

ANNUAL PROGRESS REPORT (APR)

2019-2020

MWEITI SECRETARIAT

Contents

1. INTRODUCTION.....	3
2. GENERAL ASSESSMENT OF YEAR'S PERFORMANCE	3
4. PERFORMAMNCE BASED ON THE APPROVED ANNUAL WORK PLAN FOR 2020.....	6
5. ASSESSMENT OF PERFORMANCE AGAINST EITI REQUIREMENTS.....	9
7. SPECIFIC STRENGTHS OR WEAKNESSES IDENTIFIED IN THE EITI PROCESS.....	10
8. TOTAL COST OF IMPLEMENTATION.....	11
9. ADDITIONAL COMMENTS	11
10. DISSEMINATION WORKSHOPS OF THE 3 rd EITI REPORT BEYOND THE MSG	11
11. IMPACT OF COVID-19 AND SECTORAL RESPONSE ON MITIGATION MEASURES.....	12
12.DETAILS OF THE MEMBERSHIP OF THE MSG DURING THE PERIOD.....	13
MSG Membership Attendance and Changes During the period 2019/2020	13
13. CONCLUSION	15

1. INTRODUCTION

The beginning of the 2019-2020 financial year brought great prospects for Malawi Extractive Industries Transparency Initiative (MWEITI) with Malawi Government for the first time making a budgetary allocation towards MWEITI activities. However, the global COVID-19 pandemic has interrupted the the conduct of business in Malawi and the world atlarge through the lock down policies. The MSG has not been able to effectively implement its activities. So too with the EITI community, as witnessed by the International EITI Secretariat's Board's decision to relax the requirements for report production and provision of guidelines for the EITI Reports.

This is the fifth Annual Progress Report (APR) and covers activities that MWEITI has been implementing during 2019/2020 financial year and progress made in achieving the objectives set out in the MWEITI 2019 Annual Work Plan. It will also highlight some of the impact of the COVID-19 pandemic on the implementation of MWEITI activities and its general effect on the extractive sector. The analysis is based on secondary information as most planned activities were cancelled due to the government lockdown which limited movement and personal interactions.

Despite these challenges, MWEITI has made significant strides towards achieving the status of a full compliant member country. The MSG and MWEITI Secretariat remained proactive in implementation of the EITI standard and actively participated in various EITI International webinar meetings in order to sustain the momentum in the EITI sector.

2. GENERAL ASSESSMENT OF YEAR'S PERFORMANCE

The Government and GIZ's committed to financially support the MWEITI Secretariat but the insurgence of the COVID-19 pandemic affected the release of the resources. As a strategy the MSG and Secretariat focused only on key priority areas. The rest of the activities would be considered in 2020/2021 financial year.

Nevertheless, MWEITI Secretariat made the following achievements:

- i. The production of the Third EITI report in November 2019 covering data and information for 2016-2017 financial years;
- ii. Conducted Community dissemination and engagement workshops with stakeholders;
- iii. Undertook a review of the COVID-19 pandemic preventive measures prevailing in the communities around the mining site together with the Media task force Members;
- iv. Recruitment of two Interns to support the Government Staff seconded to the Secretariat;
- v. Facilitated and implemented some of the previous EITI report recommendations; and
- vi. Undertook various work plan activities as discussed in the subsequent sections.

3. ASSESSMENT OF PERFORMANCE AGAINST TARGETS AND ACTIVITIES SET OUT IN THE WORK PLAN

The table below shows the approved 2020 Annual Work Plan.

			Months 2020											
ACTIVITIES	OUTPUT	MEANS/INPUTS	1	2	3	4	5	6	7	8	9	10	11	12
Result area 1: Increased sector contribution to GDP														
1.1	Develop road map of MWEITI project level reporting (new guidelines EITI)	Road map report			M			A			S			
1.2	Conduct annual reconciliation of revenues and payments	Approved 3 rd EITI report; data on payments/revenues	J	F	M	A								D
1.3	Facilitate MSG and its subcommittees special and ordinary meetings	Meeting minutes and reports	J		M			J			S			D
1.4	Facilitate institutionalization and mainstreaming of MWEITI standards	Conference report					M							
Result area 2: Improved extractives sector growth and performance														
2.1	Technical Assistance: Mainstreaming study	MWEITI Mainstreaming report;						J						
2.2	Technical Assistance: MWEITI policy and legal impediments	Reports on policy framework legal impediments							A	S				

Result area 3: Improved information, openness, awareness on issues of extractive industries															
3.1	Feedback survey in mining communities for the production of annual activity report for 2020	Data on community perceptions of EITI implementation	transport; upkeep/DSA; materials/stationery						J						
3.2	Third EITI Report Launch	120 reconciliation reports distributed; public awareness of findings	Venue; transport; upkeep; accommodation; publicity materials; stationery							A					
3.3	Dissemination of EITI reconciliation findings	Communication tools; newspaper articles; publicity materials	Facilitator(s)/producers; airtime on radio/TV; materials		F	M							S	O	

1.3	Facilitate MSG and its subcommittees special and ordinary meetings	Meeting minutes and reports	Transport; upkeep/DSA; materials/stationery ; communication/air time	Done. Two main MSG meetings were conducted one in December 2019 at Linde Motel, Mponela and another in June 2020 at Capital Hotel.
1.4	Facilitate institutionalization and mainstreaming of MWEITI standards	Conference report	Transport; upkeep/DSA; materials/stationery ; communication/air time	Partly Done Various follow up meetings were done with Department of Forestry on Forest cadaster where a significant progress has been achieved.
Result area 2: Improved extractives sector growth and performance				
2.1	Technical Assistance: Mainstreaming study	MWEITI Mainstreaming report;	Consultants, workshops, meetings; transport; DSA; materials/stationery	Not yet done. However, the Secretariat formulated the terms of reference and was awaiting MSG approval and external financial support. Postponed for 2020.
2.2	Technical Assistance: MWEITI policy and legal impediments	Reports on policy framework legal impediments	Consultants, workshops, meetings; transport; DSA; materials/stationery	Not Yet Done Pended due to Inadequate Resources.
Result area 3: Improved information, openness, awareness on issues of extractive industries				
3.1	Feedback survey in mining communities for the production of annual activity report for 2020	Data on community perceptions of EITI implementation	transport; upkeep/DSA; materials/stationery	Done
3.2	Third EITI Report Launch	120 reconciliation reports distributed; public awareness of findings	Venue; transport; upkeep; accommodation; publicity materials; stationery	Not Done The plans were met with COVID-19 Restrictions by Government.
3.3	Dissemination of EITI reconciliation findings	Communication tools; newspaper articles; publicity materials	Facilitator(s)/producers; airtime on radio/TV; materials	Done EITI Report Published; Summary Report Published; and Brochures in three local languages also published

3.4	Outreach in mining areas to discuss revenue and non-revenue issues affecting them	Community meeting reports; annual activity report	Transport; upkeep/DSA; materials/stationery	Done Dissemination and engagement workshops conducted in three communities in the north and southern region mining districts.
3.5	Support to Registrar General for mainstreaming BOD in MDAs and CEs	conference report on mainstreaming	Venue; transport; upkeep/DSA; materials/stationery	Not Done, due to lack of resources
3.6	Study tour on BOD and project level implementation	Study tour report	Air tickets, DSA, transport	Not Done, Was interrupted by COVID-19 Government restriction.
Result area 4: Enhanced capacity of MWEITI and its stakeholders to implement EITI Standards				
4.1	Training of national audit staff in EITI reporting template certification	15 national audit staff trained	Facilitator(s); venue; transport; upkeep, materials/stationery	Not Done Instead the National Audit Office conducted a precertification exercise of all Government reporting entities data systems.
4.2	Training of internal audit staff in auditing production data	15 internal audit staff trained	Facilitator(s); venue; transport; upkeep, materials/stationery	Not Done
4.3	Training staff in reporting entities in filling templates for the reconciliation process	40 trained personnel	Facilitator(s); venue; transport; upkeep/DSA, materials/stationery	Done Conducted a Government reporting entities template filling exercise
4.4	International conference on reviewing EITI implementation	12 EITI leaders trained	Air tickets; meetings; fuel; upkeep/DSA; materials/stationery	Done Selected MSG representatives and Secretariat officials attended an EITI International Conference in Paris France in 2019.
4.5	Technical assistance to MWEITI Secretariat and administrative support costs	Progress reports; Minutes and reports of meetings	Consultants; materials/stationery; Office space	Done Half of the year had two consultants engaged and supported by GIZ to technically support MWEITI Secretariat.

				However, the support was not beyond 6 months contract.
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5. ASSESSMENT OF PERFORMANCE AGAINST EITI REQUIREMENTS

Requirements	Progress
EITI REQUIREMENT 1 Oversight by the MSG	<ol style="list-style-type: none"> 1. To engage and solicit a local Independent Administrator for the 4th EITI report production; 2. Development and adoption of Board Decision on Flexible Reporting for Malawi due to the impact of the Covid-19 pandemic; 3. Apporval of 4th EITI Flexible reporting Terms of Reference 4. Approval of the 4th EITI report Independent Administrator, EMJ advisory 5. Development and approval of the Annual Work Plan for 2020.
EITI REQUIREMENT 2 Legal and institutional framework, including allocation of contracts and licenses, dosclosures of information related to the rules for how the extractive sector is managed.	<p>The MSG approved the development of a National EITI legal frame work and EITI policy and Institutional frame work.</p>
EITI REQUIREMENT 3 Exploration and production. The EITI requires disclosures of information related to exploration and production, enabling stakeholders to understand the potential of the sector.	<ol style="list-style-type: none"> 1. Produced the third MWEITI report as expected in November 2019 with financial support from Germany Development Coperation through GIZ; 2. The third MWEITI report covers a detailed data on exploration and production of various minerals and oil and gas in Malawi; 3. The MSG and the Secretraiat conducted stakeholders workshops to dissiminate the report information; and 4. The Secretariat shared the report with Stakeholders.
EITI REQUIREMENT 4 Revenue collection. Comprehensive reconciliation of company payments and government revenues from the extractive	<p>MWEITI produced the third EITI report in November 2019 which covers all material revenues, including comprehensive reconcillation of company payments and government revenues.</p> <p>The report published revenue reconciliation for 18 extractive companies and a unirateral disclosure for material revenues</p>

industries.	from companies.
EITI REQUIREMENT 5 Extractive industries revenue allocations.	Malawi is yet to develop and implement the Extractive Industries Revenue Allocation and Sharing Policy and Law. There is a proposal for a 10% of the revenues from every company to be returned to the mining site.
EITI REQUIREMENT 6 Contribution and impact of extractive industries on social and economic spending	Study not yet done due to budgetary constraints.
EITI REQUIREMENT 7 Communication and engagement of Outcomes and Impact of EITI Report	The following activities were undertaken: <ol style="list-style-type: none"> 1. 3rd EITI report dissemination and training workshop in Salima for EITI Media Taskforce; 2. Karonga and Rumphi Districts Community, 3rd EITI report dissemination and stakeholders engagement workshop; 3. Civil Society Organizations (CSOs) 3rd EITI report engagement and dissemination workshop at Linde Motel Mponela, Dowa; 4. Phalombe , Songwe community EITI Media Taskforce meeting; 5. Mangochi Cement Product company site EITI Media Taskforce visit; and 6. Production and distribution of the 3rd EITI report brochures in three local languages.

7. SPECIFIC STRENGTHS OR WEAKNESSES IDENTIFIED IN THE EITI PROCESS

STRENGTHS

- i. The Minister of Finance being a Champion of EITI in Malawi enhances the MWEITI's political will and support from the Government;
- ii. Financial stability due to the institutionalization of the initiative within the Revenue Policy Division's budget. And also ease of data mobilization and soliciting of internal and external financial support;
- iii. EITI has been included under the Office of President and Cabinet's Open Government Partnership Initiative pillar and indicator.
- iv. MWEITI has effective governance structures that would foster transparency and accountability in the sector through the Multi-Stakeholder Group (MSG); and
- v. MWEITI has linkages to international partners/networks for a wider base of information sharing and references.

WEAKNESSES

- i. Inadequate resources from Government funding to cover major important activities and recommendations;

- ii. Inadequate donor financial support. GIZ has been financing MWEITI Secretariat since inception, but the support is restricted for EITI technical support only;
- iii. Lack of personnel working on fulltime as MWEITI Secretariat staff;
- iv. MWEITI does not have a legislation establishing as such it faces implementation challenges; and
- v. Inadequate capacity building support to both Secretariat officers and MSG members.

8. TOTAL COST OF IMPLEMENTATION

The MWEITI budget for 2019/2020 was estimated at US\$ 184,412. The main source of funding was GIZ followed by Government. The Government allocated funding through the national budget. The Costs were as follows:

	Source of Funding	Total Amount in MK	Total Amount in US\$	Percentage Contribution
1	Malawi Government			
	Government-support operating costs	80,000,000.00	109,739.37	
	Subtotal	80,000,000.00	109,739.37	39%
2	GIZ			
	GIZ -Hiring of Independent Administrator (BDO) and associated expenses	103,819,028.36	142,412.93	
	GIZ-Support on operating activities (Support Staffs)	21,225,200.00	29,115.50	
	Subtotal	125,044,228.36	171,528.43	61%
	Grand Total Amount	205,044,228.36	281,267.80	

9. ADDITIONAL COMMENTS

The MSG's decision to use a local Firm for the work of the Independent Administrator for the Fourth EITI report, as one way of developing capacity of EITI processes in Malawi, has been perceived as an innovative achievement. The International community is waiting for the outcome and lessons. This information will be reported in the next Annual Progress Report.

MWEITI's third report included a reconciliation of Forestry companies for the first time.

10. DISSEMINATION WORKSHOPS OF THE 3rd EITI REPORT BEYOND THE MSG

The MWEITI Secretariat conducted various dissemination workshops as follows:

- i. Media Taskforce members in Salima in December 2019;
- ii. Civil Society Organizations working in extractive sector in Mponela, Dowa in June 2020;
- iii. Community and District stakeholders EITI workshop in Karonga and Rumphi in June 2020; and
- iv. MWEITI Media Task Force COVID-19 mining site visit in Phalombe and Mangochi districts in June 2020.

11. IMPACT OF COVID-19 AND SECTORAL RESPONSE ON MITIGATION MEASURES

The MWEITI programs were heavily affected by the COVID-19 pandemic as it had to follow the Government preventive measures against the spread of the virus. The table matrix below outlines some of the COVID-19 effects and MWEITI Institutional response based on the information which was gathered prior to writing of this report.

No.	Institutions/ Organization	Effects	Measures to Mitigate (Response)
1	Malawi Government	<ol style="list-style-type: none"> i. Banning of non-essential Government meeting and workshops. ii. Scaling down of Government operations. iii. Airport closure leading to cancellation of foreign related activities on the workplans iv. Staff working in shifts between home and the office. v. Reallocation of funds from planned activities to address COVID-19 measures. 	<ol style="list-style-type: none"> i. Keeping lean staffs in the offices ii. Use of Masks iii. Washing of hands and hand sanitisers iv. Virtual meetings
2.	Civil Societies Organizations (CSOs)	<ol style="list-style-type: none"> i. Disruption of the Extractive Value Chains. This also affects the operations of Natural Resources Justice Network (NRJN) Organizations. ii. Increased Humanitarian Pressure for PPEs to comply with social distancing measures. iii. Rising unemployment and the economic disruption caused by the pandemic. NRJN is endeavouring to support people that were working across the extractive value chain to earn a living. iv. NRJN's inability to access 	<ol style="list-style-type: none"> i. Natural Resources Justice Network (NRJN) developed an NRJN COVID-19 Policy ii. Engaged in humanitarian work of distribution of Protection and prevention equipment (PPE's) around the various mining sites. iii. Isolation and treatment of individuals, Monitoring symptoms of healthy contacts. iv. Traveller health advice. v. Environmental cleaning vi. Awareness campaign on

		<p>resources from Development Partners monitoring the production of extractives in Malawi.</p> <p>v. Disrupted Community engagement.</p> <p>vi. NRJN has not fully been participating in the National Prevention initiative as such there has not been any sectoral approach mainstreaming and advocacy on covid19.</p>	<p>Zodiac TV funded by Oxfam and one other conducted by the Norwegian Church Aid</p> <p>vii. CEPA organised mine site visits accompanied by NRJN and the MWEITI secretariat to assess the adherence of stakeholders to COVID-19 measures.</p>
3	Private Sector	<p>i. Disruption of the Extractive Value Chains in EITI international transactions.</p> <p>ii. RAKGAS halted all exploration activities of oil and gas</p> <p>iii. Shayona stopped major expansion of mining related production plants in the northern region.</p> <p>iv. Budgetary pressure to procure COVID-19 pandemic Preventive equipment which was not budgeted for.</p>	<p>i. Company distributions of Personal Protective Equipment (PPEs). Various mining site visits and reports indicates that most extractive companies started distributing the PPEs to its employees and the surrounding communities.</p> <p>ii. Mkango Resources Ltd donated a technological breathing support equipment at Queen Elizabeth Central Hospital in Blantyre.</p>

12.DETAILS OF THE MEMBERSHIP OF THE MSG DURING THE PERIOD

During the 2018/2019 the MSG held the following main meetings among other Subcommittee meetings:

- i. Ordinary MSG Meeting –13th December 2019
- ii. Ordinary MSG Meeting - 30th June 2020

MSG Membership Attendance and Changes During the period 2019/2020

	Member/ Alternate Member	Name	Institution	Attendance of Meetings	Changes to Membership in the Year
1	Member Chair	Kenneth Matupa	Ministry of Finance, Economic Planning and Development	1/2	No changes
2	Alternate	Grecium Kandio	Ministry of Finance, Economic Planning and	0/2	No Changes

			Development		
3	Member	Burnet Msika	Ministry of Natural Resources, Energy & Mining (Department of Mines)	1/2	New Acting Mines Director replaced the former Director who past on in 2019. He was supported by Mr. Tikondane Phiri many times.
4	Alternate	Peter Chilumanga	Ministry of Natural Resources, Energy & Mining (Department of Mines)	1/2	Retired in June 2020. (Waiting for the communication of new DoM representatives)
5	Member	Charles Maseya	National Audit Office	0/ 2	No changes
6	Alternate	Caroline Buliani	National Audit Office	1 /2	No changes
7	Member	Mr. Khoswe	Reserve Bank of Malawi	0 / 2	No changes
8	Alternate	Chisomo Kuyenda	Reserve Bank of Malawi	1 / 2	No changes
9	Member	Dina Longwe	Bwanje Cement Company Ltd	1 /2	No change
10	Alternate	Misheck Munthali	Bwanje Cement Company Ltd	1 / 2	No change
11	Member	Prajeesh Padmanabhan	Shayona Cement Co.	1 /2	No changes
12	Alternate	Spence Mbaka	Shayona Cement Co.	0 / 2	No changes
13	Member	Burton Kachinjika	Mkango Resources Ltd	0 / 2	No changes
14	Alternate	Stewart Chibanda	Mkango Resources Ltd	1 of 2	No changes
15	Member	Andries Kruger	Sovereign Services Limited	0 /2	No Changes
16	Alternate	Andrew Musavengana	Sovereign Services Limited	1 /2	No changes
17	Member	Martin Kansichi	RAKGAS Ltd	1 /2	Newly added company under Oil and Gas sector
18	Alternate	James Chatupa	RAKGAS Ltd/HAMRA????		Waiting for a new name. This name is from another oil and gas company hamra.
19	member	P. Khrishnad as Nair	RAIPLY CO. Ltd	0 /2	Newly added company to the Board under Forest sector

20	Alternate	Nathaniel M. Nthala	RAIPLY CO. Ltd	0 / 2	
17	Member	Elyvin Nkhonjera	OXFAM	2 / 2	Has been changed the new names to be officially communicated
18	Alternate	Chisomo Manthalu	OXFAM	1/2	Chisomo Replaced Dzinkhambani however waiting for official communication.
19	Member	Moses Mkandawire	Church Aid & Society Programme	2/2	No Changes
20	Alternate	Jacqueline	Church Aid & Society Programme	0/2	Replaced Paul Mvula
21	Member	Kossam Munthali	Foundation for Community Support Services	1/2	No changes
22	Alternate	Jabess Nyirenda	Foundation for Community Support Services	1/2	No changes
23	Member	Herbert Mwalukomo	Centre for Environmental Policy and Advocacy (CEPA)	1/2	Williams Chadza was replaced by New Director of the Organization Mr. Herbert Mwalukomo
24	Alternate	Gloria Kamoto	Centre for Environmental Policy and Advocacy (CEPA)	1/2	replaced Herbert Mwalukomo as an alternate
25	Observer	Davie Khonje	Malawi Revenue Authority	2/2	No changes
26	Observer	Evelet Manda	Malawi Revenue Authority	0/2	No changes

13. CONCLUSION

Malawi has continued to make considerable progress in implementing the EITI standard amidst the financing constraint and the impact of the challenge of COVID-19 pandemic. Notwithstanding, MWEITI produced the 3rd EITI report as expected and held meetings with the various stakeholders in order to keep the momentum of the EITI processes. The International EITI Secretariat has also conducted virtual meetings at both international and regional level to share experiences with regard to the global economic turmoil as a result of COVID-19. This has kept Malawi on the right track and well-informed about the global initiative. However, there is still need for more financial support to enable MWEITI implement the recommendations stipulated in the previous report and achieve the objectives in the Work plan.

This APR was Approved by MSG in June 2020 and its reflected in the minutes.