



PRIVATE SECTOR DEVELOPMENT POLICY

Promoting Private Sector

**Ministry of Industry & Trade,
P.O. Box 30366,
LILONGWE 3.**

August 2009

Table of Contents

Foreword.....	5
Preface.....	6
Abbreviations and acronyms.....	7
1 INTRODUCTION.....	8
1.0 Background.....	8
1.1 Rationale	8
1.2 Link with other Relevant Policies.....	9
2 BROAD POLICY DIRECTIONS	11
2.0 Vision.....	11
2.1 Mission.....	11
2.2 Guiding Principles	11
2.3 Overall Goal.....	11
2.4 Broader Objective	12
3 BROAD POLICY THEMES	13
3.0 Creation of a Conducive Regulatory Environment for Private Sector	13
3.1 Sustained Private Sector Led Growth.....	13
3.2 Effective Public Service for Private Sector	13
4 KEY PRIORITY AREAS, SPECIFIC POLICIES AND STRATEGIES	14
4.1 Reduce Regulatory Burden	14
4.1.1 <i>Goal</i>	14
4.1.2 <i>Objective</i>	14
4.1.3 <i>Strategies</i>	14
4.2 Improve Access to Finance	14
4.2.1 <i>Goal</i>	15
4.2.2 <i>Specific objective</i>	15
4.2.3 <i>Strategies</i>	15
4.3 Develop Access to International Markets and Attract Foreign Investment	15
4.3.1 <i>Goal</i>	15
4.3.2 <i>Specific Objectives</i>	15
4.3.3 <i>Strategies</i>	15

4.4	Enhance national productivity and value addition.....	16
4.4.1	<i>Goal</i>	16
4.4.2	<i>Specific Objective</i>	16
4.4.3	<i>Strategies</i>	16
4.5	Improve economic and business infrastructure.....	16
4.5.1	<i>Goal</i>	16
4.5.2	<i>Specific Objectives</i>	16
4.5.3	<i>Strategies</i>	16
4.6	Support public agencies that serve the private sector and mobilize donor support...17	
4.6.1	<i>Goal</i>	17
4.6.2	<i>Specific Objective</i>	17
4.6.3	<i>Strategies</i>	17
4.7	Tackle crime and corruption and promote corporate governance	17
4.7.1	<i>Goal</i>	17
4.7.2	<i>Specific Objective</i>	17
4.7.3	<i>Strategies</i>	17
4.8	Enhanced growth and development of micro, small and medium enterprises	18
4.8.1	<i>Goal</i>	18
	Vibrant local entrepreneurship and indigenous enterprise development.....	18
4.8.2	<i>Specific Objective</i>	18
	Effective integration and growth of indigenous enterprises in the formal sector	18
4.8.3	<i>Strategies</i>	18
•	Increased knowledge and understanding of micro, and small enterprises.....	18
•	Promotion of entrepreneurial culture and development of new enterprises	18
•	Increase technical and business management skills of MSMEs	18
•	Facilitate the graduation and evolution of enterprises	18
•	Promote broader MSME representation in business associations	18
•	Capacity building for youth and women entrepreneurs, groups and associations	18
4.9	Maintain stable macroeconomic conditions.....	18
4.9.1	<i>Goal</i>	18
4.9.2	<i>Specific Objective</i>	18
4.9.3	<i>Strategies</i>	18

5	IMPLEMENTATION ARRANGEMENTS	19
5.0	Institutional Arrangements	19
5.0.1	<i>Central Government</i>	19
5.0.2	<i>Local Governments</i>	19
5.0.3	<i>Private Sector</i>	19
5.0.4	<i>Donor and Cooperating Partners</i>	20
5.0.5	<i>Non Governmental Organisation</i>	20
5.1	Implementation Plan	20
6	MONITORING AND EVALUATION	21
6.0	Means of Monitoring	21
6.1	Review of Policy	21

FOREWORD

The Malawi Growth and Development Strategy (MGDS) recognises that continued poverty reduction could only be achieved by sustained economic growth, driven by a thriving private sector. Previous policies had tended to focus on short-term, social sector initiatives, which made little sustained effect. Only by allowing the free market to apply without undue hindrance, can Malawi pursue a path of sustainable economic growth.

The Malawian private sector is characterized by a *missing middle*. Thousands of micro-enterprises consisting of traders, craftsmen and entrepreneurs work in the informal economy. Despite being an invaluable part of the economy, these enterprises tend to suffer from under-investment and stagnation. This sector is set in contrast to the multinationals and parastatals that dominate the other end of the market. Malawi has relatively few Small and Medium Enterprises (SMEs) that lie between micro-enterprises at the bottom and the large firms at the top, hence the term *missing middle*.

The Ministry of Industry and Trade has identified two broad strategies to achieve the goal of developing the private sector. The first involves reducing the obstacles that prevent businesses from starting-up and then growing. This includes eliminating excessive bureaucracy, tackling corruption and loosening international trade restrictions. The other side of the strategy is to actively promote investment, through upgrading infrastructure, capacity building within SMEs and improving access to finance.

To achieve these objectives, we need to build consensus within government on this reform agenda, and then engage the private sector and donors as partners. Only by working in partnership can we achieve the objective of moving Malawi from being a “predominantly importing and consuming economy to a predominantly producing and exporting economy”.

Hon. Eunice Kazembe, M.P.
MINISTER FOR INDUSTRY AND TRADE

PREFACE

This Policy is a culmination of a consultative process which started in 2006, involving various stakeholders. A Private Sector Development Policy was necessary to provide a framework and understanding between government and the private sector, and more importantly to facilitated the coordinated effort of promoting the private sector as an engine of growth in Malawi.

This policy paper identifies eight broad policy objectives, viz; reduce regulatory burden; improve access to finance; develop access to international markets, attract foreign investment; enhance national productivity and value addition; improve infrastructure; support public agencies that serve the private sector and mobilize donor support; tackle crime and corruption, and promote corporate governance; and maintain stable macroeconomic conditions.

This paper should be read in conjunction with the *Private Sector Development Strategy*, which outlines the specific strategies that will be undertaken to achieve the policy goals outlined here.

If this policy is implemented consistently, Malawi shall experience growth in number of firms, especially small and medium firms, operating in the formal sector; increased share of private sector investment in total investment; growth and diversification of exports; growth in jobs created by the private sector; and increased participation of the private sector in delivery of services and public private sector partnerships.

It is my sincere hope that this Policy marks a new era for private sector growth and development in Malawi.

Newby H. Kumwembe
SECRETARY FOR INDUSTRY AND TRADE

ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
DBS	Doing Business Survey
GDP	Gross Domestic Product
GoM	Government of Malawi
ICA	Investment Climate Assessment
IMF	International Monetary Fund
M&E	Monitoring and Evaluation
MCCCI	Malawi Confederation of Chambers of Commerce and Industry
MGDS	Malawi Growth and Development Strategy
MIT	Ministry of Industry and Trade
NGOs	Non-Governmental Organizations
PPP	Public-Private Partnership
PPD	Public-Private Dialogue
PSD	Private Sector Development
SADC	Southern Africa Development Community
SME	Small and Medium Enterprises
SWAp	Sector Wide Approach

1 INTRODUCTION

1.0 Background

The Government of Malawi has demonstrated a strong political commitment to improve growth prospects by tackling the basic determinants of the investment climate. Following his election in May 2004, His Excellency the President Dr Bingu wa Mutharika, quickly re-established relations with the IMF and has committed the government to financial discipline while satisfying social demands, especially with regard to agriculture and food security. The Government of Malawi (GoM) recognises the need to encourage and facilitate private investment in the country. The private sector is the engine of economic growth, and its sustained development is a crucial part of achieving the MGDS goals.

The main thrust of the Malawi Growth and Development Strategy (MGDS) is to create wealth through sustainable economic growth and infrastructure development as a means of achieving poverty reduction. The five thematic components of the MGDS are **sustainable economic growth, social protection, social development, infrastructure development and improved governance**. The MGDS encompasses **private sector development**, which directly and indirectly contributes and supports to each of these five areas.

Malawi has a small economy, with a GDP of approximately US\$ 3.6 billion and a population of 13.1 million. Throughout the 1990s, the country struggled to achieve sustainable economic growth at a rate necessary to meaningfully reduce poverty, and the of the private sector struggled to grow due to adverse economic conditions. However, since 2006 macroeconomic management has improved significantly. GDP growth rates have from 2006 to 2008 averaged at 8.2 percent while inflation has remained in single digits and interest rates have fallen significantly to 15%.

From 2004, the Government of Malawi has demonstrated a strong political commitment to improve growth prospects through implementation of sound economic policies and reforms. At the same time, the administration has put forward the development of the private sector at the centre of the Malawi Growth and Development Strategy – the Government’s plan for economic growth.

This paper should be read in conjunction with the Private Sector Development Strategy. This paper outlines in detail the actual interventions and reforms which will be carried out in order to meet the objectives highlighted here.

1.1 Rationale

Trade, private sector and industrial development issues had not generally been accorded a particular high priority in government policies. Consequently, recent donor support to Malawi has tended to focus more on social sector development and the improvement of social outcomes, with an inherent assumption that private sector growth will be spontaneous. However, Malawi’s economic structure has not transformed significantly partly due to poor growth prospects for the private sector.

With its highly fertile land, Malawi's economy is based largely on agriculture, which accounts for more than 80 percent of its export earnings. Agriculture contributes 38 percent of gross domestic product (GDP), and supports 85 percent of the population¹. Manufacturing is small, accounting for only 8 percent of GDP (2008), and inward-oriented as only 14 percent of manufacturing is exported². The manufacturing sector comprises mainly of the agro-processing of tobacco, tea, and sugar. The industrial sector has been declining over the last decade, with its contribution to GDP falling from 32 percent in 1992 to 15.0 percent in 2008. At 22 percent of GDP, Malawi's investment levels are amongst the lowest in the SADC.

Industry is oligopolistic, dominated by a few large companies engaged in production of tea, tobacco marketing, sugar, and consumer products. The private sector is also characterized by a "missing middle" with comparatively few enterprises in between the larger multinationals, and the many micro and informal sector enterprises.

Attainment of stable macroeconomic conditions is a necessary but not sufficient a condition for private sector growth. While Malawi has attained the preconditions as demonstrated by low inflation, falling interest rates, a stable Kwacha, debt relief, and an improved sovereign credit rating, it is appropriate to now focus efforts on "second generation reforms" that will accelerate economic growth through supporting greater private sector investment.

In terms of scope, two pieces of analytical work, *Investment Climate Assessment*, and *Doing Business Surveys* in particular have guided the design of the policy and reform strategy program. This analytical work has pointed out various regulatory and structural constraints to private sector development including finance constraints (both access and cost), physical infrastructure (electricity and transportation), taxes (rates more than administration), crime/corruption, and quality of human capital. The government has the mandate to actively encourage the expansion and creation of businesses, which are currently hindered by these constraints including market failure and imperfections.

In view of the constraints facing the private sector, government has developed this Policy with a view to increase investment, improve productivity, and enhance competitiveness of the private sector, both in the domestic and international arenas. Government shall continue to create a favourable business environment in which the private sector can perform efficiently, without excessive interference.

1.2 Link with other Relevant Policies

This policy is derived from and responds to the political and socio-underpinnings of Malawi Government Policies, Vision 2020 of 1998, and the Malawi Growth and Development Strategy of 2006. Vision 2020 envisages that by 2020 Malawi shall be a technologically driven middle-income economy. The Malawi Growth and Development Strategy is the overarching operational medium term strategy for Malawi designed to attain the Vision, with a focus on sustainable growth; infrastructure and industrial development; and the creation of

¹ ADB/OECD, African Economic Outlook, 2007.

² Ministry of Development Planning and Cooperation Annual Economic Report (2009) and IMF staff (September 2008)

wealth and employment. Government undertakes to create an enabling environment for private sector participation. Private sector development is a cross-cutting issue yet existing policy responses have been largely sectoral and fragmented. Most policies³, while recognizing the private sector as either the regulated or key role player in policy implementation and service delivery, lacked the means of enabling the private sector to respond appropriately.

³ Some of the policies include the National Tourism Policy, Malawi National Transport Policy (2004), Malawi National ICT for Development Policy (2007), National Water Policy, Agriculture Policy

2 BROAD POLICY DIRECTIONS

2.0 Vision

Malawi transformed from a predominantly importing and consuming country to a predominantly manufacturing and exporting economy.

2.1 Mission

To develop and promote an economic environment which is conducive to the growth of businesses of all sizes, which provides prosperity and job opportunities, and helps Malawi achieve her shared vision of transforming from a predominantly consuming and importing country to a predominantly manufacturing and exporting one.

2.2 Guiding Principles

In pursuit of Private Sector Development, the following policy principles shall apply:-

- **Market approach**

Use of free and fair investment and trade practices driven by market approaches;

- **Equal treatment**

Government agencies shall serve the private sector with efficiency and effectiveness, treating investors equally irrespective of status;

- **Responsibility**

While being driven by the profit motive the private sector shall do so with corporate social responsibility and sensitivity to government policies and applicable laws;

- **Good governance and transparency**

Both government and private sector and other stakeholders shall apply good governance and transparency

- **Consistency with other policies and laws**

Government shall encourage consistency of its policies and laws for promotion of private sector development

- **Partnership and credibility**

All stakeholders shall promote positive partnership in furtherance of national development and credibility of actions;

2.3 Overall Goal

To attain sustainable pro-poor economic growth and improved socio-economic development for Malawi led by the private sector.

2.4 Broader Objective

The overall objective for the Private Sector Development Policy is to create a favourable business environment in which the private sector can perform efficiently and to actively encourage investment and creation of businesses, especially small and medium enterprises which are currently hindered by market failure and imperfections.

DRAFT

3 BROAD POLICY THEMES

The outlined themes represent a broad framework for Private Sector Development in Malawi. Private sector development is not sector specific, but encompasses agriculture, manufacturing, mining, the service sector, and increasingly infrastructure and social services. It also includes all types of market players, from the self-employed in the informal economy; to small and medium enterprises (SMEs); to parastatals and multinationals.

In view of the foregoing, the Private Sector Development Policy has the following thematic areas geared towards improving the policy framework and company-level capabilities:-

3.0 Creation of a Conducive Regulatory Environment for Private Sector

This includes reducing cost of doing business by eliminating excessive bureaucracy that prevents businesses from starting-up and then growing, tackling corruption and loosening international trade restrictions. Area of focus include:-

- Improved infrastructure
- Stable macroeconomic conditions maintained
- Reduced Regulatory burden
- Good corporate governance, and crime and corruption mitigation

3.1 Sustained Private Sector Led Growth

The aim is to promote private sector growth, investment, and diversification through capacity building especially for SMEs, and improving access to finance and markets, and upgrading infrastructure. Areas of focus include:

- Developing access to international markets and attract foreign investment
- Seizing trade and investment opportunities brought by globalisation
- Facilitating access to technical and financial support by the private sector
- Enhanced national productivity and value addition
- Provision of business infrastructure for micro, small and medium enterprise development

3.2 Effective Public Service for Private Sector

Coordinating private sector donor support, and accelerating institutional transformation of public agencies that support private sector to bring about efficiency and effectiveness in service delivery;

- Effective support and enhanced service delivery by public agencies
- Coordinated donor support for private sector

4 KEY PRIORITY AREAS, SPECIFIC POLICIES AND STRATEGIES

A. Key Priority Areas

The following are the priority areas of focus for the Private Sector Development.

1. Reduced Regulatory burden
2. Improved access to finance
3. Developed access to international markets and attract foreign investment
4. Enhanced national productivity and value addition
5. Improved economic and business infrastructure
6. Effective support and enhanced service delivery by public agencies and coordinated donor support
7. Good corporate governance, and crime and corruption mitigation
8. Enhanced growth of micro, small and medium enterprises
9. Maintain stable macroeconomic conditions

B. Specific Policies and Strategies

4.1 Reduce Regulatory Burden

Much of the bureaucracy faced by Malawian business is caused by antiquated legislation and working practices that have not been reviewed for years. In this regard it is necessary to institute regulatory reforms that are commensurate with changing times. When considering regulatory reform the burden of proof must lie on justifying why a regulation should exist, rather than why it should be abolished or amended.

4.1.1 Goal

All legal and administrative regulations on private sector seek to facilitate growth and development of the private sector rather than inhibit it.

4.1.2 Objective

Create a conducive legal and institutional regulatory framework for private sector growth and development, particularly small and medium enterprises.

4.1.3 Strategies

- Identify, review and resolve institutional and procedural bottlenecks in private sector regulation;
- Review and update the backlog of economic laws, ensuring that they are ‘business friendly’
- Mainstream business friendly regulatory reform throughout government

4.2 Improve Access to Finance

While interest rates have declined in recent years (15% in 2008), access conditions to finance, especially for SMEs, are largely unfavourable. In general, many firms lack access to long-term

finance. More needs to be done, especially in relation to structural issues within the market and a fundamental problem within the market relates to a lack of information on borrowers.

4.2.1 Goal

Impediments to accessing finance, for investment and trade, by small enterprises eliminated.

4.2.2 Specific objective

To increase the number of Malawian own businesses, that have access to capital and financial services.

4.2.3 Strategies

- Increase credit information on borrowers
- Strengthen land and property records
- Extend microfinance initiatives
- Support trade finance through dedicated lines of credit
- Improve legal rights in collateral and bankruptcy laws
- Promote the use of comprehensive accounting and booking keeping by SMEs
- Promote further participation and investment by foreign banks;

4.3 Develop Access to International Markets and Attract Foreign Investment

Malawi struggles to achieve the economies of scale in production that many of its competitors benefit from, and the domestic market is often too small to foster significant product diversification.

4.3.1 Goal

Increased flow of trade and investment in line with international agreements attained.

4.3.2 Specific Objectives

1. To promote increased access to international markets by Malawian firms;
2. To attain increased level of foreign direct investment

4.3.3 Strategies

- Rationalize tariff and non-tariff barriers to trade, whilst at the same time nurturing Malawi's infant industries
- Reduce the time taken at border crossing and transit time through Malawi's main transport corridors
- Pursue international agreements which reduce trade risk
- Promote export orientated business
- Create new and efficient export transport corridors for Malawi
- Expand the air infrastructure so as to attract international long-haul flights
- Rationalize investment and trade promotion efforts

4.4 Enhance national productivity and value addition

Malawi has a vibrant entrepreneurial community, which is primarily focused in the small-scale informal sector. At the same time Malawi has a comparative advantage in terms of low cost labour but suffers from low total factor productivity.

4.4.1 Goal

Productivity attained at all production levels.

4.4.2 Specific Objective

To strengthen economic growth and competitiveness of the Malawi economy for improved living standards

4.4.3 Strategies

- Facilitate acquisition of technology for value addition
- Develop integrated value chains
- Establish a centre for productivity and quality improvements
- Promote efficient use of factors of production
- Expand training of commercial and vocational skills
- Link entrepreneurial training with microfinance loans
- Encourage graduates to enter the SME sector
- Create a civic education campaign aimed at change of mind set and developing a strong productivity culture in Malawi

4.5 Improve economic and business infrastructure

Given Malawi's status as a land-locked country, a good transportation and communication, and a reliable power supply system, are vital for the success of the economy, in general and private sector in particular. Growth of micro and small enterprises is partly constrained by limited business infrastructure services.

4.5.1 Goal

Appropriate, reliable and cost effective infrastructures services enjoyed by private sector in Malawi.

4.5.2 Specific Objectives

- i. To enhance growth and productivity of business establishments in Malawi;
- ii. To contribute to reduced cost of doing business in Malawi;

4.5.3 Strategies

- Enhance provision of business infrastructure
- Promote use of IT in service delivery
- Promote both foreign and domestic private sector investment in infrastructure
- Maintain current expansion and maintenance of road network
- Promote public/private investment in utilities, especially electricity, water and telecommunication
- Use independent authorities to regulate the quality of infrastructure services, and tariffs

4.6 Support public agencies that serve the private sector and mobilize donor support

There is widespread perception amongst the private sector that Malawi's public agencies have not performed to a satisfactory standard. Donor support to private sector development is also not adequately coordinated.

4.6.1 Goal

Coordinated donor support and mainstreamed private sector friendly policies and effective public service delivery

4.6.2 Specific Objective

Improve service delivery by public agencies and coordinate donor support.

4.6.3 Strategies

- Develop public and private agencies that serve the private sector
- Strengthen public-private sector dialogue
- Build capacity within ministries with focus on end-user services
- Improve the regulatory capacity of public agencies to stimulate reform
- Change mindsets, attitudes and governance towards the private sector
- Coordinate donor strategies and projects
- Mainstream private sector development throughout government policies and programs
- Strengthen standards and conformity infrastructure

4.7 Tackle crime and corruption and promote corporate governance

The protection of investments is crucial in the promotion of business confidence, and if left unchecked crime, corruption and poor corporate governance can undermine investor confidence in an economy.

4.7.1 Goal

Protection for private property and investors rights guaranteed.

4.7.2 Specific Objective

Ensure protection of investors, private property, and reduction of rent-seeking behaviour.

4.7.3 Strategies

- Strengthen investor protection through specialized legislation
- Improve protection of SMEs by the police
- Tackle the major problem of employee theft at work places
- Continue the government's anti-corruption drive, and extend focus to 'petty' corruption
- Develop understanding of corporate governance by all parties, especially the judiciary

4.8 Enhanced growth and development of micro, small and medium enterprises

4.8.1 Goal

Vibrant local entrepreneurship and indigenous enterprise development

4.8.2 Specific Objective

Effective integration and growth of indigenous enterprises in the formal sector

4.8.3 Strategies

- Increased knowledge and understanding of micro, and small enterprises
- Promotion of entrepreneurial culture and development of new enterprises
- Increase technical and business management skills of MSMEs
- Facilitate the graduation and evolution of enterprises
- Promote broader MSME representation in business associations
- Capacity building for youth and women entrepreneurs

4.9 Maintain stable macroeconomic conditions

The macroeconomic climate has improved considerably in recent years. Government spending has been brought under control and exchange rates have been better managed, ushering in a conducive private sector friendly environment.

4.9.1 Goal

Maintain conducive macroeconomic environment for private sector growth and development

4.9.2 Specific Objective

To sustain a conducive macroeconomic economic environment for private investment and business growth.

4.9.3 Strategies

- Pursue prudent fiscal policy
- Continue to pursue a prudent monetary and sustainable exchange rate policy
- Rationalize the role of parastatals

5 IMPLEMENTATION ARRANGEMENTS

5.0 Institutional Arrangements

Being a cross cutting issue, private sector development calls for an integrated approach by all stakeholders including central and local government, private sector, donors, NGOs and Civil society. The Ministry of Industry and Trade shall play a coordinating role with other sectoral and line ministries. It is envisaged that there shall be a Cabinet Committee dealing with private sector matters, chaired by either the State or Vice President, which shall be the ultimate authority on the implementation of the Private Sector Development Policy. A steering committee of Principal Secretaries chaired by the office of the Chief Secretary shall meet at least twice a year to follow up on mainstreaming of private sector issues in sector. Coordination of the PSD policy will be through the Department of Private Sector Development which shall also provide secretarial services. The stakeholders list includes relevant central government departments (Ministry Finance, Ministry of Industry and Trade, Ministry of Economic Planning and Development and sector ministries), public agencies supporting private sector, local government, private sector, donors and Non-Governmental Organizations.

The following section outlines the expected roles of stakeholders:-

5.0.1 Central Government

The role of these institutions shall be to:

- Promote collaboration and formulation of sector policies and laws with full recognition that all /sector policies and laws have a direct or indirect effect on the private sector growth and development
- Facilitate creation of business friendly regulatory, legal, and institutional arrangements;

5.0.2 Local Governments

The role of these institutions shall be to:-

- Plan for and develop of business friendly environment for facilitation of growth and development especially for micro, small and medium enterprises;
- Stream local business regulations, and entrench transparency and accountability in dealing with private sector;

5.0.3 Private Sector

The role of the private sector shall be to:-

- Respond to the Private Sector Development initiatives through investment, job creation;

- Contribute constructively to policy formulation at sectoral and national level;
- Nurture trust in Government policies and programmes and taking part in service delivery including PPP.

5.0.4 Donor and Cooperating Partners

The role of these institutions shall be to:-

- Support Government agenda on private sector development initiatives through financial and technical contributions (in line with the Paris Declaration).
- Grant much needed technical assistance and financing infrastructure in coordinated multi-donor approaches aligned to priorities identified.

5.0.5 Non Governmental Organisation

The role of these institutions shall be to:-

- Facilitate the micro and small businesses to grow into medium and large enterprises and informal firms to transform into the formal economy;
- Contribute to policy formulation

5.1 Implementation Plan

Implementation of this plan is multi-sectoral. Various players- central ministries, line ministries, public agencies – will take a lead role in implementing their respective tasks. A Private Sector Development Strategy has been developed to detail how the GoM plans to address the objectives stated above.

6 MONITORING AND EVALUATION

The coordination of national monitoring and evaluation is placed in the Ministry of Economic Planning and Development. The M&E System for Private Sector Development Policy and Strategy will be aligned to the National M&E system and shall be coordinated by the Ministry of Industry and Trade, through its Planning department. A monitoring system to generate data and provide feedback will be developed. Monitoring will be done on an on-going basis while evaluation shall be done periodically to assess whether, and to what extent, the goals and objectives of the policy have been achieved.

Independent monitoring and evaluation will be undertaken by the Private Sector through the MCCI; donors through the country assessment programs; and international organization through the global assessment surveys. (Details of the M&E system can be found in the Private Sector Development Strategy).

6.0 Means of Monitoring

A detailed monitoring and evaluation plan which includes time frames, indicators and means of verification will be used. The activities in the implementation plan will form part of the work plans for various stakeholders. The Ministry of Industry and Trade will monitor work plans and produce quarterly and periodic reports on implementation progress.

The Public Private Sector forums and special review seminar will also provide an opportunity for monitoring progress through consideration of reports by both public and private sector institutions.

6.1 Review of Policy

This policy is subject to review. The Ministry of Industry and Trade shall subject this policy to review after every three years to take into account the lessons learnt during implementation, and any new best practices in private sector development and growth. Meanwhile the Ministry is open to suggestion at any point.

ANNEX I: GLOSSARY

Doing Business Surveys (DBS) Annual investor perceptions surveys which rank 181 countries (as at 2009) worldwide according to the cost and time taken to carry out ten basic business environment activities.

Investment: The placing of money so that it will increase in value and produce an income

Investment Climate Assessment (ICA) An in-depth survey of 300 private sector enterprises undertaken by the World Bank Group in 2006;

Investment incentives: Financial or regulatory incentives from the government to encourage companies to invest.

Foreign Direct Investment: Investment in a country by foreign companies or governments.

Private Sector: Part of the economy of a country, which outside of public sector that is carrying out profit motivated activities. This inclusive definition ranges from large formal sector businesses, to farmers and informal traders.

Private sector investment: Investment by private sector companies

Regulatory agency An organization which sees that members of an industry follow government regulations