

Minutes for the Second SQAM Project Steering Committee Meeting

Ministry of Industry and Trade – Zimbabwe House Conference Room
23rd January 2014, 9h00 – 11h00 am

1.0. Members Present:

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Apologies:

Agnes Chimhiri, UNDP; J. Lipunga, Public Private Partnership Commission; Grace Mhango, Grain Traders Association

2.0. Introduction

It is a UNDP standard practice to hold Quarterly Steering Committee Meetings for projects in implementation by the Government of Malawi. This was the second Steering Committee Meeting for the SQAM Project after the first meeting was held in August 2013 at the Ministry of Industry and Trade offices in Lilongwe. The meeting was convened to get an update on the implementation of the SQAM project and also to seek policy and strategic direction on the project but also to discuss and agree upon the 2014 Annual Work plan for the SQAM project. The Contribution Agreement between the EU and UNDP was signed in 2012 but the actual implementation of the project commenced in 2013 and the project will run for 5 years (2012-2016). The meeting started with an opening prayer by Mr. C. Phangaphanga, Deputy Director of Industry, followed by self-introductions. The Agenda for the meeting was adopted with one minor amendment, and this was to clarify what would specifically be discussed under Agenda Item IV (AOB). Minutes for the previous meeting were adopted without any amendments.

3.0. Presentations by MBS on SQAM Project

The presentation by Malawi Bureau of Standards (MBS) which is the Implementing Partner for the SQAM project was divided into two sections: (i) Annual Progress Report for 2013 (ii) Annual Work Plan for 2014.

3.1. Progress Report for 2013

With regard to the progress that has been made on implementation of the project, below is the progress achieved so far or is currently underway

Summary of Activities Done or Underway:

Output 1

- Visibility Event: Did not take place in 2013 hence postponed to 2014. However there was a Briefing session with Industry and Private sector Players on the SQAM project that was held in December 2013;
- National Quality Policy was fast-tracked and approved by Cabinet. Printing and dissemination workshops were planned for Quarter IV of 2013 but did not take place. Plans are currently underway to ensure that the policy is printed and disseminated within the first quarter of 2014;
- Procurement process for the Enterprise Resource Planning (ERP) software. Procurement process is now finalized and the contracted is awarded to Techno Brain. UNDP provided funds towards this activity amounting to \$149,047 on a cost-sharing basis with MBS;
- Market survey on the Demand for Calibration and Testing in Malawi. Procurement process for the consultant is now finalized. Contract is awarded to Environmental Solutions and the exercise is expected to commence soon;
- Updating of MBS website. Procurement process for the consultant was deferred to Q2 2014 and funds vired to the Market Survey.

Output 2

- No activities were implemented

Output 3

- Metrology Lab Designs and Architectural drawings: UNIDO recruited an International Metrology Design Expert to prepare the National Metrology Lab Designs. MBS is working with Government of Malawi to source funding for the consultancy to develop the architectural designs and the construction of the building;
- Meanwhile UNIDO, with technical assistance from the CTA, initiated the procurement of the following equipment: Track and forklift for weigh bridge; reference weights for weigh bridge; Laboratory scales and weights for annual weight calibration; 2500 L Prover tank system for legal metrology; and Master meter system for legal metrology

Output 4

- No activities were implemented

Output 5

- No activities were implemented

Output 6

- Training of SMEs on Technical regulations: the activity did not take place in Q4 2013 as originally planned but has been postponed to Q1 2014;

Output 7

- No activities were implemented under this output as it pertains to the feasibility in establishing an accreditation body

Output 8

- Recruitment of Chief Technical Advisor (CTA) for SQAM was completed. Mr. Francois Denner was appointed as CTA and reported for duties on 1 October 2013
- Procurement of Motor vehicle and IT equipment completed. However MBS is still working on the contract for MTL to provide high speed internet
- Communication and visibility items produced

3.2. 2014 Work Plan

On the other hand MBS also made a presentation on the 2014 AWP which outline the activities that have been planned.

Summary of Activities Planned for 2014:

Output 1

- Finalization and dissemination of the NQP
- Development of a National Quality Strategy by the MoIT with the support of local consultants
- A functional review of the MBS in support of organisational structures, service delivery procedures and knowledge management within MBS
- The Market Survey for Demand for calibration and testing services will be concluded in the first half of 2014
- Finalization of the Enterprise Resource Planning (ERP).
- Updating of MBS website to reflect the SQAM and NORAD projects

Output 2

- Implementation of the activities in support of this Output will be delayed until the USAID project related to Output 4 concludes by mid-year

Output 3

- Depending on provision of funding by Government for the architectural drawings and for eventual funding for the new MBS facilities; construction may commence during 2014
- Procurement of mobile equipment will be concluded by UNIDO during 2014. Any further equipment procurement will be informed by outcome of the Market Survey and other reviews of MBS
- Activities need to commence to prepare the MBS achieve internationally recognized accreditation of its various services in the following areas:
 - Product Certification Body, accredited to ISO/IEC 17065
 - Management System Certification, accredited to ISO/IEC 17021 with scope of services:
 - Testing Services, accredited to ISO/IEC 17025
 - Calibration Services, accredited to ISO/IEC 17025

Output 4

- Implementation of the activities in support of this Output will be delayed until the USAID project which is expected to be concluded by mid-year

Output 5

- Implementation of activities in support of this Output will commence in the course of the year

Output 6

- Inception workshops (Blantyre and Lilongwe) with a selected group of SMEs for the certification in the areas of quality management (ISO 9001) and in Food Safety (ISO 22000)

- Training of trainers for the support to the SMEs will be conducted in quality management (ISO 9001) and in Food Safety (ISO 22000)

Output 7

- This output is more about the feasibility in establishing an Accreditation Body for Malawi

Output 8

- Recruitment of Project Assistant
- A separate activity related to Communications and Visibility was provided for in terms of this Output
- Programme and Operational Management activities will continue during 2014, these include monthly Project Management Meetings, quarterly Steering Committee meetings, mid-term review, workshop for planning of 2015 AWP, spot checks of MBS by UNDP, etc.

3.3. Challenges and Lessons Leant

- Needs to be more consideration also of constraints on implementing partner (MBS) as result of also regular daily work load of MBS officials involved in the project, this emphasises importance of advanced planning and coordination.
- Detailed technical specification to initiate tenders for sophisticated equipment has to be informed through detailed requirements analysis and these activities are time consuming, requiring site visits and consultation with prospective client needs.
- Requirement to clarify matters related to subsistence.
- Insufficient funding for the building infrastructure has led to delay in achieving some project activities.
- Slow project start due to challenges ranging from delayed funding, increased costs, delayed CTA recruitment and service provision by implementing partners. However, looking forward it is evident that all parties are committed to the project.

4.0. Discussions and Key Decisions

4.1. Market Survey

There was a concern on the protracted process for the recruitment of the consultant to conduct a Market Survey for the Demand for Calibration and Testing. Despite the activity being a simple one and being part of the 2013 AWP, it has not been concluded yet. There was hence a request to MBS to put a timeline for the completion of the exercise. The recruitment of the consultant is now almost finalized and the activity is expected to start. MBS was hence urged to fast-track on this activity since other activities might depend on its outcome and findings.

4.2. Capacity of MBS

There was a concern with regard to the fact that there were many activities that were put on hold in the 2013 project period because the CTA for the project was not yet recruited. This raised a question on the capacity of MBS since without the presence of the CTA, nothing much moved in terms of project implementation. This raised a similar concern that was raised during the first SC meeting on the capacity by MBS and MoIT to sustain this project to the required standards beyond the project duration.

Responding to this MBS reiterated that the institution has adequate human resource capacity to sustain the project with its well trained and experienced staff. The slow start to the project was basically due to the specific technical input on the project that was supposed to be provided by an international expert hence had to be carried out under the CTA's direct supervision. Otherwise MBS is adequately staffed to see through the implementation of the project and beyond. In addition as part of the project's activities is the training of MBS staff in Metrology, Calibration and related fields. Hence, there are high expectations that by the end of the project, MBS will have full capacity to sustain the expected results of the project in the long run.

4.3. Government Funding Towards SQAM Project and the Construction of the New SQAM Infrastructure

The members of the SC also raised the issues that were raised during the first meeting, and that is with regard to the Government allocating funds for the SQAM building. There was a concern on the slow progress in the negotiations between MoIT and MBS on one hand and the Government (Ministry of Finance) to release funds for the commencement of the building that will house the SQAM equipment. As of now, the technical expert has already submitted the technical designs for the SQAM infrastructure. MBS has already identified a local Architect to come up with the architectural designs for the SQAM infrastructure. MBS will require additional funding for the payment of the professional fees of the Architects (215 Million MKW) because the budget proposal submitted by the architects way surpasses the amount that was allocated for this activity. MoIT and MBS were therefore urged to intensify their negotiations with Treasury to allocate adequate funding for this activity. Taking in account that the financial year is drawing to the close and negotiations on the 2014-2015 budget will start soon, MoIT and MBS can take advantage of this to negotiate with MoF to allocate the required resources in the next budget. On their part, the direction is to request GoM for funding based on a phased approach and needs basis. The MBS was urged to prepare cost projections in support for Government funding requests. The Mid-term review of the SQAM project, which is scheduled to take place in June, is critical to determine the way forward on the project and device new approaches for its implementation with or without Government funding.

4.4. Variances Between the Budget and Actual Expenses

There was a general observation by MBS and the CTA that there are in most cases wide variations between the resources that were actually allocated for the project's equipment and the actual costs of the same. This has mainly been observed in major procurement items where the budgets gaps are very wide. This is basically due to two reasons: This has implications on the implementation of the project since there will be funding gaps as procurements of equipment are carried out. However, the Access to Markets project of NORAD, being also implemented by MBS, will complement resource gaps as far as equipment is concerned.

4.5. The 2014 AWP is too ambitious

Some members of the Steering Committee felt that the 2014 AWP is rather too ambitious. Basically it has incorporated all the activities that were in the 2013 AWP but not concluded plus additional activities planned for 2014. Since most of the activities that were planned for 2013 did not take place or were not completed, the implication is that the 2014 AWP comprises of the activities that were planned to be completed in 2 years. There was hence a question of the feasibility of the work plan as regards to its effective implementation. On responding to this, MBS assured the SC that the work plan is very feasible. In the first place, for some activities, preliminary work was already done in 2013. Hence in 2014, there will just be a quick wrap up then proceed to the other activities. On the other hand the way the project was

structured is that there were many activities that were planned for Period I and the activities planned for subsequent period are fewer and sparsely allocated. Therefore, much as the 2014 AWP takes in both 2013 and 2014 activities, but in essence the activities are manageable and the project management team is confident that all the activities lined up for 2014 will be effectively implemented.

4.6. Implications of Some Activities Being Put on Hold Until Mid-Year

Another great concern was the rather unpredictable scenario that will be brought in due to the fact there are several activities that have been put on hold until June-July 2014 awaiting outcome of a similar project funded by the USAID. In the event that these activities have to be implemented, there is fear that there won't be enough time to carry out these activities plus the other activities that will already be under way. Members of the SC hence questioned the rationale of putting some activities on hold pending the outcome of another activity. On this MBS clarified that the activities that have been put on hold are particularly dependent on the outcome of the USAID project. The outcome of the same will determine whether the activities have to be carried out or not, or rather refocussing the direction in those activities. However MBS assured members of the SC that these projects will be effectively implemented in the last half of the year if need be.

4.7. New Circular on Financial Procedures for Donor Funded Activities

On the other hand the SC member was informed that there are new harmonized procedures for funding for meetings and workshops on projects that are funded by development partners. The new circular was agreed upon by development partners in the last quarter of 2013. It was submitted to Government for review and has eventually been adopted. This document has hence been shared with all government ministries and departments by the Office of President and Cabinet. These new harmonized procedures are effective December 2013. Therefore any workshops that will be organized by any government institution that is funded by a donor project should follow the requirements outlined in this new circular. Besides calling on MBS to be compliant to the new harmonized procedures, he also called on the institution to be transparent and accountable in its use of donor funds. MBS should exercise accountability in among others its procurement procedures, financial expenses, project documentation, use of project equipment and other resources.

5.0. Closing Remarks

In his closing remarks, the chairperson of the meeting who is also the Secretary for Industry and Trade reiterated the importance of the meeting to check on the progress of this important project. He thanked the participants for making themselves available for the meeting and contributing positively towards the deliberations of the meeting. The chairperson also in a special way extended gratitude to the development partners for their support, not just financial but also technical support in the development of the country. He singled out development initiatives like the SQAM project as critically important for the economy especially for the export sector. He also sent a vote of gratitude to the project management team on the work that is being done in order to ensure the successful implementation of the project. He encouraged the project management to be committed to their work but also to vigorously work with the private sector who can provide substantial support since there are some of the major beneficiaries of the outcome of this project. He concluded by reiterating Government's support towards the project. He stated that the ministry is fully committed to seeing this project being successfully implemented and will do everything necessary to ensure that the Government allocates adequate resources towards the project.

On her part, the UNDP Resident Representative who co-chaired the meeting with the PS for Industry and Trade joined the co-chair in expressing her gratitude to the members of the SC for their commitment in

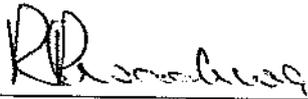
making themselves available and contributing constructively to the discussion. This shows how committed they are to see MBS improved in its operations to reach international standards. This is very critical to the economy since it increases the ease of doing business in the country. On the other the UNDP RR extended her gratitude to the private sector which is very supportive of this initiative. She pointed out that improving MBS capacity is very critical to the economy especially the export sector. She concluded that the SC, having approved the 2014 AWP, would effectively sign the commencement of implementation of the activities that are lined up for 2014 as soon as it is signed.

6.0. Date for the Next Meeting

In line with the recommendations of the Steering Committees for UNDP funded or coordinated projects, the SC is supposed to meet quarterly. This was a delayed meeting which was supposed to be held at the end of Quarter IV of 2013 with specific objectives to: review the 2013 Progress report; and to approve the 2014 work plan. At the meeting, a Calendar of Events was presented including meetings for the SQAM Steering Committee. The dates for the next SC meetings for 2014 are as follows: 27 March 2014; 26 June 2014; 25 September 2014; and 5 December 2014.

Minutes Approved and Signed by:

For Ministry of Industry and Trade:



Randson Mwadiwa

Secretary for Industry and Trade

Date: 28/3/2014

For UNDP:



Mia Seppo

Resident Representative

Date: 3/4/14

