



Standard Bank Growth Conversations Forum

“Construction Industry White Paper”

Friday, August 9, 2024
Sunbird Nkopola Lodge, Mangochi

1. BACKGROUND

The second edition of Standard Bank's 'Growth Conversations' Forum took place on 8th August 2024 at Sunbird Nkopola Lodge in Mangochi on the sidelines of the 7th International Conference on Construction convened by the National Construction Industry Council (NCIC).

Standard Bank Plc was a major sponsoring partner of the three-day conference (August 7th-9th, 2024) under the theme; "Innovate, Adapt and Excel: A Quality Driven Construction Industry". **Transport and Public Works Minister Honourable Jacob Hara (MP)** was the Guest of Honour to the conference. Also in attendance were various captains of the construction industry from Malawi and other countries, senior government officials, manufacturers and financial partners. The conference also hosted an exhibition by various producers of construction products.

Growth Conversations is Standard Bank's initiative to facilitate dialogue on national growth. The initiative was launched on July 25, 2024 in Lilongwe with the objective of stimulating national economic policies and other development plans. The goal is to mobilize key stakeholders towards consensus and action on critical matters of national interest.

2.0. INSIDE THE CONSTRUCTION INDUSTRY CONFERENCE

The three-day conference started with a tour of pavilions by the Guest of Honour, Transport and Public Works Minister Honourable Jacob Hara (MP). The minister also toured the Standard Bank pavilion where he was briefed on the role of the bank as a financial partner of Malawi's construction industry.

The conference featured several speakers and presenters from the government, private sector, banking sector and academia. Standard Bank Plc Chief Executive Phillip Madinga who is also President of Bankers Association of Malawi (BAM) led the banking sector as one of the keynote speakers.

In his presentations, Madinga highlighted Standard Bank's role in facilitating economic growth through financing of various national and regional infrastructure projects. He cited the Mzimba/Kenyatta Road underway in Lilongwe, the Nacala railway rehabilitation project, the Kapichira Phase II hydroelectric power plant, introduction of independent power producers in the energy sector as some of projects driven by Standard Bank Plc.

During the conference, Standard Bank facilitated the second session of its "Growth Conversations" dialogue forum. During the session, moderated by Macdonald Maliro, delegates made several contributions and recommendations, key of which include;

2.1. HIGH INTEREST RATES AND ROLE OF BANKS

- 2.2. The construction industry lamented high cost of borrowing, which it said stifles the growth potential of small and medium-scale contractors and incubators.
- 2.3. It was noted that banks are constrained when it comes to providing facilities to

the industry as they apply a high policy rate while also factoring in their operating margins.

- 2.4. High interest rates and margins rates are discouraging innovation as most bankable ideas lack capital.
- 2.5. The industry feels that banks must open their ears to needs of construction industry
- 2.6. It was proposed that commercial banks should consider employing engineers and other technical professionals who understand the construction industry and would be able to assess projects.

3.0. IMPLEMENTING “BUY MALAWI” STRATEGY IN CONSTRUCTION INDUSTRY

- 3.1. Contractors would like to see the “Buy Malawi” strategy extended to the construction industry through prioritizing locals in construction projects.
- 3.2. Government must increase advance payment quota from 20% to 30% to help empower local contractors.
- 3.3. Government must address the issue of delayed payments which make local contractors uncompetitive.
- 3.4. Foreign counterparts have ready access to financing which they can use to muscle out local contractors.
- 3.5. Empowering local contractors to increase their capacity will help to substitute imports of construction materials and expertise, which drain forex.

4. ENABLING LEGISLATIVE FRAMEWORK FOR CONSTRUCTION INDUSTRY

- 4.1. Construction industry must adopt the Malawi Infrastructure Delivery Management Standards (MIDMS) including the modern asset management frameworks.
The MIDMS should be given the force of law, either through incorporation into an Act of Parliament or by way of regulations to ensure effective enforceability of the MIDMS.
- 4.2. The Ministry of Transport and Public Works in collaboration with NCIC and key stakeholders to work on the review of legislation regulating the practice of Architects and Quantity Surveyors development of the Buildings Act and Building Regulations to ensure the right standards are set to achieve quality and resilience infrastructure in Malawi.
- 4.3. In addition, NCIC should develop standards and best practices for the industry and must expedite the review of the NCI Act.
- 4.4. Government to create an enabling environment through policies and legislation to encourage private sector investment in economic infrastructure delivery as one of the key enablers of #Malawi2063.

5. ADDRESSING IMPORT SUBSTITUTION

- 5.1. The Ministry of Transport and Public Works, NCIC and the Ministry of Trade to develop the roadmap for import substitution.

- 5.2. Come up with a position paper with recommendations and submit to the Minister of Transport and Public Works by the end of the year.
- 5.3. The NCIC to provide data on jobs created through all construction projects under implementation in Malawi by the end of the year.
- 5.4. The NCIC to promote research and enhance coordination of research and innovation in the industry.
- 5.5. Develop laws and policies which will encourage manufacturing of products within the country, promulgation of standards to make the products worthwhile of uptake into the market.
- 5.6. The laws and policies should reciprocate bans other countries impose on Malawian contractors and construction products.



6 ENHANCE PARTNERSHIPS WITH FINANCIAL INSTITUTIONS

- 6.1. Financial institutions such as Standard Bank Plc have a key role to play in investing and project financing to ensure the delivery of and fulfilment of enabler No 6-economic infrastructure in the country.
- 6.2. Enhanced collaboration between Government and financial institutions and the private sector is needed.
- 6.3. There is need for collaboration, formation of strategic partnerships within the construction industry (construction firms forming partnerships, joint ventures, mergers, public private partnerships) for Malawi to improve infrastructure.
- 6.4. All stakeholders in the industry should endeavor to find alternative ways of project financing to close the financing gaps and challenges faced in the construction industry.



7 STRENGTHENING QUALITY WORKMANSHIP

- 7.1. Professionals in the country (Architects and engineers) must design quality and resilience infrastructure that would stand the test of time and last generations to come; that is environmentally friendly and sustainable; infrastructure which is aesthetically appealing and would change the landscape of the country and our cities in Malawi.
- 7.2. Professional Boards must develop codes of ethics, best practices and they should monitor and discipline professionals who contravene the laws, codes of ethics and best practices.
- 7.3. Every person, client, contractor, consultants, financiers have a role to play in ensuring the delivery of quality and resilience infrastructure in Malawi.
- 7.4. Deal with corruption to address shoddy and sub-standard construction works
- 7.5. Coordinating agencies such as City and District Councils, Regulatory bodies, MDAs must be pro-active, agile and adaptable to changing climate, economic and industry conditions to help in achieving quality and resilient infrastructure in Malawi.
- 7.6. Research and Development as a pillar to achieving a quality

driven construction industry and addressing challenges in the ever-changing construction environment in Malawi.

- 7.7. Industry should endeavour to undertake research or invest in research as one way of ensuring the achievement of a quality driven construction industry.
- 7.8. Quality Assurance studies, Infrastructure Technical Audits and accountability are key enablers to achieving quality and resilient infrastructure in the country.
- 7.9. The Malawian Construction Industry (Higher Education Institutions, Private sector and Government) to embrace Building Information Modelling (BIM) to enhance collaboration between project teams, ease project analysis and appraisal and the Integrated manner of managing projects.



