



EX-POST EVALUATION OF THE PROGRAMME “CAPACITY BUILDING TOWARDS TRADE AND PRIVATE SECTOR DEVELOPMENT (CBTPSD)”



Funded by
the European Union

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Stone crusher
Photo: IIED/Steve Aanu



This programme is funded by the EU

Implementing Partners



Component 1: International Trade Centre



Component 2: UNDP and UNIDO



Component 3: The World Bank

1. THE INTERVENTION: AN OVERVIEW

The “Capacity Building towards Trade and Private Sector Development” (CBTPSD) programme was an EU-funded initiative aimed to support the Government of Malawi in two strategic priorities, namely, an enabling environment for private sector-led growth and an export-led development through the conduit of accelerating the growth of export enterprises. To address those issues, the CBTPSD was structured under three distinct components in the areas of Trade Statistics and related Information System (Component 1); Standardisation, Quality Assurance, Accreditation and Metrology (SQAM) infrastructure (Component 2), and the Mines and Minerals governance structures in Malawi (Component 3).

Implementing partners assisted the programme execution along its duration. Those were: International Trade Centre in Component 1; UNDP and UNIDO in Component 2; and the World Bank in Component 3.

CBTPSD, which commenced implementation in 2013 and finalised in 2019, has been object of an ex-post evaluation to assess its achievements and learn from that experience to inform future initiatives.

	Trade Information	SQAM	Mining
What it sought	Enhance the capacity of the government to generate, process and package trade information and statistics for policy making, monitoring trade flows and provide timely information to the private sector.	Strengthen the Standardisation, Quality Assurance, Accreditation and Metrology (SQAM) in Malawi to facilitate growth of non-traditional exports and ensure consumer protection.	Enhance the capacity of core Government departments mandated to regulate and oversee the development of the mineral sector.
What was done	<ul style="list-style-type: none"> ▫ Facilitate the access, processing and dissemination of trade data with the Trade Map Malawi. ▫ Build capacity of relevant institutions (National Statistics Office, Malawi Investment and Trade Centre, and other trade related processing institutions) to generate and manage trade statistics and data. ▫ Development of the MITC Trade Information Portal (https://mitc.mw/trade) ▫ Development of the Export Potential Map for Malawi (https://malawi.exportpotential.intracen.org) 	<ul style="list-style-type: none"> ▫ Provision of equipment and capacity building to the Malawi Bureau of Standards (MBS) to expand their range of services in relation to testing, metrology and management systems, improving its efficiency and financial sustainability. ▫ Supported the international accreditation process in ISO 17025 on the scopes of chemical analysis and testing of aflatoxin in cereals, pulses and related products, as well as mass balances (0-200g) and mass pieces with range 1mg to 2Kg. Accreditation in ISO 17021 for 9001 management systems certifications. 	<ul style="list-style-type: none"> ▫ New Mining Act which will serve as legal framework for a more transparent and fair use of mineral resources. ▫ Elaboration of the country-wide airborne geophysical survey. ▫ Establishment of the geological database. ▫ Increase the capacity for Tertiary Education in mining-related studies.
Challenges	<p>Delays in implementation due to a limited absorption capacity and delays in some joint investments hampered the timely advancement of certain outputs and installation of acquired equipment.</p> <p>Coordination with, and among, implementing partners contributing in each of the components.</p>		

	Trade Information	SQAM	Mining
Recommendations	<ul style="list-style-type: none"> ▫ Continued support to relevant Government institutions on Trade Intelligence and Institutions, particularly in relation to market and trade analysis skills, tourism, etc. to support the improvement of the business environment. ▫ Addressing a Private Sector-Greening Agenda and the Circular Economy. 	<ul style="list-style-type: none"> ▫ Consolidating a Private Sector-focused National Quality Infrastructure system. ▫ Revision of the National Quality Strategy and addressing the institutional reform process of the MBS. ▫ Further strengthening the capacities for standardisation and standards dissemination. 	<ul style="list-style-type: none"> ▫ Ensure sustainability and operationalisation of key major outputs in line with the provisions of the new Mining Act. ▫ Support the design of a revised institutional setting governing the sector (Mining Authority and National Mining Company). ▫ Support Private Sector Development, focusing on Artisanal and Small Mining and communities' livelihoods.

2. WHAT WAS DONE:

KEY FINDINGS AND CONCLUSIONS

KEY FINDINGS

Trade Information

SQAM

Mining

Relevance and coherence

The project was highly relevant for Malawi’s future economic development and diversification of its productive base and exports in line with Malawi Growth and Development Strategy, addressing critical beneficiary needs on the three strategic areas set as objectives.

Trade Information

Main outcomes achieved in this component include:

- Trade Map Malawi customised and incorporated into the NSO corporate website.
- Capacity of responsible government departments in terms of generating, processing, packaging and sharing trade related information and statistics was enhanced.
- MITC Trade Information Portal was developed.
- An online Export Potential Map for Malawi was developed and launched.
- Supported the Secretariat of the Trade, Industry and Private Sector Development Sector Wide Approach in their implementation of Malawi's National Export Strategy.

However, there were some challenges to the assimilation of advanced knowledge due to staff turnover; limited formal cooperation among the Malawi Investment and Trade Centre and key sources of information within the country; and, the existence of two separate portals dealing with trade issues, although having different purposes, causes confusion among partners and private sector.

SQAM

Overall, the Project was a boost for the capacity of Malawi Bureau of Standards to provide technical services, certification of products, management systems, training and consultancy services to the country. Main outcomes include:

- Equipping of the MBS with critical soft and hard assets needed to fully execute its mandate.
- Assistance in relation to Quality Assurance and international standards in relation to conformity assessment and certification services.
- Capacitation of the MBS' National Enquiry Point to better deal with notifications of standards and technical regulations in line with the WTO TBT/SPS Agreements.
- Technical support provided prepared the testing and calibration laboratories for international accreditation, which was achieved.

CBTPSD support for strengthening the standards development processes was, however, not sufficient and remain an area of interest.

Mining

- The intervention successfully developed an updated modern solid legal framework for the sector with the approval, in 2019, of the new Mining Act including provisions on tax regime, and fair and transparent revenue collection.
- Development of an up-to-date computerised Mining Cadastre, accessible on the internet, with contributes to a transparent and fair licensing system.
- Country-wide airborne geophysical survey to acquire new data that is the basis for the geological database at the Geological Survey Department (which also benefited from refurbishing of offices, new equipment and capacity building).
- Increased the capacity for Tertiary Education in mining-related studies with the Polytechnic in Blantyre and the Chancellor College in Zomba as beneficiaries.

Some challenges identified are: the system was configured for the regulations of the previous Mining Act, making necessary some reconfiguration to fit the new legal framework; even though the project included a component for formalisation of ASM activities very little has been implemented on the ground; the geological database is currently not accessible online, limiting its usefulness, and not linked to the new Cadastre; the facilities of the Department of Mines (renovated by the project) are still not ready to be used so the installation of all the equipment has not been finalised.

Trade Information

SQAM

Mining

Efficiency	<p>It was observed that a low absorption capacity from the beneficiary side, partly due to lack of sufficient programme management capacity, hindered the use of all available resources.</p>	<p>Efficiency was somewhat affected by delays in the finalisation of the new MBS building (which is not part of the EU programme support) and cumbersome management arrangements among involved implementing partners.</p>	<p>While some major tasks were implemented efficiently (revision of the legal framework, development of academic syllabuses and airborne survey), significant delays and management faults were observed through the project implementation.</p>
Impact	<p>Good national ownership was maintained throughout implementation.</p> <p>Development of the MITC Trade Information Portal, the Trade Map Malawi and the Export Potential Map for Malawi, supporting PSD.</p> <p>Ease of doing business improved (from 145 in 2011 to 109 in 2019).</p>	<p>Range of services provided by the MBS, and efficiency in their provision, was widened, contributing to MBS financial sustainability.</p> <p>Increased use, by enterprises, of MBS services creating a more favourable environment for exporting and participation in international markets.</p>	<p>While immediate impacts are not yet apparent (as this is a long-term investment), the initial observations suggest a growing interest from international investors.</p> <p>CBTPSD created an enabling environment (solid legal framework, availability of geological information, improving of licensing-system and availability of skilled personnel) for future growth.</p>
Sustainability	<p>Of the total NSO staff trained as part of this programme, 55% of them remain in their jobs today contributing to ensure the sustainability of project results and knowledge acquisition process. There are some reasons for concern, however, due to the lack of appropriate equipment and internet connection for the staff (particularly in the current Covid context) and software licenses acquired having expired.</p> <p>In the case of the MITC, training helped to strengthen its information dissemination services by creating a Trade Information Portal. However, by the end of the project in 2018, the trained office holders were no longer updating and uploading it. Having said that, new staff is now committed to keep the trade information portal updated, to make it one of the most reliable trade information dissemination tools to the business community.</p>	<p>The capacity built by the CBTPSD has enabled MBS to become more self-sustainable financially in the medium-term.</p> <p>In the long term, the expansion in the scope of services and the successful engagement of the private sector, particularly SMEs, in the use of these services will be fundamental to maintain it.</p>	<p>Current lack of funds for the upkeep and updates of the Cadastre and Geological Database (two main outputs) is a reason for concern.</p>



*Small scale mining activities in Malawi.
Photo: Nyasa Mining Cooperative*

CONCLUSIONS

- This ex-post evaluation has concluded that CBTPSD was in effect an umbrella or container that facilitated implementation of three separate projects, which took place through different modalities and executing agencies. Nevertheless, all project components clearly aligned with key Government developmental priorities, policies and strategies. The need to diversify the economy away from traditional exports was (and still is) on top of the Government agenda and the programme effectively assisted in that process.
- The analysis of the programme Effectiveness also unveiled mostly positive outcomes characterised by an effective capacity building process along all project components and implementation, and most outcomes successfully developed during the CBTPSD execution.
- The Efficiency analysis yielded mixed results with some deficit in the capacity to spend the budget allocated detected in component 1, some delays in implementation of outcomes under Component 2 due to the mentioned issues with the new MBS building and coordination between implementing partners, and significant delays and low efficiency in some of the activities in the mining component.
- Some impacts of CBTPSD interventions are already evident:
 - Malawi's Customs' data and trade statistics are, in general, of better quality and more reliable than before the project, although NSO still has deficits in compiling trade indices. Positive impacts were also reported to the evaluation by the Malawi Investment and Trade Centre (MITC). Furthermore, the TIP-SWAp mechanism facilitated the development of industrial sector policies in key clusters and services; and enabled the development of the Malawi's National Export Strategy.
 - Malawian firms using MBS services rather than sourcing them from abroad is another indicator that has enabled reduction in the cost of doing business. Impacts can be also assessed through the increase in the use, by enterprises, of calibration, certification and training services. Increased capacity in TBT and SPS has also triggered the process of establishing the National Food Safety Policy by a complementary programme implemented by FAO.
 - Being Mining a mid- to long-term venture, no direct impacts in terms of increase of income from the mining sector and/or increased export earnings from minerals are evident to date. Nevertheless, interviews showed an increased interest from international players for the mineral sector potential of Malawi. The enabling environment facilitated by the programme is seen as positive by potential investors. The project definitely contributed to the government's capacity to control and mitigate potential negative (environmental and socio-economic) impacts usually associated with a growing mining sector.
- The sustainability of the programme's outputs and outcomes is, to date, a reason for concern although some positive signs were found on the ground.



Trailer mounted 2500 litres prover tank



Equipment procured by the project in the SQAM component (Agilent K6460 Triple Quad Mass Spectrometer System)



Lapidary equipment provided by the project

3. CONSIDERING THE CONTEXT: **CROSS-CUTTING ISSUES**

Even though the CBTPSD did not have a specific component on Gender, this was part of the programme implementation.

Capacity building activities for the Ministry of Mines as well as the higher education programmes that received the programme support were open for both men and women. It was reported that 18% of public service personnel trained in sector-relevant fields were women; this number was similar in the other two components of

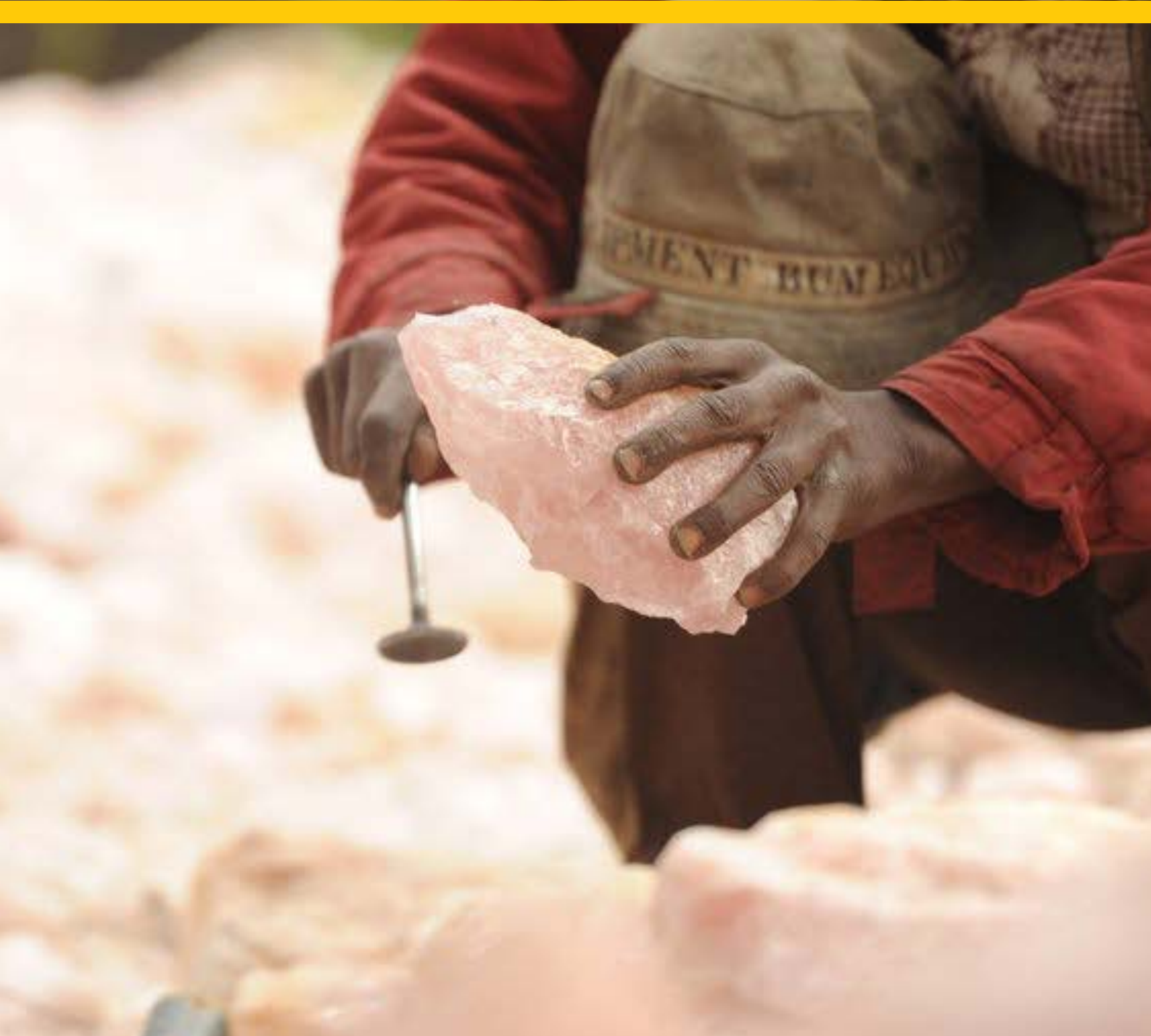
the programme and was largely linked to the gender composition of the staff in the beneficiary institutions.

Around 40 % of newly enrolled students in mining- related study programmes are female. Ms. Loveness Mvula was amongst the first group of students enrolled for the new mine-engineering study programme at the Polytechnic in Blantyre.

Interviewed by the evaluation, Ms Mvula was proud to say that she will graduate in June 2021 and will be Malawi's first female mining engineer.



Ms Loveness Mvula



Malawi has a great range of semi-precious stones, including rose quartz.
Photo: Guy Oliver/IRIN

The mining component of the CBTPSD was the most concerned with environmental protection issues. According to international experience, an increase in mining activities (regardless of the scale of the operations) is connected to an increase of environmental and socio-economic challenges. The programme included components aiming at environmental issues with some of its outcomes expected to contribute in the future to the mitigation of negative environmental impacts of already active and upcoming mining activities. Those include:

- Improved environmental regulations for the mining sector have been developed and are part of the new legal framework.
- The project improved capacity of the Ministry of Mines to inspect and enforce these regulations.
- The new strategy for artisanal and small-scale mining (ASM) includes specific environmental standards to be applied by small scale miners as well as a strategy for formalisation of the sector. The CBTPSD also initiated some training and environmental awareness for ASM which, even if not enough, can serve as basis for future advances on this.

The improved capacity of the Ministry of Mines shall also contribute to a better monitoring and regulation of the mining sector which it is expected to contribute to improved environmental, health and safety records of the industry, better protect the rights of the affected communities and the gradual abandonment of bad practices, such as child-labour.

On Good governance: CBTPSD's result areas 1 and 2, by their nature, aimed at improving capacity of government agencies. Cooperation of the Statistics Office (NSO) with several institutions that collect trade data has improved as a consequence of the project; similarly, positives outcomes for the managerial capacity were reported in the case of the MBS.

On mining, the programme aimed specifically on good governance on the sector. As such, it contributed to increase Government capacity to monitor the mining operations and to comply with the Extractive Industries Transparency Initiative (EITI) principles and procedures.



SADCAS CEO, Mrs. Maurine Mutasa, handing over the Accreditation Certificate on Aflatoxin to MBS Board Chairperson, Mr. Action Amos



The new MBS Laboratory Complex in the initial stages of construction

4. KEY LESSONS

Finding the right balance between “ownership and efficiency” to deliver development assistance is always a challenge. Two lessons from CBTPSD make this dichotomy evident:

1. The establishment of working agreements between the involved parties usually leads to delays in implementation. For example, the CBTPSD's FA had foreseen a Co-delegation agreement through the first programme estimate (PE1) to engage the ITC for capacity building of Malawian government officials on trade intelligence and statistics. Difficulties encountered led the EU to recentralise the financial implementation in order to speed up the contribution agreement (CA) that had been signed by the Government with ITC. The completion of the signatures of the CA between the EU and the ITC finally took place on 6 March 2014, almost three years after the signature of the FA. This long delay to bring on board a key player to drive capacity building activities (the core action under the programme) significantly affected the efficiency of implementation. When implementing partners are to be involved it is important to identify and determine together with all partners, including the government, specific actions that can competitively and exclusively be addressed by an institution to avoid misunderstandings and unnecessary delays.

2. Programme design must also consider the management capacity of the beneficiary before deciding on their appointment in a coordinating role to avoid the perception as a “burden” of managing EU procedures for management and procurement of goods and services. In this case, the NSO was the government agency designated to manage the PEs but lack the overall project management capacity to do so. Contrary to what had been foreseen in the financial agreement, no Technical Assistance was recruited until late 2014, in order to ensure adherence to EDF procedures and regulations. There was a lack of continuity in the project staff at NSO and coordination team at the Ministry of Industry and Trade what, to some extent, compromised institutional memory, and created work overloads for the remaining project team at NSO and MoIT. This, in turn, negatively affected the effectiveness and efficiency of the implementation process with some NSO's staff involvement not being officially endorsed thereby compromising their motivation and focus. Appointing a dedicated TA team often is the best option to balance both ideas.

3. Another lesson learnt from CBTPSD implementation is that coordination between implementing partners can also be challenging and it is important to work in fine-tuning them from the initial programme design, considering their own administrative procedures and creating clear work streamlines. In the CBTPSD, the UNDP entered into an Inter-Agency Agreement with UNIDO under the SQAM part of the project and all funding from the EU was received by UNDP through a Contribution Agreement. UNDP thereafter transferred funds for activity implementation to UNIDO as per a Memorandum of Understanding (MOU). All funds from UNDP HQ were transferred directly to UNIDO HQ. Normally, a UNDP Country Office cannot transfer funds directly to UNIDO HQ and this makes the process for the transfer of funds lengthy, hence affecting implementation. As a consequence, in future EU programmes sufficient attention must be paid from the early stages of design to internal administrative procedures that will operate between the selected implementing partners to avoid negative impacts on subsequent implementation.

4. Furthermore, CBTPSD demonstrated that the attempt of merging funds with other development partners may be, generally, a good idea. This is because it allows leverage of funding, as well as of technical expertise in areas where the EC might have less experience. However, when two fundamentally different approaches to implementation are presented, good communication will be key for a fruitful execution. In the case of the mining component, this difference of approach was represented by the EU contribution in the form of a grant (usually closely administrated and monitored) vs. the World Bank contribution in the form of a loan to the government. In the end, project management was left largely in the hands of the team mostly composed of government staff and of the line Ministry and EU access to information was limited. In future programmes with this setting, the EU should ensure its participation in the programme Steering Committee, at least as an observer, and use all its monitoring tools to ensure full access to all relevant up-to-date information on project progress.

5. Moreover, it was learnt that the mining component of the CBTPSD was configured as a very broad and holistic one covering all aspects and needs to build the necessary capacity to foster, promote and manage a growing mining industry. As such, it was to some extent over-ambitious given the substantial but nevertheless limited budget and timeframe available as well as considering the low absorption capacity of the beneficiaries. This led to some management issues and left behind (besides substantial outputs) some unfinished work and “loose ends” and the sustainability of some outputs is a reason for concern. The approach worked well for some of the large one-time investments, such as the country-wide airborne geo-physical survey but not so well for other capacity building efforts. In similar interventions, it is recommended that implementation takes a step-by-step approach foreseeing more phases over a longer period. This more gradual capacity building process will help to consolidate the advances produced and to better accommodate developments on the ground in a growing sector (such as the decision to establish a Mining Authority)..

6. A final lesson, important to be taken into consideration in future programming exercise, is that expectations should be handled carefully so they are commensurate to the capacity of an institution to deliver services to beneficiaries at the right time. In the SQAM component, there was an excessive exposure of MBS, which made many stakeholders think that the organization could do “anything”, and therefore demanded other services for which it does not have expertise yet. Problems related to the completion of MBS new premises posed challenges to the effectiveness of the capacity building actions delivered by the project. Consequently, a lesson to learn in this case is that when planning for a project of this nature there should be contingencies for dealing with unexpected challenges so as to provide timely alternative solutions, in order to ensure that the actions remain effective even in worst case scenarios.



*Underground miner.
Photo: Hugh Brown*

5. THE WAY FORWARD: **RECOMMENDATIONS**

C1 – Trade Information

- Improving the capacity of government agencies to collect, develop and disseminate data is a continuous process. Follow up actions are recommended to address expressed needs by beneficiaries. Among them, more advance training for trade in services, tourism statistics, data collection and compilation of indices, including training for clearing agents; improvement of market access data and dissemination; updating of Malawi's Non-Tariff Measures business survey aimed at improving the business environment; and updating the Business Information Register. Given the successful cooperation during the CBTPSD, a similar contribution agreement with the ITC could be considered.
- Facilitation of access to higher-level education programmes or exchange instruments to allow an on-the-job training of Government agents.
- Explore blending options for investment under the European Fund for Sustainable Development (EFSD+), and the proposed Build Malawi Window, anchored to the global BUILD Fund. Build Malawi (jointly implemented by UNDP, FAO and UNCDF) is a specialised blended finance vehicle to boost investment and jobs in the productive sector of the country via the provision of long-term debt and/or equity to SMEs that need impact capital.
- Study other possible programmes to facilitate the financing of green investments, in particular for small and medium agri-business and agro-industries, in order to support their expansion, resilience and productivity.

C2 - SQAM	<ul style="list-style-type: none"> ▫ Follow-up CBTPSD assistance to further strengthen the Malawi Bureau of Standards' technical capacity and competence particularly on goods' standardisation practices and voluntary standards. ▫ Support the institutional reform of the MBS, in the context of the revision of the National Quality Strategy in the country. ▫ Assist the Ministry of Industry and Trade to develop a Technical Regulatory framework based on international best practices. ▫ Support the development of technical capacity of competent authorities responsible for animal health, food safety, plant protection, environment and other issues to develop and implement technical regulations in accordance with international best practices and create the adequate context for Export readiness. ▫ Raise awareness and encourage the private sector to invest in compliance to increase Malawian firms' competitiveness in international markets and ensure consumer protection of Malawi citizens. Various options can be explored for this, such as matching grants, peer to peer coaching and promotion of private players in the provision of these services. ▫ Facilitate public and private sector dialogue for priority value chains. Also, disseminate the importance of quality and standards by establishing appropriate consultative fora and advocacy platforms where the private sector, civil society and the government can synergise ideas and resources to address challenges and increase awareness.
C3 - Mining	<ul style="list-style-type: none"> ▫ Further support the Ministry of Mines and its departments towards improving the enabling environment for the mining sector with the short-term objectives of safeguarding gains made by the programme and maximising their efficiency via the reconfiguration of the Cadastre according to the new Mining Act (approved in 2019, after the initial configuration was done) and finding a permanent solution for a safe and sustainable hosting of the valuable geophysical data. ▫ Consider the provision of support to carry out detailed feasibility and design-studies for a "Mining Regulatory Authority" and a "National Mining Company", following the political decision to establish them, to ensure their financial self-sustainability and fulfil clearly defined roles in the sector. ▫ Boost support to Malawi's Artisanal and Small-scale Mining (ASM), given its' long history and its high potential for local sustainable livelihood development. This could consider initiatives aimed at the formalisation of ASM and upgrading of vulnerable ASM to appropriate and sustainable mining operations, establishing environmental sound mining practices, efficient market approaches, innovative approaches for local value addition or micro-financing schemes tailored to them. Cooperation with other development partners and initiatives working in the sector is highly recommended. Actions in the ASM are advised to be accompanied of adequate support (institutional strengthening and community empowerment) to the civil society and NGOs to handle potential negative impacts for the environment and affected communities at grass-root level.



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