Comtrade statistics & National Statistics Office.

The type of products for both exports and imports has remained quite unvaried. Agricultural goods (e.g. coffee, tea & spices; oil seeds; sugar; and tobacco) constitute the bulk of exports whilst fuels; vehicles & machinery; fertilizers; and medical supplies are the leading imports.

Figure 2.4: Imports by sectors

Imports by sectors

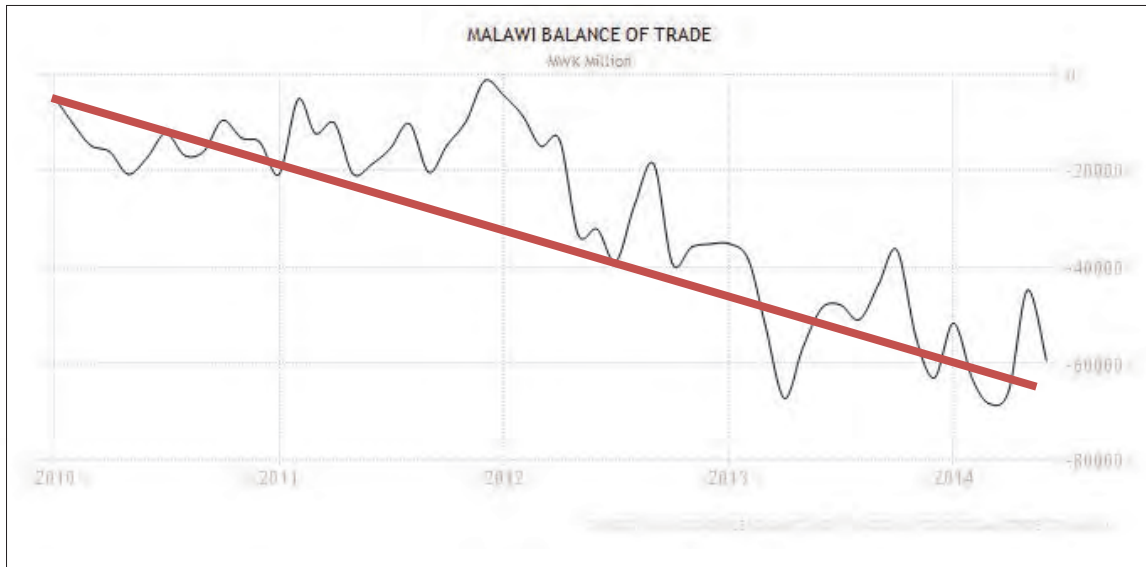
US \$ '000

Product label	Malawi's imports from world		
	Value in 2012	Value in 2013	Value in 2014
All products	2330368	2844626	2798620
Mineral fuels, oils, distillation products, etc	330756	411616	378914
Pharmaceutical products	206230	218236	247043
Articles of iron or steel	43286	81400	139645
Plastics and articles thereof	100666	113242	116644
Printed books, newspapers, pictures etc	43109	81940	91099
Other made textile articles, sets, worn clothing etc	46291	57323	68018
Fish, crustaceans, molluscs, aquatic invertebrates nes	754	1610	30965
Furniture, lighting, signs, prefabricated buildings	23223	15948	27836
Animal,vegetable fats and oils, cleavage products, etc	27282	30924	27775
Essential oils, perfumes, cosmetics, toileteries	22872	20802	24948
Dairy products, eggs, honey, edible animal product nes	8779	13600	10996
Milling products, malt, starches, inulin, wheat gluten	5111	6645	10384
Cereal, flour, starch, milk preparations and products	4629	5571	8971
Other products	1467380	1785772	1615383

Source: ITC/Comtrade statistics

Imports have been growing much more rapidly than exports with resultant substantial widening of trade deficit as shown in **Figure 2.5**.

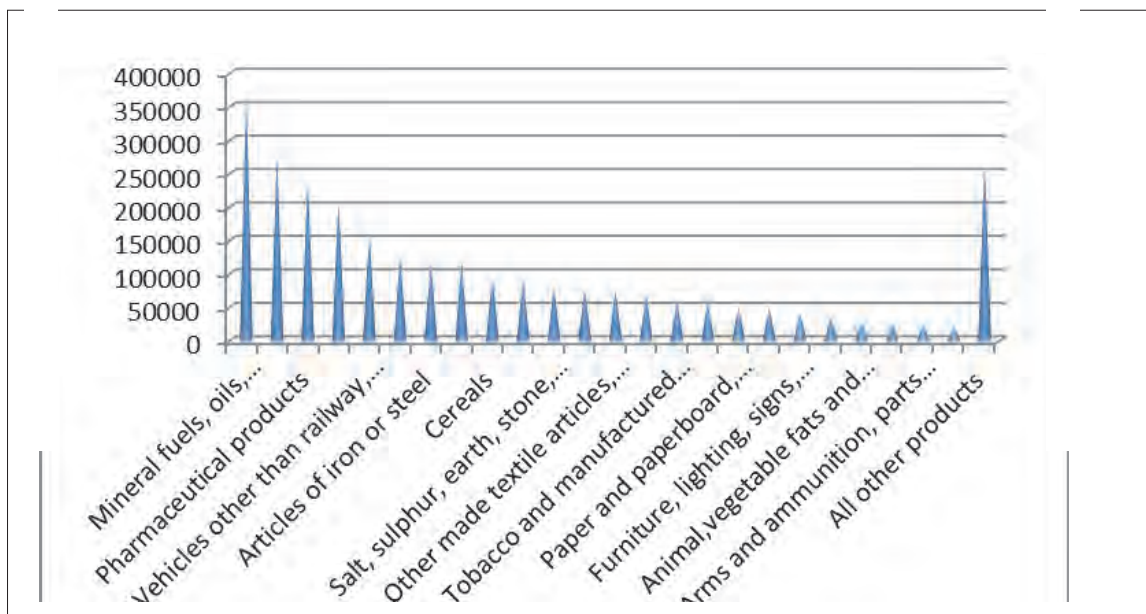
Figure 2.5: Balance of trade trend 2010-2014



Source: National Statistics Office

As the trade deficit continues to increase, some of the products that are imported are either readily available in the country or there is potential to produce in-country that will result in significant savings on the import bill. These products include furniture, soaps, clothing, cereals and pharmaceuticals.

Figure 2.6: Percentage growth in imports 2010-2014. Selected products

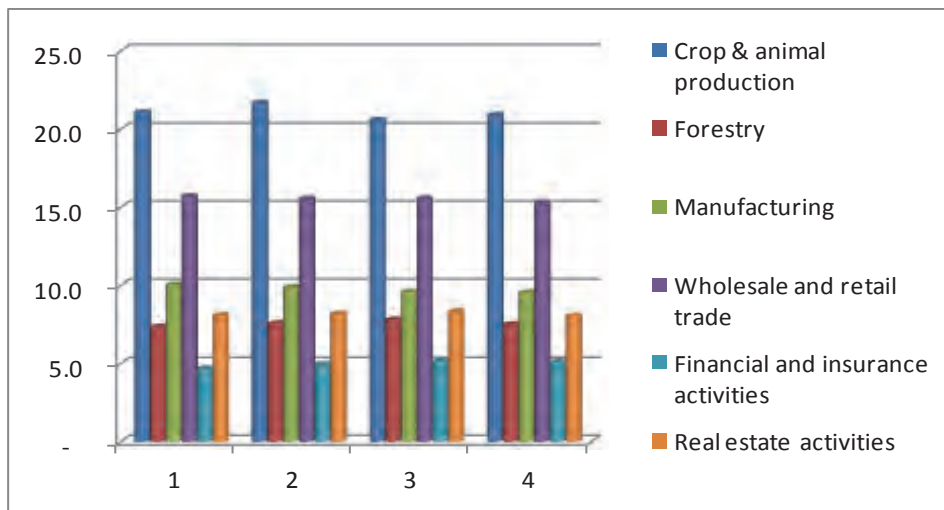


Source: ITC/Comtrade statistics & National Statistics Office

2.4 Sector performance - growth and contribution to GDP

Agriculture, timber, manufacturing, real estate and commerce (wholesale and retail) lead in contribution to GDP with a combined contribution to GDP declined of 62% in 2010. This declined to 37% in 2013.

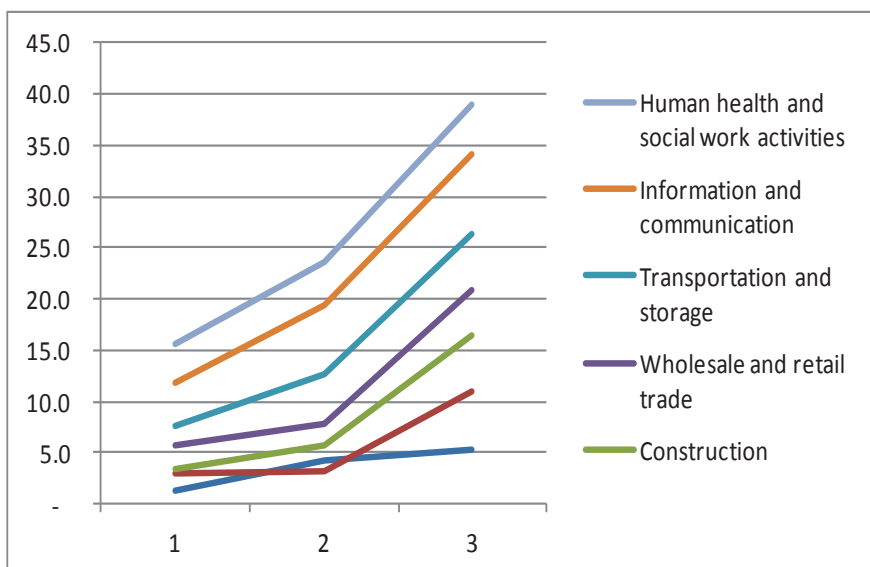
Figure 2.7: Contribution to GDP by selected sectors, 2013



Source: Reserve Bank of Malawi

The decline was caused by surge in the growth of other sectors especially those related to infrastructure. Agriculture, mining and ICT recorded the highest growth in contribution at 7.6% each followed by manufacturing (5.7%), transport & warehousing, professional services (5.6% each) and construction at 5.5%. Other sectors with significant growth include education, financial services and health related work, all with growth of over 5% in 2014.

Figure 2.8: Fast growing sectors



Health and construction were among the sectors identified for the BMC in 2009. They continue to show great potential. The emergence of wholesale and retail is interesting as it largely reflects the activities of larger shops supplying consumer goods (foods and fresh produce- e.g. horticultural goods), building materials and school/office supplies

Source: Malawi Reserve Bank

Those sectors with high contribution to GDP and those with fastest growth provide ideal choices for consideration in the Buy Malawi Campaign.

2.5 Social and economic challenges

The main social and economic challenges in Malawi pertain to limited national revenues to provide and sustain the required social services that are required and to develop the country's infrastructure. Being a predominantly agricultural economy, these challenges are compounded by weak farming methods; low disposable incomes; declining tobacco revenues; scarcity of foreign exchange; and power disruptions. Agricultural development is compromised by small landholdings which are scarcely able to provide subsistence food needs, low crop yields due to land degradation, declining soil fertility, lack of irrigation and lack of diversification in farming systems. Floods and drought have resulted in severe famine that adds to such distresses.

The country has also experienced high levels of currency volatility and low levels of foreign exchange reserves that affect crucial imports such as fuel and raw materials. Also, intermittent power supply triggers a disruptive pattern for manufacturing and other important operations. In spite of numerous political statements and policy documents, gender and youth matters remain lowly addressed. Gender inequality is particularly worrisome with the country ranked 129 out of 149 countries in 2013. This could imply tremendous loss of human development potential. The UN Human Development Index for 2013 placed Malawi at 174 out of 176 countries. The ranking considers indicators such as quality of life, access to knowledge and standard of living. This further emphasizes inclusive growth as a critical factor for the Buy Malawi Campaign.

2.6 Business environment

Indicators that measure business environment and investment climate paint a poor image for Malawi. **Table 2.2** below is a summary of three such indicators.

Table 2.2: Indicators for competitiveness in Malawi

Indicator/year	2010/11	2011/12	2012/13	2013/14
Ease of Doing Business	141	145	157	171
Global Competitiveness	117	129	136	132
Corruption Perception Index		30%	37%	37%

Malawi's overall global competitiveness is quite low standing at 136 out of 144 countries. The critical constraints being identified have potential to impact negatively on the Buy Malawi Campaign.

Table 2.3: Global Competitiveness Index

	Rank (out of 144)	Score (1-7)
GCI 2014–2015	132	3.2
GCI 2013–2014 (out of 148).....	136.....	3.8
GCI 2012–2013 (out of 144).....	129.....	3.4
GCI 2011–2012 (out of 142).....	117.....	3.6
Basic requirements (60.0%)	139	3.2
Institutions.....	77.....	3.7
Infrastructure.....	131.....	2.2
Macroeconomic environment.....	144.....	2.4
Health and primary education.....	123.....	4.4
Efficiency enhancers (35.0%)	122	3.4
Higher education and training.....	132.....	2.6
Goods market efficiency.....	108.....	4.0
Labor market efficiency.....	28.....	4.6
Financial market development.....	79.....	3.8
Technological readiness.....	135.....	2.4
Market size.....	123.....	2.6
Innovation and sophistication factors (5.0%)	115	3.2
Business sophistication.....	108.....	3.5
Innovation.....	115.....	2.8

Access to finance, corruption, infrastructure, taxes, inflation and government inefficiencies are listed as the most problematic issues in the country.

Higher education and training; technology readiness and macro-economic environment are key factors that require urgent attention for the BMS and other strategies to succeed.

Source: World Economic Forum Global Competitiveness Report 2014/2015

At a time when most countries are competing to enact reforms that make the doing business environment easier and reduce its inherent costs, Malawi appears to be quite unresponsive. In 2013/2014, there was only one reform; namely the removal of the stamp duty to make the transfer of property simpler. There are numerous other critical reforms that have been pending for some time and not yet enacted. In some unfortunate instances, there are reported cases whereby some reforms after having been enacted are not necessarily implemented. Therefore, in some cases, high costs of doing business have resulted in local products being more expensive than imports.



Table 2.4: 2013/2014 World Bank Doing Business report –extract

		✓ Reform making it easier to do business	✗ Reform making it more difficult to do business
MALAWI			
Ease of doing business (rank)	171	Sub-Saharan Africa	GNI per capita (US\$)
		Low income	Population (m)
Starting a business (rank)	149	✓ Registering property (rank)	Trading across borders (rank)
Procedures (number)	10	Procedures (number)	Documents to export (number)
Time (days)	40	Time (days)	Time to export (days)
Cost (% of income per capita)	120.1	Cost (% of property value)	Cost to export (US\$ per container)
Minimum capital (% of income per capita)	0.0		Documents to import (number)
		Getting credit (rank)	Time to import (days)
Dealing with construction permits (rank)	173	Strength of legal rights index (0–10)	Cost to import (US\$ per container)
Procedures (number)	16	Depth of credit information index (0–6)	
Time (days)	183	Public registry coverage (% of adults)	Enforcing contracts (rank)
Cost (% of income per capita)	1,755.0	Private bureau coverage (% of adults)	Procedures (number)
			Time (days)
Getting electricity (rank)	183	Protecting investors (rank)	Cost (% of claim)
Procedures (number)	6	Extent of disclosure index (0–10)	
Time (days)	222	Extent of director liability index (0–10)	Resolving insolvency (rank)
Cost (% of income per capita)	7,468.4	Ease of shareholder suits index (0–10)	Time (years)
		Strength of investor protection index (0–10)	Cost (% of estate)
			Recovery rate (cents on the dollar)
		Paying taxes (rank)	
		Payments (number per year)	
		Time (hours per year)	
		Total tax rate (% of profit)	



2.7 Programmes in place and successes

The country's long term plans recognize the need for sustained and inclusive growth, and competitiveness of Malawian products. Malawi's long term vision (2020) envisaged among others, an environmentally sustainable, inclusive technologically driven middle-income country. These aspirations are still very relevant. The objective of the MGDS II is to continue reducing poverty through sustainable economic growth and infrastructure development. Sustainable economic growth and the other five themes of MDGS II (social development, social support and disaster risk management, infrastructure development, improved governance, the cross cutting issues of gender, HIV/AIDS, and capacity development) all have tremendous bearing on the competitiveness of the economy and the vibrancy of the domestic market. An effectively implemented Buy Malawi Strategy has the potential to contribute substantially towards the achievement of the MGDS II. The strategy acknowledges the need for an investor-friendly business environment and all-encompassing good governance in both the public and private sectors.

2.7.1 *Ministry of Industry and Trade (MoIT)*

The Ministry of Industry and Trade (MoIT) shall play the critical role of leading and providing strategic guidance to the economic growth agenda. Unfortunately, it does not appear to have the clout that would allow the Ministry to properly deliver on its mandate. This section highlights the main institutions; policy and strategy instruments; and programmes in place to enable the Ministry to fully deliver on its mandate. The key institutions include: the Malawi Investment and Trade Centre (MITC), responsible for investment promotion and export development; the Small and Medium Enterprise Development Institute (SMEDI), responsible for local entrepreneurship development; and the Malawi Bureau of Standards (MBS), in charge of standards regulation and quality assurance. While these state corporations are under the MoIT,

there seem to be relevant gaps in its controlling mechanisms to the extent that such institutions sometimes do not fully align to the Ministry's overall goals and objectives. The One Village One Product programme is also under MoIT but is not an institution as such.

Several policies and strategies have been formulated to facilitate the work of MoIT. These include the National Export Strategy (NES) which is the roadmap for economic diversification and the expansion of trade. The NES prioritizes sectors for export development. It also identifies the core issues that need to be addressed so as to create an enabling environment and build competitiveness of the private sector in Malawi. The Strategy prioritizes three export-oriented product clusters for diversification (Oil Seed Products, Sugar Cane Products, and Manufactures) in addition to supporting exports of existing clusters (Tobacco, Mining, Tourism, Tea and Services). The NES further recommends the development of an environment that is conducive to economic competitiveness and economic empowerment of youth, women, farmers and MSMEs; the establishment, or in some instances, the strengthening of supporting institutions; and the development of the necessary competencies, skills and knowledge base. Other important policies and strategies include the National Industrial Policy; the National Trade Policy; the MSME Policy; the National Quality Policy and the National Quality Strategy; and the Ministry's own strategic plan. The common denominator in all these strategic documents is the desire for policy coherence and determination to support industrialization, enterprise development and the establishment of a conducive business environment.

2.7.2 Malawi Business Linkages Programme (MBLP)

This program aims at creating a dynamic Micro, Small and Medium Enterprise (MSME) sector that can be integrated into supply chains of large-scale companies and Government. MoIT intends to achieve this by upgrading the operations of MSMEs through an enhanced coaching and mentoring process covering access to markets, finance and technical assistance in order to meet the requirements of the buyers; addressing quality and standards of local goods/services; raising productivity of MSMEs; and promoting information sharing among all stakeholders. The programme is expected to increase production and procurement of locally produced products which will save foreign exchange and increase export potential. MBLP targets furniture and horticulture as the initial sectors to support.



The One Village One Product (OVOP) programme is modelled along a Japanese practice where a particular location's core competencies and competitive advantage are honed towards production of one or a narrow range of products which are then marketed nationwide and even internationally. There is a sense of patriotism and national pride that goes with the joy of buying that local product. OVOP has successfully supported small scale production of several products including honey, wine, cooking oil and crafts which, with slight improvements in packaging, labelling and quality assurance, can easily be marketed on a much larger scale than is currently the case.



2.7.3 Civil Society

Active non-governmental organisations include MJNET, CAMA and CISANET. MJNET pursues commercial justice and civic education; CAMA is involved in protecting consumer rights while CISANET is building capacity in agricultural value chains.

2.7.3.1 CISANET

Involved in policy advocacy and capacity building for farmers. They provide a crucial link between and with buyers and researchers. CISANET supported the formulation of National Rice Development Strategy and has indeed been instrumental in promoting agricultural value chains especially rice, honey, pigeon peas, soya, ground nuts and dairy. Their message has been that there are available products that can be locally sold in larger quantities in the domestic market provided value is added. With support from FAO and World Bank, CISANET is supporting initiatives for contract farming targeting cash crops (rice, cotton, coffee, tea, groundnuts). The key challenges that CISANET have experienced include understanding of capacity issues around value chains, indiscipline and lack of collective bargaining (weak cooperatives). CISANET is a potential key player in the BMS due to their established track record in promoting value chains, organisation of farmers' associations and experience in forging buyer-seller linkages.



2.7.4 Private sector organizations

There are numerous private sector associations operating at national, regional and sectoral levels. Some of these are fairly small serving a quite narrow range of interests and in some cases revolving around an individual (as in the case of IBAM); others have clear objectives but lack capacity to increase their operations and improve impact (SMEDI and NASME) while others have quite a good national image e.g. National Smallholder Farmers Association of Malawi (NASFAM), MCCCCI and some sectoral associations (pharmaceuticals, sugar, tobacco, tea, poultry and furniture). MCCCCI regularly holds trade fairs. It annually conducts a business climate survey and leads the dialogue between the public and the private sector.

MCCCCI can play a more proactive role in advocating for economic empowerment, increased local content in procurements, improved service delivery to the private sector and in reinforcing the public-private sector dialogue structures in order to track progress in addressing BMS-related matters, amongst others.





2.7.5 Development partners

2.7.5.1 AfDB

The African Development Bank Country Strategy Paper (CSP, 2013-2017) for Malawi focuses on two pillars: (i) Addressing infrastructure bottlenecks to competitiveness and growth; and (ii) Supporting actions to expand private sector investment and trade. Addressing these areas will support the country to attain the much needed higher levels of economic and inclusive growth. Interventions in the new CSP emphasize a regional focus to strengthen linkages with the country's neighbours. AfDB will enhance support to regional operations to assist Malawi to reduce transit costs by providing adequate hard and soft infrastructure, strengthen capacity for trade facilitation, and enhance connectivity to regional and international markets including energy pools.

The strategy addresses issues of inclusive and green growth and youth unemployment through skills development and entrepreneurship training. The CSP further supports reforms that enhance the business climate to foster private sector investment and trade. A particularly relevant project to this BMS is The Competitiveness and Job Creation Support Project. It involves the Public Sector and the Private Sector working together to improve the competitiveness of the private sector in order to promote broad-based economic growth and development, export diversification and job creation. The strategic outcomes of the project include: (a) Increased private credit by commercial banks to address the most important binding constraint to Micro, Small and Medium size Enterprises (MSMEs) development in Malawi; (b) Increased Export Diversification with an increased percentage of non-traditional exports in total exports, and a reduced reliance on the key export crop, tobacco; and (c) Increased formal employment and incomes by MSMEs developed and pulse farmers in target areas.

2.7.5.2 DFID

DFID's interventions in Malawi, among others, target building the capacity of key public sector institutions (MoIT, MITC, PPP Commission, Judiciary, and Immigration) to improve

the overall business enabling environment. DFID also aims at facilitating the sustainable and inclusive development of the Oil Seeds Sector (groundnuts, sunflower, cotton seed, soya and their products) in line with National Export Strategy. Support includes: long term expert; analysis and research; partnerships with strategic private sector stakeholders to innovate inclusive business models in the oil seeds sector; improved policy environment; and improved extension programme and skills development. In addition, there is support to provide technical assistance and grants to businesses to help them pilot and scale up inclusive business models for example the Business Innovation Facility (BIF) to increase access to technical assistance to businesses wishing to adopt inclusive business models.



2.7.5.3 European Union Delegation (EUD)

The EUD is engaged in various interventions that impact on trade development and the competitiveness of the private sector, some in collaboration with other partners. The Delegation is active in strengthening the TIP SWAP arrangements. The EU is also supporting the Sugar Accompanying Measures through the services of a National Coordinator to the sector. The 10th EDF supported trade and private sector development related activities and in particular support to the International Accreditation of the Malawi Bureau of Standards in partnership with UNDP and UNIDO.

The proposed 11th EDF, expected to commence in 2017, will further the support to the agri-business agenda by increasing production through decentralised farmer level training which aims at increasing agriculture production in a sustainable way and training of youth as extension workers in rural areas; stimulation of agribusiness development through strengthening value chains, providing access to financing, promotion of agro-processing; support to governance in the sector through sensitisation of the media on agriculture related issues as well as strengthening the voice of CSOs, Unions and private sector. Other support will be directed to building the capacity of the MoIT in implementing the National Trade Policy and enhancing participation in the WTO.

2.7.5.4 GIZ

Interventions include activities that enable MSMEs and smallholders in selected value chains to use inclusive business models and new marketing models and increase value addition. Work also includes engagement with larger companies to promote inclusive business models and to enhance the capacities of MSMEs and smallholders. Support is provided to value chains that have considerable potential for boosting income and employment. There is a special programmatic focus to ensure women and youth are capacitated to increase value adding processes in the agricultural sector. Also, areas of support include the strengthening of intermediary smallholder organizations and service providers to enhance their support services to MSMEs.



2.7.5.5 UNDP

The UNDP's Private Sector Development portfolio thematic focus is sustainable and equitable economic growth. The interventions follow a two-pronged strategy: 1) ensuring that value chains with strong potential contribute to export competitiveness, economic and inclusive growth and poverty reduction; and 2) better aligning business purposes to development objectives to increase the incentive for businesses to innovate and deploy inclusive business models that connect the poor to markets more efficiently in manufacturing, agriculture and other strategic industries.

UNDP, also manages the Malawi Innovation Challenge Fund (MICF), in collaboration with DFID. The fund is a competitive facility through which businesses within the agricultural and manufacturing sectors of Malawi can apply for grant funding for innovative projects, which if successful, can deliver large social impact and help the country diversify from its narrow band of exports, but where commercial viability is unclear.

UNDP also supported several key documents e.g. the development of the National Export Strategy (NES), the Industrial Policy, the Trade Policy, the National Quality Strategy to name a few. The UNDP is collaborating with other development partners in implementing projects aimed at value addition; improving the business environment; increasing access to finance and generally enhancing competitiveness of enterprises for accelerated economic growth and development.



2.7.5.6 World Bank

The World Bank support is directed towards three themes: (1) Promoting Sustainable, Diversified and Inclusive Growth; (2) Enhancing Human Capital and Reducing Vulnerabilities; and (3) Mainstreaming Governance for Enhanced Development Effectiveness. Within the three themes, three result areas are specifically important to the principles of the BMS. These include: Result Area 2: A business environment that promotes competitiveness and enhances productivity; Result Area 3: Improved delivery of public services; and Result Area 5: Improving public sector management systems. The World Bank has been involved in improving the payments infrastructure and enabling access to banking services.

The national switch went live in January 2015 significantly enhancing the inter-bank operations. Support also is directed towards the Malawi Revenue Authority with the introduction of electronic fund transfers, a move bound to improve tax collections and reduce opportunities for abuse. The World Bank is also involved in improving the business environment and has supported online business registration; the establishment of a collateral registry; the creation of a trade portal; and improving the management of permits system. The Bank is continuously engaged in efforts to improve the ease of doing business where challenges remain especially with reforms to the companies Act; insolvency law; establishment of credit reference bureau; and with the stringent border requirements.

There are numerous other development agencies in Malawi. It would be difficult to include them all in the scope of this strategy. The few mentioned in this section are the most prominent and more inclined to the objectives of the BMS.

2.8 Key issues impacting on BMS design- opportunities and challenges

The foregoing context analysis reveals a myriad of issues that can either foster the success of the Buy Malawi Strategy or stifle it. These issues are further elaborated below in the SWOT analysis.

SWOT ANALYSIS OF THE ENVIRONMENT IN WHICH BMS WILL OPERATE	
<p>STRENGTHS</p> <ul style="list-style-type: none"> • Political stability • Good climate and soils • Strategic location • Institutions are in place- ODPP, MITC, SMEDI • Some successful products and programmes- Sobo, Carlsberg, OVOP, Nali • Large domestic market-population of over 17 Million <p>Presence of firms with substantial capacity and willing to invest more especially in BMC1 priority sectors e.g. pharmaceuticals</p>	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Poor record of implementation • Few and low quality products • Limited capacity of producers • Limited support services • Flawed pricing by local producers • Low pace of reforms • Laxity/culture of not implementing • Poor organisation of private sector • Perceptions & mindset/attitude • Inconsistent supplies-quality, timing and quantity • Insufficient publicity and sensitization • Lack of economic empowerment programmes • Fiscal indiscipline e.g. wasteful travelling • Lose control of MoIT over its state corporations • Lack of branding • Limited value addition- agro processing. • Non-supportive policies : Lack of emphasis on local content
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Large domestic and regional markets • Ongoing reforms- payments infrastructure, collateral registry, trade portal • Development partners support • Available and affordable labour force • Existing programmes • Fast growth of the wholesale and retail sector 	<p>THREATS</p> <ul style="list-style-type: none"> • Cheap imports & counterfeits/smuggled • Corruption • Economic instability • Worsening trade deficits • Anti-tobacco campaigns worldwide • High production costs-transport, telecommunication • Poor international image • Large population of with lowly paid and unemployed youth • High budget deficits

2.8.1 Summary of supportive factors

- Capable and well-resourced firms
- Ongoing and potential donor support
- Large domestic market and potentially large regional/international market
- Affordable and fairly educated workforce
- Existing institutional framework for support to service delivery
- Readiness of sectors and products for inclusion in the BMS
- Complimentary ongoing programmes e.g. OVOP, MICF, Competitiveness & job creation, NES
- Geographically strategically positioned for regional linkage

2.8.2 Summary of challenges

The issues noted from consultations and review of various materials fall in the following three categories:

- Capacity of MSME producers
- Business environment
- Implementation management
- Limited efforts to promote inclusive growth

2.9 Implications for the revised Buy Malawi Strategy

- a) Build on the 1st BMC and available complementary interventions
- b) Effective implementation arrangements
- c) Focus on high impact sectors and competent producers
- d) Improving the business environment
- e) Strengthening of the support services network



CHAPTER 3: THE STRATEGY

CHAPTER 3: THE STRATEGY

3.1 Vision, goals and focus of the BMS

Vision

The Buy Malawi Strategy will stimulate local production and growth by inspiring consumers to embrace locally produced goods and services and by building the competitiveness of enterprises.

Goal

30% of procurements, led by Government agencies, to be localized .

Key result areas

1. Procurement environment (tendering conditions, preference level, earmarked sectors, prompt payment, facilitate raw material imports, policy on local procurement content for government projects, private sector and donor funded)
2. Effective robust communication/marketing plan
3. Leadership in implementation (change of mind-sets, aggressive publicity, image building,)
4. Improved business environment and competitiveness of domestic producers

The concept of deliberately launching campaigns to stimulate appetite amongst consumers for local products is quite pervasive. Examples (boxed) are provided in this chapter.

Box 3.1: Proudly South African

The Proudly South African is a “buy local” campaign which encourages people in South Africa to buy local products and make use of local services. It is aimed at stimulating the local economy and help create jobs. In addition it promotes national pride, patriotism and social cohesion. The implementation of the Campaign is guided by The New Growth Path; the Local Procurement Accord; and the Industrial Action Plan.

Proudly South African was started under the leadership of the former South African President, Nelson Mandela. Through the National Economic Development and Labour Council (NEDLAC), the Proudly South African Campaign was launched in 2001 and supported by Government, Organised Business (BUSA), Organised Labour and Organised Community.

When consumers buy locally produced products and support local service providers, the local economy is stimulated and sustainable job opportunities are created. By supporting local producers and manufacturers (by buying goods which carry the Proudly South African logo or a ‘Made in South Africa’ label) each and every South African can contribute towards creating a bigger demand for home grown products and services; stimulating South Africa’s economic growth; helping to prevent job losses and helping to create job opportunities

Vision: The Proudly South African campaign will encourage the nation to make personal and organisational contributions to economic growth and prosperity in South Africa, thereby increasing employment opportunities and reinforcing national pride.



3.2 Result Area 1: Strengthen the procurement environment

Without doubt, Government is the largest buyer in Malawi. Therefore, the bulk of the imports are actually directed to Government. Some are directly for Government offices, whilst other purchases are intended for the public through subsidies and social services. Besides, in addition to the three Ministries that the 2009 Buy Malawi Campaign identified as leading buyers, the security agencies, the police and the military also procure substantial quantities including products that are locally available such as foodstuffs and uniforms.

Public procurement in Malawi is managed by the Office of the Director of Public Procurement (ODPP). This office came out very strongly in support of the Buy Malawi Campaign. The ODPP was quite proactive in sending out circulars to guide implementation. However, except for the Memorandum of Understanding signed between Central Medical Stores Trust (CMST) and the pharmaceutical companies, there was hardly any other achievement. The ODPP was apparently not sufficiently empowered to fully enforce the BMC guidelines. Considering the effect that excessive imports have had on the economy, it is necessary to have provisions within the procurement laws that penalize non-compliance.

The tender procedures should be such that not only do they confer preference towards local suppliers/contractors, but should also encourage competition among them. That will be achieved by having tendering categories that reserve certain categories only for locals. These could be for procurements/contracts of up to a certain amount. To accelerate skills development, technology transfer and capital mobilization, there could also be preferences accorded to joint ventures with local firms.

Procurement systems can be an instrumental tool for economic empowerment and diversification. A policy that embodies citizen entrepreneurship development and economic diversification has potential to build a critical mass of competent entrepreneurs and lead to massive growth of production and trade.

Measures will result in more local suppliers participating and winning tenders; improved countrywide spread of tenders; more private investments in productive sectors; improvements to inclusiveness; higher earnings by local firms; more jobs;

3.2.1 Strategic objective 1: Increase participation of local suppliers in national tenders

Strategy 1: *Make tendering procedures accessible and affordable by local suppliers.*

Activities:

- a) ODPP to simplify conditions and publish guidelines with step by step instructions and tips on how to respond to public tenders.
- b) ODPP to remove stringent bond requirements. Raise the limits within which no



- bond would be required.
- c) ODPP to raise local preference level to 30% and set/determine graduated scale for joint ventures.
- d) Procurement entities in the targeted ministries and agencies to sign MOUs with the relevant supplier representative bodies.

Strategy 2: Generate local economic empowerment through procurement.

Activities:

- a) Ministry of Finance to make local content a requirement for all government procurement contracts- including donor and private sector driven.
- b) ODPP and MoIT to set a team (the task could go to the BMS implementing body) to evaluate all ongoing procurements for local components and publish findings.
- c) ODPP to publish categories reserved for local suppliers.
- d) ODPP and MoIT to develop guidelines for extension of local preference to district levels.
- e) ODPP to organise training for procurement entities.
- f) MCCCCI, other private sector associations in conjunction with ODPP to train local suppliers on tendering e.g. how to prepare a winning tender.

Strategy 3: Sustain capacity of local suppliers through financial intermediation.

Activities:

- a) Ministry of Finance to make prompt payments to suppliers.
- b) Procuring entities to pay local suppliers some mobilization for large projects to enable them get started.
- c) Ministry of Finance to provide guarantees to suppliers for importation of raw materials.
- d) Relevant procuring entity to provide inputs in good time e.g. Ministry of Agriculture to avail fertilisers in good time for planting.

3.2.2 Strategic objective 2: Obtain transparency in public procurement.

Strategy 1: Make ODPP an independent institution with expanded authority to more effectively regulate procurement by government agencies.

Activities:

1. Parliament to pass legislation to make ODPP an independent institution.
2. ODPP to regularly (weekly) publicize awarded government tenders with names and locations of winning firms.
3. ODPP board to include private sector in public procurement vetting of goods approved for importation- gazette suspect items.

4. Recognize winners- leaders in local procurement (private sector to recognize public and ODPP to recognize private sector).

3.3 Result Area 2: Effective robust communication and marketing plan

The message of promoting locally produced goods and services must be succinctly communicated to the right audience who comprise the government, private sector, development partners and the civil society (including academia) all of whom are involved on regular purchasing. Clear distinction should be made when reaching out to each group to ensure that the correct appeal is conveyed i.e. the message to each community should be specific to the role that group can play in the BMS. Inevitably, there will be issues that cut across all potential buyers.

Priority items i.e. the sectors and products flagged to spearhead the BMS should be repeatedly made known so that all PEs become thoroughly familiarized with the list. The information will also include suppliers with their localities so that any PE will be readily aware of “suppliers close to you”.

The reasons for the campaign also require emphasis. All grounds should be stated, economic, patriotism, social responsibility and moral obligations are important. It is necessary for all to understand why the call to buy locally produced goods. The value proposition should be well presented. The methods used to drive the campaign should be carefully selected to have maximum impact.

In promoting Malawian produced goods, the image of the country is important and therefore national image promotion must be complimentary to the Campaign. This is even more important as the Campaign is also intended to be a platform for export development.

Information gathering and sharing will be a vital component of the communication arrangements. The various implementing entities and participating firms will require regular updates on relevant information especially the following:

- Procurement trends by government departments showing details of requisitioning entities, delivery locations, product type and quantity, source and costs.
- Import statistics extensively disaggregated to inform decision making and inferences at sector and supplier level. For example the information detail in a) above.
- Publishing planned/scheduled procurements in advance especially those of recurrent nature.
- National and regional market opportunities. Social media and tools such as trade-at-hand can come in handy.
- Facts and figures about counterfeits e.g. types of goods, commonly used borders, estimated value and cost to the local industry.

3.3.1 Strategic Objective 1: To launch and sustain a strong message for promotion of locally produced goods and services.

Strategy 1: Project a positive national image for the country.

Activities:

- a) All leaders to address seriously issues that tarnish Malawi.
- b) Tourism Authority and MITC to develop a Malawi Brand.

Strategy 2: Roll out aggressive media content.

Activities:

- a) MoIT (or secretariat) to create material for radio and TV broadcast and obtain slots.
- b) ODPP, Tourism Authority and MoIT to solicit private sector and development partners for sponsorship of radio and TV programmes.
- c) Erect bill boards across the country with Buy Malawi Campaign message.
- d) Print out stickers of Buy Malawi Campaign.
- e) Produce labels “Proudly Malawian....” to be used on locally produced goods.
- f) MoIT to hold annual exhibitions to show case BMC products.

Box 3.3: Made in Nigeria Goods (MING)

A UNIQUE DIMENSION TO OUR NATIONAL IDENTITY: MADE IN NIGERIA GOODS!

The idea of MADE IN NIGERIA GOODS (MING) is not a bigoted or superficial show of patriotism; rather, it focuses on a national partnership to develop the kind of collective commerce-pattern that would most positively impact our National Development.

For one, it would enhance the utility value of goods as products and consequent services would be tailored for the specific orientation and cultural needs of the Nigerian people. Further, there is a direct link to favourable balance of trade and consequent impact on the nation’s economy. In this era of global employment crisis, creating a regulated and consistent market framework for MADE IN NIGERIA GOODS will boost entrepreneurial aptitude, providing a viable platform for the Nigerian people to express, showcase and earn value for their creative input.

In our drive towards a diversified and sustainable economy, it is cardinal for Nigeria to build internal structures that will establish it as an Independent commercial hub wherein our position will be strengthened in the course of International collaborations and our negotiation powers leveraged by a culture of home-grown technical expertise.

Fortunately, the processes towards this ideal are already underway, and sensitization is in full drive. There are no trade demarcations, and everybody is a potential stakeholder. This online Portal is our immediate contact-spot where ideas are exchanged and harnessed for seamless business development and capacity building activities.

A people’s success must not only hinge on political permutations. At some rare times, the tool for change lies wholly in our own hands. This is one of those moments... Do not let the message stop with you. Broadcast it everywhere, at work, at play and on the Social networks.



Strategy 3: Build sustainability of the campaign.

Activities:

- a) Impose a levy on all participating businesses which will go to a BMC fund.
- b) Sell the stickers and labels for a small fee.
- c) Constantly solicit support for private sector.

Strategy 4: Address the negative mindset and stigma about Malawian products.

Activities:

- a) Government to lead by example. When leaders are seen to be buying local goods, ordinary people will follow.
- b) ODPP to organise forums with producers to address consumer concerns. MBS to support. Private sector associations to sign charter committing to quality, quantity, reasonable pricing etc.
- c) Training to lead in training. Training brings Knowledge which when put into Practice leads to change in Habits which with time develop into Customs and Culture.

3.4 Result Area 3: Exemplary leadership and effective implementation management

It is often said that action speaks louder than words. While a well packaged and appropriately presented Buy Malawi Strategy can win many souls, exemplary leadership would yield a much greater harvest. There are three fronts in which this can be achieved: the first is by convincing Malawians that high imports of things that are not real investments hurts the economy. Statistics reveal that fuels are the number one imported commodity. A common feature around Malawi is frequency of big cars, mostly owned by central government and state agencies. These vehicles have high capacities for fuel consumption (cc). Such fuel guzzlers increase the demand for fuel, at the tax payers' expense and with the limited reserves.

Another opportunity to demonstrate exemplary leadership is in procurement of common and readily available goods in government offices. Furniture, stationery and routine office supplies are typical examples. There are few government premises that are furnished with Malawian desks, chairs and couches. It is also possible to adorn the offices with local crafts such as wall hangings and trash baskets.

Thirdly, the current work ethics prevailing in most state offices is appalling. Officers report to work late and knock off from duty before end of stipulated working hours. This seems to happen with wanton abandon and impunity. Public officers provide services that enable private sector to function, if they are not on duty then business stalls.

Addressing these issues would yield results in saving from much less cost of smaller vehicles and reduced fuel consumption. It would also increase the productivity time and therefore result in faster services to the business community. Furnishing government offices with local products would be the most convincing way that government is committed to implement the Buy Malawi Strategy.

3.4.1 Strategic Objective 1: To communicate decisiveness in address widening trade deficit and saving foreign reserves.

Strategy 1: *Control conspicuous spending that sends an unconvincing message regarding imports, trade deficits and foreign reserves.*

Activities:

- a) Make directive (Cabinet) on importation of high capacity vehicles used by senior government staff and state agencies.
- b) Issue directive to limit usage of the vehicles to official purpose and not personal affairs.
- c) All ministries and state corporations to revise/prepare schedule of planned travels-local and international with view to cutting on unnecessary and unplanned trips.
- d) Ministry of Finance to regularly/promptly audit ministries' expenditure to ensure conformity with purposes allocated for.

Strategy 2: *Establish a credible public-private sector dialogue platform to constantly discuss, review and ensure successful implementation.*

Activities:

- a) MCCCCI and MoIT to immediately draw terms of reference for the creation or amendment to existing public private sector dialogue structure(s); nominate initial representatives.
- b) MoIT (with financing support) to organise workshop to train dialogue members and endorse agenda.
- c) Prepare schedule of meetings and assign duties.

3.4.2 Strategic Objective 2: To demonstrate determination to upscale productivity and efficiency.

Strategy 1: *Rapid improvement in productivity.*

Activities:

- a) Ministry responsible for (employment and) labour in conjunction with MoIT to lead in establishment of a productivity centre to coordinate innovativeness, competitiveness and productivity of all factors of production.
- b) Companies to be capacitated to deliver innovative, competitive quality products to the Malawian market and beyond (through support by SMEDI, MIRTDC, MITC, MBS etc.)

Strategy 2: Drastic measures to change work ethics.

Activities:

- a) Accounting officers to enforce punctuality at work- reporting time and observance of working hours.
- b) Supervisors to conduct performance at regular intervals with objectively criteria communicated in advance and held in employee personal records.
- c) Labour department to advise, where/if necessary on how to amend working conditions.
- d) Planning officers in the Ministries and the Ministry responsible to ensure that all programmes are contained in the portfolio for performance management submitted by respective ministries.

3.5 Improved business environment and competitiveness of domestic producers

A well managed import substitution programme can be a viable platform for export development; trade and poverty reduction. The capacity of local companies will be developed to enable them produce goods and services that comply with set standards and meet buyer preferences on price, quality, quantity and consistency. The Buy Malawi Strategy would consequently have impact on trade deficit and foreign reserves. While imports may continue to grow, they will be for needed production inputs or as a result of rising incomes and living standards.

Savings and investments are essential to development. The import substitution envisaged in the Buy Malawi Strategy should result in foreign reserve savings which can then be invested in importing more important inputs for value addition. Money spent outside the national economy is a leakage. Value is accrued when such leakage is sealed. Reducing unnecessary imports can contribute to reducing leakage of foreign currency.

Import trends should reflect a drastic reduction in the purchase of foreign goods for the products that are targeted by the Buy Malawi Strategy. These include pharmaceuticals (drugs and syringes); school supplies (furniture and stationery); uniforms and protective clothing; fresh produce (fruits and vegetables); agricultural inputs (fertilizers, seeds and chemicals) and construction (contractors and materials).

For there to be meaningful economic impact, efforts are needed to improve the competitiveness of and increase production by the local enterprises. The strategic objectives and initiatives for building that competitiveness are proposed below.

3.5.1 Investment promotion to boost domestic production capacity

In its targeting, MITC can be requested to include sectors with potential to fast track competitiveness development; both exist and Greenfields. It might entail use of incentives. Whenever such are offered, they must be cautiously applied to



ensure that they result in value addition. In the case of Greenfields, the country can consider invoking the Infant Industry Protection to allow the start ups time to mature. For greater beneficiation, persuasive grounds ought to be sought to compel local equity participation in and capacity building. For example, incentives can be scaled to increase with levels of citizen equity. There must be clear demonstration of skills development and technology transfer in the capacity brought into the country by the investors who receive any preferential treatment. Investment promotion should also target available facilities and other infrastructure in the country that has fallen into apparent redundancy. The railway and sidings, factory shelters and idle machinery can all be brought under a rehabilitation programme to advance available capacity.

The problems in the business environment have been widely dealt with and are explicitly covered in the National Export Strategy. To avoid duplication especially where this strategy has already proposed leveraging on existing programmes, no strategic proposals are advanced for this result area. In addition to the NES interventions the strategies below are proposed.

3.5.2 Strategic objective 1: Deepen the measures to improve business environment

Strategy 1: *Conclude outstanding policy documents and conclude reforms in progress.*

Activities:

- a) MoIT to complete preparation of several policies including Business linkages; MSME policy; industrial development policy; and National Trade Policy.
- b) The State Law office and legislature to speed up reforms covering insolvency, EPZ regulations, business registration, licensing and companies Act.
- c) MoIT to prepare a paper for presentation to cabinet for establishment of a standing committee to address cost of doing business- transport costs; telecommunications and energy.

Strategy 2: *Increase availability of land and facilities.*

Activities:

- a) MoIT, MOA and Lands to evaluate options for strategic partnership that can enable expansion of land under irrigation for commercial farming.
- b) MoIT to motivate construction of factory shells and rehabilitation of existing ones.
- c) MoIT (SMEDI) to build incubation hubs to nurture MSMEs.

3.5.3 Strategic Objective 2: Provide effective support services to local producers

Strategy 1: Strengthening the institutional support services framework.

Activities:

- a) Establish a working cluster (with a strategic plan) for institutions closely involved in supporting MSMEs. These include MITC, MBS, SMEDI and MRA. MoIT may include others considered relevant.
- b) Review strategic plans of the clustered institutions to ensure they are aligned to the revised goals of MoIT (and the country).
- c) Establish a central coordinating mechanism to harmonize the operations of the service delivery network.
- d) MoIT to solicit technical support to establish a secretariat to implement the BMS.

Strategy 2: Fast track entrepreneurship development.

Activities:

- a) MoIT (or BMS Secretariat) to conduct a diagnostic assessment of the firms to participate in the BMS implementation.
- b) MoIT (or BMS Secretariat) to prepare a MSME competitiveness enhancement program that will urgently address:
 - i) Packaging, labelling and bar coding.
 - ii) Production processes, schedule and product development.
 - iii) Financial management including production planning, budgeting, costing and pricing.
 - iv) Quality and standards management.

Implementing the strategies will result in fewer imports for the selected products; more producers obtaining quality certification; higher proportion of Malawian produce in local stores; more jobs created; and increased revenue collection in taxes.

Box 3.5: Botswana, Economic Diversification Drive (EDD)

ECONOMIC DIVERSIFICATION DRIVE (EDD)

Following the Presidential Directive on the Economic Diversification Drive (EDD), the Government of Botswana embarked on the initiative to promote the growth of a vibrant and globally competitive private sector. The Economic Diversification Drive (EDD) Initiative is designed as a paradigm shift in the economic diversification effort.

EDD follows an integrative approach which brings together all Stakeholders (Government Ministries and Departments, Parastatals, Private Sector, Civil Society and Labour Unions) on one table to achieve a common agenda; a clear definition of Critical Success Factors for any sector being developed; a holistic approach to each Sector/Sub-Sector development; and a balanced contribution of the Private Sector that is based on well-articulated strengths and opportunities as well as weaknesses and threats that require government support.

Economic Diversification is to be achieved through two components. The first component is the short term strategy and aims at leveraging the Government's purchasing power to stimulate local production and consumption by procuring from locally based manufacturers and service providers. To ensure that this purchasing power is leveraged, the Government has introduced preference margins to give local manufacturers and service providers a competitive advantage when bidding for Government jobs. In addition, a National Suppliers' Directory has been produced which will enable the buyers to locate the sellers with ease.

The second component, referred to as the Medium-to-Long Term strategy, aims to diversify the economy through a holistic and systematic development of globally competitive enterprises that need little or no Government protection and support. Its specific objectives are to develop globally competitive sectors; diversify exports and export markets through a vibrant and globally competitive private sector; develop goods and services that comply with local and international standards; and develop an entrepreneurship culture for business growth and enhanced citizen participation in the economy. Achievement of these will ensure the noble aspirations of employment creation, wealth creation, poverty eradication, industrialisation and economic development.

Overseen by the National Economic Diversification Council, it is envisaged that the EDD Initiative will heighten diversification of the economy into sectors that will continue to grow long after minerals have run out. The Private Sector is expected to be the main driver of the EDD core Thematic Areas, namely, Sectoral Development and Business Linkages, and Export Development and Promotion. The other five Thematic Areas will provide customized support to the EDD priority sectors/sub-sectors with a view to facilitating their development and competitiveness. These include Investment and Finance; Quality Control, Standards and Production; Technology Development, Transfer and Innovation; Research and Development; and Entrepreneurship Development

Citizen Economic Empowerment

The philosophy of citizen economic empowerment is derived from the need to build capacity of nations to respond to the changing economic and political environment and participate effectively in the decisions that affect their lives. It recognizes the need for economic development to lead to equitable distribution of income and wealth in order to improve the quality of life of citizens. Citizen economic empowerment interventions should equip citizens with the necessary competencies, which would enable them to take better advantage of economic opportunities and thereby have a stake in the process of economic growth and development.

Government Procurement: Government recognises that the provision of goods and services for state projects can be instrumental in the pursuit of economic and social objectives. To enhance effective participation of nationals in the economy, more especially in large and mega government projects, Government will continue to uphold the reservation and preference schemes for citizens while simultaneously encouraging active participation of foreign firms in Government projects through a competitive, transparent and legitimate tendering process.

3.6 Sectors / products selection

The criteria used in Buy Malawi Campaign of 2009 were based on materiality and potential for impact. Thus health, agriculture and education were identified due to the huge amounts of procurement they do. That criterion is recommended in this second strategy. In addition construction, clothing and fresh produce are proposed. Construction and clothing have a large market in the government while fresh produce are predominantly sold in the local super markets.

Essentially the approach to determining the sectors or products to include in the campaign should apply the following criteria;

- > Existence of support infrastructure.
- > Market potential- import substitutes.
- > Export potential.
- > Development impact
- > Food security
- > Inclusion
- > Job creation- incomes- poverty reduction.
- > Sustainability

In addition to the above, any other product that is locally available and meets quality and other market requirements should be included in the campaign.

3.7 Participating businesses

Businesses selected for participation should demonstrate sufficient capacity through: experience; investments; management practice e.g. record keeping; consistency in current performance; and willingness to abide by the set rules in the campaign.

Businesses currently involved in other dynamic programmes such as MICF; the Competitiveness and Job Creation Project; and OVOP should be considered for inclusion if they meet other conditions. Special dispensation should be extended to rural areas, women and youth driven projects even if they do not meet the above criteria. Instead, the BMS secretariat should develop a mechanism, e.g. competition for groups or individuals to draw business /project proposals which will be adjudicated and winners selected and capacitated to join the BMS supply chain.

It has been reported in the local media that the assistance by Government of Japan on this programme is coming to an end.





Table 3.1: Plan of Action

Result Area 1: Summary of strategic objective, strategies, activities, outputs & resources

Strategy	Activities	Lead	Supporting agencies	Output	Timeframe							Estimated cost (\$)			
					2016				2017	2018	2019				
					Q1	Q2	Q3	Q4							
<i>Strategy 1: Make tendering procedures accessible and affordable by local suppliers.</i>	ODPP to simplify conditions and publish guidelines with step by step instructions and tips on how to respond to public tenders.	ODPP	MoIT, MCCCCI	Amended tender guidelines & procedures										\$10,000	
	ODPP to remove stringent bond requirements. Raise the limits within which no bond would be required.	ODPP	PEs											1000	
	ODPP to raise local preference level to 30% and set/determine graduated scale for joint ventures.	ODPP	Cabinet												1000
	Procurement entities in the targeted ministries and agencies to sign MOUs with the relevant	MoIT	ODPP	MOU with suppliers											Nil

Strategic objective 2: Obtain transparency in public procurement.		Timeframe										Estimated cost (\$)
		2016				2017	2018	2019	2020			
		Q1	Q2	Q3	Q4							
Strategy	Activities	Lead	Supporting agencies	Output								
<i>Strategy 1: Make ODPP an independent institution with expanded authority to more effectively regulate procurement by government agencies.</i>	Parliament to pass legislation to make ODPP an independent institution.	Speaker of NA	ODPP, Attorney General's Chambers	Attorney General's Chambers								5,000
	ODPP to regularly (weekly) publicize awarded government tenders with names and locations of winning firms.	ODPP	PEs, Private sector	BMC Media content								20,000
	ODPP board to include private sector in public procurement vetting of goods approved for importation.	OPC	MCCCI, MoIT	Terms of Reference for PPD.								Nil
	Annual awards to recognize winners-leaders in local procurement.	MoIT		BMC Media Content								

Result Area 2: Summary of strategic objective, strategies, activities, outputs & resources

Strategic Objective 1: To launch and sustain a strong message for promotion of locally produced goods and services.				Timeframe							Estimated cost (\$)	
				2016				2017	2018	2019		2020
				Q1	Q2	Q3	Q4					
Strategy	Activities	Lead	Supporting agencies	Output								
<i>Strategy 1: Project a positive national image for the country.</i>	Leaders to publicize BMC and address issues that tarnish reputation of Malawian products.	Office of The President and Cabinet (OPC)	All	Public speeches/statements							Nil	
	Tourism Authority and MITC to develop a Malawi Brand.	Ministry of Tourism	MITC	Malawi Brand							50,000	
<i>Strategy 2: Roll out aggressive media publicity blitz.</i>	MoIT (or secretariat) to create material for radio and TV broadcast and obtain slots.	MoIT	MBC, Private sector/media	Buy Malawi Campaign Media content package							150,000	
	ODPP, Tourism Authority and MoIT to solicit private sector and development partners for sponsorship of radio and TV programmes.	MoIT	ODPP, MBC, Tourism, MCCCCI								5000	
	Produce out stickers of Buy Malawi Campaign.	MoIT	MCCCCI								20,000	
	Produce labels "Proudly	MoIT	ODPP,								20,000	

<i>deficits and foreign reserves.</i>	All ministries and state corporations to revise/prepare schedule of planned travels-local and international with view to cutting on unnecessary and unplanned trips.	OPC	MoFEP&D	MoFEP&D															Nil
	Ministry of Finance to regularly / promptly audit ministries' expenditure to ensure conformity with purposes allocated for.	MoFEP&D	All Ministries																
<i>Strategy 2: Establish a credible public-private sector dialogue platform to constantly discuss, review and ensure successful implementation.</i>	MCCCI and MoIT to immediately draw terms of reference for the creation or amendment to existing public private sector dialogue structure(s); nominate initial representatives.	MCCCI	MoIT	MoIT															10,000
	MoIT (with financing support) to organise workshop to train dialogue members and endorse agenda.	MoIT	Donors																
	Prepare schedule of meetings and assign duties.	MoIT	MCCCI																Nil

Strategic Objective 2: To demonstrate determination to upscale productivity and efficiency.				Output	Timeframe							Estimated cost (\$)	
					2016				2017	2018	2019		2020
					Q1	Q2	Q3	Q4					
Strategy	Activities	Lead	Supporting agencies										
<i>Strategy 1: Rapid improvement in productivity.</i>	Ministry responsible for (employment and) labour in conjunction with MoIT to lead in establishment of a productivity centre to coordinate competitiveness and productivity of all factors of production.	Min. of labour	MoFEP&D, MoIT, MCCCCI	Position paper / concept paper for a productivity centre.								250,000	
<i>Strategy 2: Drastic measures to</i>	Companies to be capacitated to deliver innovative, competitive quality products to the Malawian market and beyond (through support by SMEDI, MIRTDC, MITC, MBS etc.)	All PSs	Civil Service Commission	Directive in accordance-								Nil	
	Accounting officers to enforce punctuality at work- reporting time and												

Result Area 4: Improving business environment and competitiveness of domestic producers

Strategic objective 1: Deepen the measures to improve business environment.		Supporting agencies		Lead		Timeframe							Estimated cost (\$)	
						2016				2017	2018	2019		2020
						Q1	Q2	Q3	Q4					
Strategy 1: Conclude outstanding policy documents and conclude reforms in progress.	MoIT to complete preparation of several policies including Business linkages; MSME policy; industrial development policy; and National Trade Policy.													
	The State Law office and legislature to speed up reforms covering insolvency, business registration, licensing and companies Act.													
	MoIT to prepare a paper for presentation to cabinet for establishment of a standing committee to address cost of doing business- transport costs; telecommunications and energy.													

<i>Strategy 2: Increase availability of land and facilities.</i>	MoIT, Ministry of Agriculture, Irrigation and Food Security; and Lands to evaluate options for strategic partnership that can enable expansion of land under irrigation for commercial farming. MoIT to motivate construction of factory shells and rehabilitation of existing ones. MoIT (SMEDI) to build incubation hubs to nurture MSMEs.			

Strategic Objective 2: Provide effective support services to local producers.		Supporting agencies		Lead		Activities		Timeframe							Estimated cost (\$)		
								2016				2017	2018	2019			
								Q1	Q2	Q3	Q4						
<i>Strategy 1: Strengthening the institutional support services framework.</i>				Establish a working cluster (with a strategic plan) for institutions closely involved in supporting MSMEs. These include MITC, MBS, SMEDI and MRA. MoIT may include others considered relevant.													
				Review strategic plans of the clustered institutions to ensure they are aligned to the revised goals of MoIT 9 (and the country).													
				Establish a central coordinating mechanism to harmonize the operations of the service delivery network.													
				MoIT to solicit technical support to establish a secretariat to implement the revised BMC.													

<i>Strategy 2: Fast track entrepreneurship development.</i>	MoIT (or BMC Secretariat) to conduct a diagnostic assessment of the firms to participate in the BMC.																			
	MoIT (or BMC Secretariat) to prepare a MSME competitiveness enhancement program that will urgently address:																			
	i. Packaging, labelling and bar coding.																			
	ii. Production processes, schedule and product development.																			
	iii. Financial management including production planning, budgeting, costing and pricing.																			
	iv. Quality and standards management.																			

CHAPTER 4: IMPLEMENTATION PLAN

CHAPTER 4.0: IMPLEMENTATION PLAN

4.1 Critical success factors

The factors critical to successful implementation of the strategy include: Leadership and support from top management; Information, communication & consultations; Dealing with emerging constraints and implementation bottlenecks; Monitoring, evaluation (score card) and feedback; Resources – staffing, equipment , facilities and money; Prioritization; and Sustainability.

4.2 Options for managing implementation.

Four options are suggested for implementation of the BMS.

Table 4.1 presents them for consideration.

Table 4.1: Implementation Options

	Option	Merits	Demerits
1	Restore the Task Force as proposed in the BMC of 2009.	The terms of reference already established. There is existing familiarity with the campaign. There are no material costs envisaged with this option. It would simply entail resuscitating the group. Task Force accomplished great strides with regard to the pharmaceuticals, proof that it had potential to deliver on mandate.	Lack of continuity in the sense that members were predominantly state staff who often get transferred or assigned other responsibilities and thus abandoning their participation. Potential for political patronage and influence is increased because the Task Force is essentially government machinery. Usual government bureaucracy is likely to emerge in the operations with negative consequences. The existing performance of civil service is not inspiring.
2	Appoint a technical advisor to work with the MoIT.	The TA would be on separate terms of engagement and therefore have clear deliverables. This mode has been used before with good results. The TA can have positive influence on the surrounding MoIT staff thus raising productivity.	The operating environment would inevitably remain overwhelming influenced by the Ministry’s culture. The scope of the campaign may be compromised by the “fixed” location nature of having a TA at MoIT.
3	Set up a technical working group following the TIP-Swap model.	The TIP Swap and A-Swap have provided learning platforms. They can be modified to accommodate structures for BMC initiatives. There would be minimal additional costs.	Real action is limited and slow to be realized in the technical working groups. Attendance is erratic and often important members fail to show up. The slow pace of decision making is not ideal for a programme that evokes a sense of urgency.
4	Establish a secretariat.	It encompasses professionalism. Accountability is enhanced. This option would be a radical departure from the prevailing culture and practice at MoIT.	It is a costly arrangement. Procurement of staff and infrastructure could still be held captive of the prevailing malpractice in the country. The terms of engagement can however be appropriately structured to circumvent any possible manipulation.

Stakeholders resolved that a secretariat be established, based at MITC.

The following paragraphs recommend tasks to be performed by the secretariat.

4.3 Establish a BMS Secretariat based at a high profile office

- The Secretariat to have a coordinator, accountant, a procurement specialist and a secretary/office administrator.
- Secretariat to report to a BMS Executive committee comprising MoIT, ODPP, MOA, MOE, Private sector, Donors (1 rep), women groups (1 rep), youth groups (1 rep), forestry and land resources , CAMA.
- Executive to represent stakeholders in their respective sectors, producers, funders, consumers, regulators.
- All participating businesses to form a BMS supplier's forum.

4.3.1 The Secretariat will:

- Vet new suppliers
- Scrutinize all purchases by GOM departments & state corporations-keep registry
- In liaison with ODPP approve orders for imports
- Track participating businesses' compliance.
- Manage and review criteria for participation.
- Recommend new sectors for inclusion in the BMS.
- Manage the BMS communication strategy.
- Keep a record of the BMS implementation- weekly updates.
- Produce monthly BMS reports showing the total purchases from Malawi, corresponding imports in the same sectors, jobs in the participating businesses highlighting movements; taxes paid by the participating businesses; collect a BMS levy (1% of all BMS purchase orders).
- Make other recommendations to improve the BMS management.
- Organise BMS competitiveness enhancement seminars/training/workshops.
- Prepare budgets for BMS implementation.
- Produce quarterly management accounts with explanation for variances from budget.
- Record proceedings at executive committee and stakeholders' forum meetings.

4.3.2 Executive committee to:

- Prepare Terms of Reference for the secretariat and stakeholders' forum.
- Meet quarterly to review Secretariat reports.
- Consider new firms and sectors for inclusion.
- Approve "levy" collections to date and any audits of the same.
- Consider other recommendations by the secretariat.
- Sign report to the high profile office.
- Submit budget for subvention to the Ministry of Finance.
- Set remuneration for secretariat.

4.3.3 BMS Stakeholders' forum to:

- Meet every 6 months to
 - Receive executive committee reports.
 - Elect representatives- 6 monthly renewable but restricted to 1 year.
 - Present reports from the sectors- achievements, challenges, suggestions.
 - Receive feedback on implementation progress.
 - Respond to issues emanating from the implementation report.
-

4.4 Monitoring, evaluation, feedback and reporting

- Balanced score card approach.
 - Weigh the key factors-pillars of the BMS.
 - Number all strategies and activities/initiatives.
 - Assign scores of 0-4 for 0-no action; 4-completed; 1-started but little action; 2-on going but far from beneficial completion; 3- on going with some benefits already accruing.
 - Maintain a spreadsheet tracking the scores for every activity and a summary of completion to-date.
 - Investigate and note explanations for performance.
 - Approve recommendations by the executive committee.
-

4.5 Sustainability – resources, gains, exit.

- Set timeline for the BMS formal management e.g. 8 years.
 - Solicit seed capital to kick-start the BMS and for initial term, say 3 years.
 - Except for the secretariat all other participants to do so for free- only reimbursements for travel and any direct expense incurred to serve the direct interests of the secretariat.
 - Establish a levy to eventually fund activities after expiry of seed capital and subventions.
 - Launch a resource mobilization drive for any concerned parties to contribute to in cash or kind (private sector, civil society, academia, donors).
 - Audit financial reports promptly.
 - Publish BMS reports regularly, every 3 months.
-

4.6 Sustainability

The Strategy should be sustainable. Reaching a situation where the Strategy can run on its own without outside support can be achieved with careful planning and organisation. Some proposals on how to arrive at that stage are listed here below.

- a) Credibility of management. Purposeful implementation with constant monitoring and evaluation. In the 2009 BMC, the Task Force faded. In some of the institutions and programmes under MoIT, some boards do not meet. On issues of financial accounting, some reports are never made while in others, some issues are either not

reported on or expenditure fully authenticated. The bottom line is accountability. This is the reason why a proposal was made to employ a professional secretariat.

- b) Training on specific issues.
- c) Develop fund raising mechanisms such as:
 - i) Levy
 - ii) Sale of promotional items
 - iii) Donations- training sponsorships, vehicles, office space, office equipment, staff secondment or salary support.



11 The core objective of the training will be to strengthen MSMEs' entrepreneurship skills in order to enhance their competitiveness - leading to increased sales in domestic, regional and international markets. Specifically, the training will facilitate participating SMEs to develop/implement: effective management practices; integrate performance information; develop robust stewardship and accountability systems; access to market; and more readily access to finance.



BMS **BUY**
MALAWI
STRATEGY