

**Minutes for the Ninth Private Sector Development (PSD) Project  
- Steering Committee Meeting -  
Zimbabwe High Commission, Conference Room, 25<sup>th</sup> April 2016, 9am – 12 noon**

**1.0. Participants Present**

Carol Flore-Smerezniak, UNDP - Co-Chair	<a href="mailto:carol.flore@undp.org">carol.flore@undp.org</a>
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*Apologies: Cliff Chiunda, MoIT*

**2.0. Opening Prayer**

The opening prayer was offered by Mr. C. Phangaphanga.

**3.0 Opening remarks**

The meeting was chaired by the Director of Industry and Co-Chaired by the Deputy Resident Representative (UNDP). The Chair welcomed all members to the meeting, and requested for active participation. He further emphasized that the objective of the meeting was to assess progress made under Output 1 and 2 of the PSD Project, discuss some of the challenges affecting implementation various activities and plausible solutions on the same.

The Co-Chair (UNDP) started by welcoming all participants and highlighted the need to reflect progress made not only in the first quarter but also including 2015. She further stated that Malawi faced a lot of challenges in the past year which in turn impacted on performance of MICF. These include unstable currency (high cost of raw materials); lack of skills in manufacturing sector; withholding tax and its impact to the farmer among others.

MICF requires full support of the Ministry in discharging its duties, which we have seen already as very helpful. The Co-Chair commended the positive start to the calendar with the launch of the Buy Malawi Strategy among the key milestones. She further said that building on 2015, the project should not reach the end of the year with many activities still pending. UNDP has shown flexibility to adjust the budget to accommodate emerging activities. The Co-Chair concluded by thanking the Principal Secretary for Industry, Trade and Tourism for his exemplary leadership, and colleagues from the Ministry for the hard work and commitment.

#### 4.0 Adoption of Agenda

The Agenda was adopted with the following amendments:

- Item (vii) was removed from the agenda as it will be covered on Output 1 under agenda (vi)
- Item (viii) was removed from the agenda
- Inclusion of agenda item (vii) Audit Brief

#### 5.0 Review of Minutes from the Eighth PSD Steering Committee

The minutes of the previous were adopted with the following changes:

- The minutes should not include names of the people, since they are already known as members.
- Paragraphing should improve in the next minutes
- On page 3 and 4 a correction was made BMC to read BMS.

#### 6.0 Presentations, Discussions and Key Decisions

The Ministry of Industry, Trade and Tourism presented the Quarter I (January to March 2016) Progress Report for Output 1 of the PSD Project, highlighting achievements, challenges and financial status.

##### Output 1 – Progress Report, MoITT

- I. The Industrial Policy and Trade Policy were approved by Cabinet Committee on Economy, and it is ready for a full Cabinet scheduled for the 28<sup>th</sup> April.

It was emphasized that the MoITT should now be looking at activities that can be carried out in readiness of the Policies' approval by the Cabinet.

- ii. Data Collection for an Industrial Database pilot phase was done, around fifty companies visited and a total of thirty questionnaires were compiled. The brief report is ready and will be circulated to all members. We are now awaiting the consultant to come and assist on the actual full scale data collection exercise.

Members noted that the database will need to be carried out even without the support of UNDP

- III. EPZ Regulations, a validation workshop has been planned for the 29<sup>th</sup> April by the Consultant.

- IV. Agri-Business Supplier Development Programme concept was done and submitted to AFIM and approved. We are now waiting for resource mobilization for programme development and implementation.

The Ministry was advised to prepare a presentation to the donor community which UNDP will assist in arranging. Two meetings should be arranged, the first being of the technical staff and the second involving the decision makers from the donor community, and the PS to chair the meeting.

- V. Review of the Investment, Production and Export Incentives: The consultancy was advertised by UNDP.
- VI. Business Licensing is currently on going. The jingles will be played in all the radio stations as part of sensitization to all business owners.
- VII. 'Buy Malawi Strategy' was successfully launched on the 18<sup>th</sup> of March 2016 by His Excellency the State President, who also declared the day as Malawi Day.

The meeting heard that the stakeholders meetings have already started with the Southern Region meeting already taken place at Victoria Hotel on 22<sup>nd</sup> April. The meeting was chaired by the Hon. Minister of Industry, Trade and Tourism, and the UN Res. Representative was in attendance.

Members asked MoITT to quickly look at the 30% procurement issue for MDAs as directed by the Head of State with relevant stakeholders such as ODPP. This is the best way Private sector can benefit from the BMS.

#### Achievements summarized:

Industrial Policy and Trade Policy approved by Cabinet Committee and awaiting Full Cabinet

Buy Malawi Strategy Launched

PSD Project was audited and successfully passed

#### Challenges:

Challenge: Capacity in the MoIT to implement PSD is limited

Solution: Capacity Building measures for the MoITT in specific areas such as Project Appraisal, Project Management and Implementation, Monitoring and Evaluation, and Value Chain Development.

#### Conclusions:

The first quarter has started very well with a number of achievements and some activities in the implementation phase. However, more still needs to be done in the remaining quarters to build more capacity in the MoITT for greater sustainability and to eventually prepare for a successor PSD project once this comes to an end.

## Financial Utilization

Output No.	SOURCE OF FUNDS	BUDGET (\$)	EXPENDITURE (\$)	Balance	% UTILISATION
Output 1	UNDP	95,000	18,362	76,638	19
Output 2	UNDP	688,089	105,832	582,257	15
	DFID	2,598,469	265,178	2,333,291	10
Output 4	UNDP	166,711	6,134	160,577	4
Sub Total	UNDP	949,800	130,328	819,472	18
	DFID	2,598,469	265,178	2,333,291	10
<b>GRAND TOTAL</b>		<b>3,548,269</b>	<b>395,506</b>	<b>3,152,763</b>	<b>11</b>

Members were concerned by the utilization of funds in Q1, and will put much pressure on Q2 in order to be on track. However, caution was put that spending should be attached to results or achievements. This there calls for picking up the leftovers of Q1 to Q2 and ensure that all the activities are reflected in the work plan and carried out by end of the project.

### 6.1 Other related issues

- a) Industrial rebate- nothing has moved so far. A follow up will be done to Ministry of Finance and MRA.
- b) Members were informed that on IUMP the Ministry chose the SADC-TRF funding the oil seeds sector. The members were of the view that the Ministry should have picked a broader area on industrialization.
- c) TIPSWAP- no update was received. Members asked for the Department of Planning to be invited to the subsequent meetings.

### Output 2 – Progress Report, MICF

The fund managers of the MICF reported as follows:

MICF projects moved in the second year of implementation, the key activities during Q1 included conducting a Financial and Operational Analysis of the entire portfolio of projects; Project Monitoring and Milestone reporting; and MICF Portfolio Risk Assessment.

- a) Financial and operational Assessment- it was initiated as a quick response to a better understanding constraints faced by individual companies in running their businesses. This enabled MICF to gather feedback through regular reporting on their challenges. The two key concerns were (i) the currency devaluation and its implications and (ii) the unpredictable rainfall patterns. Companies have developed strategies to mitigate them.

The Projects are at various stages of product design with some already finalized including marketing material. The key is to ensure they produce high quality products that can effectively compete on the market.

b) Project Monitoring and Milestone reporting:

- 4 Projects have achieved Milestone 1 but have extensive work on Milestone 2 and 3
- 5 Projects have achieved Milestone 2 and now on Milestone 3 and 4
- 1 Project has achieved Milestone 3 and working on Milestone 4 and 5
- Total disbursement to date for all projects within the portfolio is US\$ 1,198,600
- Total contributions by grantees to date is US\$ 2,14 million

c) MICF Portfolio Risk Management- The period commencing June 2016 will see active procurement and testing of the quality and strength of the supply chain that projects have set up. The total number of jobs created so far is 46.

### Conclusion

The projects are making steady progress despite some delays in actual achievements. The introduction of an ongoing real-time monitoring system which enables Fund Managers to work closely with the companies will make Milestones prediction more accurate. Projects are at an important phase of implementation where capital equipment is being installed while at the same time raw material from supply they created for the project is ready to come in.

Adoption of latest technology across the value chain for end to end has been a positive move, as companies are willing to invest in farmer engagement programmes by allocating resources to back-up the technology.

Members were pleased to see progress despite the numerous challenges being faced. After a year of implementation we can see MICF efforts bearing fruits. The sustainability of the project after the donors' pullout is guaranteed as the models developed are assessed on the basis of the venture as embedded in each other ensuring that the model works. Members were informed that the second round of applications will be in July for Manufacturers and September for Irrigation.

## **7.0 Audit Brief**

The Audit was successfully done and unlike in the past (where it was project as a whole), this year's audit was on item to item. The report was passed without any issues. This year's audit looked at issues like Project Management, Contract Management and how decisions are being implemented. However, we need to prioritize our activities on Project Management and at the same time pull our socks.

## **8.0 Closing Remarks**

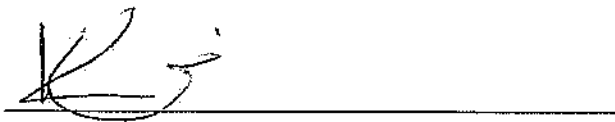
Co-Chair (UNDP) summarized the three reports presented during the meeting. She congratulated the Ministry on the audit and emphasized that the standard set will be the benchmark for every audit in future. She hoped that in the next meeting the Cabinet will have approved the Policies and that Business Licensing jingles will be on air.

She further outlined that were need be, they will be ready to take up Capacity Building requests. The Ministry was challenged to speed up on the round table presentation with the donor community. In Q2 we need to work with speed and ensure that budget utilization is increased. She was also pleased with the positives of MICF just after a year in the implementation phase, and pointed out that it is pleasing to see technology coming to the farmers out there. She finished by reminding MICF that this not a social responsibility but rather a B2B, so let us be focused at that all the time.

In his closing remarks Co-Chair (MoITT) said that the highlighted that calls for the Ministry to improve, will surely be dealt with. He reminded members that the coming Friday 29<sup>th</sup> April there will be an EPZ meeting in Blantyre and MCCCCI should send a representative. He thanked the participants for the good and fruitful meeting.

Minutes Approved and Signed by:

For Ministry of Industry and Trade:

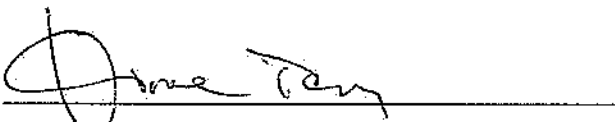


S.K. Chisale

Director Industry

Date: 07/11/16

For UNDP:



Cinzia Tecce,

Private Sector Development Specialist

Date: 07/11/16