

# Public-Private Dialogue

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## Malawi / Private Sector Association: Public Private Dialogue in Malawi

by

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## Background and Context

Malawi became independent in 1964 from Britain with Prime Minister as Head of Government and in 1966 it became a Republic, with three arms of government – the Executive, the Legislature and the Judiciary. The country was once a one party state until 1994 when she opened up to multiparty politics. A new government was ushered into power in 1994 after the first multiparty election in nearly three decades. Due to this political history, it was not easy to conduct meaningful structured Public Private Dialogue (PPD) in Malawi before 1994, despite the existence of the Malawi Confederation of Chambers of Commerce and Industry (MCCCI).

Following the democratic dispensation, in the mid to late 1990s, the private sector through the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) mooted the idea of a Business Council, based on models practiced within the region such as Botswana and the Malaysian model. The Business Council was going to be a high level platform at which issues related to the economy and business were to be discussed and decisions taken. Meetings would be held twice a year and they would be attended by the president of the country, cabinet ministers of economic related ministries, and chairpersons of relevant parliamentary committees and senior members of the private sector. However, after some protracted discussion, this proposal was turned down by government on account of the co-chairmanship between the president and a senior private sector executive. Several alternatives were set up by government as follows:-

1. There was a Committee chaired by a cabinet that was charged with resuscitating laws, regulations, policies that had failed before;
2. There was a body called National Economy Council, chaired by private sector but comprising private sector and government representatives, whose main responsibility was to come up with new policy proposals and scrutinize proposed policies before they were submitted to cabinet committees;

3. There were also numerous other committees with Ministries of Industry and Trade, Economic Planning and Development, Finance, among others, whose main mandates were to consult the private sector on their private sector related programmes.

The above structures however failed to serve the objectives for which they were set. For example they were a lot of conflicts between the first and second institutions. The third arrangement was (and still is) seen as window dressing – consultation was not regarded as adequate in decision-making because ultimately the government was still going ahead with what it felt was right despite proven evidence to the contrary. As a result of this realization and especially following the continued poor performance of the economy and the private sector, a group known as National Action Group (NAG) was born around 2000. This initially comprised senior private sector executives, representatives of the donor community, and heads of government agencies that serve the business community, but later included some ministers too. NAG made some progress in bringing a number of critical issues up for discussion with decision-makers, which had not been achieved before. Its achievements included, among others;

- a) Influencing change in a number of business related laws;
- b) Bringing issues related to poor governance and its consequences on the economy and the private sector;
- c) Influencing, to some extent, the national budget content;
- d) Bringing together a number of associations and professional bodies;
- e) Managing to ensure presence of cabinet ministers at all meeting; etc.

The challenges with NAG however were many. First, since it was not membership based, and the choice of who to attend the meetings was seen as arbitrary. This affected its credibility to a large degree. Secondly, its sustainability was in question especially with the funding from DFID being limited to a period and the fact that the consulting firm would not host such a secretariat after the expiry of the financed period.

Following these observations, a decision was made in 2007 between government and the private sector to continue with the dialogue process but under a different structure with capacity to sustain the dialogue finally too.

The **Public Private Dialogue (PPD) Forum** was therefore born in that manner. The secretariat was chosen to be the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) because of its membership structure and therefore credibility.

### **Goal of the PPD in Malawi**

The dialogue focuses on:

- a. The development of a vibrant and responsible private sector in Malawi;
- b. Strategic' issues and those issues that impact on large numbers of businesses rather than issues that impact on one or a few businesses;
- c. issues relating to a particular sector need to be taken up by sector associations or representative bodies (like MCCCI) with support from the PPD Secretariat in

- dialogue with the necessary public sector bodies, up to and including Ministers if necessary;
- d. Developmental and forward looking issues, seeking to resolve problems and to take advantage of opportunities in a spirit of shared interest and collaboration between the public and private sectors;
  - e. Making decisions and getting things done, with shared accountability for the outcomes.

### **Government, private sector and/or development partners' involvement in the program**

In Malawi, Ministry of Industry, Trade and Tourism is the main coordinating Ministry on the Government side and sector Ministries of Finance and Economic Planning, Energy, infrastructure are key to the PPD process. MCCCCI as a Secretariat coordinates the private sector participation at the forum. World Bank has been very supportive of the establishment of the formal structure of the PPD Forum in Malawi with a lot of interest from other Cooperating partners that support private sector in Malawi such as UNDP, European Union, DfID among others. The whole program is facilitated by MCCCCI as a secretariat.

## **Youth and Inclusion Dimension**

PPD inputs are mobilised from sector associations through MCCCCI as an apex private sector association as well as secretariat while government also raises issues on which it wants private sector to action. Apart from attendance of the PPD Forum meetings, the inputs are mobilised by MCCCCI convening meetings with the various sector associations and sometimes with their members to discuss sector specific issues that require to be tabled at the PPD Forum levels. These issues also come from youths who have interest in the entrepreneurship and face challenges. Some of the organizations that deal with include National Small and Medium Enterprises. Further, in Malawi youth, gender are treated as crosscutting issues in all interventions that are made. At the Policy Level, Ministry of Youth, Labour and Man Power Development has been a key participant at the forum. Some issues are certainly operational in nature and do require solutions on an ad hoc basis with lower level authorities. Most of the issues affecting these category of people are access to capital, access to market information, access to skills.

## **Partnership, Structure and Processes**

The secretariat is hosted by MCCCCI, and works very closely with Ministry of Industry, Trade and Tourism officers, who coordinate the input from the government side and disseminate decisions of the Forum to the same. The Donor Community are part of the dialogue forum but their major role is observers and only come in where need be.

The dialogue takes place at a high level between the key stakeholders in the public and the private sectors, supported by relevant development partners. To ensure that the dialogue achieves its objectives, those who participate are able to make decisions and commit their

respective organisations. To this end, the participating bodies/organisations are represented by a senior decision maker, such as Chief Executives/Managing Directors/General Managers from the private sector side, and Ministers and Principal Secretaries from the public sector side.

The relevant government Ministries and business support agencies, as well as organizations representing the main sectors of the business community participate and are invited depending on the agenda. .

The number of participants is kept to a minimum; hence representation is mostly at association level. In areas where there is no clear representative body, then attempts are made to form 'working groups' in that sector/area, for example in manufacturing.

The PPD meetings are held every quarter and co-convened (as opposed to co-chaired) by a senior private sector official elected by the private sector itself and the Minister of Industry and Trade. The agenda is developed based on consensus championed by the two Co-Convenors of the forum. The private sector co-convener serves for a period of two years upon which a new co-convener is elected. The forums agree on action points on each issue and implementation is monitored by the Secretariat in conjunction with Ministry of Industry Trade and Tourism. Progress on actions is shared to members well before the next forum.

World Bank has been very instrumental in funding the forum sponsoring venues and necessary requirements for the PPD to take place. Each participating institutions funds itself to attend the forum but all secretarial work is done by MCCI in conjunction with Ministry of Industry, Trade and Tourism.

Among the associations that participate include **Society of Accountants in Malawi (SOCAM)**. This is an independent professional society which oversees the accounting and auditing standards in Malawi and administers professional development of its members. Its role in PPD is in technical analysis of the income taxation regime in Malawi and its implication in Malawi.

**The Economics Association of Malawi (ECAMA)** is a grouping of economists and provides analyses of the broader issues relating to the economic environment and makes appropriate recommendations on economic and social policies.

**The Employers Association of Malawi (ECAM)**. ECAM is a grouping of employers and look specifically at issues of employment and labour laws and conditions.

**The Road Transport Operators Association of Malawi (RTOA)** is an association whose interest is to lobby for the transport industry.

**Bankers Association of Malawi (BAM)** which comprises the money deposit institutions in Malawi. Its areas of focus include the requirements of the central bank and reforms in the sector such as exchange, etc on the implementation of the Action Plan.

**Farmers Union of Farmers (FUM)** is an independent association of farmers associations. With agriculture contributing 29 per cent to the economy of Malawi, FUM is viewed as a very important part of the PPD process in Malawi.

## Results so far

The PPD Forum has yielded a number of results:

- There is now growing interest by Policy makers to participate at the forum;
- Several Policy makers have now recognized the need to develop a vibrant private sector owing to poor performance of the economy;
- Several laws have been passed and a number of policies have been approved by Government. These laws and policies were reviewed and most of them have been passed into law. These laws have enabled some reforms in energy sector to allow independent power producers to start investing in the sector for example.

## Expected Results

The expectation of future dialogue forum should yield promotion of industry led economy by removing obstacles to doing business. Efforts have to be made to ensure that energy supply is inadequate, policies of Government should be certain for private sector and ensure that those responsible for implementation of policies should be accountable.

## Challenges

The implementation of PPD Initiative has had some challenges particularly on slow implementation of the reforms. During some of the years convening of forums has not been easy due some of the issues where Government already has positions. Private sector value results and where results are not forthcoming participation of private sector has not been easy as they view it as waste of time.

In order to promote continued dialogue, themes and topics have chosen where results can easily be realized such as tax amendments, or fiscal incentives.

Frequent changes of ministers of industry and trade have meant that every minister has to start from scratch and sometimes some ministers do not unfortunately appreciate the PPD process as much as the others. However the current Minister of Industry Trade and Tourism is very committed to the forum

## **Biographies of Authors:**

Mr. Karl Chokotho is the current President of MCCI. Karl Chokotho Holds a Bachelor of Business Administration degree from the University of Malawi and several professional courses' certificates. He is currently the Managing Director and a member of CMA CGM Malawi Board of Directors. With over 20 years work experience in Malawi and in the Eastern and Southern Africa Region he sits on several bodies as a board member including the COMESA Business Council

Mr. Hope Chavula is Head of Public Private Dialogue at Malawi Confederation of Chambers of Commerce and Industry. The position of Head, Public Private Dialogue was created to strengthen the capacity of MCCI to effectively dialogue with Government. He is an economist by profession and a holder of Master of Arts Degree in Economics. He has worked in Government at the Economic Planning Ministry, Investment Promotion Agency (now Malawi Investment Trade Centre) before joining MCCI. Hope has worked in the area of economic management and private sector development for more than 12 years.

Ms. Esther Mwimba is a Director of Private sector Development at Ministry of Industry, Trade and Tourism at the Ministry Industry, Trade and Tourism. He coordinates issues of private sector from Government side and Public Private Dialogue is one of the forums she is responsible for in Government. She is also a Coordinator of Competitiveness and Job Creation Support Project (CJCSP) at the Ministry. She is at the center of all business reforms in Malawi. Esther holds a Master of Arts in Economics and has worked in Government more than 16 years.