



Co-operation between

The European Union

and

The Republic of Malawi

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Conventions and other Co-operation Activities**

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1. Executive Summary

While political tensions between the opposition and the State President have characterized the year 2005, the political situation is now becoming more stable. EU played a positive role in diffusing tensions via the "Cotonou" meetings and an open letter addressed to leading Malawian political leaders. Government is confident that it may count on a "working majority" at the forthcoming Parliamentary session, which is planned to take place from the first week of April (five months after the end of the previous session). In future more frequent and constructive parliamentary sessions would be very useful so that the country can steadily move forward its very demanding and large development agenda. In the meantime, the date of local elections, which have been already postponed since 2004, has not been announced yet.

The Government of Malawi views good governance as a pre-requisite for growth and poverty reduction and, indeed, good governance is one of the pillars of the Malawi Growth Development Strategy which is expected to be finalized soon. In this framework worth mentioning is that the anti-corruption campaign continued during the year, the Government of Malawi has taken the bold initiative to ask for the African Peer Review Mechanism (APRM), and that a Constitutional Review is being planned for the first quarter of 2006.

In terms of regional integration and EPA process, Malawi has confirmed its decision to pursue the EPA negotiations with the EU under the ESA group.

The year 2005 was a record year in the co-operation between the European Commission and the Republic of Malawi in terms of global commitments. The amount of new global commitments registered in the year under the EDF accounted for € 141.4 million (almost 50% of the 9th EDF Indicative Program). This outstanding performance was further enhanced by the commitment of € 30.1 million, financed under the EU budget. In one year the EU contribution via the EU budget accounted for 10% of the EDF bilateral National Indicative Program and this is becoming a recurrent feature of bilateral co-operation with Malawi. The positive extents of this feature, as well as the related demands in terms of implementation, have yet to be fully taken into account. During the year remarkable results were the very timely and significant contribution of the EU to assist Malawi in tackling the food crisis which affected the country in 2005/2006 and the re-launch of budgetary aid. One of main challenges ahead will now be the implementation of all the new programmes which are entering into the implementation phase practically at the same time. The pipeline for 2006 and 2007 is solid and well advanced. It includes also a new general budget support operation agreed at the recent regional seminar in Gaborone. Therefore the risk that funds available will not be committed on time, by the end of 2007, appears to be very low. The second part of the year 2007, therefore, could be used for the preparatory work of programs to be financed under the 10th EDF. As regards the 10th EDF, Malawi has the unique opportunity of a solid start and two main areas seem to emerge as priority ones: food security/agriculture and infrastructure for regional integration. This is in addition to a good governance initiative and macro-economic support.



2. Update on the political, economic, social, and environmental situation

2.1. Update of the political situation

The Presidential and Parliamentary general elections that were held in May 2004 elected Dr. Bingu wa Mutharika as Malawi's second democratically elected State President. He, however, formed a Government without a clear majority in Parliament which was dominated by opposition parties. The EU Observer Mission, which was one of the accredited election observer groups, declared the elections to be free but that they fell short of international standards. The next Presidential and Parliamentary elections are foreseen in May 2009.

Following his election, the State President launched a vigorous and a much needed, anti-corruption campaign, which created political tensions with Malawi's former President, Dr. Bakili Muluzi, who is chair of the United Democratic Front (UDF) party which had campaigned to support the election of Dr. Bingu wa Mutharika.

Reacting to this situation, President Dr. Bingu wa Mutharika resigned from the UDF and formed his own political party - Democratic Progressive Party (DPP) - at the beginning of 2005. Political tensions continued and even increased during the year to the extent that the Parliamentary session in October 2005 was monopolised by a motion, tabled by the opposition, to impeach the President. This resulted in no substantive piece of legislation being passed during the Parliamentary session. The last substantive bill approved by Parliament was the 2005/06 budget, which was approved at the previous session held in July 2005.

The international community present in Malawi, including the EU Member States and EC, played a positive role by issuing a joint letter addressed to all Political Leaders in October 2005 which contributed to the diffusing of political tension between the ruling and the opposition parties. The letter was co-signed by D, EC, FR, NOR, SA, UK and USA.

A political dialogue with EU (i.e.: "Cotonou Meetings"), in line with the provisions of Article 8 of the ACP-EU Cotonou Agreement, was launched immediately afterwards with two consecutive meetings between the Government of Malawi, led by the Minister of Foreign Affairs, and the EU Heads of Missions resident in Malawi (D; EC; FR; UK).

At the by-elections held on 6th December 2005, which were the first electoral test for the DPP, the DPP won all the seats contested (six) throughout the country. This clear victory of the DPP, at its first electoral test, coupled with some internal issues within the main opposition parties, seem to have triggered a substantial number of defections of Members of Parliament who have either joined the DPP or have declared themselves independent and ready to work with the DPP for the development of their constituencies. As a result the political situation is becoming more stable. Government is now confident that it may count on a "working majority" at the forthcoming Parliamentary session, which is planned to take place from the first week of April. In future more frequent and constructive parliamentary sessions would be very useful so that the country can steadily move forward its very demanding and large development agenda. In the meantime, the date of local elections, which have been already postponed since 2004, has not been announced yet.

The Government of Malawi views good governance as a pre-requisite for growth and poverty reduction and, indeed, good governance is one of the pillars of the Malawi Growth Development Strategy which is expected to be finalized soon. The promotion of the rule of law is seen not only as an instrument for regulating human conduct but also as an instrument for economic growth and development. The anti-corruption campaign continued during the year. However, the much needed amendment to the legislation that presently requires the Director of the Anti-corruption Bureau to obtain the consent of the Director of Public Prosecutions before prosecuting corruption cases is yet to be passed by Parliament. This will allow the Director of the Anti-corruption Bureau to move swiftly in dealing with corruption cases.

Government of Malawi has taken the bold initiative to ask for the African Peer Review Mechanism (APRM) which is about to start. This initiative and the action plan which may arise will be closely followed up to identify areas for possible support within the framework of the next EDF, in line with the Good Governance Initiative announced in the EU Strategy for Africa.

Human rights in Malawi are guaranteed by the Constitution. Institutions such as the Human Rights Commission, the Ombudsman, the Anti Corruption Bureau, NGOs and media contribute substantially to the publicising and prosecution of human rights violations. The effective enforcement is dependent on the very limited human and financial of the relevant institutions. On the occasion of the human rights week in December 2005, President Bingu Wa Mutharika declared that Malawi will soon deliver for the first time its report on the status of human rights in accordance with the UN Human Rights Convention.

A Constitutional Review is being planned for the first quarter of 2006 and will be coordinated by the Malawi Law Commission, a Constitutional body that is mandated to review laws in Malawi.

2.2. Update of the economic situation

Macroeconomics

There are strong indications that the economic growth had been very limited in 2005. The Government of Malawi considers that real GDP had declined from 4.6% in 2004 to 2.1% in 2005, due to a prolonged dry spell during the growing season in early 2005 and lack of adequate resources which negatively affected the agriculture sector (approx. 40%). The agriculture sector is believed, at best, to have contracted by approx. 7%. The harvest of Malawi's food staple (maize) was badly affected causing a serious food crisis with large negative repercussions for the country. According to the Government's figures, this negative result of the agriculture sector was compensated by expansion in financial and professional services (by about 9.7%), manufacturing (by about 3.6%) and construction sectors (by about 17%). Independent analysts consider the situation to have deteriorated even further and estimate that GDP could have contracted by 3% during the year. While the official GDP data for the year 2005 would stabilise in the next few months, it is important to underline two main points: a) as for the past 10 years, the growth rate in 2005 remained substantially below the level required (around 6%) to have an impact on the reduction of poverty in the country. The need for a growth oriented strategy is very clear if poverty has

to be tackled in a meaningful way; b) It is further confirmed that the economy of Malawi was and still is highly vulnerable to weather conditions and that mitigating measures have to be taken as a matter of priority. In this framework, the introduction and expansion of irrigation schemes, based on appropriate technologies, is strongly advocated by Government.

The scarcity of maize in 2005 pushed food prices up, in particular later in the year, and consequently had a negative influence on the inflation rate. The food consumer prices (end of the period) increased from 14.1% at the end of 2004 to 19.2% (estimate) at the end of 2005. During this time, the non-food consumer prices slightly increased from 13.2% to 13.8% due to the sharp increase in the world price of fuel. As a result, the annual average of consumer prices increased from 11.5% at the end of 2004 to 15.5% (estimate) at the end of 2005. The inflationary trend is expected to continue in the next few months until the new crop becomes available on the market and until the effects of the depreciation of the kwacha, which has been registered since late December 2005, have passed into the non-food prices. The experience of 2005 re-confirms that food insecurity and low currency reserves have the potential to fuel inflation, with its negative effects in terms of real economy and in terms of fiscal performance for the country, which has a high level of domestic debt to serve.

The situation of foreign reserves, while slightly improved by the resumption of budget support from most donors during the year, remained for most parts of the year below the level of at least 2 months of import cover. Moreover a backlog of foreign exchange invoices, accumulated in the last part of the year, has recently been observed. The over-evaluation of the exchange rate had put pressure on foreign reserves. In this respect the IMF welcomed the more flexible exchange rate policy implemented by the authorities commencing from December 2005 as well as their commitment to avoid an over-evaluation of the currency. Malawi suffers from a structural negative current account balance due to its trade deficit. In addition, the inflow from exports is highly cyclical, being concentrated in the period of tobacco sales. Shortly, Malawi should be able to benefit from the achievement of the HIPC completion point, expected to be reached around mid 2006. Indeed this would immediately allow Malawi to qualify for further debt relief under the Multilateral Debt Relief Initiative thus reducing the pressure of the foreign debt and releasing resources for poverty reduction and economic development related activities.

After having depreciated during the first semester of 2005, the kwacha remained stable throughout the second half of the year against the US dollar reflecting a seasonal availability of foreign exchange. The kwacha depreciated by almost 16% against the USD from a market average of MWK109.00 in 2004 to MWK 126.00 in 2005. Against the Euro, the kwacha depreciated by 8.5% when the average rate increased from MWK135.60 in 2004 to MWK147.20 in 2005¹. A further depreciation of the Kwacha has been visible in the first two months of 2006.

¹ Source Reserve Bank of Malawi (RBM)

Indicator	2001	2002	2003	2004 est.	2005 proj.	2006 proj.	2007 proj.
1. Population (million) ¹	10.4	10.6	10.8	11.9	12.1	12.3	12.6
2. Population growth (%) ¹	1.9	1.9	1.9	1.9	1.9	1.9	1.9
3. GDP per capita (USD) ²	162.0	163.0	145.8	152.2	158.2	162.4	171.2
4. Growth of GDP per capita (%)	Na	0.6	-10.6	4.4	3.9	2.7	5.4
5. Gross capital formation as % of GDP ²	12.7	10.4	10.9	11.2	16.4	15.9	16.1
Of which FDI	1.6	1.9	2.4	2.4	1.3	1.4	1.5
6. External debt as % of GDP ²	160.5	143.3	158.9	150.0	143.7	139.3	131.0
7. External debt service (int. plus amort.) as % of GDP ²		4.7	5.5	4.8	4.9	4.9	4.5
8. Arrears on domestic debt as % of GDP ²	Na	Na	0.7	0.4	0.8	0.6	0.6
9. Exports as share of GDP (in %) ²	24.8	21.8	25.0	25.2	27.1	27.7	26.4
10. Trade Balance as % of GDP ²	-9.2	-18.2	-19.9	-21.2	-22.6	-19.0	-19.6
11. Government income as % of GDP (FY data 2001/2002... 2007/2008) ²	24.1	26.7	35.0	38.8	43.5	39.7	38.5
Of which Domestic revenue ²	17.2	20.0	22.7	24.8	24.6	24.4	24.2
Foreign grants ²	6.9	6.7	12.2	14.0	18.9	15.3	14.3
12. Government expenditure as % of GDP (FY data 2001/2002... 2007/2008) ²	31.9	38.3	42.8	42.9	44.7	40.6	39.2
Of which Debt service (interests) as % of budget ²		17.9	24.9	20.4	15.0	13.8	11.3
13. Budget deficit as % of GDP (FY data 2000/2001... 2007/2008) ²	-7.9	-11.6	-7.8	-4.1	-1.3	-0.9	-0.7
14. Inflation (average) ²	27.2	14.9	9.6	11.5	15.5	9.4	7.8
15. Exchange Rate (average) MK/USD ²	72.2	76.7	108.6	108.9	125.7	143.2	150.5

Source (s): ¹ Malawi National Statistical Office

² Malawian authorities and IMF staff estimates and projections

na = not available

While the overall macroeconomic situation remained fragile throughout the year, Malawi continued to register progress in fiscal management. The fiscal sector performed satisfactorily during the FY2004/05 when, for the first time in more than ten years, government stayed within the budget approved by Parliament. This was attributable to the commitment of the new government administration to bring government expenditure under control and achieve a reasonable degree of economic stability. As a demonstration of its commitment, the Malawi Government entered into a twelve months Staff Monitored Programme (SMP) with the IMF covering the period July 2004 – June 2005, with a view to establishing a track record of prudent fiscal management. Performance under the SMP was satisfactory and the IMF Board, in August 2005, approved a new PRGF for Malawi, which helped to unlock the flow of aid from a cross section of donors, including the European Commission.

In line with Government objectives, the SDR 38.2 million (about USD 54.9 million) three-year PRGF programme set poverty reduction through private sector-led growth as its main medium-term objective. Macroeconomic stability continues to be the main near-term objective. Fiscal restraint on the part of government still remains crucial if the economy is to avoid adverse domestic debt dynamics and if government is to continue providing critical services. Findings from the first quarterly review of the PRGF in September 2005 show that the implementation of the programme has been satisfactory and all quantitative targets were met despite short-term delays in the disbursement of some budget support. In addition, some progress has been made in the implementation of structural reforms. By the end of 2005 some pressure points were identified in the fiscal and monetary sector: a) the domestic interest bill for FY 2005/2006 may be higher than expected – due to a central bank lending rate unwilling to decrease in the face of increasing inflation figures – and the expenditure for the purchase of maize may be higher than expected due to very acute food crisis; b) the target on net foreign assets may be difficult to be met by December 2005, essentially due to the effect of scaled-up food operations, high international oil prices and lower-than-expected tobacco proceeds. The full impact of these developments will be assessed during the second PRGF quarterly review expected in March 2006. As of end of 2005, independent observers and development partners remained cautiously optimistic about the achievements of the Government and the perspectives.

The very positive aspect from the fiscal point of view is that the new Government has stopped the fiscal latitude of the past which has unfortunately left the country with a high domestic debt burden (domestic interests accounted for more than 9.0% of GDP in 2003/2004). Fiscal policy will aim to reduce the government's domestic debt, via significant repayments of domestic debt, while allowing for increases in pro-poor (health and education) and pro-growth (infrastructure) expenditure. In the fiscal year 2005/06 this policy has been hampered by the pressing need to respond to the food security crisis. However it is expected that this policy will be pursued with an even higher commitment and vigour in the next fiscal year, as soon as the country is finally out of the food crisis. Moreover spending in no-priority areas is being reduced and efficiency gains are being sought.

Public Finance Management

Results of a public finance management assessment for Malawi, based on the Public Expenditure Financial Accountability (PEFA) framework released in July 2005, revealed that the PFM system in Malawi, although based on a sound legal framework, was typified by non-compliance with rules and regulations, lack of enforcement of sanctions and political interference in processes and procedures. Although the new government administration has shown strong political commitment to reverse the trend, as evidenced by successful completion of the IMF SMP and signing of a new PRGF in August 2005, the challenge will be to translate the achievements into sustainable systems with, in particular, appropriate internal and external checks and balances in the management of public funds. These systems would restore the confidence of all stakeholders and promote effective and efficient service delivery. The successful implementation of the SMP and PRGF programmes, computerisation of the Credit Ceiling Authority, review of the Chart of Accounts, verification of the size of domestic arrears, issue of new Treasury Instructions

(related to no further build-up of arrears) were positive developments noted in 2005. Establishment of internal procurement committees in all ministries and parastatals, the setting up of a Secretariat for the implementation of the Malawi Financial Accountability Action Plan and the implementation of a new Integrated Financial Management Information System (IFMIS) toward the end of 2005 are other positive signals that will need to be confirmed in 2006. This being said it is quite clear that a lot remains to be done. A new PEFA mission is announced around May 2006. This is expected to update the analysis of systems. Such a mission should provide ideally the building block for the preparation by the Government of a fresh action plan with the most important measures to be taken in the next two/three years to address the main weaknesses as for instance the absence of a medium term expenditure framework for budgetary purposes, the limited capacity of the accountant general office and of the supreme audit institution. The quality of the action plan as well as its steady progress in terms of implementation will be keys for the possibility of the country to access larger development assistance in terms of budgetary aid

Trade Issues

On the trade front, 2005 has seen a further worsening of the trade balance from a deficit of 395 million USD (excluding services) to approx. 450 million USD. This is a trend which continues with no interruption since 2001. In the last five-year period, exports have increased only by 25% (from 427 million USD to 536 million USD) while imports have increased by almost 70% (from 585 million USD to more than 900 million USD). As a result the trade deficit in terms of GDP has increased from approx. 9% to approx. 23%. This reflects, on the one hand, the limited diversification and competitiveness of the local economy and, on the other hand, a stronger domestic demand and higher oil prices.

While Malawi's participation in EU trade remains extremely limited (0.01% to 0.02% of the EU's total exports/imports), the EU however continues to be Malawi's largest trading partner as regard to the country's exports since approximately 34% of Malawi's exports are destined to the EU. 2004 Statistics of the European Commission Directorate General for Trade show that EU exports to Malawi totalled €90 million whilst imports from Malawi totalled €157 million in the same year. The overall balance of trade remains in Malawi's favour with a trade surplus of close to €67 million, although this represents a lower trade surplus when compared to 2003 (by almost 50%). The main products being exported by Malawi into the EU are tobacco (69%), sugar (16%) and tea (12%). These three products alone make to 97% of Malawi's total exports to the EU. This reflects the low diversification of the country productive sectors and indicates the vulnerability to production or price variations on the international market. After the EU, Malawi's main trading partners for its exports are South Africa (24%) and the USA (13%). In terms of imports Malawi's main trading partner is South Africa (56%) followed at a great distance by the EU (11%).

Tobacco remains Malawi's largest foreign exchange earner. At the end of the tobacco marketing season in October 2005, tobacco auction prices averaged US\$1.08/kg (i.e: 5.0% lower than in 2004 and 10% lower than in 2003). Lower prices, coupled with reduced production, resulted in a decline of approx. 20% of the amount collected from tobacco sales (USD 162 million vs USD 206 million in 2004 and 2005 respectively). This is of particular

concern to non-state actors given that many smallholder farmers are the biggest losers. Sugar is the second most important crop in Malawi when it comes to foreign exchange earnings. It accounts for up to 10 % of the country's total export earnings. In 2005, total annual sugar production in Malawi reached approximately 260,000 MT, of which some 100,000 was refined. This represents an annual percentage increase of 16.6%. Malawi's total sugar exports to the EU average 40,000 MT of sugar², which includes 20,000 tons under the sugar protocol regime of the ACP-EU Cotonou Agreement. The preferential prices for sugar exports to the EU have been important to Malawi's revenues and it is in light of this that the GoM and the industry have pooled together to formulate a national adaptation strategy to the new EU sugar reform. Worth mentioning is that the new EU sugar reform is expected to have a short term negative impact while it may open up opportunities for the Malawi's sugar industry in the medium-long term. As far as tea is concerned, the third most important crop, the sector suffered in 2005 a 20% decline on the amount produced when compared to the same period in 2004 due to adverse climatic conditions. In addition, the quantity sold was down by 27.9% compared to the previous year and this was attributable to the lower production of the commodity as well as lower demand on the international market. In terms of revenue, the amount collected from tea sales in 2005 amounted to US\$10.4 million, down by approx. 35% when compared to 2004³, essentially due to a lower volume of tea traded in the year.

While the country's economy remains relatively open, and there has been a substantial reduction in average tariffs, tariff peaks and barriers to trade over the last few years, the country continues to experience shortages of foreign exchange, as earnings from exports do not cover import requirements. In addition, Malawi has experienced declining competitiveness and market share in a number of key products, service and commodity markets (mainly tea, coffee, textiles and cotton).

Apart from low investment incentives due to macroeconomic instability, low savings rates, high interest rates and low annual manufacturing value added, Malawi's export performance is constrained most significantly by the high costs of trade, most of which fall under transport costs (on average, 55% of the cost of production)⁴. Similarly, the institutions in Malawi's trade support network involved in enforcing the regulatory framework are weak, which results in poor service delivery to the private sector. The development of the National Export Strategy has therefore been one notable development in 2005 together with the establishment of a Competition Commission and its interim secretariat under the leadership of the Ministry of Trade and private Sector Development. The strategy has the objective of responding to all issues which affect the international competitiveness of the private sector whilst also addressing the product and service sectors with high export potential (including the public sector). The challenge ahead is the implementation of the strategy and the level of actual involvement of the private sector.

² Reserve Bank of Malawi, Monthly Economic Review, October 2005 (annual export statistics were unavailable at the time).

³ Reserve Bank of Malawi, Monthly Economic Review, November 2005.

⁴ The Case for a National Export Strategy: Key Issues and Possible Response, MoTPSD, September 2005. Value added per capita in Malawi is rated at US\$25, one of the lowest figures in the region (2000 figures from UNIDO 2004 study).

Regional Integration and EPA Process

The country's eagerness to pursue regional trade agreements has resulted in membership of a number of overlapping preferential arrangements. The most notable of these is the membership of COMESA and SADC – which are both in the process of establishing free trade areas and aiming for their respective full customs unions in the near future. This is not unique to Malawi and is instead a feature in the sub-region where the majority of countries are members of different regional organisations, thus over-complicating the regional integration process. Although Malawi is a member of SADC, it continues to pursue the EPA negotiations with the EU with its COMESA partners under the Eastern and Southern Africa (ESA) grouping. Malawi has attended all Regional Negotiating Forums (RNF), Regional Preparatory Task Force (RPTF) meetings and general meetings under the Eastern and Southern Africa grouping on EPAs throughout the course of 2005. With regard to the six negotiating clusters, development, agriculture, market access, fisheries, trade in services and trade related issues, Malawi has further developed draft position papers in the fisheries and market access sectors in 2005. The decision of the Government of Malawi to pursue the EPA negotiations with the EU under the ESA grouping is mainly motivated by the fact that the ESA Secretariat seems more efficient and may lead towards a more comprehensive level of reforms and a more comprehensive EPA agreement with the EU. However there is no doubt that Malawi will continue to follow closely the developments within the SADC group and may envisage a rapprochement between the two regional groupings, bearing in mind above all the strategic role of South Africa. With regards to bilateral arrangements, on the 28th December 2005, Malawi and Mozambique signed a trade agreement which provides for duty free status for products from both countries and will hopefully stimulate trade and investment between the two neighbouring countries.

WTO Process

Over the past three WTO Ministerial meetings, Doha to Cancun to Hong Kong, there has been a dramatic positive shift in the quality of Malawi's participation and representation in trade negotiations. Trade and trade-related capacity building in Malawi has contributed to this development as have regional and international organisations in assisting with the development of common negotiating strategies and positions. At present, Malawi's positions are aligned to the common positions of the African Union (AU), the Least-developed countries (LDCs) and the ACP group of States. Malawi's specific priorities include; (i) the preservation of existing trade preferences, (ii) financial and technical assistance for addressing supply-side and other capacity constraints and (iii) the development of mechanisms for increasing access to the essential medicines for all illnesses and conditions of public health at affordable prices. At national level, Malawi considers that the outcome of the December 2005 Hong Kong meeting is more encouraging. On development, some of the areas of concern were addressed. These included increased Aid for Trade and compensation with regard to adjustment costs emanating from erosion of preferences. Furthermore, recent studies indicate that Malawi will lose 6.6% of its total export earnings in the multilateral liberalisation process. Therefore much emphasis is placed in restructuring and addressing supply-side constraints through technical and financial capacity building, improving competitiveness, building capacities and access to market opportunities. On agriculture, Malawi still calls for the total elimination of trade distorting export subsidies and the reduction in domestic support measures (especially on cotton exports). On Non Agriculture

Market Access, Malawi aims at increased market access whilst lobbying for reductions in tariff peaks and tariff escalation. Malawi is committed to a progressive liberalisation of Trade in Services whilst acknowledging that LDCs are not required to make specific commitments in the services negotiations. With regards to Trade Facilitation and overcoming the supply side constraints, Malawi, being a land-locked country, calls for Special & Differential Treatment for land locked countries, financial and technical assistance for enhancing capacities of its customs administration and for the rehabilitation and development of new transport projects in the hope to reduce the country's transportation costs by over 60%.⁵

2.3 Update of the social situation

Demography

Malawi is one of the continent's least urbanized countries with approx. 80 to 85 per cent of the national population (estimated at 12,1 million in 2005, last census conducted in 1998) living in rural areas and deriving their livelihoods from agriculture. However, Malawi is also characterised by one of the fastest population urbanisation growth rate (estimated a 6% per year) understandable in a context of recurrent food crises and general lack of economic opportunities in the rural areas. Malawi has a high population density of the order of 100 people per square kilometre, which is one of the highest population densities in Africa⁶.

Poverty

Poverty alleviation in Malawi has shown very little progress in the last decade. In 2005, about 6.3 million of Malawians (or 52.4% of the population) were estimated to be living below the Government calculated poverty line of approximately \$0.35 per day against a figure of 53.9% in 1998. In addition the overall figure masks the fact that about 22 per cent of the population are ultra-poor. This means that one in every 5 persons lives in such dire poverty that they cannot afford to meet the minimum standard for daily-recommended food intake. The geographical distribution of poor people in Malawi is also revealing. Almost 50% of the poor population live in the rural areas of the Southern Region and about 30% live in the rural areas of the Central Region⁷. This is broadly in line with the population distribution.

In a country where about 55% of average household expenditures are allocated for food, poverty and food insecurity are inextricably linked. It is estimated that 70% of all households in Malawi run out of their own self-produced food by December, some 3 to 4 months prior to the harvest⁸. As a result, the majority of rural farming households are net purchasers of maize, and hence highly dependent on market supply (and prices) to obtain

⁵ Introductory Note; WTO Hong Kong Preparations, Abstract: The NAG Secretariat, December 2005.

⁶ "Drivers of Change and Development in Malawi", David Booth *et. al.* (January 2006) Overseas Development Institute

⁷ "Poverty in Malawi from the Second Integrated Household Survey 2005", An extract of findings by the Ministry of Economic Planning and Development, National Statistical Office and The World Bank, 2005

⁸ "Can Malawi reverse the growing chronic and acute food and nutrition insecurity?", Concept note for a regional conference on food and nutrition security, June 19th –21st 2006, Economics Association of Malawi and Ministry of Agriculture, November 2005. In the food crisis of 2001/2002, about 93 per cent of households ran out of food before harvest time.

food. Low-income households in urban areas face food insecurity because of their low salaries and purchasing power, placing them at risk when maize prices increase.

Most smallholder Malawian households have been unable to achieve adequate food and income security in an average year as agricultural productivity is low and highly dependent on rainfall which is proving to be erratic. Soil fertility is declining, there is limited access to inputs, extension services are near collapse, land reform is pressing, and HIV/AIDS is severely impacting on the sector. However, none of these technical issues, although often touted as reasons for the poor performance of the sector, are in themselves insurmountable if policy, institutional and resource issues are addressed first and development partners work in harmony with the GoM. Continuous monitoring and tracking of poverty indicators is required by government.

The year 2005 was extremely difficult in terms of food insecurity because of adverse weather conditions and lack of adequate resources. A major crisis was averted only thanks to the prompt and coordinated response offered by the government and development partners who organised themselves in April 2005, immediately after the preliminary results of the first MVAC.

HIV/AIDS and other Health issues

HIV/AIDS constitutes a serious threat to the country as a whole, affecting all aspects of Malawi's social and economic fabric. According to official figures⁹, the estimated HIV/AIDS prevalence in adults (15 to 49 years) in Malawi in 2005 is 14% with a range from 12 to 17%, giving a total estimated number of 790,000 infected adults. The same analysis suggests that the level of HIV infection in the adult population has remained stable during the last nine years, is lower in urban areas and declining among youth. This being said the numbers are high and put enormous pressure on the health system taking into account that HIV/AIDS related conditions account for over 40% of all in-patient admissions¹⁰. In addition, the HIV/AIDS pandemic has a major adverse impact on smallholder food production as those affected may not be able to prepare the ground for planting or be able to husband their crops. The National Aids Commission was created in 2001 and works on prevention, treatment and care and impact mitigation. The National HIV/AIDS Action Framework 2005-2009 was approved by Cabinet. Development partners are aligned but there is still room for improvement as regards the harmonization of funding mechanisms. Authorities reported that the main blockages in scaling up the response are: a) human resources in the health sector; b) balancing fiduciary risks with capacity of implementing partners and government control over use of all available resources.

This being said, HIV/AIDS is not the sole challenge experienced within the health system. Health indicators are generally poor, only 10% of health facilities deliver minimum package of care and there is a human resource crisis since the staffing levels in the sector

⁹ "HIV and Syphilis Sero-Survey and National HIV Prevalence Estimates Report 2005", December 2005, Ministry of Health National Aids Commission

¹⁰ "A Joint Programme of Work for a Health Sector Wide approach (SWAp) (2004-2010)", Dept of Planning, MoH, December 2004.

are low even by African standards. Many nurses and doctors prefer to work abroad where they are better remunerated.

Maternal mortality ratio doubled in the period 1992-2000 and only recently has possibly slightly declined but still remains one of the highest on the world (1,120 per 100,000 live births). This is of serious concern bearing also in mind that maternal mortality is generally accepted as a proxy of the functioning of the health system. A closely related issue is that there has been very slow progress made in increasing the proportion of births attended by a doctor, clinical officer, nurse or mid-wife. Today's percentage is at 58% while it was 56% and 55% in 2000 and in 1992 respectively. There is also a significant difference between urban (85%) and rural areas (55%) where traditional practices still prevail¹¹.

On a positive note, the prevalence of underweight children (under five-years of age) has dropped from 30% in 2000 to 22 % in 2005. However, the prevalence of chronic and acute malnutrition remains high¹² and much remains to be done to accelerate the trend. The problem of malnutrition in children under age five is spread throughout the population and there is not much difference in the prevalence of malnutrition between urban and rural areas.

On a positive note childhood mortality has decreased. During the 1990s there was a gradual decrease in infant mortality and under-five mortality. This trend appears to have accelerated in the last 5-year period. Infant and under-five mortality were about 76 and 133 deaths per 1,000 live births respectively in the 2000 –2004 period, as compared to the higher figures of 104 and 190 deaths per 1,000 live births in the 1990-1994 period (see ref. 12). However, despite this improvement, it still means that one in eight children born in Malawi die before reaching their fifth birthday. The top two causes of infant and child morbidity and mortality are malaria and diarrhoea. Malaria is a major killer, accounting for up to 40 % of all under-five hospitalizations and 40% of under five hospital deaths in Malawi¹³. While coverage of insecticide treated bed-nets has been increasing, more than 70 per cent of children under age 5 are not protected by mosquito nets (see ref. 12). Diarrhoea ranks second among the causes of child death in Malawi hospitals and the debilitating effects of severe and frequent bouts of diarrhoea have negative effects on the nutritional status of the children. It is clear that improved mosquito net coverage, access to safe water supplies, access to rehydration therapies and nutrition education could save the lives of many under-five children. Immunization coverage has experienced slippages in recent years. The data show that only 64 per cent of children in the age group 12 to 23 months have received the full series of recommended vaccinations, a decrease from 1992 and 2000 levels (82 and 70 per cent respectively) However, under-one year old children immunisation by each antigen (BCG, pentavalent III, polio III and measles) reached 80% in 2005, a significant improvement

¹¹ *"Poverty in Malawi from the Second Integrated Household Survey 2005"*, An extract of findings by the Ministry of Economic Planning and Development, National Statistical Office and The World Bank, 2005.

¹² *"Malawi Demographic and Health Survey 2004"*, Preliminary Report, National Statistical Office, End-2005

¹³ Annual Report of the work of the Malawi Health Sector (July 2004-June 2005), Planning Department Ministry of Health, 15.09.2005

over the last available data in 2002 (56%). This shows that in 2005 the Immunisation Programme was implemented more successfully for the under one-year group¹⁴.

A health sector wide programme, the first SWAP in Malawi, was officially launched in July 2005 and the level of policy dialogue has clearly improved as well as the cohesion between the Government and donors in the definition of the programme of work and in its implementation. This should ideally contribute to producing better results in the next few years. The European Commission has not signed the Joint Memorandum of Understanding and has not pooled financial resources, because of regulatory constraints. It remains as a "discrete funding partner" providing project support based on its own regulations but always aligned to the programme of work. For the time being, one of the most visible achievements of the health SWAP which was launched only recently, is that the strategy where the health sector wants to go is much clearer and jointly supported and that the availability of relevant data for monitoring purposes is larger and more timely.

Education

The analysis of the education sector has to be quite critical and severe. While progress was made in terms of access there is a unanimous criticism of the declining quality which is monitored and reported practically by all Malawians. Quality aspects have been overlooked while pushing for increased access. The roots of the situation, amongst others, are the insufficient number of teachers, the very low qualification of teachers recruited, and the poor curriculum. These concerns were echoed by Ministers and Members of Parliament in a very frank and constructive manner at the recent Joint Country Programme Review held on 6 March. Civil society also share the same concerns.

In Malawi, the Primary Net enrolment ratio (NER)¹⁵ stands at about 93 percent in 2005, an improvement on the 2000/01 rate of 81%. The ratio of girls to boys in primary education is almost 1 to 1 across the population in both rural and urban areas. There is little gender gap as concerns primary education. As concerns secondary education, the ratio of boys to girls is 1 to 0.87. Disaggregation of this average shows that the NER for poor households is 1:0.64 whereas for non-poor households the ratio is 1:0.95 thus reflecting a clear gender gap as concerns secondary school attendance from poor households.

However, the quality of education is very low and reportedly declining in primary, secondary and tertiary levels. Class sizes of over 100 are normal due to the insufficient number of teachers; non-qualified teachers are prevalent; only 50% of primary students have classrooms; only 11% in rural areas have desks. The priority is to design a comprehensive programme of work, balancing infrastructure needs and quality of education, building consensus within society and amongst donors on the way forward. Within this programme a serious effort should be made on building up a new core group of properly qualified teachers and encourage them to work in rural areas as well as urban areas. As part of the programme a set of monitoring indicators should be identified with

¹⁴ Assessment of PFM, economic and social indicators governing the disbursement of the variable tranche of the PRBS1. GoM Draft report - February 2006.

¹⁵ Primary Net enrolment ratio (NER) is the percentage of the enrolment of primary school children of the official age group (6 to 13 years) to the corresponding population of children. The NER reflects the percent of children of official primary school age who actually attend primary school

some pragmatism. As of today in fact indicators within the education sector are amongst the most difficult to be collected and amongst the less reliable ones.

Gender

The Gender Development Index of 0.374 indicates the existence of large disparities between men and women in Malawi. Despite constituting about 51% of the population and being a major force in the country's socio-economic activities, women remain marginalized in social and economic spheres and are unable to effectively contribute to social, economic and political development. Education, or lack of it, is a key factor for women's empowerment. The IHS-2 asserts that in general, more women, especially female-headed households are poorer than their male counterparts due to various social, cultural, economic and/or political factors. Women are also likely to have less access to education, credit, land, and property than men. Further and due to their relatively higher lack of education women have less access to employment opportunities, in both the public and private sectors and do not have equal access to technology and other key market information to support their business activities. However, 2005 has seen some small progress in the proportion of women in decision making positions with a rate reaching 14% in 2005, a percentage point increase when compared with 2004 figure¹⁶.

Water and Sanitation

There is a lack of basic information on the coverage for water supply and sanitation because of poor sector monitoring, fragmented investment by development partners and the lack of a sector-wide approach. For example, the Joint Monitoring Programme (Government of Malawi and UNICEF/WHO) reports sanitation coverage to be as low as 46% whilst the Ministry of Health reports coverage to be as high as 81% (2003). In any case, the majority of sanitation facilities can be defined as inadequate, rudimentary and unsanitary, without the presence of suitable measures like covers for vector control. According to the Ministry of Health, only 7% of latrines would be considered as improved facilities¹⁷. As concerns water supply, some 67% of the Malawian population has access to safe water supply. This means that some 4 million people do not have access to safe drinking water. To achieve the MDGs in Malawi, 1,9 million people will need to be targeted for water supply and 300,000 people (or 73,000 households) will need to be targeted for sanitation¹⁸. One of the biggest constraints to achieving the MDG is the high number of non-operational water points. Deep boreholes with hand pumps are the most common technology (54%), followed by standpipes (32%) and hand dug wells (13%). There are large disparities from district-to-district but the average functionality rate is 65%. This is mainly caused by non-availability of spare parts, poor workmanship, and the weak

¹⁶ Assessment of PFM, economic and social indicators for the PRBS1 variable tranche – Draft GoM 2006

¹⁷ Those which are connected to a public sewer, septic system, and simple latrine or ventilated pit latrine with a sanitation platform

¹⁸ "UNICEF proposal to EU on strengthening local level capacities towards the achievement of the Millenium development Goals for the water and environmental sanitation sector in Malawi", November 2005

	Indicator	1998 ²⁰	2000 ²¹	2002 ²²	2005 ²³	2015 Target	
Impact	1. Proportion of population below the poverty	53.9%	---	---	52.4%	28%	
	2. Prevalence of underweight children (Under-five years of age)	---	30%	---	22%	15%	
	3. Under Five mortality	---	189 per 1000 live births	---	133 per 1000 live births		
Outcome	4. Net enrolment ration in primary education	---	78%	81%	93% ²⁴		
	5. Primary Completion rate	---	---	---	---		
	6. Ratio of girls to boys in:						
		-primary education	---	1:1	1:1	1:1	
		-secondary education	---	1:1.1	1:1.1	1:1.1	
	-tertiary education	---	---	---	---		
	7. Proportion of births attended by skilled personnel	---	56%	---	58%		
	8. Proportion of 1 year old children immunized against measles	---	70%	---	64% ²⁵		
9. HIV/AIDS prevalence amongst 15 – 24 year old pregnant women	---	17% ²⁶	---	16.9% ²⁷			
10. Proportion of population with sustainable access to improved water source	---	---	65.6 ²⁸	66.3 ²⁹	85%		

capacity of local communities to manage their water points¹⁹. There is also a lack of trained government hydrologists and hydrogeologists for water management and the identification of sustainable water resources.

¹⁹ Attempts have been made by the GoM to improve this situation. Two types of village level operation and maintenance hand pumps were standardized: Afridev hand pumps for deep boreholes and locally manufactured direct action Malda pump for shallow boreholes or hand dug wells.

²⁰ 1998 Integrated Household Survey – 1.

²¹ 2000 Demographic and Health Survey 2000

²² 2002 Demographic Health Survey Education Data Survey

²³ 2005 Integrated Household Survey

²⁴ See ref. 14

²⁵ See ref.13

²⁶ See ref. 9

²⁷ See ref. 9

²⁸ MPRS Comprehensive Review First Draft Report, November 2005

²⁹ See ref. 28

2.4 Overview of environmental situation

Malawi is one of the most densely populated countries in sub-Saharan Africa with an average land holding per household of 0.8 hectares³⁰. This land pressure has led to the opening up of marginal land for agricultural use. It is estimated that approximately a third of all agriculture is taking place on unsuitable land³¹. This has resulted in deforestation and soil erosion. It is estimated that for every inch of topsoil lost grain yields are reduced by 6%. Between 1972 and 1990 Malawi lost 41% of its forests. Current deforestation continues at about 2.8% per year

In addition, while a number of studies have been undertaken on the Lake Malawi fisheries, there is little management of the fisheries stock and many species are seriously under threat which is worrying given that fish is the most important source of animal protein in Malawi. While Malawi has over 4,000 species of animals, including the greatest freshwater biodiversity in the world with over 500 endemic species of fish, little has been done to protect or sustainably use such resources. The National Environment Action Plan and the National Sustainable Development Strategy were developed in 2004 but little progress has been made on their implementation due to a lack of resources.

3. Overview of past and ongoing co-operation

The Strategic document 2002-2007 for the 9th EDF was signed in August 2002 with a financial envelope of € 345 million (€ 276 million as envelope A; € 69 million as envelope B). The CSP and NIP focused on agriculture/food security/natural resources, transport infrastructure and macro-economic support. Support to justice/governance, non-state actors, health and trade was provided as non-focal sectors.

A Mid Term Review (MTR) was carried out in October 2004. The MTR concluded with a reduction of the B envelope by € 42.5 million while maintaining the strategy and the funds available under the envelope A, increased by the transfers from previous EDF (€2.3 million). A re-adjustment in allocations took place with reductions in budgetary aid and transport sector, increase in agriculture/food security and non-focal sectors.

The year 2005 was a record year in the co-operation between the European Commission and the Republic of Malawi in terms of global commitments. The amount of new global commitments registered in the year accounted for € 141.4 million, which represents almost 50% of the 9th EDF Indicative Program. This figure includes the following programs: a) "Poverty Reduction Budgetary Support" for € 41.5 million; b) "Malawi Backlog Road Rehabilitation and Maintenance Program" for € 38.0 million; c) "Good Governance Program" for € 28 million; d) "Income Generating Public Works Program" for € 15.5 million; e) "Institutional Development Across the Agri-Food Sector" for € 8.0 million; f) "Sustainable Nutritional Rehabilitation" for € 6.5 million; g) "NAO Capacity Building Program" for € 3.9 million. Good performances were also registered in terms of individual

³⁰ See ref. 6

³¹ GoM State of Environment Report for Malawi 2002

commitments (€ 77.3 million, of which 50% came from the budgetary aid operation) and payments (€ 43.3 million, of which one third came from the budgetary aid operation).

The financial performance under the 9th EDF as of end 2005 is quite positive. The level of global commitments under the 9th EDF reached € 225 million (75%) of the total allocation (A and B envelopes plus balances). The number of year to complete EDF commitments has dropped from 6.11 (end of 2003) to 1.27 (end of 2005), and is now well within the 2007 limit. The level of individual commitments reached 27% of the total allocation and the level of payment attained 12%. Civil society notes that whilst there is a high rate of global and individual financial commitment, payments could be more rapid.

One of the main challenges ahead will now be the implementation of all the above programmes which are entering into the implementation phase practically at the same time. The absorptive capacity of few projects and programmes will have to be fully tested against the “date + 3” rule for contractualisation. This is further complicated by the fact that most projects make large recourse to direct labour implementation modalities, which are very demanding in terms of workload for both the National Authorising Office and the Delegation.

While reporting on the European Development Fund, it is more and more evident that the analysis of the EU co-operation in Malawi would be incomplete without explicit reference to the assistance provided via the EU budget, primarily in terms of food security and other budget lines like the one for NGOs and the one for Health. In the year 2005 the new programs and projects approved amounted to € 30.1 million. In one year the EU contribution via the EU budget accounted for 10% of the EDF bilateral National Indicative Program. This figure includes: a) “Food Security Program for Malawi” of € 15.0 million; b) “WFP contribution” for food security of € 4.0 million; c) ECHO program of € 5.0 million; d) 5 operations (3 NGO budget line and 2 health budget line) for € 6.1 million. Amount disbursed during the year accounted for more than € 20 million.

During the year a major result to be underlined was the re-launch of budgetary aid which came in the second half of the year after the successful completion by the Government of Staff Monitored programme and the approval of the new three year PRGF programme with the IMF.

Another major result is the very timely and significant contribution of the EU to assist Malawi in tackling the food crisis which affected the country in 2005/2006. Operations in conjunction with GoM and other main donors (UK; USA; WB; Norway) were launched as early as April 2005 as soon as the Malawian Vulnerability Assessment Committee (MVAC) suggested that the maize shortfall was at least MT 272,000, and would have affected 4 million people. Total EC contribution in tackling the crisis was in the order of € 25 million. While the situation remains of some concern, a possible large-scale humanitarian crisis has been averted. An overall evaluation will be launched soon to draw major positive lessons for dissemination and to identify areas for further improvement as well. The State President, the whole Government and the entire nation are very much aware and appreciative of the role played by the EU and the donor community in assisting the country.

3.1 Focal sectors (and macroeconomic support)

3.1.1 Focal sector 1: Rural development, Agriculture, Food Security and Natural resources

a) Results

Summary of progress 2000-2005 in relation to the CSP

The overall objective of the sector in CSP is poverty alleviation and the purpose of interventions is; improving food security and household self-sufficiency; increasing and diversifying rural incomes; and managing resources in a sustainable manner. However none of the verifiable indicators have been quantified. Where data does exist provides a 'snapshot' rather than trends, as statistics are not comparative. The Technical Secretariat of the MoA, supported by EC and other donors, has now created a set of output / impact indicators to measure food and nutrition security. A preliminary base line has been constructed where data flows existed.

Nevertheless, poverty has not declined significantly from 53.9% in 1998 % to 52.4% in 2004. On food security, production continued to fluctuate depending on rainfall and the scale of fertilizer subsidies. With reference to management of natural resources, the use of wood and charcoal rose slight from 94% to 98% while use of non-traditional fuel (electricity, gas etc) fell from 5.7 to 1.9%³².

Summary of main results

The principal result in 2005 was the fact that GoM and donors, with the EU playing a key role, worked closely together to successfully deal with greatest shortfall in agricultural production in the past 10 years, hence averting a humanitarian disaster. Although the lean period will last until the next harvest in April to May 2006, actions taken in 2005 ensured that adequate resources were made available to address the situation and that activities were well coordinated. To date there have been few reports of deaths caused by starvation and the situation compares very satisfactorily to the last food crisis in 2002/3, where the shortfall of agriculture production was significantly lower but several thousand people allegedly died.

The Malawian Vulnerability Assessment Committee (MVAC) report and its revisions played a crucial role in setting the framework for the targeted food distributions. The MVAC has continued to be improved but the methodology for calculating crop estimates and food balance sheet needs to better explained to donors in order to enhance credibility of the data. There has been discussion over the possibility of conducting an agricultural survey, following a pilot that DFID undertook with FAO.

Other positive results include the adoption of Food and Nutrition Security Policy (FNSP), the launch of the reform of ADMARC, the start of a number of new EDF programmes (FIDP, Forestry, IGPWP, IDAF). In addition, the review and revision of the National Safety Nets Programme was started.

³² Figures taken from GoM Integrated Household Survey 1998, 2005.

Donors also made a concerted effort at becoming better coordinated and to capitalise on the close understanding created in addressing the food crisis. This was in part achieved through the activities of the Donor Committee on Agriculture and Food Security (DCAFS), currently under the chairmanship of the EC. However, while most donors, notably the WB, DFID, USAID, EU, and Norway, have worked increasingly in unison, there is a need to make sure that UN agencies are more closely associated.

A number of innovative solutions were tabled by donors, notably DFID and the World Bank and supported by EC regarding the potential of cash transfers, which were piloted by Concern Worldwide and Oxfam. The EC has forged consensus among donors and the GoM on the potential benefits of using smart cards and the GoM is keen to run a number of pilots in 2006.

And lastly, the MoA has restarted the development of a Sector Wide Approach (SWAp) in the agricultural sector focusing on a pragmatic approach rather than an holistic one, bearing in mind that developing a SWAp in agriculture is more complex and challenging than developing a SWAp in social sectors. This is well demonstrated by the experiences accumulated in many different countries.

Despite these results, the sector continues to face a number of different types of constraints. On the policy level, there are positive high-level political statements, for example, on the linkages between infrastructure and agriculture and the need for more adoption of irrigation schemes. These statements have yet to be translated in policy, action plans and budgeted for (through a medium term expenditure framework) and – most importantly - implemented. A number of structural issues have to be clarified regarding the government's role in agricultural inputs and commercial maize, and if GoM believes that food security is best achieved through self-sufficiency or through trade and importation. In the past difficulties have been exacerbated by fragmented donor actions and by the fact that donors have frequently changed direction and focus. There is a clear need for a more mature relationship characterised by stability in approach and focus on implementation and results.

On an institutional level there is a need to increase the capacity of the various line Ministries, in particular the Ministry of Agriculture, and a need of stability amongst civil servants. Intermediary organisations, which facilitate the access to market of smallholders, also need capacity support.

On a technical level, agricultural productivity is low and highly dependent on rainfall - which is proving to be erratic. Soil fertility is declining, extension services are near collapse, land reform is pressing, and HIV/AIDS is severely impacting on the sector. However, none of these technical issues, although often touted as reasons for the poor performance of the sector, are in themselves insurmountable if policy, institutional and resource issues are addressed first.

Food insecurity 2005/6

At the end of January 2005 Malawi experienced a prolonged dry spell of between 2-6 weeks. The dry spell occurred at a critical period for maize and other crops. This led to both a reduction in crop production, the lowest for the past 10 years, which affected food

availability in Malawi, as well as a reduction in incomes, caused by low tobacco production and further compounded by low prices.

The shortfall was estimated by the June Malawian Vulnerability Assessment Committee (MVAC) to be between 269,000 MT – 440,000 MT, depending on the price of maize, and was predicted to affect more than 4.2 million Malawians. The updated MVAC report in November concluded that, due to GoM and donor timely interventions, the shortfall for the year was ‘contained’ at 335,400 MT - even though prices reached much higher levels than anticipated.

Initially WFP prices were considered excessive. DFID’s proposed that the GoM use the GoM/DFID Logistics Unit, which had successfully overseen the fertilizer distribution for the now abandoned Target Inputs Programme (TIP), to distribute food at a lower price. Following frank discussions, with the involvement of the EC as well, an objective division between the two pipelines was reached with WFP operating mainly in the South where the problem was most severe, while the untested GoM/DFID scheme operated in the Centre and North. However, the establishment of two distributions systems was not simply about price but represented a difference in approach. The DFID approach attempted to build capacity within the GoM to address future food insecurity situations, rather than to continue to depend on external organisations.

While having two separate pipelines for food distributions complicated matters, once the initial wrangling had subsided, GoM, donors, and NGOs worked in a very harmonised manner, meeting on almost a daily basis during the height of the food crisis. The humanitarian distributions started in June 2005 and have reached 4.4 million people. This will rise to around 4.9 million people by March 2006.

The Joint Task Force the plenary and its various subcommittees – which are supported by the EU funded Technical Secretariat – worked very effectively in helping to coordinate humanitarian actions in response to the food crisis. During the crisis the subcommittees were expanded to include a logistics and pledges sub committees. On a number of occasions partners concerns were taken on board and lead to updates of the MVAC report.

The EC operations, in conjunction with GoM and other donors, were launched as early as April 2005, as soon as it became apparent that there would be a significant shortfall. Between April and December 2005 the EC undertook 8 separate actions aimed at alleviating the food insecurity, totalling approximately € 25 million. These were:

- April, € 3 million contribution to the EC/DfID procurement of 31,000 MT for the replenishment of the Strategic Grain Reserve (SGR).
- May, € 4 million contribution to WFP in Malawi from the global WFP envelope in order to meet distribution costs of the humanitarian response.
- June, € 0.4 million small-scale irrigation project for diversified winter cropping in drought affect areas in the south of Malawi implemented through WFP and NGOs.
- July, € 2 million as the EC contribution towards the recent GoM, DFID, NORAD and EC 93,000 MT tender of maize.
- August, € 2.8 million pledge to replenish the SGR next year with 15,000 MT so as to allow draw down to meet humanitarian needs for October 2005.

- October, agreement in principle on use of € 4.8 million from EDF B envelope with effect from 19 October.
- November, € 5 million ECHO intervention for emergency operations in Malawi focusing on malnutrition.
- November, €3 million SPRINT, a safety net programme which will work alongside the existing Income Generating Public Works Programme (IGPWP).

ECHO made an assessment mission to Malawi in early November, following the declaration of a State of Disaster on the 14 October 2005 (see section 3.5.5). The State President has acknowledged that, thanks to the joint efforts of GoM and donors, a large-scale humanitarian crisis has been averted. The GoM and donors will conduct a joint evaluation of stakeholders' reactions to the 2005/6 food crisis.

Given past experiences there is a very real need that Malawi minimises its exposure to future crisis by risk mitigation (composting, irrigation, diversification) and ensuring that an agreed disaster management plan is in place. Dealing with food crisis absorbs huge financial and human resources to the detriment of the longer-term development agenda.

In addition, the MVAC report highlighted that food insecurity in Malawi is not caused by a single factor, but rather different factors in different parts of the country. This would suggest that a single one-size-fits-all policy is not an appropriate solution. There is a need for a more elaborated and sophisticated response.

Commercial maize

In 2005 the GoM continued to sell subsidised commercial maize through ADMARC, a government parastatal with a chequered history. During the food crisis ADMARC has continued to sell maize at 17 MKW, far below the market price of 45-65 MKW per kilo at the beginning of 2006. This has implications for the government budget as these costs, approximately €10 million³³, were not foreseen in this year's budget. There is also a need to ensure that GoM commercial maize is sold in manner that helps to alleviate pressure on the humanitarian response. In short, the government should decide how to target sales in order to reduce the burden on the humanitarian pipeline and ensures that the subsidised maize does not end up in the hands of traders who then resell the maize to citizens, GoM and donors.

Maize procurement and regional dimension

The EC jointly funded two joint maize procurements with the GoM, DFID and Norway, which were launched by the National Food Reserve Agency (NFRA). The first in April was well received, however, the tender in August gave rise to a number of problems, in part due to the lack of capacity at the NFRA and inappropriate EC procedures for commodity purchases. There was also evidence of uncompetitive behaviour by tenderers and many companies attempting to renegotiate prices and quantities that they had been awarded. Some companies did not sign their contracts; while others that did sign did not deliver. The

³³ ADMARC predicts that it will sell 85,000 MT of maize during 2005/ at 17 MKW per kg. At the time of the 93,000 MT tender cost recovery was approximately 34 MKW, but have risen dramatically since then. If we assume conservatively that the subsidy element is also 17 MKW per kg then the total cost to the GoM of the commercial sales would be in the region of €9.6 million.

regional shortfall meant that maize prices and transport costs rose significantly and the situation was compounded by a severe lack of FOREX in Malawi. The latter is an experience not to be repeated.

While individual SADC countries may face moderate isolated shortfalls it is unlikely that any country would face a major shortfall without others in the region also being affected. This year's procurement experiences highlight the need for a regionally coordinated response both between donors and between countries. If not, there is a high risk of repeating this year's experiences with donors, governments and countries bidding for a limited amount of maize and transport capacity against each other³⁴. Demand is vast while the supply and transport is in the hands of very few who can easily "coordinate" amongst themselves. After a point, each tender only served to further inflate price as suppliers and haulers reneged on contracts agreed at lower prices, leading to an escalation of prices. Experiences in 2005 also served to highlight the dependence of Malawi on the road network and the present lack of other viable means of transport, whereas in the past the railways system was the preferred mode of transport.

Policy

The Government finally approved the long awaited Food and Nutrition Security Policy (FNSP) in July 2005. This has led to a widening of the Joint Task Force³⁵ and its various subcommittees with Ministry of Health, Finance, Economic Planning and Development and the Commissioner for Disasters all sharing the lead for one of sub committees. However, in approving the policy the Cabinet recommended splitting the policy into two separate policies on food security and nutrition. The donors, led by the EC, worked with the Ministry of Agriculture to convince the Government to maintain the policy as one, albeit implemented by a number of Ministries. Responsibility for nutrition has recently been moved from the Ministry of Health to the Office of the President's Cabinet (OPC) and a separate nutrition strategy is being drawn up.

The indicators to measure the FNSP have been finalised and agreed by all members of the Joint Task Force and baseline data is being established. These policy indicators have been complemented by a set of project level indicators that have been developed by the Technical Secretariat in conjunction with NGOs and approved by the MoA and MoH. Methodologies have been harmonised in order to allow comparison at national level and 60 agricultural, nutritional and health projects from government, donors and NGOs have been identified for the testing phase.

Fertiliser and seed subsidy

Input subsidies have a long history in Malawi with as many supporters of the idea as there are critics. With regard to the 2005/6 agricultural season, the GoM successfully managed to

³⁴ At the end of the 2005 the cost of transport maize from South Africa to Malawi reached 185 USD per MT. In August 2005 the cost of procuring South African Maize and having it delivered to Blantyre was 230 USD.

³⁵ The Joint Task Force on Food Security is jointly chaired by the MoA/MoH and has four technical sub-committees; information systems; strategic grain reserve and commercial maize; humanitarian response; and the food and nutrition security policy. Each of these are co-chaired by the MoA and/or other ministries, including Ministry of Health, Ministry of Economic Planning and the Ministry of Finance.

distribute approx 110,000 MT of fertilizer through the GoM subsidy scheme, despite some initial teething problems (total fertilizer requirement is estimated at 220,000 MT). Initial reports of 2006 production are promising. It is also clear that the GoM is set to continue the fertilizer subsidy in the medium term (next 3-5 years) and has received encouragement from the UN Millennium Initiative of Prof. Jeffrey Sachs. Indeed Prof. Sachs proposes expanding the scheme even further by making it available to all Malawians.

In the scheme fertilisers and seeds are procured centrally by the GoM and then transported to ADMARC warehouses. The vouchers, which allow farmers to purchase maize seed and fertilizers at a third of their real cost, are distributed to smallholders via Traditional Authorities. The scheme is very similar to the starter pack / TIP that DFID and the EC supported in the 1990s but later abandoned. A number of donors (WB, DFID and EC) while recognising the need for fertiliser subsidies have concerns about the manner that the scheme is being implemented. It jeopardises private sector involvement in the sector, it is centralised and does not always reach the intended beneficiaries with the risk of leakages to neighbouring countries. Donors and the EC are negative about the maize seed subsidy since it is prescriptive and limits crop diversification, running counter to GoM EDF funded programmes. Donors would like to encourage the GoM to move on a pilot basis to a credit based system using smart cards that is implemented through both the private sector and ADMARC. Civil society agrees but would also like to encourage an open voucher system.

b) Progress in activities

Food Security Budget Line (FSBL)

The food insecurity confirmed the relevance of the five priorities of the Food Security Budget Line programme in Malawi, in particular; the need to implement the FNSP, to further strengthen the NFRA; and to build capacity to detect and treat malnutrition. It also highlighted the need for diversification as the main food and cash crops, maize and tobacco, were more affected by the dry spell than other crops.

The Multi-annual Food Security Programme for Malawi started in 2001 and totals €53 million of which €15.6 million is for NGOs, €32.4 million for programmes and €5 million for technical assistance. As of end 2005, € 9.5 million had been disbursed for the NGOs, €32.4 million for the programmes and €3.8 for technical assistance. During 2005, the € 3 million financial reserve remaining from the 2002 Emergency Food Aid Programme was used to purchase 18,000 MT of maize to replenish the Strategic Grain Reserve (SGR).

The Food Security Programme (FSP 2004-2006) was approved in August 2004 for a total amount of €45 million. The Memorandum of Understanding for the first year of was signed in August 2005 for an amount of €15 million. From this €15 million, €10,05 million was transferred to the Reserve Bank in December 2005 of which € 4 million has been contracted and € 2 million have been disbursed for the support of the Technical Secretariat Joint Task Force, an emergency public work programme called SPRINT and support of WFP food assistance to vulnerable groups.

EDF

2005 saw the launch of a number of large EDF funded programmes in the sector (FIDP, IFMSL, IDAF, SNRP). However, as this coincided with the 2005 food crisis, both the GoM and Delegation were over-stretched and quite long delays were accumulated between the approval of the projects and their effective launch (e.g. eight months in the case of FIDP and IFMSL which had their start-up PE approved in August 2005). The Delegation and the NAO have been investing time and energies also to ensure that programmes are implemented in a coherent and mutually reinforcing manner that exploits the potential synergies between the various programmes.

The FA for "*Institutional Development Across the Agri-Food sector*" (€7.97 million, 3 years duration) was signed in June 2005. The programme aims to improve institutional capabilities within the MoA and district level by implementing the recent core-function analysis and to provide support systems to promote agri-food sector. Progress has been very slow, despite a high number of meetings between the Delegation, the NAO and the Ministry of Agriculture, and the early formation of the Programme Steering Committee. Due to the very nature of the programme, which is focused on institutional change within the MoA, it has suffered more than other programmes from the MoA being understandably focused on the immediate and urgent needs of the current food crisis. In the absence of adequate support from the highest levels the programme has not progressed. In addition, the MoA has not been able to appoint a National Coordinator, whose role is central to the success of the programme, until very recently. It is now hoped that as the urgency of the food crisis subsides, the MoA will be able to give greater commitment to the programme. As of today, March 2006, almost nine months of delay have been accumulated.

While *Improved Forestry Management for Sustainable Livelihoods (IFMSL)* was approved in December 2004, the FA was signed by the GoM on 31 March 2005. Nevertheless the granting of a suspensive clause allowed the procurement of long term Technical Assistance to be initiated. A contract was awarded at the end of the 2005. A start up PE of 6 months was signed only in August 2005 (eight months after the approval of the project) and concentrated on procurement and establishing the management unit in the Department of Forestry and the three regional offices. Disbursements fell short of targets as tenders were delayed so contracts will be awarded under the first operational PE, signed in February 2006. The programme covers 12 State Forest Reserves and customary forests in Malawi. It aims to help poor rural communities earn money from forest products.

The Financing Agreement for the *Farm Income Diversification Programme (FIDP)* (€16.2 million, project duration 3 years) was also signed by the GoM on 31 March 2005. A start up PE of 6 months was signed only in August (eight months after the approval of the project) and concentrated on procurement and establishing the external programme management unit. Disbursements fell short of targets as some tenders were launched late so that contracts will be awarded under the first operational PE and as recruitment of staff was delayed. The first operational PE was signed in February 2006. The programme, covering 11 districts, is designed to increase smallholder farmers and rural communities' incomes by teaching them to grow, to market and trade a range of produce. One of the principal expected results is the development of a grassroots extension service using extension workers of the MoA, NGOs and private companies.

Already in June 1994, EDF funding was agreed for the “*Support to the Implementation of the Malawi Land Reform Programme*”. This programme is supporting a larger scale effort in Malawi to initiate and implement a new land policy, one fundamental principle being to codify the tenets of customary land law and to elevate the customary estate (customary law) to full ownership status. However, the strong opposition from traditional authorities has considerably slowed GoM’s action to adopt new land legislation. The programme aims to set up a Technical Land Services Secretariat to develop financial management and monitoring and evaluation systems for dealing with land-based revenue. Land surveyors are also trained. The current PE extends from February 2005 to June 2006. The GoM and the Delegation are currently discussing a potential phase II of this initiative.

3.1.2 Focal sector 2 - Transport

Malawi is a long and narrow landlocked country, extending 850 km from north to south and 150 km at its widest point. Nowadays road transport handles more than 90% of international freight and is the principal means for export of tobacco, tea and coffee to international markets³⁶. This was not the case in the past when the Nacala corridor was properly functioning. In those days the railways system was handling most of Malawi’s export crops and imports. Transport costs are vital for the economy of Malawi as regards both the export of its cash crops as well as the imports to sustain economic growth. Therefore a regional transport network in good condition is a priority. This transport network should be as much as possible diversified, to foster competitiveness of transport operators, and integrated to facilitate synergies.

The main road network comprises 3,400 km, most of which also serve as international corridors to and from the neighbouring countries of Zambia, Tanzania and Mozambique. About 85% of the main road network, comprising 2,800 km of paved road and 550km of unpaved roads, is reported to be in good condition based on visual assessment³⁷. At present, Malawi has a well-functioning main road network particularly as concerns international trade and the import and export of goods. This was not the case in early 1990s when the main road network was in a poor state. However transport costs are still very high and higher than other landlocked countries in the sub-region.

While today the main road network is largely good, some 85 per cent of the population live in “deeply rural” areas, deriving their livelihoods from subsistence agriculture and served by a poor rural road network. As such, most of the population finds it difficult to access schools, hospitals and markets. Similarly, traders have difficulty in accessing rural areas to conduct business. Indeed, the provision of all-weather access to rural areas is a priority of the National Transport Policy. One development priority for Malawi is therefore to improve

³⁶ “*Five-year Strategic and Business Plan*”, National Roads Authority (NRA), June 2005.

³⁷ “*Five-year Strategic and Business Plan*”, National Roads Authority (NRA), June 2005.

According to the NRA some 2,900 km of paved roads are in good condition (p.10). On the reasonable assumption that most of these paved roads are part of the 3,357 km main road network, then at least 87% of the main road network is in good condition. A quantitative road condition survey was launched in 2005. If one considers the 3,350 km of roads in good condition to be part of the core network of 8000 km, then 55% of the core network can also be said to be in good condition. The core network, estimated at 8000 km, is defined as that part of the network carrying more than 30 vehicles-per-day.

the rural road network comprising some 11,000 to 12,000km of mostly unpaved roads about 50% of which is in poor condition, 40% in fair condition and only about 10% in good condition³⁸.

Main institutional reforms were implemented in the second half of 1990s. The first step was to establish a National Roads Authority (NRA) with a dedicated Road Fund for road maintenance financed by a fuel levy on diesel and petrol, as an autonomous body under the current Ministry of Transport and Public Works. Its mandate is to maintain and rehabilitate all designated public roads using dedicated revenue from the fuel levy and other road user charges³⁹. Financing comes from the donors and the Government of Malawi for development projects. The Road Fund is managed directly by NRA and is part of the NRA organizational structure. Stakeholders, major donors and government agreed that the functions of the Road Fund administration should be separate from road management operations. Legislation has been prepared for a new Road Fund Administration and a new Road Authority to replace the present National Roads Authority, which is finally expected to be presented to Parliament in April 2006 after long delays. This is a condition for the signature of contracts under the MABARM programme.

The Ministry of Transport and Public Works continues to determine overall transport policy in Malawi although responsibility for the management of the network was handed over to the National Roads Authority in 1998⁴⁰. However, the Ministry retains responsibility in all areas of road safety and axle load control. Enforcement is done in conjunction with the Malawi Road Traffic Police. There are, however, other actors in the sector including the Ministry of Local Government and Rural Development (MLGRD) and the National Construction Industry Council (NCIC). Whilst the NRA is responsible for the main, secondary and tertiary roads, the Local Assemblies are responsible for district and urban roads⁴¹. However, due to lack of capacity at local authority level, the NRA manages road maintenance contracts for the Local Assemblies financed by the Road Fund⁴².

³⁸ Two specific areas pose problems regarding rural roads. These are the areas of black cotton soil in the vicinity of Lake Malawi and in Shire Valley, and the mountainous areas in the north and south of the country. Application of the labour-intensive technology utilizing only in-situ materials is questionable in the former areas, whilst specific technical solutions are required in the mountainous areas in order to keep the materials in place during the rains. In addition, many flat low lying areas experience heavy flooding during the rainy season placing specific design requirements on roads in these areas. Another problem in Malawi is shortage of gravel. The very high percentage of unpaved road network places high demand for gravel surfaces and it is increasingly becoming difficult to source suitable gravel deposits. The NRA has proposed the adoption of the SADC concept of low volume sealed roads.

³⁹ "Public Expenditure Review on Roads, 2000-2005", Ministry of Transport and Public Works, January 2006.

The main sources of (non-donor) funds are fuel levy which accounts for more than 90%, road transit fees and overloading fines. The charges per liter of fuel are currently at MK6.70 for diesel and MK8.75 for petrol.

⁴⁰ NRA is autonomous and has a 12 member Board of Directors that has a majority private sector membership.

⁴¹ "Public Expenditure Review on Roads, 2000-2005", Ministry of Transport and Public Works, January 2006.

From the Road Fund budget in the period 1998 to 2004, the NRA carried out annual routine maintenance on some 9,000 km or 60% of the 15,500km road network and periodic maintenance, rehabilitation and upgrading of 40 km of roads mainly in urban areas⁴³. From the development budget (mostly donor funded) the NRA carried out periodic maintenance, rehabilitation and construction/upgrading on some 2,250 km of mostly main roads, covering about 65% of the 3,400 km main road network in the period 1998 to 2005.

In the period 2002-2003, the capacity of the National Roads Authority to maintain the road network declined sharply as a result of a effective decrease in revenue from the fuel levy due to lack of adjustment to keep up with inflation⁴⁴. The NRA recognizes (see ref. 36) that funding for higher-order road infrastructure activities such as periodic maintenance and rehabilitation of paved roads, upgrading of roads to paved standard and upgrading of timber deck bridges to concrete decks should come from balances of the Road Fund budget, after routine maintenance activities have been carried out. Major upgrading projects will

Main roads – inter-territorial roads outside cities or towns unilaterally designated by government providing a high degree of mobility connecting provincial capitals and/or serving international corridors

Secondary roads- Roads outside cities or towns unilaterally designated by government providing a high degree of mobility linking main centres of population and production and connecting to the main road network

Tertiary roads - Roads outside cities or towns unilaterally designated by government linking collector roads to arterial roads accommodating the shorter trips and feeding the arterial road network

District roads - Roads outside cities or towns designated by government after consultation with the District Authorities providing intermediate level of service connecting local centres of population and linking districts, local centers of population and developed areas with the principal arterial system.

Urban roads – any other road in an urban area other than a designated road, including arterial and collector roads crossing city boundaries.

Paved roads – all roads which are bituminized or with asphalt concrete surface

Unpaved roads – all earth and gravel roads

⁴² Under the Local Government Act, no 42 of 1998, responsibility for maintenance, rehabilitation and construction of district and urban roads was vested in the District and City Assemblies which are placed under the MLGRD.

⁴³ “*Public Expenditure Review on Roads, 2000-2005*”, Ministry of Transport and Public Works, January 2006

Routine maintenance - This covers, for example, grass cutting, grading of earth roads, re-gravelling, pothole patching and edge repairs, replacement of timber on timber-decked bridges and culvert and drain cleaning.

Periodic maintenance – Works necessary to protect paved roads from deterioration, usually carried out in the sixth, tenth and fifteenth year after the road has been upgraded from earth to bitumen surface.

Rehabilitation – Carried out where the road has deteriorated to such an extent that periodic maintenance is no longer feasible. These works include stripping off the road surface followed by reconstruction.

Construction/upgrading – Construction or upgrading of a road from earth/gravel to bitumen standard, construction of new bridges and replacement of timber-deck bridges with reinforced concrete bridges.

⁴⁴ The funding situation improved in 2004, with an increase of fuel levies on diesel and petrol by MK1.95 per litre. Road Fund revenues are projected to be US\$14.68 million in FY2005/06, increasing by 2.5% annually to reach US\$17.83 million in FY2009/10 (NRA 2005 – 2010 Budget)

continue to rely on government appropriations and donor support under the development budget⁴⁵.

The development of a Road Sector Programme, which has to be done within the scope of a more comprehensive Transport Sector Programme, is a key objective agreed by government and EC, supported by other donors and development banks active in the transport sector (World Bank, NDF, BADEA, JICA, AfDB). This includes establishment of the components necessary for sector budget support (target date 2008). A workshop of high-level decision makers in 2005 elaborated reforms to be made and identified specific areas where capacity building support is needed. Stakeholders understand that sustainability of the road network is only possible with donor funding (at current or increased levels) together with Road Fund revenues used under a coordinated maintenance plan. However sustainability is also dependent on the capacity to move part of the heavy freight from the road transport network to the railways system in an effective and efficient way. This has the double advantage to foster competition, thus hopefully reducing the high transport costs, and to reduce the undue pressure on the road network of trucks carrying excessive loads, thus increasing the life of roads. Much progress has been made in drawing up a medium-term expenditure framework (MTEF) with a draft NRA 5-year Business Plan completed in June 2005 and the installation of a network management tool for strategic and maintenance planning⁴⁶. However linkages between the road network and other means of transport have been insufficiently addressed up to now. The new Government is more interested and keen in these important strategic linkages for the development of the country. Government led donor coordination is lacking due in part the government's preference for bilateral discussions with development partners in this sector. Progress is still to be made in the following government policy priority areas for the road sector (see ref. 39):

Better road sector data is needed - Analysis of the road sector expenditure is difficult because neither the Ministry nor NRA keeps adequate and consistent data on expenditure on roads. The MOTPW and NRA should establish a unified system for reporting sector expenditures. Data on outputs (e.g. kilometres of roads covered by the various activities) is not systematically recorded, making it impossible to accurately calculate unit costs for maintenance, rehabilitation and construction. These are essential for setting policy and for monitoring and evaluation.

Funding for maintenance must be adequate and consistent - There is need to fund systematic routine and periodic maintenance on the network within the financial resources available. Decisions will need to be taken as to what size of network can realistically be maintained based on available resources, on the amount of rehabilitation to be undertaken, and standards to be used. The establishment of the Road Mentor system at NRA should assist in prioritisation and allocation of funds more efficiently.

⁴⁵ The development budget is almost entirely financed by donors and part of the Road Fund expenditure is also covered by grants from donor governments. This scenario is likely to remain unchanged in the short to medium-term.

⁴⁶ The EC and WB have supported the installation of inventory and analysis software (Road Data Management and HDM-4) at the NRA. A road inventory and condition survey (funded from the EDF Road Management Support Programme), finishing in April 2006, will provide input data.

Coordination of donor inputs to focus funding firstly on maintenance and on the regional corridors which are vital for the economy of the country- It will be necessary to prioritize any external funding towards covering backlog and periodic maintenance rather than on reconstruction. A sector wide approach will allow donors to focus funding on the priority programmes.

More attention and finances need to be spent on the peri-urban and rural roads and in particular on those which serve agriculture production areas (existing and potential) or areas which are structurally food insecure and need to be reached - A more equitable balance of finance needs to be established between rural, maintaining clear priorities, and main roads.

Allow for regular review for adjustments in fuel levy to increase funding in RF - It is the generally accepted view that the fuel levy contribution to the Road Fund should be not less than US\$10 per litre (currently half this amount) and that regular reviews should be carried out to allow the Road Fund Revenues to keep pace with inflation and currency depreciation.

Increase the capacity of domestic construction industry to meet demands - The local contracting capacity will need to be strengthened and opportunities for their participation in road works need to be created.

Allow for independence of NRA as a Fund and Road Management Agency - This will help avoid political interference in project selection and management. It is important that funds levied from the road users through the fuel levy are utilized for the sole purpose of maintaining the roads.

b) Progress in activities

"Malawi Backlog Road Rehabilitation and Maintenance Programme, MABARM" (9 ACP MAI 21) – The financing agreement was signed in September 2005 for an amount of €38 million. The programme will assist the NRA in tackling part of the backlog of periodic maintenance and rehabilitation. In total some 660 km of the main road network will be maintained or improved before the end of 2010 and the Chiromo rail embankment (washed away in floods of 1997) will be rehabilitated.

"The Income Generating Public Works Programme, IGPWP" (9 ACP MAI 17) – The financing agreement was signed in July 2005 for an amount of €15,512,500 million. This programme is the successor to Public Works Programme which came to an end in July 2005. Implementation activities under IGPWP began in August 2005 and significant progress has been achieved. To date, i) a total of 280 village forestry clubs have been trained in forest management and a total of 10 million trees have been planted and ii) under the irrigation component, 1,000 farmers have received treadle pumps for small scale irrigation, 207 village irrigation clubs have been formed, and a total of 64 irrigation schemes have been developed. There has been little progress so far under the roads component due to delays in the launching of road works tenders. Expected results by the end of the programme include 3,200 kms of rural roads to be upgraded and 80 bridges rehabilitated, and some 4,000 kms of rural roads maintained by labour-intensive methods.

“Road Management Support Programme (6 ACP MAI 078 & 8 ACP MAI 005)” – The project began in 1999 with a global commitment of €17,4 million of which some €13,7 million has been disbursed. The beneficiary is the National Roads Authority. In June 2005, works and supervision contracts for the construction of five new permanent vehicle weigh stations at five sites (Muloza, Balaka, Mwanza, Mchinji and Songwe) were awarded and works are currently underway. A contract for the supply of four mobile sets of weighing equipment was awarded in July 2005. Axle road control is crucial in preventing overloaded freight trucks from causing damage to the main road network. Under this institutional reform component, government in 2005 has prepared two draft NRA Acts that will lead to separation of financial (Road Fund) and operational management functions. The passing of this legislation, together with the necessary board appointments, is a firm condition of any further EDF funding for backlog road maintenance under MABARM (see above). Also in 2005, a road network condition survey was launched.

M1 Masasa-Golomoti-Monkey Bay Road (7 ACP MAI 92, 7 ACP MAI 131, 8 ACP MAI 21) – The project began in 2003 with a global commitment of €21 million, with a completion date set March 2005. Progress was hampered by apparent survey errors in the upper section that required major design changes. This resulted in a projected increase in costs by €5 million, and the completion date was pushed to October 2005. However, the contractor in early 2005 requested a further extension to August 2006. The contracting authority rejected this request and the contractor abandoned the site at the end of October 2005. This required an emergency intervention to conclude a works contract to provide site security during the wet season at the end of the year, supervision and legal support to deal with claims and damages.

Lakeshore Road Infrastructure Support Programme (6 ACP MAI 87, 6 ACP MAI 88, 7 ACP MAI 31, 8 ACP MAI 30) – The project began in with a global commitment of €17 million, of which € 8.4 million has been disbursed. The programme comprises several components to rehabilitate important elements in the main lakeshore road infrastructure and provides capacity building support to NRA. In mid-2005, construction of four seriously damaged bridges on the M5 and M1 were completed. The design of the Mangochi-Monkey Bay road was submitted during 2005 and works are scheduled to begin in 2006.

c) Degree of integration of crosscutting themes

HIV/AIDS is addressed at the project level (MABARM includes an HIV awareness component), but a more systematic approach is needed. A comprehensive Road Safety Awareness and Education and HIV/AIDS Awareness Campaign was prepared for implementation under the M1 Masasa-Golomoti-Monkey Bay road. Implementation has been delayed due to the abandonment of site by the contractor.

Capacity building is a major part of the effort in the sector. Current input focuses on providing technical assistance to improve NRA efficiency, road condition monitoring and technical and business training at NCIC open to public and private organisations. Support to the contracting and consulting industry is an important theme under discussion with private sector partners. Another important topic being addressed is the lack of engineering skills training, particularly at technician level. A skills audit was launched to study this further and some donor support will most likely be needed. A comprehensive study to support the establishment of a Road Traffic Authority was commissioned under the TCF.

The study addresses the institutional arrangements for all aspects of traffic management including policy formulation, regulatory functions, vehicle testing and examination, law enforcement, road safety awareness, monitoring and funding

3.1.3. Macroeconomic support

a) Results

The new government administration has demonstrated the will to bring about economic stability through prudent fiscal sector management. This has been demonstrated by the application for the IMF Staff Monitoring Programme (SMP) with the view to establishing a track record in public expenditure control by July 2005. Following the completion of the SMP, government is now on a new 3 year PRGF programme with the IMF, since August 2005, which will guide budget management for the coming years. Following the SMP programme, government kept its expenditures within the ceilings approved by Parliament during the FY2004/05 budget. This was the first time in more than ten years. In addition, government has put in place measures that will check abuse of its limited resources, which include the zero tolerance on corruption in all public institutions, implementation of the PFM, Audit and Procurement Acts During the year, government launched a Public Finance Management Assessment based on PEFA indicators with the support of the EC Delegation. Government also agreed to and signed a Joint Framework and a Performance Assessment Framework (PAF) with budget support donors as an indication of its willingness to structure and strengthen the relationship with budget support partners. (See section 2.2 for additional information on GoM PFM related achievements in 2005).

Over the next three years the Government's main economic objectives are:

- Raise economic growth to near 6 percent a year, with an emphasis on rural incomes
- Increase health services and educational opportunities
- Reduce core inflation to the 5-8 percent range
- Run a fiscal surplus to reduce the government's domestic debt to less than 15 percent of GDP
- Build international reserves to at least two months of imports

It is in this framework that the European Union approved a Poverty Reduction Budgetary Support programme (€41.5M) in July 2005. The financing agreement was subsequently signed in October 2005 as a result of the GoM satisfying 5 main requirements: agreeing with IMF on a PRGF programme, finalising of the MPRS review for FY2003/2004, agreeing on a Performance Assessment Framework with Budget Support donors, circulating the 2004 audit of arrear report to partners and setting up an Secretariat to implement the Malawi Financial Accountability Action Plan (MFAAP). The main objective of the programme is to help alleviate poverty through provision of external financial resources for the execution of the national budget and the maintenance of macroeconomic stability. €38.5 million has been earmarked for direct support into the budget while €3.0 million has been set aside for technical assistance in the area of public finance management reforms. The programme is funded from the NIP envelope A for €31.5 million and envelope B (FLEX) for €10 million. Disbursements are made up of fixed and variable

tranches, with the latter being determined through an assessment of a cross section of indicators (6 PFM related, 10 social sector related) taken from the Performance Assessment Framework (PAF) and, for social indicators, aligned with some of the Millennium Development Goals.

b) Progress in activities

Upon signing of the PRBS 1 Financing Agreement an amount of €14.76 million, composed of the first fixed tranche of €8M and the second tranche (FLEX 2003) of €6.76M, was disbursed to assist Malawi execute its FY2005/06 budget within the PRGF designed budget framework. The inflow helped Malawi to meet its first quarter targets on the PRGF programme with the IMF. The balance of €23.74 million (including fixed tranche, variable tranche and Flex 2004) has been planned for disbursement during the second quarter of the 2006 calendar year. The assessment of the variable tranche (€12M) will take place through the Common Approach Budget Support review scheduled to take place in March 2006.

c) Degree of integration of cross-cutting themes (capacity building and institutional development)

The variable tranche component of the PRBS 1 is designed to ensure that government gives due attention to efforts in critical areas of health, education, HIV-AIDS and gender as well as in PFM reforms with a view to meeting the targets in the agreed PAF.

Through the technical assistance component, the PRBS 1 programme will support public finance management reforms through capacity building in strategic accountability institutions of the National Audit Office, the Department of the Accountant General and the Internal Audit Office. In addition, some support will be provided to the Ministry of Economic Planning and Development in its objective to implement a GoM Monitoring of Evaluation. Implementation of these initiatives will take place by mid 2006 through an Administrative Agreement with the World Bank on PFM issues and a Contribution Agreement with UNDP on the Monitoring & Evaluation programme.

As a complement, the European Union funded Capacity Building Project for Economic Management and Policy Coordination (CBPEMPC) continues to provide support to government in the area of economic and public finance management through training of personnel in key planning ministries in specialist economic courses, financial management, administrative and human resources development courses. In addition, the project facilitates workshops and seminars; attachments and study tours; and studies and consultancies.

3.2 Projects and programmes outside focal sectors

Construction of Thyolo and Chiradzulu district hospitals (7 ACP MAI 072 & 9 ACP MAI 03, 8 ACP MAI 014 & 9 ACP MAI 004) – The Support to the Health Reform and Decentralisation project was approved in December 1996. Of the overall global amount of €37 million, €6 million was spent on Technical assistance and training for the ministry of Health. The technical assistance and training component came to an end in 2003. The construction of Thyolo and Chiradzulu district hospitals each with a bed capacity of 296 started in August 2000 and was scheduled to be completed in September 2003. However,

due to some delays in the works, the two hospitals were finally completed in July 2004 and equipment delivered by May 2005. The total amount disbursed was €28 million. Official opening of the new Thyolo and Chiradzulu district hospitals took place on 10th April and 12th June 2005 respectively.

Promotion of the Rule of Law & Improvement of Justice in Malawi (7 ACP MAI 094, 8 ACP TPS 004 & 9 ACP MAI 002) – The project which began its activities in 1999 came to an end in December 2005. Of the global commitment of € 9,700,000, some € 8,800,000 was disbursed. This was a pilot project designed in the late 1990s to promote the rule of law and improved access to justice in Malawi. The purpose was to strengthen and modernise the legal institutions primarily responsible for the administration of justice, resolving disputes, protecting human rights and consolidating democracy. It was the first EDF funded programme of its kind in the ACP countries. The project supported both the development of human resources and management systems in the beneficiary institutions as well as their core activities.

National Initiative for Civic & Voters Education-Phase II (NICE) (8 ACP MAI 025, 8 ACP TPS 092 & 9 ACP MAI 013) – The second phase of project began in 2000 and is due to come to end in mid-2006. Of the global commitment of €8,880,000 some €7,400,000 has been disbursed. Since its inception, one of the main tasks of NICE has been to contribute to voters' education and cooperate with the Malawi Electoral Commission (MEC). An essential element of the project is the dissemination of information on policies affecting the livelihoods of local communities. Some 10,000 solar & wind-up radios have been distributed and around 100 radio listening clubs as well as 115 rural libraries have been established in remote areas of the various districts. More than 500,000 people frequent NICE resource centres annually. Support for a 3rd phase of NICE is included in the €28 million Promotion of the Rule of Law and Civic Education financing agreement signed in January 2006.

Malawi Blood Transfusion Service (8 ACP MAI 020) – The project began in 2000 for a period of six years and for a global amount of €7,8 million, some €3,8 million of which has been disbursed. Implementation of project activities was delayed for two years mainly due to lack of expertise by the Ministry of Health in this area, late recruitment of a project manager and delays in the recruitment of necessary key personnel. Implementation of activities started only in March 2003 and progress has been rapid. Since the beginning of 2005, all four central hospitals and 80% of district hospitals in Malawi have been receiving 100% of their blood supplies from the MBTS. Five mobile teams collect more than 2,500 units of blood per month from voluntary unpaid blood donors from low risk populations. In 2005, the government requested an extension of the financing agreement for a period of three years as well as an increase in funding by €1,56 million to allow for the building of three permanent blood transfusion centres in Lilongwe, Blantyre and Mzuzu.

Capacity Building for Economic Management and Policy Co-ordination (8 ACP MAI 027) – The project began in 2001 but only became operational only in June 2003 due to difficulties in establishing the Project Support Unit (PSU). As a result, the project end-date has been extended from 31.12.2005 to 31.12.2007. The €9 million has been nearly fully committed and some €5.4 million has been disbursed. The project's overall objective is to

build capacity for economic planning, policy formulation and financial management in the public sector. The principal beneficiaries are the Ministry of Finance and Ministry of Economic Planning and Development. The Department of Economics of Chancellor College also became a beneficiary in 2004/2005. As such, the focus of the programme is on training, secondments to other countries, workshops, seminars, and studies and consultancies. The purchase of equipment such as computers and the improvement of building facilities are also within the project scope.

Fourth Microprojects Programme (4th MPP) (8 ACP MAI 041) – The programme for a global amount of €35 million began in 2003, some €9,5 million of which has been disbursed. Consecutive Microprojects Programmes (MPPs) have been implemented in Malawi since 1995 and over 1,700 projects completed up to 2003. The 4th MPP programme supported implementation of 334 micro-projects in 2004/05 and 759 in 2005/06 (more than double). The programme operates countrywide. The 4th MPP differs from previous MPPs in that it places increased emphasis on community sensitization, mobilization and capacity building. The 4th MPP also differs as it has broader objectives and it is simply concentrated on the construction of physical structure. The 4th MPP is increasingly open to agriculture and other income generating activities. In addition, the 4th MPP launched a call for proposals for NGOs, CBOs and FBOs in order to extend the reach of the programme by capitalizing on the comparative advantage, experience and presence of non-state actors at local level.

Technical Co-operation Facility (9 ACP MAI 011) – The project began in 2004 with a global commitment of € 7.5 million, some €1,0 million of which has been disbursed. The programme is aimed at facilitating the implementation of the 9th EDF National Indicative Programme of €276 million. The focus of the programme is provide a facility for the engagement of short to medium-term consultants to assist in the main phases of the project cycle, in particular, project identification and design, preparation and assistance with tender procedures as well as evaluation, monitoring and audits.

Capacity Building for NAO Support Unit in the Ministry of Finance (9 ACP MAI 018) – The financing agreement for an amount of € 3,900,000 over four years was signed in June 2005 and some €310,000 disbursed in 2005. The purpose is to facilitate the work of the NAO (National Authorizing Officer) in the management of European Commission development aid. The current project is aimed at building capacity at the NAO Support Unit to take a lead role in the preparation, implementation and monitoring of government-EC joint development programmes and to enable more effective and timely disbursement and management of European Commission funds. The NAO Support Unit was set up in 2003 within the Planning and Information Section of the Debt and Aid Management Division of the Ministry of Finance.

3.3 Utilisation of resources for non-state actors (NSA)

There are at present several hundred NSAs⁴⁷ drawing into Malawi some US \$70 million (approximately €54 million) in international funding. Of this amount, some €20 million is provided by donor governments. Amongst NSAs, it is estimated that NGOs alone employ over 10,000 people⁴⁸.

The links between government and NSAs are strong both in delivering social services and in policy dialogue. Some 70% of NSAs are involved in food security and agriculture, 65% in HIV/AIDS, 54% in nutrition and 44% in health. Projects range from those reaching 1,000 individuals up to those serving over 50,000 households. In the area of agriculture and food security, NSAs work in close cooperation with Ministry of Agriculture, Irrigation and Food Security field staff. Examples of NSAs in this area are NASFAM (National Smallholder Farmers' Association of Malawi) with a membership of over 120,000 small farmers, and CISANET (Civil Society Agriculture Network).

In the health sector, CHAM (Christian Health Association of Malawi) and Banja La Mtsongolo are estimated to provide between 30 to 40 percent of all health services. The government provides grants to cover the cost of staff in CHAM's hospitals and health centres. In dealing with the HIV/AIDS pandemic, government also relies heavily on NSAs (NGOs, Church Based Organisations and community volunteers) to provide care for the sick. The government provides support by, for example, giving bicycles and training to homebased care volunteers. In the education sector, ACEM (Association of Christian Educators in Malawi) runs 3000 of the 4000 primary schools in Malawi, nearly all of which are located in deeply rural areas. ACEM schools receive financing from the government to pay its primary school teachers and to cover some operational costs. Examples of key national policies that have been adopted with input from NSAs include the Disability Policy (FEDOMA), the Competition and Fair Trade Policy (CAMA, MCTU, MCCCCI), Policy on HIV/AIDS (various), Labour/Employment Policy (MCTU), the Gender Policy (Malawi Gender Co-ordination Network) and land/environmental policy (CURE). NSAs active in budget policy discussions include ECAMA, MEJN and SOCAM.

The challenges facing NSAs are *inter alia* the need for a more enabling policy and regulatory environment, addressing organisational and capacity weaknesses, the need to achieve greater financial self-reliance and the need to define strategic plans and advocacy agendas independent from donor priorities. Against the above background, an EDF financing proposal to support NSAs (€5 million over 3 years) was developed in 2005 and is expected to be approved in the next few months. The main focus is on training of NSAs (for example in project and financial management and monitoring). Other activities like NSA network advocacy campaigns are also included. The provision of grants to NSAs following calls-for-proposals and project evaluation will be the principal financing mechanism. The new EC initiative follows a long tradition of support to NGOs through the

⁴⁷ Cotonou Art. 6 (b). - Non-state actors include private sector, economic and social partners including trade union organizations, civil society in all its forms according to national characteristics.

⁴⁸ "Diagnosis and Mapping of the Non State Actor Community and its Environment in Malawi and Identification of Potential EU Support Strategies" by Geomar International SARL, June 2005. Study commissioned by the Government of Malawi/European Union

Food security and NGO co-financing budget lines, mainstreaming of NSA involvement in a number of ongoing programmes (including NICE, Micro-projects and Income Generating Public Works Programme) as well policy dialogue on the Government of Malawi /EU Joint Annual Report. The value added provided by NSA is clearly recognized both in terms of advocacy role as well as in terms of additional and complementary implementation capacity. It is in this framework that the role of NSAs is expected to be on the increase within the framework of new projects recently launched under the 9th EDF such as the Improved Forest Management for Sustainable Livelihood (IFMSL), the Farmers Income Diversification Project (FIDP) and the Institutional Development for the Agri-Food Business (IDAF).

3.4 Utilization of the B-envelope

The B-envelope of € 26,5 million comprises a) € 5,17 million contribution for the Africa Peace Facility b) The “*Sustainable Nutrition Rehabilitation Programme (SNRP)*” for an amount of € 6.5 million which was signed in July 2005. The programme aims to build on the ECHO nutritional interventions initiated during the 2002/2003-food crisis. The information provided through the national nutritional surveillance system, as well as the support to 48 Nutritional Rehabilitation Units (NRUs) which detect and treat malnutrition has proved vital in the 2005 food crisis. These activities will be continued and further developed under the SNRP, a good example in linking relief, rehabilitation and development. Two separate calls were launched towards the end of 2005, one for the national level component and another for the community level component. Both components will enable local stakeholders and communities to recognise and address malnutrition. It is anticipated that grants for the entire value of the programme will be awarded in the first half of 2006 c) The € 10 million “FLEX” which was included in the general budget support operation signed in October 2005. The full amount is already contracted and € 6.76 already disbursed; d) The remaining € 4,8 million for the Emergency Food Aid Programme was committed mid February 2006 and the contribution agreement with WFP for food purchase and distribution was signed immediately afterwards. Payment is expected shortly. Due to the urgent nature of the programme it was approved with retroactive eligibility of actions and expenditure from the date when the European Commission received the official request from WFP (i.e. 19 October 2005).

As of today, therefore, the envelope B is already 100% committed. It will be soon entirely contracted and payments are progressing smoothly.

3.5 Other Instruments

3.5.1 STABEX

During the year STABEX continued to be used with the aim of fostering agriculture diversification for three main produces (paprika, coffee and tea). Financial assistance was provided to support operational and development expenditure of the Paprika Malawi Association (PAMA) and the Small Holders Coffee Farmers Trust (SHCFT), to finance replanting costs for tea estates, and to build up the capacity of the Coffee Tea Research Foundation and the Tea Research Foundation. At the end of September 2005 the Stabex Management Unit (SMU) was closed and responsibility for implementation was transferred

to the NAO. Projects came practically to an end at the end of December 2005. In future, if appropriate, some of the activities may be taken care of via the newly launched Farmers Income Diversification project thus avoiding all risks of overlapping and duplication. During the year 2006 a thorough administrative job will have to be done because the accounting system used by the SMU accurately tracks the cash balances available but does not properly show outstanding commitments. Priority will be to close all the outstanding commitments and free resources under the old Framework of Mutual Obligations. A full reconciliation of bank accounts will also have to be performed via external auditors. A balance in the order of almost five million euro is anticipated and will have to be re-committed under a new Framework of Mutual Obligation. As of now there are two main strategic orientations: a) consolidate on-going activities under rural development and agriculture related EDF projects; b) assist the Government in the preparation of a much needed agriculture sector programme. Synergies with on-going EDF programmes and projects will be researched rather than spreading the areas of possible interventions. A full report, technical and financial, on Stabex activities in 2005 is being compiled by the NAO office.

3.5.2 Regional cooperation

At the present time Malawi, as well as other SADC countries, is not particularly active within the framework of regional co-operation. A new dimension and dynamicity is being explored for the future when the preparation of the national and regional indicative programmes is going to progress in a highly coordinated manner. As of today the main thematic issues selected at regional level are closely related to the national development agenda and opportunities for synergies are immediately visible. The infrastructure sector, with specific reference to the transport and energy sectors, present very strategic and important opportunities (e.g.: regional transport corridors; interconnection with the electricity power grid in Mozambique).

3.5.3 Intra-ACP cooperation

The Water Facility has just released results of the first call for proposals. Only one proposal has been selected to be funded with EC contribution of about €2.7 million. The other two successful proposals that touch on Malawi are regional projects by SADC and EC contribution to these projects amounts to about €1.9 million. At present attention is being paid to the preparation of the second call for proposal of the Water Facility and there are also discussions with the Department of Energy to prepare the ground for the launch of the ACP-EU Energy Facility.

3.5.4 Community budget lines (excluding food security budget line – ref: related chapter in focal sector 1)

There are six NGO projects funded from the Co-financing Budget Line for a total of €4.96 million, covering the fields of water and sanitation, hygiene and health, including eye care, rehabilitation of disabled people and child and youth health. One project ended during the course of 2005 while the others are still on-going. The projects in the field of water, sanitation and hygiene have increased the access to safe water, taught good hygiene

practices, and reduced the incidence water-borne diseases in the target populations. The projects related to health have in general progressed more slowly mainly due to lack of capacity and resources of the local partners. In addition to the on-going NGO projects, five new grant contracts were signed at the end of 2005: three under the Co-Financing Budget Line (two for Concern Universal and one for Interaide for a total EC contribution of € 2.5 million) and two under the Sexual and Reproductive Health Budget Line (UNFPA and MSF Belgium for a total EC contribution of €3.6 million). Activities under these new projects will start in 2006.

3.5.5 ECHO

Further to the pro-active actions that the European Commission has made since April in response to the food security situation in Malawi, the EC allocated via the European Commission Humanitarian Office (ECHO) additional €5.0 million for emergency interventions to support the most vulnerable groups. ECHO, which had already given its assent to the mobilization of €4.8 Million under the envelope B of Malawi, took the decision on the additional allocation only three weeks after the declaration of national disaster by the State President of Malawi (mid-October). At the same time a specific mission came to Malawi to assess suitable partners and actions for funding. The Delegation and the ECHO mission worked closely to ensure that the short-term interventions built on and complemented existing projects. The aid was channeled through 5 NGOs (Save the Children, Accion contre el Hambre, Concern Worldwide, OXFAM, CARE International Deutschland) and UNICEF to cover a series of interventions such as nutritional support, supplementary food inputs, agricultural inputs including fertilizer and irrigation pumps, and emergency water and sanitation work. The specific objective was to prevent further deterioration of the nutritional status of the most vulnerable groups. All projects started between December 2005 and January 2006 and will be concluded not later than July 2006. ECHO has proved the timeliness, effectiveness and efficiency of its support which complemented existing EC support.

3.5.6 European Investment Bank

EIB activities in Malawi in 2005 have not increased in terms of number of programmes being supported by the Bank. At the end of 2004, there was only one open project under the EIB's portfolio in Malawi (Malawi Blantyre Hotels). Another one in favour of tea estates, for a value of € 10 million, has not been mobilised yet. However 2005 was very important to re-launch the relations between the EIB and Malawi.

Following a visit to the EIB by the State President in March 2005, a high-level EIB Mission visited Malawi towards the end of 2005 (17th to 18th of November). The overall objective of this Mission was to re-instate the EIB's willingness to move forward in terms of increased investment in Malawi. Discussions centred on the analysis of potential areas for investment in Malawi.

The main outcomes of the mission included discussions on (i) the development of the electric power sector, to include co-financing of the proposed Malawi-Mozambique power inter-connection (interconnect the Malawi and Mozambican electric power transmission grids), and rehabilitation/up-grade/expansion of hydro-electric generating facilities of ESCOM itself in Malawi; (ii) the revamping of the Tea Facility which aims at assisting a number of estates with factory improvements, switching to higher yielding tea varieties and

irrigation improvements. The Tea Facility which was already approved the Bank over two years ago needs re-appraising to take into account changes in the status of the financial intermediary (Indebank) and updated capital expenditure requirements of the tea/coffee estates themselves. This is urgent and should take place not later than 30 June 2006 for administrative reasons; (iii) investment of the Water Boards in Blantyre and Lilongwe, including notably the mobilization by the EIB of preparatory work with a view to formulating a financing proposal to be jointly financed by EIB/WB/GoM and European Commission, via the ACP-EU Water Facility. The immediate objective is to present a sound financing proposal under the second call for proposals being organised by the ACP-EU Water Facility and expected to be launched by the end of March; (iv) investment in a new development bank to be established in Malawi with the financial and operational support of other reputable private sector banks; (v) possibilities linked to the mining sector could be also explored and considered for financing.

The dialogue between GoM and EIB is now very good and several reciprocal visits have taken place in Malawi, Luxembourg and South Africa where the EIB sub-regional office is located. Both the Delegation and the EDF NAO Office in Malawi have been playing the role of facilitating the exchange of information and are pleased with the strong interest and support displayed by the EIB both in headquarters and in the regional office. The recent establishment of the regional office in South Africa is definitely a welcome development of the year 2005.

4. Programming perspectives for the years 2006-2007

4.1 Pipeline and absorption capacity

The EDF pipeline for 2006 and 2007 is in the order of € 74 million, which may be increased by a maximum of approx. € 14 million coming from decommitments. As of today an amount of € 6.4 million has been already committed, including an emergency food aid programme for Malawi (€4.8 million) and the extension of the Malawi Blood Transfusion Services project (€1.6 million). Three projects have already reached a very advanced stage in the pipeline at the European Commission Headquarters and they are expected to be approved by the end of the second quarter of 2006: a) NSA capacity building project (€ 5.0 million); b) Economic Partnership Agreement Support (€ 1.6 million); c) Institutional Support for Transport Public bodies (€7.5 million). Moreover two main projects are being prepared: a) Feeder Roads Project (€ 15.0 million); b) General Budget Support for the fiscal years 2006/07 and 2007/08 (€ 26.0 million which may be increased up to € 34.0 million via a timely decommitment strategy).

The feeder roads project aims at serving geographical areas which are strategic either because they are food production areas or because they are structurally food insecure and hardly accessible. The financing proposal is expected to be ready by the end of May 2006 for commitment in the last quarter of 2006

The General Budget Support is a newly agreed operation, which received the green light in principle at the recent regional meeting held in Gaborone. The financing proposal is

expected to be prepared within the CABS framework and is expected to be ready before summer for commitment in the last quarter of 2006.

This would leave a balance of € 13 to 20 million maximum for the year 2007 when the second phase of the Income Generating Public Works Programme and the second phase of the Land Reform project are expected to be committed. Maximum effort will have to be made in the next twelve months so as to complete the primary commitments by the end of June 2007, thus leaving a good margin of flexibility in case of delays. The rules of 9th EDF in fact establish that funds which are not committed by the end of 2007 are to be returned to the EU Member States. As of today, in the case of Malawi, this risk appears to be very low. The second part of the year 2007, therefore, could be used for the preparatory work of programs to be financed under the 10th EDF. Malawi has the unique opportunity of a solid start under the 10th EDF.

In addition to the EDF pipeline there are two actions, to be financed via the EU budget in 2006, which are being prepared: a) Third year allocation of the Multi-annual Food Security Programme for an amount of € 15 million; b) Sugar facility for an amount of approx. € 600,000. Moreover new commitments under the Food Security budget Line are also anticipated in the order of € 8 million (€ 5 million for NGOs and € 3 million for WFP). This fully re-confirms the importance of the EU budget as a source of financing for the development of Malawi, in addition to the EDF.

4.2 Proposal for a revision of strategy

No change of strategy is requested. The sole adaptation with respect to the Medium Term Review is the transfer of € 26.0 million from the focal sector agriculture, food security, natural resources to macro-economic support. This transfer of resources was approved in principle by the Commissioner at the regional meeting in Gaborone. The financial resources were originally to be committed in 2007 to finance the second phases of both the IFMSL and FIDP following an evaluation of their first phases. However it is now clear that both projects are funded until early 2009 and that the second phases may therefore be financed under the new EDF, if the evaluations suggest that they are worthwhile. The General Budget Support was requested by the Government of Malawi to give continuity to the on-going PRBS 1 and to assist the Government of Malawi in its reform programme.

4.3 Preparation for next programming exercise 2008-2013

The programming exercise has been officially launched in Gaborone at the SADC regional meeting chaired by Commissioner Michel on 25 February. The programming exercise, based on the EU Development Consensus and Strategic Partnership with Africa, will be aligned with the country strategy and will be conducted as much as possible as a joint exercise with the EU Member States. In the case of Malawi, the Malawi Growth Development Strategy is being finalised. Costing of the strategy and its impact in terms of Millennium Development Goals are being prepared before its adoption. In order not to delay the adoption of the Strategy the Government is considering to finalise the impact in terms of MDGs, for which it is being assisted by UNDP, after the adoption.

A good governance initiative is expected to have a central role in next programme in each and every country. In the case of Malawi, which is next in line for the African Peer Review

Mechanism, it is envisaged that actions will be identified within the scope of the APRM analysis and its follow-up, exactly in line with the recommendations made in the Strategic Partnership with Africa. Given the tight calendar for the preparation of the country strategy paper, on the one hand, and the fact that the APRM is quite a time consuming exercise, on the other hand, it is envisaged that the Country Strategy Paper will reflect the principles to be followed rather than presenting the actions which will instead have to be determined once the Government will be in a position to prepare its action plan to address the weaknesses that may be highlighted via the APRM. As regards economic and financial good governance the Government, the EC and other donors are keen to make reference to the Public Expenditure Financial Assessment (PEFA) which is going to be launched in May 2006. This will then be followed up by the preparation from the Government of a matrix of measures, accompanied by a clear calendar for implementation, to be shared with development partners. The detailed matrix of measure may be reasonably expected to be ready before the end of 2006.

In addition to the good governance initiative two main areas seem to emerge as priority ones: food security/agriculture and infrastructure for regional integration. The decision on the specific sectors and sub-sectors cannot be taken at this stage as it is going to be the final result of the programming exercise. Support in these areas will be complemented by general budget support to sustain the economic reform programme of the country, reducing the impact of domestic debt on the country's budget and re-orienting domestic financial resources towards pro-growth and pro-poor expenditure (namely in the health and education sectors). Technical assistance to facilitate a participatory process in the country strategy preparation is likely to be mobilized in the near future.

While it is impossible that sector programmes are going to be ready by this summer (sole SWAP in Malawi is in the health sector), the EU will continue assisting the Government of Malawi in its stride towards the preparation of sector programmes in the focal areas of EU possible financial support in close co-operation with the other development partners. As regards agriculture and food security closer linkages with infrastructure as feeder roads and irrigation schemes can be anticipated. In this framework it is envisaged to recruit technical assistants who may make an inventory of irrigation schemes in Malawi, success stories and failures so as to draw lessons to be incorporated in the strategy preparation. As regards infrastructure and more specifically transport infrastructure, it is expected that the main objective will be to reduce transport costs which hamper the competitiveness of a landlocked country like Malawi. In this framework attention will be focusing on transport corridors (not just roads).

As the WB, DFID and the EU are in the process of preparing their country strategy more or less at the same time, agreement has been found to share analytical work. Other donors though not immediately involved in programming exercise are considering the possibility to join in.

The Government of Malawi and the EU have also re-confirmed that budgetary aid (be at the general level or sectoral level) will be the preferred financial modality where the conditions so permit. The main ones are the existence of a valid PRSP or equivalent, the existence of an IMF PRGF and good governance with emphasis, amongst other things, on

improvements in the management of public finances. The existence of a public finance management reform programme, which can be monitored, will be strategic for accessing budgetary aid. At the sectoral level, areas for work are the sector policy and strategy, the preparation of a sectoral medium term expenditure framework and the build up of capacity within the relevant line ministries.

5. Conclusions

The End of Term Review, whose process was launched at the end of 2005, was successfully completed at country level in 2006, approved by the EDF in March 2007 and officially signed by the Government of Malawi and the European Commission in May 2007. The main conclusions are to:

- i) Maintain the country strategy for Malawi, as contained in the CSP and NIP for the period 2002 to 2007;
- ii) Maintain the funds available under envelope A of €284.4 million⁴⁹, following the Mid-term review, but refine the balance between sectors:
 - (a) Focal sectors: budget support is increased to € 60.10 million from € 31.50 million; the road sector programme is maintained at € 65.5 million and the agriculture sector is reduced to € 60.14⁵⁰ million from € 89.80 million;
 - (b) Programmes outside focal sectors are increased from € 89.86 million to € 98.66 million including: (Governance/NSA - €37.67 million; Capacity Building, support to NAO, studies - €20.62 million; Microprojects - €35.0 million; Trade - €1.6 million; Health - € 3.77 million)
- iii) Maintain the funds available under envelope B of € 21.3 million (100% committed)

On the basis of the above four main programmes had to be prepared to achieve 100% commitment of funds allocated to Malawi: 1) "Poverty Reduction Budget Support II" amounting to € 34 million – signed in November 2006; 2) "Feeder Road Programme" amounting to € 15 million – signed in march 2007; 3) "Technical Co-operation Facility II" amounting to € 8.85 million – expected to be signed in August 2007; 4) The second phase of the Income Generating Public Work Programme amounting to € 9.487 million – expected to be signed in the last quarter of 2007.

12/07/2007
 National Authorising Officer
 Ministry of Finance
 Government of Malawi

2007-07-12

12/7/2007
 Head of Delegation
 European Commission
 Malawi

⁴⁹ The €284.4 million comprises €280.89 million (including transfers from previous EDFs until 31.12.2005), plus a further expected €3.51 million decommitments from previous EDFs.

⁵⁰ Reduction is mainly due to the postponement of the second phases of two projects under the 10th EDF and the deletion of the second phase of the land project.

Annex I: Provisional Financial Donor Matrix (2002-2006)¹ in million euros

Donor/Sector	Rural Development	Health	Food Security	Budget Support	Education	Good Governance	Transport	Economic Management	Judicial	Water	Trade Development	Energy/ Environment	Decentralisation	Gender	Urban Development	Total
European Union	89.4	10.8	90.4	67.5	-	36.3	67.5	11.4	1.5	-	1.6	-	-	-	0.1	376.4
DFID	50.0	82.6	38.6	67.1	21.8	25.3	-	15.5	16.8	-	-	-	-	-	-	317.7
USAID	32.6	52.5	127.0 ²	-	78.7	4.1	-	-	0.4	-	-	-	-	-	-	295.3
World Bank	105.8 ³	41.7	4.8	66.7	30.2	-	- ⁴	20.3	-	-	12.5	0.3	-	-	0.5	282.8 ⁵
AfDB	46.5	25.1	-	11.7	50.3	20.1	22.9	-	-	16.1	-	-	-	-	-	192.6 ⁶
NORAD	7.4	62.9	20.5	15.9	-	4.0	-	6.4	-	2.3	-	-	-	-	-	119.4
IMF	-	-	-	46.6	-	-	-	-	-	-	-	-	-	-	-	46.6 ⁷
Germany	-	4.9	-	-	7.0	2.9	0.3	1.4	-	-	-	4.9	4	1.3	-	26.8
France	-	-	2.8	-	0.3	-	-	-	-	-	-	-	-	-	-	3.1
Total	334.0	280.5	281.3	275.5	187.9	92.7	90.7⁸	55.1	18.7	18.3	14.1	5.2	4	1.3	0.6	1,660

¹ Global commitments (approximate) made during the 2002-2006 period

² USAID's Food Security Support includes US\$149 million (approx. €124 million) for the purchase and distribution of 300,000 tonnes of maize through the WFP in the 2002-2006 period.

³ World Bank Support to Rural Development includes US\$60 million (approx. €50 million) for MASAF III, of which, US\$27.2 million is a grant and US\$32.8 million is a concessional loan.

⁴ World Bank & Nordic Development Fund (NDF) support to the transport sector is a loan of \$37 million (approx. €30 million, ROMARP Programme, 1999-2006) committed in 1999 (not shown in the matrix).

⁵ World Bank total support consists of approximately €105.4 million in form of concessional loans and €177.4 million in form of grants.

⁶ African Development Bank support comprises approximately €13.9 million concessional loans and €78.7 million grants.

⁷ IMF support is the US\$55 million (2005-2008) PRGF Programme.

⁸ Not included is the BADEA/OPEC/KUWAIT Fund US\$40 million (approx. €33 million) loan for construction of the Naminga-Chiponde-Mangochi Road Project which started in 2001.

Annex II - Summary table of EC cooperation

Annex II (a) Summary of 8th EDF¹

Reference	CSP/NIP	MW / 8	Domain			Beneficiary country				
			European Development Fund			Malawi				
Title	National Indicative Programme 8th EDF - 1996/2000									
Person in charge	PASSADEOS Panayiotis									
Global amount	270,000,000.00	EUR	Implemented	254,521,020.36	EUR	94.27 %	Paid (EUR)	215,941,545.91	EUR	79.98 %
Signature date	07/03/1997									
Starting date	01/01/1996									
End date	31/12/2000									
Focal / non focal sector		Amount	Decided / committed		Contracted (EUR)		Paid (EUR)			
1	HEALTH	16,800,000.00	21,800,000.00	129.76%	20,071,732.27	*****	18,111,089.80	*****		
2	TRANSPORT	92,780,000.00	103,854,727.12	111.94%	94,097,948.33	*****	85,535,787.34	92.19%		
3	Natural Res. Mgmt & food security	11,500,000.00	29,927,461.99	260.24%	19,815,412.15	*****	19,515,412.15	*****		
4	GOVERNMENT AND CIVIL SOCIETY	39,120,000.00	16,613,569.94	42.47%	16,381,374.19	41.87%	13,278,355.26	33.94%		
5	NON FOCAL SECTORS: MICROPROJECTS & OTHER	36,400,000.00	30,235,261.31	83.06%	30,165,746.20	82.87%	27,534,021.99	75.64%		
6	STRUCTURAL ADJUSTMENT OPERATIONS	73,400,000.00	52,090,000.00	70.97%	52,011,742.75	70.86%	51,966,879.37	70.80%		
		270,000,000.00	254,521,020.36	94.27%	232,543,955.89	86.13%	215,941,545.91	79.98%		
DAC sector code		Amount / Sector								
12191	Services médicaux							9,000,000.00	3.33%	
12250	Lutte contre les maladies infectieuses							7,800,000.00	2.89%	
15110	Politique/planification économique et du développement							16,320,000.00	6.04%	
15120	Gestion financière du secteur public							5,800,000.00	2.15%	
15130	Développement des services légaux et judiciaires							17,000,000.00	6.30%	
16050	Aide plurisectorielle pour les services sociaux de base							18,000,000.00	6.67%	
21010	Politique des transports et gestion administrative							14,900,000.00	5.52%	
21020	Transport routier							77,880,000.00	28.84%	
31161	Production agricole							11,500,000.00	4.26%	
33210	Politique du tourisme et gestion administrative							18,400,000.00	6.81%	
51010	Ajustement structurel							73,400,000.00	27.19%	

¹ Reflects situation at 23.03.2006 (downloaded from CRIS)

Focal / non focal sector 1 HEALTH

Amount 16,800,000.00 EUR **Implemented** 21,800,000.00 EUR 129.76%

Description The achievements of the health sector in general in 1999 can only be described as modest. Support to strengthen the planning unit and for the development of the national health plans has been acknowledged by the ministry of health and population. The national 5-year development plan, including the national health facilities development plan has been established and been adopted by the GOM. Conclusions from the ongoing HIV/AIDS programme and financing supported the National HIV/AIDS task-force in

DAC sector code		Amount / Sector					
12191	Services médicaux	9,000,000.00	53.57%				
12250	Lutte contre les maladies infectieuses	7,800,000.00	46.43%				
No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/8-ACP MAI-14	SUPPORT HEALTH REFORM/DECENTRALIZATION: CHIRADZULU HOSPITAL	0.00	14,000,000.00	13,995,168.00	13,760,968.84	4,832.00	239,031.16
FED/8-ACP MAI-20	NATIONAL BLOOD TRANSFUSION SERVICE	0.00	7,800,000.00	6,076,564.27	4,350,120.96	1,723,435.73	3,449,879.04
Total		0.00	21,800,000.00	20,071,732.27	18,111,089.80	1,728,267.73	3,688,910.20

Focal / non focal sector 2 TRANSPORT

Amount 92,780,000.00 EUR **Implemented** 103,854,727.12 EUR 111.94%

Description Establishment of the National Roads Authority and Road Fund was created with the primary responsibility for maintaining the road network. The Public Works Programme, approved in December 1999, will maintain and upgrade up to 2250 km of feeder roads in 5 districts in the Central Region.

DAC sector code		Amount / Sector					
21010	Politique des transports et gestion administrative	14,900,000.00	16.06%				
21020	Transport routier	77,880,000.00	83.94%				
No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/8-ACP MAI-5	ROAD MANAGMENT SUPPORT PROGRAMME	0.00	14,400,000.00	13,808,507.93	11,878,692.45	591,492.07	2,521,307.55
FED/8-ACP MAI-11	KARONGA-CHILUMBA-CHIWETA ROAD	0.00	38,500,000.00	37,459,928.34	36,520,056.98	1,040,071.66	1,979,943.02
FED/8-ACP MAI-21	REHAB & CONSTRUCTION OF GOLOMOTI - MONKEY BAY ROAD	0.00	19,000,000.00	18,252,495.08	14,414,698.25	747,504.92	4,585,301.75
FED/8-ACP MAI-22	PUBLIC WORKS PROGRAMME	0.00	15,000,000.00	14,746,541.08	13,773,008.11	253,458.92	1,226,991.89
FED/8-ACP MAI-26	LIMBE-THYOLO-MULOZA ROAD PROJECT- CEILING INCREASE	0.00	4,998,847.12	4,998,847.12	4,998,847.12	0.00	0.00
FED/8-ACP MAI-30	LAKESHORE ROAD INFRASTRUCTURE SUPPORT	0.00	11,955,880.00	4,831,628.78	3,952,148.27	7,124,251.22	8,003,731.73
Total		0.00	103,854,727.12	94,097,948.33	85,537,451.18	9,756,778.79	18,317,275.94

Focal / non focal sector 3 Natural Res. Mgmt & food security

Amount 11,500,000.00 EUR Implemented 29,927,461.99 EUR 260.24%

Description During 2000 and 2001, the agricultural sector concentrated mainly on three sub-sectors: livestock, forestry and soil conservation as well as on the Food Security Programme. The approach was based on the support to the initiatives of the Government to increase agricultural production while aiming at protecting the natural resources and the environment.

DAC sector code		Amount / Sector						
31161	Production agricole	11,500,000.00 100.00%						
No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)	
FED/7-ACP MA1-70	PROMOTION OF SOIL CONSERVATION AND RURAL PRODUCTION	0.00	14,626,181.80	14,626,181.80	14,626,181.80	0.00	0.00	
FED/8-ACP MA1-19	Sucoma sugar project (20511-20512)	0.00	3,219,758.00	3,219,758.00	3,219,758.00	0.00	0.00	
FED/8-ACP MA1-34	TA SUPPORT FOR GOVERNMENT - FOOD SECURITY AUDIT REPORT	0.00	33,000.00	33,000.00	33,000.00	0.00	0.00	
FED/8-ACP MA1-35	TA TO PROGRAMME PREPARATION NATURAL RESOURCES SECTOR 9TH EDF	0.00	350,000.00	237,950.16	237,950.16	112,049.84	112,049.84	
FED/8-ACP MA1-38	Echo/mwi/254/2002/01000-hum.aid food shortages malut.malawi	0.00	1,398,522.19	1,398,522.19	1,398,522.19	0.00	0.00	
FED/8-ACP MA1-42	KANGANKUNDE MINING PROJECT (21976)	0.00	300,000.00	300,000.00	0.00	0.00	300,000.00	
FED/8-ACP MA1-43	Tea sector facility	0.00	10,000,000.00	0.00	0.00	10,000,000.00	10,000,000.00	
Total		0.00	29,927,461.99	19,815,412.15	19,515,412.15	10,112,049.84	10,412,049.84	

Focal / non focal sector 4 GOVERNMENT AND CIVIL SOCIETY

Amount 39,120,000.00 EUR Implemented 16,613,569.94 EUR 42.47%

Description

DAC sector code		Amount / Sector						
15110	Politique/planification économique et du développement	16,320,000.00 41.72%						
15120	Gestion financière du secteur public	5,800,000.00 14.83%						
15130	Développement des services légaux et judiciaires	17,000,000.00 43.46%						
No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)	
FED/8-ACP MA1-10	ASYCUDA PHASE 2	0.00	5,044,169.92	4,907,899.98	4,804,689.24	136,269.94	239,480.68	
FED/8-ACP MA1-13	ASSIST CIVIC & VOTER EDUCATION FOR NAT. & LOCAL ELECTIONS	0.00	1,899,400.02	1,899,400.02	1,899,400.02	0.00	0.00	
FED/8-ACP MA1-27	CAPACITY BUILDING FOR ECONOMIC MANAGEMENT & POLICY COORDINATION	0.00	9,000,000.00	8,974,114.19	6,090,280.84	25,885.81	2,909,719.16	
FED/8-ACP MA1-32	TECHNICAL ASSISTANCE TO THE NATIONAL AUTHORISING OFFICER	0.00	670,000.00	599,960.00	483,985.16	70,040.00	186,014.84	
Total		0.00	16,613,569.94	16,381,374.19	13,278,355.26	232,195.75	3,335,214.68	

Focal / non focal sector 5 NON FOCAL SECTORS: MICROPROJECTS & OTHER
 Amount 36,400,000.00 EUR Implemented 30,235,261.31 EUR 83.06%

DAC sector code		Amount / Sector					
16050	Aide plurisectorielle pour les services sociaux de base	18,000,000.00	49.45%				
33210	Politique du tourisme et gestion administrative	18,400,000.00	50.55%				
No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/8-ACP MAI-9	TECHNICAL ASSISTANCE TO THE OFFICE OF NAO	0.00	500,000.00	430,960.44	430,960.44	69,039.56	69,039.56
FED/8-ACP MAI-12	3RD MICROPROJECTS PROGRAMME	0.00	20,575,853.36	20,575,853.36	20,315,799.15	0.00	260,054.21
FED/8-ACP MAI-25	EDUCATION CIVIQUE & ELECTORALE - PHASE II + 8 TPS 92	0.00	5,080,000.00	5,079,524.45	4,707,854.45	475.55	372,145.55
FED/8-ACP MAI-31	Blantyre hotels	0.00	4,000,000.00	4,000,000.00	2,000,000.00	0.00	2,000,000.00
FED/8-ACP MAI-40	SPECIAL AUDIT ON REVISION PRICES AND DEVELOP. OF PRICE	0.00	79,407.95	79,407.95	79,407.95	0.00	0.00
Total		0.00	30,235,261.31	30,165,746.20	27,534,021.99	69,515.11	2,701,239.32

Focal / non focal sector 6 STRUCTURAL ADJUSTMENT OPERATIONS
 Amount 73,400,000.00 EUR Implemented 52,090,000.00 EUR 70.97%

DAC sector code		Amount / Sector					
51010	Ajustement structurel	73,400,000.00	100.00%				
No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/8-ACP MAI-15	STRUCTURAL ADJUSTMENT SUPPORT (SAF IV : 99/01) - PIN	0.00	10,000,000.00	10,000,000.00	10,000,000.00	0.00	0.00
FED/8-ACP MAI-16	Structural adjustment support (saf iv : 99/01) - fas	0.00	36,600,000.00	36,521,742.75	36,476,879.37	78,257.25	123,120.63
FED/8-ACP MAI-17	Structural adjustment support (saf iv : 99/01) - ir	0.00	5,490,000.00	5,490,000.00	5,490,000.00	0.00	0.00
Total		0.00	52,090,000.00	52,011,742.75	51,966,879.37	78,257.25	123,120.63

Annex II (a) Summary of 9th EDF²

Reference	CSP/NIP	MW / 9	Domain			Beneficiary country		
			European Development Fund			Malawi		
Title	Country Strategy Paper and Indicative Programme 2002-2007 (9th EDF)							
Person in charge	PASSADEOS Panayiotis							
Global amount	297,990,000.00 EUR		Implemented	225,443,097.00 EUR	75.65 %	Paid (EUR)	35,021,593.94 EUR	11.75 %
Signature date	20/08/2002							
Starting date	07/10/2002							
End date	31/12/2007							
Focal / non focal sector		Amount foreseen	Decided / committed		Contracted (EUR)		Paid (EUR)	
1	Env A : Secteur de concentration : Agriculture and natural resources	89,800,000.00	35,215,565.00	39.22%	2,887,089.47	3.22%	1,652,258.80	1.84%
2	Env A : Secteur de concentration : Transport infrastructure	65,500,000.00	43,068,000.00	65.75%	665,764.80	1.02%	66,842.76	0.10%
3	Env A : secteur de concentration : Macro-economic support	31,500,000.00	41,500,000.00	*****	38,559,935.00	*****	14,760,000.00	46.86%
4	Env A : Secteurs hors concentration : micro-projets, civic education, NSA, capacity bulk	89,860,000.00	99,159,532.00	*****	39,548,609.69	44.01%	18,542,492.38	20.63%
5	Env B : Besoins imprévus (Cotonou Annexe IV, art. 3 2.b)	21,330,000.00	6,500,000.00	30.47%	0.00	0%	0.00	0%
		297,990,000.00	225,443,097.00	75.65%	81,661,398.96	27.40%	35,021,593.94	11.75%
DAC sector code		Amount / Sector						
31100	AGRICULTURE	89,800,000.00 30.14%						
12200	Santé de base	5,870,000.00 1.97%						
51000	Soutien budgétaire	31,500,000.00 10.57%						
43000	Autres multi-secteurs	35,000,000.00 11.75%						
99800	NON AFFECTE/NON SPECIFIE	21,330,000.00 7.16%						
21000	TRANSPORTS ET ENTREPOSAGE	65,500,000.00 21.98%						
33100	POLITIQUE COMMERCIALE ET REGLEMENTATIONS	1,600,000.00 0.54%						

² Reflects situation at 17.01.2006 (downloaded from CRIS).

Focal / non focal sector 1 Env A : Secteur de concentration : Agriculture and natural resources

Amount foreseen 89,800,000.00 EUR **Implemented** 35,215,565.00 EUR 39.22%

Description The EC co-operation objectives in agriculture and natural resources are: to improve national food security and household food self-sufficiency; increase and diversify rural incomes; managing natural resources in a sustainable manner, specifically geared to environmental measures like soil conservation and halting/reversing land degradation.

DAC sector code		Amount / Sector					
31100	AGRICULTURE	89,800,000.00	100.00%				
No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/9-ACP MAI-9	TA TO FORESTRY DEPT. MINISTRY OF NATURAL RESOURCES	0.00	76,500.00	67,332.79	67,332.79	9,167.21	9,167.21
FED/9-ACP MAI-12	SUPPORT FOR THE IMPLEMENTATION OF MALAWI'S LAND REFORM PROGR AMMME	0.00	1,969,065.00	1,516,976.94	438,521.61	452,088.06	1,530,543.39
FED/9-ACP MAI-15	FARM INCOME DIVERSIFICATION PROGRAMME (FIDP)	0.00	16,200,000.00	581,865.74	503,898.14	15,618,134.26	15,696,101.86
FED/9-ACP MAI-16	IMPROVED FOREST MANAGEMENT FOR SUSTAINABLE LIVELIHOODS	0.00	9,000,000.00	720,914.00	642,506.26	8,279,086.00	8,357,493.74
FED/9-ACP MAI-19	INSTITUTIONAL DEVELOPMENT AGRI-FOOD SECTOR (IDAF)	0.00	7,970,000.00	0.00	0.00	7,970,000.00	7,970,000.00
Total		0.00	35,215,565.00	2,887,089.47	1,652,258.80	32,328,475.53	33,563,306.20

Focal / non focal sector 2 Env A : Secteur de concentration : Transport infrastructure

Amount foreseen 65,500,000.00 EUR **Implemented** 43,068,000.00 EUR 65.75%

Description In the transport infrastructure sector, the EC's objectives are to: maintain and upgrade the road network through the NRA; upgrade and maintain the rural feeder road network through a high labour intensity Public Works programme, and improve the infrastructure providing links between Malawi's internal, regional and global markets.

No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/9-ACP MAI-10	LEGAL ADVICE AND AUDIT OF PRICE REVISION - CONSTRUCTION KARONGA-CHIWETA ROAD	0.00	68,000.00	68,000.00	66,842.76	0.00	1,157.24
FED/9-ACP MAI-14	RIDER NO.4 INCREASE OF CEILING 8.ACP.MAI.021&7.ACP.MAI.131 ACCORDING TO LETTER DELLICOUR 23963 OF XX/XX/XX	0.00	5,000,000.00	597,764.80	0.00	4,402,235.20	5,000,000.00
FED/9-ACP MAI-21	MALAWI BACKLOG ROAD REHABILITATION AND MAINTENANCE PROGRAMME	0.00	38,000,000.00	0.00	0.00	38,000,000.00	38,000,000.00
Total		0.00	43,068,000.00	665,764.80	66,842.76	42,402,235.20	43,001,157.24

Focal / non focal sector 3 Env A : secteur de concentration : Macro-economic support

Amount foreseen 31,500,000.00 EUR Implemented 41,500,000.00 EUR 131.75%

Description The Community will support the macroeconomic reform programme of the Government. Special attention shall be given to the objective of poverty reduction, particularly with a view to ensuring equitable access to social services.

DAC sector code		Amount / Sector					
51000	Soutien budgétaire	31,500,000.00 100.00%					
No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/9-ACP MA1-24	POVERTY REDUCTION BUDGETARY SUPPORT PROGRAMME I	0.00	41,500,000.00	38,559,935.00	14,760,000.00	2,940,065.00	26,740,000.00
Total		0.00	41,500,000.00	38,559,935.00	14,760,000.00	2,940,065.00	26,740,000.00

Focal / non focal sector 4 Env A : Secteurs hors concentration : micro-projets, civic education, NSA, capacity building

Amount foreseen 89,860,000.00 EUR Implemented 99,159,532.00 EUR 110.35%

Description In the non-focal areas, continued assistance will be directed to the micro-projects programme, to civic education in support to the democratisation process and support to non-state actors, in particular for capacity building.

No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/8-ACP MAI-41	4TH MICROPROJECTS PROGRAMME	0.00	35,000,000.00	21,759,907.60	9,503,362.42	13,240,092.40	25,496,637.58
FED/9-ACP MAI-1	TA TO THE NATIONAL SPATIAL DATA CENTRE	0.00	79,750.00	73,850.00	64,262.11	5,900.00	15,487.89
FED/9-ACP MAI-2	AUGM.PLAFOND PROJETS 7 ACP MAI 94 ET 8 ACP TPS 4, SELON NOTE 29229 DU 16/12/2003 DE MR.NAQVI - DECISION LE 15/12/03	0.00	1,200,000.00	1,200,000.00	980,985.85	0.00	219,014.15
FED/9-ACP MAI-3	AUGM.PLAFOND 7 ACP MAI 72, SELON NOTE 28632 DU 24/12/2003 DE MR.NAQVI	0.00	2,456,713.00	1,824,342.64	1,777,031.65	632,370.36	679,681.35
FED/9-ACP MAI-4	AUGM.PLAFOND 8 ACP MAI 14, SELON NOTE 28571 DU 24/12/2003 DE MR.NAQVI	0.00	1,857,794.00	390,284.00	294,198.78	1,467,510.00	1,563,595.22
FED/9-ACP MAI-5	SUPPORT FOR THE MALAWI TRIPARTITE ELECTIONS 2004	0.00	1,990,000.00	1,990,000.00	1,890,500.00	0.00	99,500.00
FED/9-ACP MAI-6	STUDY - ASSOCIATE NON-STATE ACTORS IN IMPLEMENTATION OF CSP	0.00	100,000.00	94,914.40	94,913.99	5,085.60	5,086.01
FED/9-ACP MAI-7	EXPERT TO PARTICIPATE IN THE IMF REVIEW MISSION 5 NOV-18 NOV	0.00	29,075.00	16,456.85	16,456.85	12,618.15	12,618.15
FED/9-ACP MAI-8	PREP. FP FOR THE PUBLIC WORKS PROGRAMME ON 9TH EDF	0.00	53,700.00	49,104.90	49,104.90	4,595.10	4,595.10
FED/9-ACP MAI-11	TECHNICAL COOPERATION FACILITY	0.00	7,500,000.00	3,164,411.30	1,004,845.10	4,335,588.70	6,495,154.90
FED/9-ACP MAI-13	AUGMENTATION DE PLAFOND PROJETS 8 ACP MAI 25 ET 8 ACP TPS 92 SELON LETTRE 10706-2 DE DELLICOUR DU XX/XX/XX	0.00	1,480,000.00	1,478,483.00	855,174.66	1,517.00	624,825.34
FED/9-ACP MAI-17	INCOME GENERATING PUBLIC WORKS PROGRAMME - PHASE I	0.00	15,512,500.00	6,434,855.00	1,701,791.50	9,077,645.00	13,810,708.50
FED/9-ACP MAI-18	CAPACITY BUIDING FOR NAO SUPPORT UNIT IN MINISTRY OF FINANCE	0.00	3,900,000.00	1,072,000.00	309,864.57	2,828,000.00	3,590,135.43
FED/9-ACP MAI-23	PROMOTION TO THE RULE OF LAW AND CIVIL EDUCATION IN MALAXI	0.00	28,000,000.00	0.00	0.00	28,000,000.00	28,000,000.00
Total		0.00	99,159,532.00	39,548,609.69	18,542,492.38	59,610,922.31	80,617,039.62

Focal / non focal sector 5 Env B : Besoins imprévus (Cotonou Annexe IV, art. 3 2. b)
 Amount foreseen 21,330,000.00 EUR Implemented 6,500,000.00 EUR 30.47%
 Description Initial B-envelope minus contribution to the Peace Facility in Africa
 COM(2003)638

DAC sector code		Amount / Sector					
99800	NON AFFECTE/NON SPECIFIE	21,330,000.00	100.00%				
No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/9-ACP MA1-20	SUSTAINABLE NUTRITION REHABILITATION	0.00	6,500,000.00	0.00	0.00	6,500,000.00	6,500,000.00
Total		0.00	6,500,000.00	0.00	0.00	6,500,000.00	6,500,000.00

Annex II (b) Summary of budget line contracts³

Sector	Number of actions	Total cost (EUR)	EU contribution (EUR)	Paid (EUR)	RAL
Basic drinking water supply and basic sanitation	2	2,192,415.00	1,740,000.00	901,168.90	838,831.10
Basic health care	1	2,793,800.00	963,247.00	698,557.00	264,690.00
Basic health	1	1,121,294.00	750,000.00	360,362.34	399,637.66
Food aid/Food security programmes	3	27,550,000.00	27,550,000.00	24,450,000.00	3,100,000.00
Food crop production	1	663,746.00	221,249.00	221,249.00	0.00
Multisector aid for basic social services	1	1,054,641.13	750,000.00	536,122.00	213,878.00
Rural development	2	2,156,531.00	1,487,242.00	322,170.08	1,165,071.92
Sectors non specified	29	67,027,292.00	66,286,969.00	56,196,604.11	8,090,164.89
Social/welfare services	1	1,806,894.00	750,000.00	675,000.00	75,000.00
Water supply and sanitation - large systems	1	1,339,062.00	1,000,000.00	900,000.00	100,000.00
	42	107,805,675.13	101,498,707.00	87,251,433.43	14,247,273.57

³ Reflects situation at 23.03.2006

Annex II (b) List of budget line contracts

Status	Reference Initiating operational agent	Title	Budgetline	Total cost (EUR)	EU contribution (EUR)	Paid (EUR)	RAL	Beneficiary country Starting date Due date	Reference to tend Signature date
Ongoing	DDH/2001/050-545 UOTILA Marika (Del Malawi)	Human Rights Campaign: an awareness and action project WOMENS VOICE () Financial initiati BROWN Jenny (Del Malawi) Sector Sectors non specified	Mult	303,577.00	303,577.00	215,753.00	87,824.00	Malawi 08/04/2002 07/04/2004	0 08/04/2002 30/06/2006
Ongoing	DDH/2003/077-745 PIRCHNER Markus (AIDCO 04)	Exploratory Mission Malawi ARS PROGETTI AMBIENTE RISORSE E SVILUPPO SRL (Italy) Financial initiati PEREIRA DA COSTA Luis (EX_AIDCO F 06) Sector Sectors non specified	B77010A00	29,250.00	29,250.00	29,180.75	89.25	Malawi 19/01/2004 05/02/2004	0 31/12/2003 31/12/2005
Ongoing	FOOD/1999/047-149 SERRATO RIBOO Maria Angela (AIDCO 06)	FOOD SECURITY PROGRAMME MALAWI REPUBLIC OF MALAWI () Financial initiati RAGOULLIAUX Agnes (AIDCO 05) Sector Sectors non specified	B720101000	10,000,000.00	10,000,000.00	10,000,000.00	0.00	Malawi 20/01/2000	0 20/01/2000 30/03/2002
Ongoing	FOOD/1999/047-157 HOGAARD Thomas (AIDCO 06)	MOU MINISTRE DE FINANCE/RESERVE BANKI REPUBLIC OF MALAWI () Financial initiati GUIDA Mattia (AIDCO 05) Sector Sectors non specified	B720001000	10,800,000.00	10,800,000.00	10,800,000.00	0.00	Malawi 28/06/2001	0 28/06/2001 31/03/2005
Ongoing	FOOD/2000/053-820 BOLDUAN Ute (AIDCO G 07)	AGRER/DENTICE/MALAWI - CN0447 DENTICE (Italy) Financial initiati ABADI Mirella (AIDCO G 07) Sector Sectors non specified	Mult	569,552.00	569,552.00	549,889.94	19,662.06	Malawi 24/07/2001 13/08/2004	0 24/07/2001 31/12/2007
Ongoing	FOOD/2000/053-821 HOGAARD Thomas (AIDCO 06)	MOU MULTIANNUAL FSP REPUBLIC OF MALAWI () Financial initiati GUIDA Mattia (AIDCO 05) Sector Sectors non specified	B72000800	10,800,000.00	10,800,000.00	10,800,000.00	0.00	Malawi 28/06/2002 31/12/2006	0 28/06/2002 31/12/2007
Ongoing	FOOD/2000/053-822 BOLDUAN Ute (AIDCO G 07)	AGRER/LE NORMAND/MALAWI CN0640 LE NORMAND (France) Financial initiati ABADI Mirella (AIDCO G 07) Sector Sectors non specified	Mult	485,275.00	485,275.00	317,649.05	167,625.95	Malawi 29/11/2002 12/07/2004	0 31/12/2007
Ongoing	FOOD/2000/053-823 BOLDUAN Ute (AIDCO G 07)	AGRER/DENTICE/MALAWI CN0447 AGRER SA () Financial initiati JURQUET Francois (AIDCO G 07) Sector Sectors non specified	B72020800	112,628.00	112,628.00	39,505.27	73,122.73	Malawi 24/07/2001 13/08/2004	0 24/07/2001 31/12/2007
Ongoing	FOOD/2002/051-285 UOTILA Marika (Del Malawi)	MALAWI - SHMPA: Smallholder Dairy Development Project SHIRE HIGHLANDS MILK PRODUCERS ASSOCIATION SHMPA () Financial initiati BROWN Jenny (Del Malawi) Sector Sectors non specified	Mult	994,043.00	994,043.00	894,639.00	99,404.00	Malawi 07/08/2002 07/08/2006	0 07/08/2002 31/12/2009

Ongoing	FOOD/2002/051-286 UOTILA Marika (Del Malawi)	MALAWI - STORY WORKSHOP: Rural Development Communications Campaign THE REGISTERED TRUSTEES OF THE STORY WORKSHOP EDUCATION TRUST () Financial initiative RUNDERS Frank (Del Malawi) Sector Sectors non specified	Mult	1,142,363.00	1,142,363.00	1,028,127.00	114,236.00	Malawi 06/08/2002 06/08/2006	0 06/08/2002 31/12/2007
Ongoing	FOOD/2002/051-287 UOTILA Marika (Del Malawi)	MALAWI - COSPE: Ngolowindo Self Help Irrigation Scheme COOPERAZIONE PER LO SVILUPPO DEI PAESI EMERGENTI ONLUS () Financial initiative RUNDERS Frank (Del Malawi) Sector Sectors non specified	Mult	599,750.00	599,750.00	539,775.00	59,975.00	Malawi 01/10/2002 30/12/2005	0 08/08/2002 31/12/2007
Ongoing	FOOD/2002/051-288 UOTILA Marika (Del Malawi)	MALAWI - MOVIMONDO: Mangochi Food Security and Land Care Project ASSOCIAZIONE MOVIMONDO ONLUS () Financial initiative RUNDERS Frank (Del Malawi) Sector Sectors non specified	Mult	1,981,974.00	1,981,974.00	910,377.00	1,071,597.00	Malawi 13/09/2002 13/09/2006	0 12/09/2002 31/12/2009
Ongoing	FOOD/2002/051-289 UOTILA Marika (Del Malawi)	MALAWI - COOPI: Improvement of farming systems through the promotion of small-holder farmers', Malawi Central region ASSOCIAZIONE COOPERAZIONE INTERNAZIONALE () Financial initiative RUNDERS Frank (Del Malawi) Sector Sectors non specified	Mult	1,030,234.00	1,030,234.00	927,211.00	103,023.00	Malawi 18/09/2002 28/02/2006	0 05/08/2002 31/12/2007
Ongoing	FOOD/2002/051-290 UOTILA Marika (Del Malawi)	MALAWI - CONCERN UNIVERSAL: Njala Yatha Fodd Seuciyt Project CONCERN UNIVERSAL () Financial initiative RUNDERS Frank (Del Malawi) Sector Sectors non specified	Mult	1,385,532.00	1,385,532.00	1,005,739.00	379,793.00	Malawi 02/09/2002 02/09/2007	0 02/09/2002 31/12/2009
Ongoing	FOOD/2002/051-291 UOTILA Marika (Del Malawi)	MALAWI - CISP: Food Security Improvement through Economic Diversification COMITATO INTERNAZIONALE PER LO SVILUPPO DEI POPOLI ONLUS () Financial initiative RUNDERS Frank (Del Malawi) Sector Sectors non specified	Mult	866,224.00	866,224.00	779,602.00	86,622.00	Malawi 29/08/2002 28/06/2006	0 28/08/2002 31/12/2007
Ongoing	FOOD/2002/051-292 UOTILA Marika (Del Malawi)	MALAWI - INTERAIDE: Food Security Project in Lilongwe East and Zomba South ASSOCIATION INTER AIDE () Financial initiative BROWN Jenny (Del Malawi) Sector Sectors non specified	Mult	1,166,351.00	1,166,351.00	1,049,716.00	116,635.00	Malawi 20/08/2002 20/08/2006	0 20/08/2002 31/12/2007
Ongoing	FOOD/2002/051-293 UOTILA Marika (Del Malawi)	MALAWI - WORLD VISION: Malawi Food Security Project WORLD VISION UK ()	Mult	2,999,966.00	2,999,877.00	1,098,266.00	1,901,611.00	Malawi 25/09/2002 25/09/2007	0 25/09/2002 31/12/2009

Ongoing	FOOD/2002/051-294 UOTILA Marika (Del Malawi)	MALAWI - CONCERN UNIVERSAL: Dedza Food Security Improvement Project CONCERN UNIVERSAL () Financial initiative RUNDERS Frank (Del Malawi) Sector Sectors non specified	Multi	2,757,155.00	2,757,155.00	1,974,150.00	783,005.00	Malawi 02/09/2002 02/09/2007	0 02/09/2002 31/12/2009
Ongoing	FOOD/2003/049-046 GUNNARSSON Pierre (AIDCO C 01)	Malawi-MoU mise en oeuvre 16 millions € crise REPUBLIC OF MALAWI (Malawi) Financial initiative RAGOULLIAUX Agnes (AIDCO 05) Sector Sectors non specified	Multi	13,000,000.00	13,000,000.00	13,000,000.00	0.00	Malawi 07/05/2003 07/05/2008	0 07/05/2003 20/02/2008
Ongoing	FOOD/2003/058-890 GUNNARSSON Pierre (AIDCO C 01)	Malawi - Réserve financière 3M€ REPUBLIC OF MALAWI (Malawi) Financial initiative (Del) Sector Food aid/Food security programmes	B72010B00	3,000,000.00	3,000,000.00	3,000,000.00	0.00	Malawi 07/05/2003 07/05/2007	0 07/05/2003 31/12/2005
Ongoing	FOOD/2003/069-889 BOLDUAN Ute (AIDCO G 07)	EI- POZZA - MALAWI POZZA (Italy) Financial initiative ABADI Mirella (AIDCO G 07) Sector Sectors non specified	B72010B00	327,000.00	327,000.00	239,943.36	87,056.64	Malawi 26/08/2003 26/08/2005	0 26/08/2003 31/12/2007
Ongoing	FOOD/2003/069-990 BOLDUAN Ute (AIDCO G 07)	EI- POZZA - MALAWI habillage 5 mois POZZA (Italy) Financial initiative ABADI Mirella (AIDCO G 07) Sector Sectors non specified	B72010B00	93,500.00	93,500.00	10,770.63	82,729.37	Malawi 25/08/2003 25/01/2004	0 25/08/2003 31/12/2007
Ongoing	FOOD/2003/070-889 BLARIAUX Dominique (Del Malawi)	Malawi-MoU mise en oeuvre LO 2001 (dernière année du PSA) REPUBLIC OF MALAWI (Malawi) Financial initiative RUNDERS Frank (Del Malawi) Sector Food aid/Food security programmes	B72000B00	10,800,000.00	10,800,000.00	10,800,000.00	0.00	Malawi 01/09/2003 01/09/2006	0 01/09/2003 24/10/2006
Ongoing	FOOD/2005/099-565 BLARIAUX Dominique (Del Malawi)	MoU first year of multi annual food security programme 2004-6 REPUBLIC OF MALAWI (Malawi) Financial initiative LUC Nancy (AIDCO C 05) Sector Food aid/Food security programmes	Multi	13,750,000.00	13,750,000.00	10,650,000.00	3,100,000.00	Malawi 17/09/2005 17/09/2006	0 16/09/2005 02/10/2009
Ongoing	FOOD/2005/099-928 BOLDUAN Ute (AIDCO G 07)	EI- Jeanette Edwina BROWN - Malawi BROWN (United Kingdom) Financial initiative ABADI Mirella (AIDCO G 07) Sector Sectors non specified	21.020200	351,600.00	351,600.00	166,372.11	185,227.89	Malawi 01/03/2005 31/12/2006	0 28/02/2005 30/06/2008
Ongoing	FOOD/2005/103-090	Appointment of inspection company for quantity	21.020200	101,174.00	101,174.00	101,174.00	0.00	Malawi	0

	BLARIAUX Dominique (Del Malawi)	and quality control for 29 000 mt white maize procured SCANAGRI DENMARK AS (Belgium) Financial initiatin CHATAMBALALA Richard (Del Malawi) Sector Sectors non specified						14/07/2005 12/10/2005	11/07/2005 29/03/2007
Ongoing	FOOD/2005/108-183 BLARIAUX Dominique (Del Malawi)	Technical Assistance for a Microfinance Management and Monitoring Advisor AGRIFOR CONSULT SA (Belgium) Financial initiatin RUNDERS Frank (Del Malawi) Sector Sectors non specified	21.020200	180,000.00	180,000.00	108,000.00	72,000.00	Malawi 26/09/2005 21/09/2006	0 12/10/2005 21/03/2008
Ongoing	FOOD/2005/108-184 BLARIAUX Dominique (Del Malawi)	Technical assistance for Microfinance Training Advisor SCANAGRI DENMARK AS (Belgium) Financial initiatin ERIKSSON Ingegerd (Del Malawi) Sector Sectors non specified	21.020200	84,940.00	84,940.00	50,964.00	33,976.00	Malawi 26/09/2005 24/01/2006	0 12/10/2005 24/07/2007
Ongoing	FOOD/2005/113-203 BLARIAUX Dominique (Del Malawi)	Evaluation of the Association of Smallholder Seed Multiplication Action Group (ASSMAG) AGRISYSTEMS LIMITED (United Kingdom) Financial initiatin ERIKSSON Ingegerd (Del Malawi) Sector Sectors non specified	21.020200	24,970.00	24,970.00	0.00	24,970.00	Malawi 01/02/2006 03/03/2006	0 08/02/2006 31/12/2007
Ongoing	ONG-PVD/1999/011-328 MERTENS Paul (AIDCO 08)	LINTHIPE CONSERVATION BASED RURAL DEVELOPMENT PROJECT, MALAWI SELF HELP DEVELOPMENT INTERNATIONAL (Ireland) Financial initiatin (Del) Sector Food crop production	B760001000	663,746.00	221,249.00	221,249.00	0.00	Malawi 01/01/1997 26/07/2005	0 26/01/2000 30/12/2004
Ongoing	ONG-PVD/2000/011-536 UOTILA Marika (Del Malawi)	EARLY CHILDHOOD AND COMMUNITY DEVELOPMENT PROJECT.- MALAWI KINDERNOTHILFE (Germany) Financial initiatin BROWN Jenny (Del Malawi) Sector Sectors non specified	Muti	685,200.00	500,000.00	350,000.00	150,000.00	Malawi 01/01/2001 01/01/2005	0 01/02/2001 01/01/2007
Ongoing	ONG-PVD/2001/011-710 UOTILA Marika (Del Malawi)	HYDRAULIQUE RURALE AU MALAWI-REGIONS CENTRE ET NORD ASSOCIATION INTER AIDE (France) Financial initiatin RUNDERS Frank (Del Malawi) Sector Water supply and sanitation - large systems	Muti	1,339,062.00	1,000,000.00	900,000.00	100,000.00	Malawi 01/09/2000 31/08/2005	0 18/12/2001 31/10/2006
Ongoing	ONG-PVD/2001/011-718 UOTILA Marika (Del Malawi)	MALAWI OPHTALMIC OUTREACH PROGRAMME THE ROYAL COMMONWEALTH SOCIETY FORTHE BLIND (United Kingdom) Financial initiatin BROWN Jenny (Del Malawi) Sector Racin health care	Muti	2,793,800.00	963,247.00	698,557.00	264,690.00	Malawi 02/01/2001 02/01/2006	0 13/12/2001 01/03/2008

Ongoing	ONG-PVD/2003/020-905 UOTILA Marika (Del Malawi)	HYGIENE, ASSAINISSEMENT ET APPROVISIONNEMENT EN EAU POTABLE EN ZONE RURALE DANS LES DISTRICTS DE ZOMBA, MULANJE ET CHIRADZULU, MALAWI ASSOCIATION INTER AIDE (France) Financial initiative RUNDERS Frank (Del Malawi) Sector Basic drinking water supply and basic sanitation	Muti	1,003,362.00	750,000.00	675,000.00	75,000.00	Malawi 01/04/2002 01/02/2006	0 19/02/2003 01/04/2007
Ongoing	ONG-PVD/2003/020-945 UOTILA Marika (Del Malawi)	REHABILITATION FOR PERSONS WITH DISABILITIES IN MALAWI STICHTING CORDAID (The Netherlands) Financial initiative RUNDERS Frank (Del Malawi) Sector Social/welfare services	Muti	1,906,894.00	750,000.00	675,000.00	75,000.00	Malawi 01/05/2003 01/05/2006	0 19/02/2003 01/05/2008
Ongoing	ONG-PVD/2004/065-398 UOTILA Marika (Del Malawi)	TA GANYA WATER AND SANITATION PROJECT - MALAWI CONCERN UNIVERSAL (United Kingdom) Financial initiative BROWN Jenny (Del Malawi) Sector Multisector aid for basic social services	21.020300	1,054,641.13	750,000.00	536,122.00	213,878.00	Malawi 01/10/2004 01/10/2007	0 30/07/2004 01/04/2009
Ongoing	ONG-PVD/2004/065-425 UOTILA Marika (Del Malawi)	PROJET DE SANTE DES JEUNES ET DE SANTE DE L'ENFANT DANS LES REGIONS CENTRE ET SUD - MALAWI ASSOCIATION INTER AIDE (France) Financial initiative BROWN Jenny (Del Malawi) Sector Basic health	21.020300	1,121,294.00	750,000.00	350,362.34	399,637.66	Malawi 01/12/2003 01/04/2007	0 31/08/2004 01/10/2008
Ongoing	ONG-PVD/2005/094-801 UOTILA Marika (Del Malawi)	Msamala Environmental Rehabilitation and Livelihoods Improvement Project, Malawi CONCERN UNIVERSAL (United Kingdom) Financial initiative ERIKSSON Ingegerd (Del Malawi) Sector Rural development	21.020300	982,990.00	737,242.00	150,619.80	586,622.20	Malawi 01/01/2006 31/12/2010	0 13/12/2005 30/06/2012
Ongoing	ONG-PVD/2005/094-803 UOTILA Marika (Del Malawi)	Mkhumba Boundary Communities' Livelihoods Improvement Project - Malawi CONCERN UNIVERSAL (United Kingdom) Financial initiative ERIKSSON Ingegerd (Del Malawi) Sector Rural development	21.020300	1,173,541.00	750,000.00	171,560.28	578,440.72	Malawi 01/01/2006 31/12/2010	0 13/12/2005 30/06/2012
Ongoing	ONG-PVD/2005/096-903 UOTILA Marika (Del Malawi)	BLOCK GRANT 2004 ASSOCIATION INTER AIDE (France) Financial initiative ERIKSSON Ingegerd (Del Malawi) Sector Basic drinking water supply and basic sanitation	21.020300	1,189,053.00	990,000.00	226,168.90	763,831.10	Malawi 01/09/2005 31/08/2008	0 21/12/2005 28/02/2010
Ongoing	SANTE/2005/100-350 PONS Jerome (Del Malawi)	Scaling UP SRH and HIV/AIDS Services for Young People of 10-24 Years	21.020703	2,500,000.00	2,250,000.00	850,000.00	1,400,000.00	Malawi 15/12/2005	0 14/12/2005

	Malawi)	UNITED NATIONS POPULATION FUND (Consortium) Financial initiatin ERIKSSON Ingegerd (Del Malawi) Sector Sectors non specified						15/12/2008	
									28/07/2010
Ongoing	SANTE/2005/100-657 PONS Jerome (Del Malawi)	Promotion of behaviour change and increase of access to sexual and reproductive health services in the rural district of Thyolo, in the south of Malawi ASBL MEDECINS SANS FRONTIERES (Belgium) Financial initiatin ERIKSSON Ingegerd (Del Malawi) Sector Sectors non specified	21.020703	1,655,034.00	1,350,000.00	360,000.00	990,000.00	Malawi 01/01/2006 01/01/2009	0 19/12/2005 01/07/2010
				<hr/>					
				107,805,675.13	101,498,707.00	87,251,433.43	14,247,273.57		



List of CSPs/NIPs by focal / non focal sector

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UOTILA Marika

DELEG MW

Report DB last update 23/03/2006

Selection criterion (criteria)

Domain	=	fed
Geographical Zone	=	mw
Reference number	=	8

Numbers of records = 6



CSP/ NIP summary sheet

Reference CSP/NIP	MW / 8	Domain	European Development Fund	Beneficiary country	Malawi
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Title	National Indicative Programme 8th EDF - 1996/2000									
Person in charge	PASSADEOS Panayiotis									
Global amount	270,000,000.00	EUR	Implemented	254,521,020.36	EUR	94.27 %	Paid (EUR)	215,941,545.91	EUR	79.98 %
Signature date	07/03/1997									
Starting date	01/01/1996									
End date	31/12/2000									

Focal / non focal sector	Amount	Decided / committed	Contracted (EUR)	Paid (EUR)
1 HEALTH	16,800,000.00	21,800,000.00 129.76%	20,071,732.27 *****	18,111,089.80 *****
2 TRANSPORT	92,780,000.00	103,854,727.12 111.94%	94,097,948.33 *****	85,535,787.34 92.19%
3 Natural Res. Mgmt & food security	11,500,000.00	29,927,461.99 260.24%	19,815,412.15 *****	19,515,412.15 *****
4 GOVERNMENT AND CIVIL SOCIETY	39,120,000.00	16,613,569.94 42.47%	16,381,374.19 41.87%	13,278,355.26 33.94%
5 NON FOCAL SECTORS: MICROPROJECTS & OTHER	36,400,000.00	30,235,261.31 83.06%	30,165,746.20 82.87%	27,534,021.99 75.64%
6 STRUCTURAL ADJUSTMENT OPERATIONS	73,400,000.00	52,090,000.00 70.97%	52,011,742.75 70.86%	51,966,879.37 70.80%
	270,000,000.00	254,521,020.36 94.27%	232,543,955.89 86.13%	215,941,545.91 79.98%

DAC sector code	Amount / Sector
12191 Services médicaux	9,000,000.00 3.33%
12250 Lutte contre les maladies infectieuses	7,800,000.00 2.89%
15110 Politique/planification économique et du développement	16,320,000.00 6.04%
15120 Gestion financière du secteur public	5,800,000.00 2.15%
15130 Développement des services légaux et judiciaires	17,000,000.00 6.30%
16050 Aide plurisectorielle pour les services sociaux de base	18,000,000.00 6.67%
21010 Politique des transports et gestion administrative	14,900,000.00 5.52%
21020 Transport routier	77,880,000.00 28.84%
31161 Production agricole	11,500,000.00 4.26%
33210 Politique du tourisme et gestion administrative	18,400,000.00 6.81%
51010 Ajustement structurel	73,400,000.00 27.19%



CSP/ NIP summary sheet

Reference CSP/NIP MW / 8

Domain European Development Fund

Beneficiary country Malawi

Focal / non focal sector 1 HEALTH

Amount 16,800,000.00 EUR Implemented 21,800,000.00 EUR 129.76%

Description The achievements of the health sector in general in 1999 can only be described as modest. Support to strengthen the planning unit and for the development of the national health plans has been acknowledged by the ministry of health and population. The national 5-year development plan, including the national health facilities development plan has been established and been adopted by the GOM. Conclusions from the ongoing HIV/AIDS programme and financing supported the National HIV/AIDS task-force in

DAC sector code Amount / Sector

12191 Services médicaux 9,000,000.00 53.57%

12250 Lutte contre les maladies infectieuses 7,800,000.00 46.43%

No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/8-ACP MAI-14	SUPPORT HEALTH REFORM/DECENTRALIZATION: CHIRADZULU HOSPITAL	0.00	14,000,000.00	13,995,168.00	13,760,968.84	4,832.00	239,031.16
FED/8-ACP MAI-20	NATIONAL BLOOD TRANSFUSION SERVICE	0.00	7,800,000.00	6,076,564.27	4,350,120.96	1,723,435.73	3,449,879.04
Total		0.00	21,800,000.00	20,071,732.27	18,111,089.80	1,728,267.73	3,688,910.20



CSP/ NIP summary sheet

Reference CSP/NIP MW / 8

Domain European Development Fund

Beneficiary country Malawi

Focal / non focal sector 2 TRANSPORT

Amount 92,780,000.00 EUR Implemented 103,854,727.12 EUR 111.94%

Description Establishment of the National Roads Authority and Road Fund was created with the primary responsibility for maintaining the road network. The Public Works Programme, approved in December 1999, will maintain and upgrade up to 2250 km of feeder roads in 5 districts in the Central Region.

DAC sector code Amount / Sector

21010 Politique des transports et gestion administrative 14,900,000.00 16.06%

21020 Transport routier 77,880,000.00 83.94%

No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/8-ACP MAI-5	ROAD MANAGMENT SUPPORT PROGRAMME	0.00	14,400,000.00	13,808,507.93	11,878,692.45	591,492.07	2,521,307.55
FED/8-ACP MAI-11	KARONGA-CHILUMBA-CHIWETA ROAD	0.00	38,500,000.00	37,459,928.34	36,520,056.98	1,040,071.66	1,979,943.02
FED/8-ACP MAI-21	REHAB & CONSTRUCTION OF GOLOMOTI - MONKEY BAY ROAD	0.00	19,000,000.00	18,252,495.08	14,414,698.25	747,504.92	4,585,301.75
FED/8-ACP MAI-22	PUBLIC WORKS PROGRAMME	0.00	15,000,000.00	14,746,541.08	13,773,008.11	253,458.92	1,226,991.89
FED/8-ACP MAI-26	LIMBE-THYOLO-MULOZA ROAD PROJECT- CEILING INCREASE	0.00	4,998,847.12	4,998,847.12	4,998,847.12	0.00	0.00
FED/8-ACP MAI-30	LAKESHORE ROAD INFRASTRUCTURE SUPPORT	0.00	11,955,880.00	4,831,628.78	3,952,148.27	7,124,251.22	8,003,731.73
Total		0.00	103,854,727.12	94,097,948.33	85,537,451.18	9,756,778.79	18,317,275.94



CSP/ NIP summary sheet

Reference CSP/NIP MW / 8

Domain European Development Fund

Beneficiary country Malawi

Focal / non focal sector 3 Natural Res. Mgmt & food security

Amount 11,500,000.00 EUR Implemented 29,927,461.99 EUR 260.24%

Description During 2000 and 2001, the agricultural sector concentrated mainly on three sub-sectors: livestock, forestry and soil conservation as well as on the Food Security Programme. The approach was based on the support to the initiatives of the Government to increase agricultural production while aiming at protecting the natural resources and the environment.

DAC sector code Amount / Sector

31161 Production agricole 11,500,000.00 100.00%

No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/7-ACP MAI-70	PROMOTION OF SOIL CONSERVATION AND RURAL PRODUCTION	0.00	14,626,181.80	14,626,181.80	14,626,181.80	0.00	0.00
FED/8-ACP MAI-19	Sucoma sugar project (20511-20512)	0.00	3,219,758.00	3,219,758.00	3,219,758.00	0.00	0.00
FED/8-ACP MAI-34	TA SUPPORT FOR GOVERNMENT - FOOD SECURITY AUDIT REPORT	0.00	33,000.00	33,000.00	33,000.00	0.00	0.00
FED/8-ACP MAI-35	TA TO PROGRAMME PREPARATION NATURAL RESOURCES SECTOR 9TH EDF	0.00	350,000.00	237,950.16	237,950.16	112,049.84	112,049.84
FED/8-ACP MAI-38	Echo/mwi/254/2002/01000-hum.aid food shortages malnut.malawi	0.00	1,398,522.19	1,398,522.19	1,398,522.19	0.00	0.00
FED/8-ACP MAI-42	KANGANKUNDE MINING PROJECT (21976)	0.00	300,000.00	300,000.00	0.00	0.00	300,000.00
FED/8-ACP MAI-43	Tea sector facility	0.00	10,000,000.00	0.00	0.00	10,000,000.00	10,000,000.00
Total		0.00	29,927,461.99	19,815,412.15	19,515,412.15	10,112,049.84	10,412,049.84



CSP/ NIP summary sheet

Reference CSP/NIP		MW / 8	Domain European Development Fund			Beneficiary country Malawi		
Focal / non focal sector	4	GOVERNMENT AND CIVIL SOCIETY						
Amount	39,120,000.00	EUR	Implemented	16,613,569.94	EUR	42.47%		
Description								
DAC sector code		Amount / Sector						
15110	Politique/planification économique et du développement	16,320,000.00	41.72%					
15120	Gestion financière du secteur public	5,800,000.00	14.83%					
15130	Développement des services légaux et judiciaires	17,000,000.00	43.46%					
No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)	
FED/8-ACP MAI-10	ASYCUDA PHASE 2	0.00	5,044,169.92	4,907,899.98	4,804,689.24	136,269.94	239,480.68	
FED/8-ACP MAI-13	ASSIST CIVIC & VOTER EDUCATION FOR NAT. & LOCAL ELECTIONS	0.00	1,899,400.02	1,899,400.02	1,899,400.02	0.00	0.00	
FED/8-ACP MAI-27	CAPACITY BUILDING FOR ECONOMIC MANAGEMENT & POLICY COORDINATION	0.00	9,000,000.00	8,974,114.19	6,090,280.84	25,885.81	2,909,719.16	
FED/8-ACP MAI-32	TECHNICAL ASSISTANCE TO THE NATIONAL AUTHORISING OFFICER	0.00	670,000.00	599,960.00	483,985.16	70,040.00	186,014.84	
Total		0.00	16,613,569.94	16,381,374.19	13,278,355.26	232,195.75	3,335,214.68	



CSP/ NIP summary sheet

Reference CSP/NIP MW / 8

Domain European Development Fund

Beneficiary country Malawi

Focal / non focal sector 5 NON FOCAL SECTORS: MICROPROJECTS & OTHER
 Amount 36,400,000.00 EUR Implemented 30,235,261.31 EUR 83.06%
 Description

DAC sector code		Amount / Sector	
16050	Aide plurisectorielle pour les services sociaux de base	18,000,000.00	49.45%
33210	Politique du tourisme et gestion administrative	18,400,000.00	50.55%

No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/8-ACP MAI-9	TECHNICAL ASSISTANCE TO THE OFFICE OF NAO	0.00	500,000.00	430,960.44	430,960.44	69,039.56	69,039.56
FED/8-ACP MAI-12	3RD MICROPROJECTS PROGRAMME	0.00	20,575,853.36	20,575,853.36	20,315,799.15	0.00	260,054.21
FED/8-ACP MAI-25	EDUCATION CIVIQUE & ELECTORALE - PHASE II + 8 TPS 92	0.00	5,080,000.00	5,079,524.45	4,707,854.45	475.55	372,145.55
FED/8-ACP MAI-31	Blantyre hotels	0.00	4,000,000.00	4,000,000.00	2,000,000.00	0.00	2,000,000.00
FED/8-ACP MAI-40	SPECIAL AUDIT ON REVISION PRICES AND DEVELOP. OF PRICE	0.00	79,407.95	79,407.95	79,407.95	0.00	0.00
Total		0.00	30,235,261.31	30,165,746.20	27,534,021.99	69,515.11	2,701,239.32



CSP/ NIP summary sheet

Reference CSP/NIP MW / 8

Domain European Development Fund

Beneficiary country Malawi

Focal / non focal sector 6 STRUCTURAL ADJUSTMENT OPERATIONS

Amount 73,400,000.00 EUR Implemented 52,090,000.00 EUR 70.97%
Description

DAC sector code Amount / Sector

51010 Ajustement structurel 73,400,000.00 100.00%

No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/8-ACP MAI-15	STRUCTURAL ADJUSTMENT SUPPORT (SAF IV : 99/01) - PIN	0.00	10,000,000.00	10,000,000.00	10,000,000.00	0.00	0.00
FED/8-ACP MAI-16	Structural adjustment support (saf iv : 99/01) - fas	0.00	36,600,000.00	36,521,742.75	36,476,879.37	78,257.25	123,120.63
FED/8-ACP MAI-17	Structural adjustment support (saf iv : 99/01) - ir	0.00	5,490,000.00	5,490,000.00	5,490,000.00	0.00	0.00
Total		0.00	52,090,000.00	52,011,742.75	51,966,879.37	78,257.25	123,120.63



List of CSPs/NIPs by focal / non focal sector

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UOTILA Marika

DELEG MW

Report DB last update 23/03/2006

Selection criterion (criteria)

Domain	=	fed
Geographical Zone	=	mw
Reference number	=	9

Numbers of records = 5



CSP/ NIP summary sheet

Reference CSP/NIP MW / 9

Domain European Development Fund

Beneficiary country Malawi

Title Country Strategy Paper and Indicative Programme 2002-2007 (9th EDF)

Person in charge PASSADEOS Panayiotis

Global amount 298,989,796.00 EUR Implemented 227,003,097.00 EUR 76.18 % Paid (EUR) 35,631,765.76 EUR 11.96 %

Signature date 20/08/2002

Starting date 07/10/2002

End date 31/12/2007

Focal / non focal sector	Amount	Decided / committed	Contracted (EUR)	Paid (EUR)
1 Env A : Secteur de concentration : Agriculture and natural resources	89,800,000.00	35,215,565.00 39.22%	10,609,989.47 11.82%	1,652,258.80 1.84%
2 Env A : Secteur de concentration : Transport infrastructure	65,500,000.00	43,068,000.00 65.75%	665,764.80 1.02%	126,617.57 0.19%
3 Env A : secteur de concentration : Macro-economic support	31,500,000.00	41,500,000.00 131.75%	38,559,935.00 *****	14,760,000.00 46.86%
4 Env A : Secteurs hors concentration : micro-projets, civic education, NSA, capacity builc	89,860,000.00	100,719,532.00 112.08%	40,721,102.43 45.32%	19,092,889.39 21.25%
5 Env B : Besoins imprévus (Cotonou Annexe IV, art. 3 2.b)	21,330,000.00	6,500,000.00 30.47%	0.00 0%	0.00 0%
	297,990,000.00	227,003,097.00 76.18%	90,556,791.70 30.39%	35,631,765.76 11.96%

DAC sector code	Amount / Sector
12250 Lutte contre les maladies infectieuses	5,870,000.00 1.97%
15130 Développement des services légaux et judiciaires	37,600,000.00 12.62%
15140 Administration gouvernementale	9,790,000.00 3.29%
21020 Transport routier	65,500,000.00 21.98%
31100 AGRICULTURE	89,800,000.00 30.14%
33110 Politique commerciale et gestion administrative	1,600,000.00 0.54%
43010 Aide plurisectorielle	35,000,000.00 11.75%
51000 Soutien budgétaire	31,500,000.00 10.57%
99800 NON AFFECTE/NON SPECIFIE	21,330,000.00 7.16%



CSP/ NIP summary sheet

Reference CSP/NIP MW / 9

Domain European Development Fund

Beneficiary country Malawi

Focal / non focal sector 1 Env A : Secteur de concentration : Agriculture and natural resources

Amount 89,800,000.00 EUR Implemented 35,215,565.00 EUR 39.22%

Description The EC co-operation objectives in agriculture and natural resources are: to improve national food security and household food self-sufficiency; increase and diversify rural incomes; managing natural resources in a sustainable manner, specifically geared to environmental measures like soil conservation and halting/reversing land degradation.

DAC sector code Amount / Sector

31100 AGRICULTURE 89,800,000.00 100.00%

No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/9-ACP MAI-9	TA TO FORESTRY DEPT. MINISTRY OF NATURAL RESOURCES	0.00	76,500.00	67,332.79	67,332.79	9,167.21	9,167.21
FED/9-ACP MAI-12	SUPPORT FOR THE IMPLEMENTATION OF MALAWI'S LAND REFORM PROGR AMMME	0.00	1,969,065.00	1,516,976.94	438,521.61	452,088.06	1,530,543.39
FED/9-ACP MAI-15	FARM INCOME DIVERSIFICATION PROGRAMME (FIDP)	0.00	16,200,000.00	4,042,235.74	503,898.14	12,157,764.26	15,696,101.86
FED/9-ACP MAI-16	IMPROVED FOREST MANAGEMENT FOR SUSTAINABLE LIVELIHOODS	0.00	9,000,000.00	4,983,444.00	642,506.26	4,016,556.00	8,357,493.74
FED/9-ACP MAI-19	INSTITUTIONAL DEVELOPMENT AGRI-FOOD SECTOR (IDAF)	0.00	7,970,000.00	0.00	0.00	7,970,000.00	7,970,000.00
Total		0.00	35,215,565.00	10,609,989.47	1,652,258.80	24,605,575.53	33,563,306.20



CSP/ NIP summary sheet

Reference CSP/NIP MW / 9

Domain European Development Fund

Beneficiary country Malawi

Focal / non focal sector 2 Env A : Secteur de concentration : Transport infrastructure

Amount 65,500,000.00 EUR Implemented 43,068,000.00 EUR 65.75%

Description In the transport infrastructure sector, the EC's objectives are to: maintain and upgrade the road network through the NRA; upgrade and maintain the rural feeder road network through a high labour intensity Public Works programme, and improve the infrastructure providing links between Malawi's internal, regional and global markets.

DAC sector code Amount / Sector

21020 Transport routier 65,500,000.00 100.00%

No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/9-ACP MAI-10	LEGAL ADVICE AND AUDIT OF PRICE REVISION - CONSTRUCTION KARONGA-CHIWETA ROAD	0.00	68,000.00	68,000.00	66,842.76	0.00	1,157.24
FED/9-ACP MAI-14	RIDER NO.4 INCREASE OF CEILING 8.ACP.MAI.021&7.ACP.MAI.131 ACCORDING TO LETTER DELICOUR 23963 OF XX/XX/XX	0.00	5,000,000.00	597,764.80	59,774.81	4,402,235.20	4,940,225.19
FED/9-ACP MAI-21	MALAWI BACKLOG ROAD REHABILITATION AND MAINTENANCE PROGRAMME	0.00	38,000,000.00	0.00	0.00	38,000,000.00	38,000,000.00
Total		0.00	43,068,000.00	665,764.80	126,617.57	42,402,235.20	42,941,382.43



CSP/ NIP summary sheet

Reference CSP/NIP MW / 9

Domain European Development Fund

Beneficiary country Malawi

Focal / non focal sector 3 Env A : secteur de concentration : Macro-economic support

Amount 31,500,000.00 EUR Implemented 41,500,000.00 EUR 131.75%

Description The Community will support the macroeconomic reform programme of the Government. Special attention shall be given to the objective of poverty reduction, particularly with a view to ensuring equitable access to social services.

DAC sector code	Amount / Sector
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51000	Soutien budgétaire 31,500,000.00 100.00%
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No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/9-ACP MAI-24	POVERTY REDUCTION BUDGETARY SUPPORT PROGRAMME I	0.00	41,500,000.00	38,559,935.00	14,795,961.00	2,940,065.00	26,704,039.00
Total		0.00	41,500,000.00	38,559,935.00	14,795,961.00	2,940,065.00	26,704,039.00



CSP/ NIP summary sheet

Reference CSP/NIP MW / 9

Domain European Development Fund

Beneficiary country Malawi

Focal / non focal sector 4 Env A : Secteurs hors concentration : micro-projets, civic education, NSA, capacity building

Amount 89,860,000.00 EUR Implemented 100,719,532.00 EUR 112.08%

Description In the non-focal areas, continued assistance will be directed to the micro-projects programme, to civic education in support to the democratisation process and support to non-state actors, in particular for capacity building.

DAC sector code		Amount / Sector	
12250	Lutte contre les maladies infectieuses	5,870,000.00	6.53%
15130	Développement des services légaux et judiciaires	37,600,000.00	41.84%
15140	Administration gouvernementale	9,790,000.00	10.89%
33110	Politique commerciale et gestion administrative	1,600,000.00	1.78%
43010	Aide plurisectorielle	35,000,000.00	38.95%

No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/8-ACP MAI-41	4TH MICROPROJECTS PROGRAMME	0.00	35,000,000.00	21,854,165.60	9,502,458.92	13,145,834.40	25,497,541.08
FED/9-ACP MAI-1	TA TO THE NATIONAL SPATIAL DATA CENTRE	0.00	79,750.00	64,262.11	64,262.11	15,487.89	15,487.89
FED/9-ACP MAI-2	AUGM.PLAFOND PROJETS 7 ACP MAI 94 ET 8 ACP TPS 4, SELON NOTE 29229 DU 16/12/2003 DE MR NAQVI - DECISION LE 15/12/03	0.00	1,200,000.00	1,200,000.00	980,985.85	0.00	219,014.15
FED/9-ACP MAI-3	AUGM.PLAFOND 7 ACP MAI 72, SELON NOTE 28632 DU 24/12/2003 DE MR NAQVI	0.00	2,456,713.00	1,823,185.01	1,781,832.20	633,527.99	674,880.80
FED/9-ACP MAI-4	AUGM.PLAFOND 8 ACP MAI 14, SELON NOTE 28571 DU 24/12/2003 DE MR NAQVI	0.00	1,857,794.00	390,284.00	294,198.78	1,467,510.00	1,563,595.22
FED/9-ACP MAI-5	SUPPORT FOR THE MALAWI TRIPARTITE ELECTIONS 2004	0.00	1,990,000.00	1,990,000.00	1,890,500.00	0.00	99,500.00
FED/9-ACP MAI-6	STUDY - ASSOCIATE NON-STATE ACTORS IN IMPLEMENTATION OF CSP	0.00	100,000.00	94,914.40	94,913.99	5,085.60	5,086.01
FED/9-ACP MAI-7	EXPERT TO PARTICIPATE IN THE IMF REVIEW MISSION 5 NOV-18 NOV	0.00	29,075.00	16,456.85	16,456.85	12,618.15	12,618.15
FED/9-ACP MAI-8	PREP. FP FOR THE PUBLIC WORKS PROGRAMME ON 9TH EDF	0.00	53,700.00	49,104.90	49,104.90	4,595.10	4,595.10
FED/9-ACP MAI-11	TECHNICAL COOPERATION FACILITY	0.00	7,500,000.00	3,257,124.56	1,289,298.62	4,242,875.44	6,210,701.38
FED/9-ACP MAI-13	AUGMENTATION DE PLAFOND PROJETS 8 ACP MAI 25 ET 8 ACP TPS 92 SELON	0.00	1,480,000.00	1,478,483.00	1,029,264.08	1,517.00	450,735.92



CSP/ NIP summary sheet

Reference CSP/NIP	MW / 9	Domain	European Development Fund	Beneficiary country	Malawi		
FED/9-ACP MAI-17	LETTRE 10706-2 DE DELLICOUR DU XX/XX/XX INCOME GENERATING PUBLIC WORKS PROGRAMME - PHASE I	0.00	15,512,500.00	7,462,380.00	1,742,307.65	8,050,120.00	13,770,192.35
FED/9-ACP MAI-18	CAPACITY BUILDING FOR NAO SUPPORT UNIT IN MINISTRY OF FINANCE	0.00	3,900,000.00	1,080,300.00	521,009.64	2,819,700.00	3,378,990.36
FED/9-ACP MAI-23	PROMOTION TO THE RULE OF LAW AND CIVIL EDUCATION IN MALAWI	0.00	28,000,000.00	0.00	0.00	28,000,000.00	28,000,000.00
FED/9-ACP MAI-26	RIDER N.1 TO FA 6228/MAI - BUDGET INCREASE LETTER OF GARY QUINCE ADONIS N. 31303	0.00	1,560,000.00	0.00	0.00	1,560,000.00	1,560,000.00
Total		0.00	100,719,532.00	40,760,660.43	19,256,593.59	59,958,871.57	81,462,938.41



CSP/ NIP summary sheet

Reference CSP/NIP MW / 9

Domain European Development Fund

Beneficiary country Malawi

Focal / non focal sector 5 Env B : Besoins imprévus (Cotonou Annexe IV, art. 3 2.b)

Amount 21,330,000.00 EUR Implemented 6,500,000.00 EUR 30.47%

Description Initial B-envelope minus contribution to the Peace Facility in Africa
COM(2003)638

DAC sector code Amount / Sector

99800 NON AFFECTE/NON SPECIFIE 21,330,000.00 100.00%

No Project	Title	Under preparation	Decided / committe	Contracted (EUR)	Paid (EUR)	To be contracted (E	To be paid (EUR)
FED/9-ACP MAI-20	SUSTAINABLE NUTRITION REHABILITATION	0.00	6,500,000.00	0.00	0.00	6,500,000.00	6,500,000.00
Total		0.00	6,500,000.00	0.00	0.00	6,500,000.00	6,500,000.00



List of contracts

UOTILA Marika

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Report DB last update 23/03/2006

Selection criterion (criteria)

Domain	=	DDH,FOOD,GENRE,ONG,ONG-
Status	=	PVD,SANTE
Geographical Zone	=	EC
		mw

Numbers of records = 42



List of contracts

Status	Reference Initiating operational agent	Title	Budgetline	Total cost (EUR)	EU contribution (EUR)	Paid (EUR)	RAL	Beneficiary country Starting date Due date	Reference to tende Signature date
Ongoing	DDH/2001/050-545 UOTILA Marika (Del Malawi)	Human Rights Campaign: an awareness and action project WOMENS VOICE () Financial initiative: BROWN Jenny (Del Malawi) Sector: Sectors non specified	Multi	303,577.00	303,577.00	215,753.00	87,824.00	Malawi 08/04/2002 07/04/2004	0 08/04/2002 30/06/2006
Ongoing	DDH/2003/077-745 PIRCHNER Markus (AIDCO 04)	Exploratory Mission Malawi ARS PROGETTI AMBIENTE RISORSE E SVILUPPO SRL (Italy) Financial initiative: PEREIRA DA COSTA Luis (EX_AIDCO F 06) Sector: Sectors non specified	B77010A00	29,250.00	29,250.00	29,180.75	69.25	Malawi 19/01/2004 05/02/2004	0 31/12/2003 31/12/2005
Ongoing	FOOD/1999/047-149 SERRATO RIOBOO Maria Angela (AIDCO 06)	FOOD SECURITY PROGRAMME MALAWI REPUBLIC OF MALAWI () Financial initiative: RAGOULLIAUX Agnes (AIDCO 05) Sector: Sectors non specified	B720101000	10,000,000.00	10,000,000.00	10,000,000.00	0.00	Malawi 20/01/2000	0 20/01/2000 30/03/2002
Ongoing	FOOD/1999/047-157 HOGAARD Thomas (AIDCO 06)	MOU MINISTRE DE FINANCE/RESERVE BANKI REPUBLIC OF MALAWI () Financial initiative: GUIDA Mattia (AIDCO 05) Sector: Sectors non specified	B720001000	10,800,000.00	10,800,000.00	10,800,000.00	0.00	Malawi 28/06/2001	0 28/06/2001 31/03/2005
Ongoing	FOOD/2000/053-820 BOLDUAN Ute (AIDCO G 07)	AGRER/DENTICE/MALAWI - CN0447 DENTICE (Italy) Financial initiative: ABADI Mirella (AIDCO G 07) Sector: Sectors non specified	Multi	569,552.00	569,552.00	549,889.94	19,662.06	Malawi 24/07/2001 13/08/2004	0 24/07/2001 31/12/2007
Ongoing	FOOD/2000/053-821 HOGAARD Thomas (AIDCO 06)	MOU MULTIANNUAL FSP REPUBLIC OF MALAWI () Financial initiative: GUIDA Mattia (AIDCO 05) Sector: Sectors non specified	B72000B00	10,800,000.00	10,800,000.00	10,800,000.00	0.00	Malawi 28/06/2002 31/12/2006	0 28/06/2002 31/12/2007
Ongoing	FOOD/2000/053-822 BOLDUAN Ute (AIDCO G 07)	AGRER/LE NORMAND/MALAWI/CN0640 LE NORMAND (France) Financial initiative: ABADI Mirella (AIDCO G 07) Sector: Sectors non specified	Multi	485,275.00	485,275.00	317,649.05	167,625.95	Malawi 29/11/2002 12/07/2004	0 31/12/2007
Ongoing	FOOD/2000/053-823 BOLDUAN Ute (AIDCO G 07)	AGRER/DENTICE/MALAWI/CN0447 AGRER SA () Financial initiative: JURQUET Francois (AIDCO G 07) Sector: Sectors non specified	B72020B00	112,628.00	112,628.00	39,505.27	73,122.73	Malawi 24/07/2001 13/08/2004	0 24/07/2001 31/12/2007
Ongoing	FOOD/2002/051-285 UOTILA Marika (Del Malawi)	MALAWI - SHMPA: Smallholder Dairy Development Project SHIRE HIGHLANDS MILK PRODUCERS ASSOCIATION SHMPA () Financial initiative: BROWN Jenny (Del Malawi) Sector: Sectors non specified	Multi	994,043.00	994,043.00	894,639.00	99,404.00	Malawi 07/08/2002 07/08/2006	0 07/08/2002 31/12/2009



List of contracts

Status	Reference Initiating operational agent	Title	Budgetline	Total cost (EUR)	EU contribution (EUR)	Paid (EUR)	RAL	Beneficiary country Starting date Due date	Reference to tende Signature date
Ongoing	FOOD/2002/051-286 UOTILA Marika (Del Malawi)	MALAWI - STORY WORKSHOP: Rural Development Communications Campaign THE REGISTERED TRUSTEES OF THE STORY WORKSHOP EDUCATION TRUST () Financial initiative: RIJNDERS Frank (Del Malawi) Sector: Sectors non specified	Multi	1,142,363.00	1,142,363.00	1,028,127.00	114,236.00	Malawi 06/08/2002 06/08/2006	0 06/08/2002 31/12/2007
Ongoing	FOOD/2002/051-287 UOTILA Marika (Del Malawi)	MALAWI - COSPE: Ngolowindo Self Help Irrigation Scheme COOPERAZIONE PER LO SVILUPPO DEI PAESI EMERGENTI ONLUS () Financial initiative: RIJNDERS Frank (Del Malawi) Sector: Sectors non specified	Multi	599,750.00	599,750.00	539,775.00	59,975.00	Malawi 01/10/2002 30/12/2005	0 08/08/2002 31/12/2007
Ongoing	FOOD/2002/051-288 UOTILA Marika (Del Malawi)	MALAWI - MOVIMONDO: Mangochi Food Security and Land Care Project ASSOCIAZIONE MOVIMONDO ONLUS () Financial initiative: RIJNDERS Frank (Del Malawi) Sector: Sectors non specified	Multi	1,981,974.00	1,981,974.00	910,377.00	1,071,597.00	Malawi 13/09/2002 13/09/2006	0 12/09/2002 31/12/2009
Ongoing	FOOD/2002/051-289 UOTILA Marika (Del Malawi)	MALAWI - COOPI: Improvement of farming systems through the promotion of small-holder farmers', Malawi Central region ASSOCIAZIONE COOPERAZIONE INTERNAZIONALE () Financial initiative: RIJNDERS Frank (Del Malawi) Sector: Sectors non specified	Multi	1,030,234.00	1,030,234.00	927,211.00	103,023.00	Malawi 16/09/2002 28/02/2006	0 05/08/2002 31/12/2007
Ongoing	FOOD/2002/051-290 UOTILA Marika (Del Malawi)	MALAWI - CONCERN UNIVERSAL: Njala Yatha Food Security Project CONCERN UNIVERSAL () Financial initiative: RIJNDERS Frank (Del Malawi) Sector: Sectors non specified	Multi	1,385,532.00	1,385,532.00	1,005,739.00	379,793.00	Malawi 02/09/2002 02/09/2007	0 02/09/2002 31/12/2009
Ongoing	FOOD/2002/051-291 UOTILA Marika (Del Malawi)	MALAWI - CISP: Food Security Improvement through Economic Diversification COMITATO INTERNAZIONALE PER LO SVILUPPO DEI POPOLI ONLUS () Financial initiative: RIJNDERS Frank (Del Malawi) Sector: Sectors non specified	Multi	866,224.00	866,224.00	779,602.00	86,622.00	Malawi 29/08/2002 28/06/2006	0 28/08/2002 31/12/2007
Ongoing	FOOD/2002/051-292 UOTILA Marika (Del Malawi)	MALAWI - INTERAIDE: Food Security Project in Lilongwe East and Zomba South ASSOCIATION INTER AIDE () Financial initiative: BROWN Jenny (Del Malawi) Sector: Sectors non specified	Multi	1,166,351.00	1,166,351.00	1,049,716.00	116,635.00	Malawi 20/08/2002 20/08/2006	0 20/08/2002 31/12/2007
Ongoing	FOOD/2002/051-293 UOTILA Marika (Del Malawi)	MALAWI - WORLD VISION: Malawi Food Security Project WORLD VISION UK ()	Multi	2,999,966.00	2,999,877.00	1,098,266.00	1,901,611.00	Malawi 25/09/2002 25/09/2007	0 25/09/2002 31/12/2009



List of contracts

Status	Reference Initiating operational agent	Title	Budgetline	Total cost (EUR)	EU contribution (EUR)	Paid (EUR)	RAL	Beneficiary country Starting date Due date	Reference to tende Signature date
Ongoing	FOOD/2002/051-294 UOTILA Marika (Del Malawi)	Special initiative: RUNDERS Frank (Del Malawi) MALAWI - CONCERN UNIVERSAL: Dedza Food Security Improvement Project CONCERN UNIVERSAL () Financial initiative: RUNDERS Frank (Del Malawi) Sector Sectors non specified	Multi	2,757,155.00	2,757,155.00	1,974,150.00	783,005.00	Malawi 02/09/2002 02/09/2007	0 02/09/2002 31/12/2009
Ongoing	FOOD/2003/049-046 GUNNARSSON Pierre (AIDCO C 01)	Malawi-MoU mise en oeuvre 16 millions € crise REPUBLIC OF MALAWI (Malawi) Financial initiative: RAGOUILLIAUX Agnes (AIDCO 05) Sector Sectors non specified	Multi	13,000,000.00	13,000,000.00	13,000,000.00	0.00	Malawi 07/05/2003 07/05/2008	0 07/05/2003 20/02/2008
Ongoing	FOOD/2003/058-890 GUNNARSSON Pierre (AIDCO C 01)	Malawi - Réserve financière 3M€ REPUBLIC OF MALAWI (Malawi) Financial initiative: (Del) Sector Food aid/Food security programmes	B72010B00	3,000,000.00	3,000,000.00	3,000,000.00	0.00	Malawi 07/05/2003 07/05/2007	0 07/05/2003 31/12/2005
Ongoing	FOOD/2003/069-889 BOLDUAN Ute (AIDCO G 07)	EI - POZZA - MALAWI POZZA (Italy) Financial initiative: ABADI Mirella (AIDCO G 07) Sector Sectors non specified	B72010B00	327,000.00	327,000.00	239,943.36	87,056.64	Malawi 26/08/2003 26/08/2005	0 26/08/2003 31/12/2007
Ongoing	FOOD/2003/069-990 BOLDUAN Ute (AIDCO G 07)	EI - POZZA - MALAWI habillage 5 mois POZZA (Italy) Financial initiative: ABADI Mirella (AIDCO G 07) Sector Sectors non specified	B72010B00	93,500.00	93,500.00	10,770.63	82,729.37	Malawi 25/08/2003 25/01/2004	0 25/08/2003 31/12/2007
Ongoing	FOOD/2003/070-889 BLARIAUX Dominique (Del Malawi)	Malawi-MoU mise en oeuvre LO 2001 (dernière année du PSA) REPUBLIC OF MALAWI (Malawi) Financial initiative: RUNDERS Frank (Del Malawi) Sector Food aid/Food security programmes	B72000B00	10,800,000.00	10,800,000.00	10,800,000.00	0.00	Malawi 01/09/2003 01/09/2006	0 01/09/2003 24/10/2006
Ongoing	FOOD/2005/099-565 BLARIAUX Dominique (Del Malawi)	MoU first year of multi annual food security programme 2004-6 REPUBLIC OF MALAWI (Malawi) Financial initiative: LUC Nancy (AIDCO C 05) Sector Food aid/Food security programmes	Multi	13,750,000.00	13,750,000.00	10,650,000.00	3,100,000.00	Malawi 17/09/2005 17/09/2006	0 16/09/2005 02/10/2009
Ongoing	FOOD/2005/099-928 BOLDUAN Ute (AIDCO G 07)	EI - Jeanette Edwina BROWN - Malawi BROWN (United Kingdom) Financial initiative: ABADI Mirella (AIDCO G 07) Sector Sectors non specified	21.020200	351,600.00	351,600.00	166,372.11	185,227.89	Malawi 01/03/2005 31/12/2006	0 28/02/2005 30/06/2008
Ongoing	FOOD/2005/103-090	Appointment of inspection company for quantity	21.020200	101,174.00	101,174.00	101,174.00	0.00	Malawi	0



List of contracts

Status	Reference Initiating operational agent	Title	Budgetline	Total cost (EUR)	EU contribution (EUR)	Paid (EUR)	RAL	Beneficiary country Starting date Due date	Reference to tende Signature date
	BLARIAUX Dominique (Del Malawi)	and quality control for 29 000 mt white maize procured SCANAGRI DENMARK AS (Belgium) Financial initiative: CHATAMBALALA Richard (Del Malawi) Sector Sectors non specified						14/07/2005 12/10/2005	11/07/2005 29/03/2007
Ongoing	FOOD/2005/108-183 BLARIAUX Dominique (Del Malawi)	Technical Assistance for a Microfinance Management and Monitoring Advisor AGRIFOR CONSULT SA (Belgium) Financial initiative: RIJNDERS Frank (Del Malawi) Sector Sectors non specified	21.020200	180,000.00	180,000.00	108,000.00	72,000.00	Malawi 26/09/2005 21/09/2006	0 12/10/2005 21/03/2008
Ongoing	FOOD/2005/108-184 BLARIAUX Dominique (Del Malawi)	Technical assistance for Microfinance Training Advisor SCANAGRI DENMARK AS (Belgium) Financial initiative: ERIKSSON Ingegerd (Del Malawi) Sector Sectors non specified	21.020200	84,940.00	84,940.00	50,964.00	33,976.00	Malawi 26/09/2005 24/01/2006	0 12/10/2005 24/07/2007
Ongoing	FOOD/2005/113-203 BLARIAUX Dominique (Del Malawi)	Evaluation of the Association of Smallholder Seed Multiplication Action Group (ASSMAG) AGRISYSTEMS LIMITED (United Kingdom) Financial initiative: ERIKSSON Ingegerd (Del Malawi) Sector Sectors non specified	21.020200	24,970.00	24,970.00	0.00	24,970.00	Malawi 01/02/2006 03/03/2006	0 08/02/2006 31/12/2007
Ongoing	ONG-PVD/1999/011-328 MERTENS Paul (AIDCO 06)	LINTHIPE CONSERVATION BASED RURAL DEVELOPMENT PROJECT, MALAWI SELF HELP DEVELOPMENT INTERNATIONAL (Ireland) Financial initiative: (Del) Sector Food crop production	B760001000	663,746.00	221,249.00	221,249.00	0.00	Malawi 01/01/1997 26/07/2005	0 26/01/2000 30/12/2004
Ongoing	ONG-PVD/2000/011-536 UOTILA Marika (Del Malawi)	EARLY CHILDHOOD AND COMMUNITY DEVELOPMENT PROJECT.- MALAWI KINDERNOTHILFE (Germany) Financial initiative: BROWN Jenny (Del Malawi) Sector Sectors non specified	Multi	685,200.00	500,000.00	350,000.00	150,000.00	Malawi 01/01/2001 01/01/2005	0 01/02/2001 01/01/2007
Ongoing	ONG-PVD/2001/011-710 UOTILA Marika (Del Malawi)	HYDRAULIQUE RURALE AU MALAWI-REGIONS CENTRE ET NORD ASSOCIATION INTER AIDE (France) Financial initiative: RIJNDERS Frank (Del Malawi) Sector Water supply and sanitation - large systems	Multi	1,339,062.00	1,000,000.00	900,000.00	100,000.00	Malawi 01/09/2000 31/08/2005	0 18/12/2001 31/10/2006
Ongoing	ONG-PVD/2001/011-718 UOTILA Marika (Del Malawi)	MALAWI OPHTHALMIC OUTREACH PROGRAMME THE ROYAL COMMONWEALTH SOCIETY FORTHE BLIND (United Kingdom) Financial initiative: BROWN Jenny (Del Malawi) Sector Basic health care	Multi	2,793,800.00	963,247.00	698,557.00	264,690.00	Malawi 02/01/2001 02/01/2006	0 13/12/2001 01/03/2008



List of contracts

Status	Reference Initiating operational agent	Title	Budgetline	Total cost (EUR)	EU contribution (EUR)	Paid (EUR)	RAL	Beneficiary country Starting date Due date	Reference to tender Signature date
Ongoing	ONG-PVD/2003/020-905 UOTILA Marika (Del Malawi)	HYGIENE, ASSAINISSEMENT ET APPROVISIONNEMENT EN EAU POTABLE EN ZONE RURALE DANS LES DISTRICTS DE ZOMBA, MULANJE ET CHIRADZULU, MALAWI ASSOCIATION INTER AIDE (France) Financial initiative: RIJNDERS Frank (Del Malawi) Sector: Basic drinking water supply and basic sanitation	Multi	1,003,362.00	750,000.00	675,000.00	75,000.00	Malawi 01/04/2002 01/02/2006	0 19/02/2003 01/04/2007
Ongoing	ONG-PVD/2003/020-945 UOTILA Marika (Del Malawi)	REHABILITATION FOR PERSONS WITH DISABILITIES IN MALAWI STICHTING CORDAID (The Netherlands) Financial initiative: RIJNDERS Frank (Del Malawi) Sector: Social/welfare services	Multi	1,906,894.00	750,000.00	675,000.00	75,000.00	Malawi 01/05/2003 01/05/2006	0 19/02/2003 01/05/2008
Ongoing	ONG-PVD/2004/065-398 UOTILA Marika (Del Malawi)	TA GANYA WATER AND SANITATION PROJECT - MALAWI CONCERN UNIVERSAL (United Kingdom) Financial initiative: BROWN Jenny (Del Malawi) Sector: Multisector aid for basic social services	21.020300	1,054,641.13	750,000.00	536,122.00	213,878.00	Malawi 01/10/2004 01/10/2007	0 30/07/2004 01/04/2009
Ongoing	ONG-PVD/2004/065-425 UOTILA Marika (Del Malawi)	PROJET DE SANTE DES JEUNES ET DE SANTE DE L'ENFANT DANS LES REGIONS CENTRE ET SUD - MALAWI ASSOCIATION INTER AIDE (France) Financial initiative: BROWN Jenny (Del Malawi) Sector: Basic health	21.020300	1,121,294.00	750,000.00	350,362.34	399,637.66	Malawi 01/12/2003 01/04/2007	0 31/08/2004 01/10/2008
Ongoing	ONG-PVD/2005/094-801 UOTILA Marika (Del Malawi)	Msamala Environmental Rehabilitation and Livelihoods Improvement Project, Malawi CONCERN UNIVERSAL (United Kingdom) Financial initiative: ERIKSSON Ingegerd (Del Malawi) Sector: Rural development	21.020300	982,990.00	737,242.00	150,619.80	586,622.20	Malawi 01/01/2006 31/12/2010	0 13/12/2005 30/06/2012
Ongoing	ONG-PVD/2005/094-803 UOTILA Marika (Del Malawi)	Mkhumba Boundary Communities' Livelihoods Improvement Project - Malawi CONCERN UNIVERSAL (United Kingdom) Financial initiative: ERIKSSON Ingegerd (Del Malawi) Sector: Rural development	21.020300	1,173,541.00	750,000.00	171,550.28	578,449.72	Malawi 01/01/2006 31/12/2010	0 13/12/2005 30/06/2012
Ongoing	ONG-PVD/2005/096-903 UOTILA Marika (Del Malawi)	BLOCK GRANT 2004 ASSOCIATION INTER AIDE (France) Financial initiative: ERIKSSON Ingegerd (Del Malawi) Sector: Basic drinking water supply and basic sanitation	21.020300	1,189,053.00	990,000.00	226,168.90	763,831.10	Malawi 01/09/2005 31/08/2008	0 21/12/2005 28/02/2010
Ongoing	SANTE/2005/100-350 PONS Jerome (Del	Scaling UP SRH and HIV/AIDS Services for Young People of 10-24 Years	21.020703	2,500,000.00	2,250,000.00	850,000.00	1,400,000.00	Malawi 15/12/2005	0 14/12/2005



List of contracts

Status	Reference Initiating operational agent	Title	Budgetline	Total cost (EUR)	EU contribution (EUR)	Paid (EUR)	RAL	Beneficiary country Starting date Due date	Reference to tende Signature date
	Malawi)	UNITED NATIONS POPULATION FUND (Consortium) Financial initiative ERIKSSON Ingegerd (Del Malawi) Sector Sectors non specified						15/12/2008	28/07/2010
Ongoing	SANTE/2005/100-657 PONS Jerome (Del Malawi)	Promotion of behaviour change and increase of access to sexual and reproductive health services in the rural district of Thyolo, in the south of Malawi ASBL MEDECINS SANS FRONTIERES (Belgium) Financial initiative ERIKSSON Ingegerd (Del Malawi) Sector Sectors non specified	21.020703	1,655,034.00	1,350,000.00	360,000.00	990,000.00	Malawi 01/01/2006 01/01/2009	0 19/12/2005 01/07/2010
				107,805,675.13	101,498,707.00	87,251,433.43	14,247,273.57		



Overview of contracts per sector

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UOTILA Marika

DELEG MW

Report DB last update 23/03/2006

Selection criterion (criteria)

Domain	=	DDH,FOOD,GENRE,ONG,ONG-
Status	=	PVD,SANTE
Geographical Zone	=	EC
		mw

Numbers of records = 42

Overview of contracts per sector

Sector	Number of actions	Total cost (EUR)	EU contribution (EUR)	Paid (EUR)	RAL
Basic drinking water supply and basic sanitation	2	2,192,415.00	1,740,000.00	901,168.90	838,831.10
Basic health care	1	2,793,800.00	963,247.00	698,557.00	264,690.00
Basic health	1	1,121,294.00	750,000.00	350,362.34	399,637.66
Food aid/Food security programmes	3	27,550,000.00	27,550,000.00	24,450,000.00	3,100,000.00
Food crop production	1	663,746.00	221,249.00	221,249.00	0.00
Multisector aid for basic social services	1	1,054,641.13	750,000.00	536,122.00	213,878.00
Rural development	2	2,156,531.00	1,487,242.00	322,170.08	1,165,071.92
Sectors non specified	29	67,027,292.00	66,286,969.00	58,196,804.11	8,090,164.89
Social/welfare services	1	1,906,894.00	750,000.00	675,000.00	75,000.00
Water supply and sanitation - large systems	1	1,339,062.00	1,000,000.00	900,000.00	100,000.00
	42	107,805,675.13	101,498,707.00	87,251,433.43	14,247,273.57

Annex III - Intervention Framework

Performance Assessment Framework for CABS (Common Approach to Budgetary Support)¹

No	Issue	Indicator	Baseline	Targets	Notes
1	Macro-economic stability	Macroeconomic and Fiscal Performance	NA	Being on track with IMF programme	Source: Quarterly IMF review
2	Budget comprehensiveness	Budget documents presented to Parliament cover donor funds to the Government	FY 2004/05: Lending agencies covered. Grant projects partly covered	FY 2006/07: Support from key donor agencies covered (see notes)	Source: MoF and Donors confirm that all their programme and project agreements signed with GoM are listed in the Annual Budget and that expenditures reflect donors' figures Assumption: Donors provide all the necessary information before budget preparation Definition: for FY 2006/07: World Bank (IBRD), AfDB and from HIPC, DFID, EU, Norway, Sweden, Germany, USAID, Global Funds. Possible agencies for FY 2007/08: All above covered + UN-system, JICA and CIDA
3	Budget implementation	Proportion of national budget spent on protected pro-poor expenditures (PPPEs)	FY 2002/03 =9.6%	FY 2004/05=18.9% (outturn)	Source: MoF Expenditure Report on quarterly basis. Quarterly IMF review MPRS Indicator no 23 The Funding for Corresponding HIPC AAP indicators are "Poverty-reducing expenditures are clearly defined" and "Good-quality classification of poverty reducing spending is reflected in the in-year budget reports" PPPEs comprise of personal emoluments, other recurrent transactions and development.
4	Budget implementation – Debt management	Interest payment as % of total GoM expenditure	FY 2003/04 = 25%	22.5% or less for FY 2004/05	Source: Consolidated accounts for FY 2004/05 – MoF MPRS Indicator no 20 Interest payment remains very high (25% of total expenditures). GoM is committed toward reducing interest rate payment through reduced borrowing, repayment of domestic debt and restructuring of debt. Definition: Government Interest payment on foreign and domestic debt as a % of total budget expenditures.
5	Primary Education	Pupil per qualified teacher ratio in primary school in rural areas	1: 118 (2001)	1: <104 (2005)	Source: Ministry of Education Annual Statistics Cf. MPRS Indicator no 35 (which is <i>not</i> specified for rural areas) MPRS M&E Master Plan target for end 2005 is 85 (for both rural and urban areas) Definition: number of pupil divided by number of teacher.
6	Education - Gender	Primary School Net Enrolment Rate (Male)	81% – 2001/2	90% or (+) year 2005	Source: MoF to provide data. Original statistics from MoE – EMIS related to school year 2005 starting January 2005. MPRS Indicator no 32 Definition: Net primary enrolment ratio is the ratio of the number of children of official school age (as defined by the national education system) who are enrolled in school to the population of the corresponding official school age. Based on the International Standard

¹ Following the CABS review of March 2006, a revised Performance Assessment Framework will be available end-April 2006.

No	Issue	Indicator	Baseline	Targets	Notes
					Classification of Education, 1997 (ISCED97). (UNESCO Institute for Statistics).
7	Education - Gender	Primary School Net Enrolment Rate (Female)	81% - 2001/2	90% or (+) year 2005	Source: MoF to provide data. Original statistics from MoE – EMIS related to school year 2005 starting January 2005. Definition : see no 6 – for female. MPRS Indicator no 32
8	Education - Gender	Primary School Drop Out Rate for up to Standard Five (Male)	20.68% – 2004	18.50% or (-) Year 2005	Source: MoF to provide data. Original statistics from MoE – EMIS related to school year 2005 starting January 2005. Definition : % of pupils who withdrew from school before reaching standard 5 (for male) MPRS Indicator no 33
9	Education - Gender	Primary School Drop Out Rate for up to Standard Five (Female)	23.05% – 2004	21.50% or (-) Year 2005	Source: MoF to provide data. Original statistics from MoE – EMIS related to school year 2005 starting January 2005. Definition : see no 8 - for female. MPRS Indicator no 33
10	Budget implementation - Education	(a) Education ORT outturn as % of total discretionary outturn: in relation to: (b) education approved ORT as % of total approved discretionary expenditure	N/A	(a) ≥ (b)	Source: MoF - Consolidated accounts for FY 2004/05 Definition: Protection of Educ ORTs should fiscal constraints be experienced during the FY. ORTs will not be reduced by a higher % than the average reduction on discretionary expenditure. If discretionary disbursement in general are below budget, Educ. ORTs could be lower than the budget allocation but should not be lower as a share than the discretionary disbursement. If discretionary disbursement are above budget, Educ. ORTs should move along, thus expansion should not be at the cost of Educ. ORTs. Total discretionary outturn is total outturn less total statutory outturn less total development budget part 1 outturn Total approved discretionary expenditure is total approved expenditure less total statutory approved expenditure less total development budget part 1
11	Budget Implementation - Health	(a) Health ORT outturn as % of total discretionary outturn: in relation to: (b) health approved ORT as % of total approved discretionary expenditure	N/A	(a) ≥ (b)	Source: MoF - Consolidated accounts for FY 2004/05 Definition: Protection of Health ORTs should fiscal constraints be experienced during the FY. ORTs will not be reduced by a higher % than the average reduction on discretionary expenditure. See definition for indicator 11, applied to health ORTs.
12	Health Services	Under 1 year immunisation by each antigen (BCG, Pentavalent III, Polio III, Measles)	56% (2002)	Dec 2005: 80 %	Source: HMIS. All data as of end of Sept or Dec 05 to be provided by MoF. Original statistics from MoH through HMIS, NAC and DHS. Definition: Number of children fully immunized by their first birthday during the reporting period divided by the estimated under one population for the same year MPRS Indicator no 29
13	Health – Maternal	Deliveries attended by skilled health staff	58% - 2003	59% or (+) Sept/Dec 05	Source: HMIS. All data as of end of Sept or Dec 05 to be provided by MoF. Original statistics from MoH through HMIS, NAC and DHS. MPRS Indicator no 30 MPRS indicator excludes Traditional Birth Attendance. Definition: Births attended by skilled health staff are the percentage of deliveries attended by personnel trained to give the necessary

No	Issue	Indicator	Baseline	Targets	Notes
					supervision, care, and advice to women during pregnancy, labour, and the postpartum period, to conduct deliveries on their own, and to care for the newborns. (World Health Organization)
14	Health – Access to	Out Patient Department (OPD) Utilisation Rate (per 1000 pop) in rural areas.	960 2003	980 or (+) Sept/Dec 05	Source: All data as of end of Sept or Dec 05 to be provided by MoF. Original statistics from MoH through HMIS. MPRS Indicator no 31 Definition: Out Patient Department (OPD) Utilization Rate (HMIS) with following definition: Number of OPD attendance divided by total population of the catchment area. OPD utilization rate is the total number of OPD attendance and measure the patient load in a health center and hospital OPD.
15	Health/food security – Children	Prevalence of under 5 child malnutrition	25% 1995-02	23% or (-) Sept/Dec 2005	Source: All data as of end of Sept or Dec 05 to be provided by MoF. Original statistics from MoH through HMIS, NAC and DHS. MPRS Indicator no 5 Definition: percentage of children under five years old whose weight for age is less than minus two standard deviations from the median for the international reference population ages 0–59 months.
16	HIV/AIDS	HIV prevalence among adults 15-49 age group	2003: 14.4% for age group 15-49	2004: 14.4% 2005: 14.2% 2006: 14 %	Source: HIV Sentinel Surveillance Survey MPRS Indicator no 13. Definition: Estimated number of HIV positive people divided by mid-year population among people aged 15 to 49 years expressed as a percentage.
17	Gender	Women in decision making positions	12.8% = 2004	≥13% by September 2005	Source: MoF with Ministry of Gender and Community Services data. Women in decision making positions target is 30% in 2005 (SADC target), and baseline in 2004 is 12.8 % according to Ministry of Gender and Community Services. MPRS Indicator no 12 Definition: Women in decision making positions in government sector, i.e. from P5 (Asst. Dir) to P2 (Principal Secretary) and in Parastatals (Deputy General Manager, Director or Chief Executive, Executive Secretary
18	Budget execution	Improved compliance of expenditure outcomes with original objectives	Weak internal control environment has contributed to poor expenditure management	Internal Audit Policy approved by Cabinet by September 2005	Source: FIMAG- Structural Adjustment Credit is facilitating the finalisation of this policy
19	Public Financial Management Reforms	Progress in implementing the Malawi Financial Accountability Action Plan	Limited implementation of MFAAP	Five key activities in the action plan implemented by February 2006	Source: MoF/ MFAAP Secretariat Report(s) Follow up of the MFAAP related general condition. 5 Activities from MFAAP Secretariat Work Plan Activity Matrix: 1.(a.vii): Hold stakeholders awareness workshop 2.(5ii) : Maintain a Database of PFM projects 3. (6.i) : Develop and maintain a database of all MFAAP initiatives 4. (6iv): Categorise implementation status of all MFAAP activities. 5.(6vi) : Produce monthly progress reports
20	Audited Public	An audited record of the financial	Audit reports not	NAO report on FY04/05 to	Source: Consolidated accounts for FY 2004/05 – MoF

No	Issue	Indicator	Baseline	Targets	Notes
	Account.	outturn is presented to the legislature within six months of the end of the fiscal year	produced within 6 months of each financial year	Parliament by 02/06	In line with Public Audit Act passed in August 2003. The process of public account scrutiny has suffered important delays in the past. The target is identical with IMF SMP structural benchmark no 2.3 (8 month from end of FY is a realistic target for FY04/05 given background (as opposed to 6 months in PFM act).
21	Accounting & Reporting	Share of GM bank accounts supported by bank reconciliation on a monthly basis	2002/03: 21%	40% for 2003/04, 57% for 2004/05 85% for 2005/06	Source: MoF/Accountant General's Department on a monthly basis. The corresponding HIPC AAP indicator is "Satisfactory reconciliation of fiscal and banking records is undertaken routinely"
22	Governance	More effective prosecution and prevention of corruption cases with more emphasis on grand corruption	Few Management Accountability workshops and institutional audits are currently carried out	75% of Management Accountability Workshops (MAWs) and Institutional Audits are with organisations prioritised as being at high risk of corruption. 60% of ACB recommendations following MAWs/Audits implemented by public/private. 12 MAWs and Audits conducted annually	Source: Anti- Corruption Bureau (Periodic Monitoring and Evaluation Reports, Workshop Reports, Feedback from Institutions, Audit Reports). These indicators have been extracted from the Anti Corruption Bureau Strategic Framework Annex A.
	Investigations	Specialised teams formed Investigations completed	Specialised teams operational 80 % of investigations dockets completed within 90 days of file being allocated to an officer	5 specialised teams complete 520 investigations conducted within 12 months	5 Specialised teams formed 400 investigations completed in 12 months
	Prosecutions and Legal Department	Prosecutions conducted	50 per cent of all cases completed and taken to court within 30 days of completing investigations	200 cases recommended for prosecutions in 12 months	140 cases brought to court for trial and completed in 12 months

Annex IV – Chronogramme of activities

MALAWI					(amounts in €)															
Online Help click on Aide en ligne, cliquez					FORECASTS 2006								FORECASTS 2007							
ESTIMATED DECISION DATE	PROJECT TITLE (GLOBAL COMMITMENT)	CATEGORY	AMOUNT	RISK L, M, H	1st SEMESTER		2nd SEMESTER		TOTAL 2006		ESTIMATION of RISK FACTOR FOR PAYMENTS			1st SEMESTER		2nd SEMESTER		TOTAL 2007		
					INDIVID. COMMIT. A	PAYMENTS B	INDIVID. COMMIT. A'	PAYMENTS B'	TOTAL Individ. COMMIT. A + A'	TOTAL PAYMENTS B + B'	Low L	Medium M L+M+H=B+B'	High H	INDIVID. COMMIT. C	PAYMENTS D	INDIVID. COMMIT. C'	PAYMENTS D'	TOTAL Individ. COMMIT. C + C'	TOTAL PAYMENTS D + D'	
TOTALS on NEW GLOBAL Commitments.			98,047,500		5,100,000	3,950,000	8,360,000	9,505,000	14,060,000	13,455,000	5,180,000	8,125,000	150,000	13,120,000	9,115,000	15,145,000	11,279,000	28,265,000	20,394,000	
02-2006	EMERGENCY FOOD AID PROGRAMME FOR MALAWI	PROJECT	4,800,000	L	4,800,000	3,800,000		1,000,000	4,800,000	4,800,000	4,800,000									
02-2006	MBTS Extension	PROJECT	1,580,000	L																
04-2006	NSA Capacity Buidling	PROJECT	5,000,000	L	300,000	150,000		150,000	300,000	300,000	150,000			150,000	2,120,000	710,000	1,265,000	737,000	3,385,000	1,447,000
04-2006	EPA Support Programme	PROJECT	1,600,000	L			960,000	355,000	960,000	355,000	230,000	125,000			405,000	380,000	342,000	380,000	747,000	
05-2006	INSTAP	PROJECT	7,500,000	L										4,000,000	1,000,000		600,000	4,000,000	1,600,000	
11-2006	Rural Feeder Roads	PROJECT	15,000,000	M												5,500,000	1,600,000	5,500,000	1,600,000	
11-2006	PRBS2	GENERAL BS	34,000,000	M			8,000,000	8,000,000	8,000,000	8,000,000		8,000,000		7,000,000	7,000,000	8,000,000	8,000,000	15,000,000	15,000,000	
1st Sem 2007	Land Reform	PROJECT	3,500,000	L																
2nd Sem 2007	IGPMP Phase II	PROJECT	9,487,500	L					0	0								0	0	
OTHER INSTRUMENTS (also see footnote)																				
11-2006	Food Security Programme		15,000,000																	
11-2006	Sugar National Adaptation Strategy		600,000																	
11-2006	Footnote: Budget lines - NGOs euro 5,000,000 and World Food Programme euro 3 million, plus grant contracts to be decided by AIDCO in 2006																			

Annex V- Indicative timetable for commitments and disbursements



MALAWI

EDF FORECASTS 2006 - 2007

== SUMMARY SHEET ==

(amounts in €)

PAYMENTS	FORECASTS 2006			ESTIMATION of RISK FACTOR			Low +50% M TARGET 2006	FORECASTS 2007		
	1st SEMESTER	2nd SEMESTER	TOTAL 2006	Low L	Medium M	High H		1st SEMESTER	2nd SEMESTER	TOTAL 2007
PAYMENTS on ONGOING INDIVIDUAL commitments.	37,412,608	8,079,819	45,492,427	24,376,643	13,336,689	7,779,095	31,044,988	4,532,217	1,286,271	5,818,488
PAYMENTS on NEW INDIVIDUAL commitments	6,517,169	18,942,729	25,459,898	12,958,500	4,582,928	7,918,470	15,249,964	22,733,000	28,809,500	51,542,500
PAYMENTS on NEW GLOBAL commitments	3,950,000	9,505,000	13,455,000	5,180,000	8,125,000	150,000	9,242,500	9,115,000	11,279,000	20,394,000
TOTAL PAYMENTS	47,879,777	36,527,548	84,407,325	42,515,143	26,044,617	15,847,565	55,537,452	36,380,217	41,374,771	77,754,988
%	57%	43%		50%	31%	19%		47%	53%	

INDIVIDUAL COMMITMENTS	FORECASTS 2006			ESTIMATION of RISK FACTOR			Low +50% M TARGET 2006	FORECASTS 2007		
	1st SEMESTER	2nd SEMESTER	TOTAL 2006	Low L	Medium M	High H		1st SEMESTER	2nd SEMESTER	TOTAL 2007
NEW INDIV. commit. on ONGOING GLOBAL commitments.	26,348,398	36,921,000	63,269,398	comparable to risk profile of payments (%)						
NEW INDIV. commit. on NEW GLOBAL commitments	5,100,000	8,960,000	14,060,000							
TOTAL INDIVIDUAL COMMITMENTS	31,448,398	45,881,000	77,329,398	38,950,060	23,860,661	14,518,677	50,880,391	42,265,000	42,995,000	85,260,000
%	41%	59%		50%	31%	19%		50%	50%	

GLOBAL COMMITMENTS	FORECASTS 2006			ESTIMATION of RISK FACTOR			Low +50% M TARGET 2006	FORECASTS 2007		
	1st SEMESTER	2nd SEMESTER	TOTAL 2006	Low L	Medium M	High H		1st SEMESTER	2nd SEMESTER	TOTAL 2007
TOTAL NEW GLOBAL COMMITMENTS	20,460,000	49,000,000	69,460,000	20,460,000	49,000,000	0	44,960,000	3,500,000	9,487,500	12,987,500
%	29%	71%		29%	71%	0%		27%	73%	

REDUCTION OF OLD RAL (projects decided before 2001)	FORECASTS 2006					TARGET 2006
	TOTAL 2006	ESTIMATION of RISK FACTOR				
		Low L	Medium M	High H		
DECOMMITMENTS on ONGOING GLOBAL Commitments.	2,872,112	2,385,894	78,257	207,971	2,425,013	
DECOMMITMENTS on ONGOING INDIV. Commitments.	4,893,596	2,323,643	1,676,768	893,185	3,162,027	
PAYMENTS	8,149,225	4,198,092	2,471,997	1,479,136	5,434,091	
TOTAL REDUCTIONS	15,714,933	8,907,619	4,227,022	2,580,292	11,021,130	
%		57%	27%	16%		

RAL	SITUATION on 01/01/2006		SITUATION on 31/12/2006	
	ALL PROJECTS	PROJECTS decided before YEAR 2001	ALL PROJECTS	PROJECTS decided before YEAR 2001
€ Ongoing GLOBAL COMMITMENTS	507,079,907	261,078,014	547,643,827	268,405,902
RAC	158,291,369	6,941,072	149,818,532	4,518,059
RAP	65,048,815	16,220,004	96,271,316	10,168,543
RAL	223,340,184	23,161,076	245,089,848	14,682,602
% RAL / Σ GLOBAL COMMIT.	44%	9%	45%	6%
Nbr of years to absorb RAL	4		4	

Number of EXTENSION REQUESTS on GLOBAL Commitments - 2006: **0**

N° CAT	CATEGORIES "OLD RAP"	AMOUNT	%	Nbr of Contracts	%
0	File not found / missing.	35,538	0%	1	1%
1	Ongoing valid legal commitment.	9,007,215	56%	34	38%
2	Final report awaited, incomplete or being examined.	0	0%	0	0%
3	Financial report awaited, incomplete or being examined (e.g. advance payment not yet justified).	2,153,324	13%	15	17%
4	Audit to be carried out at commission's request.	0	0%	0	0%
5	Audit completed, results being examined.	0	0%	0	0%
6	Legal dispute ongoing.	2,882,829	18%	1	1%
7	(Final payment and/or de-commitment (shortly to be) initiated in OLAS or to be requested.	1,688,863	10%	31	35%
8	Other.	88,769	1%	5	6%
	Not indicated	363,465	2%	1	1%

GLOBAL COMMITMENTS ON AVAILABLE EDF ALLOCATIONS UNTIL END 2007

SUMMARY of	AMOUNT
CUMULATED TOTAL GLOBAL COMMITMENTS on 31/12/2005	190,443,097
TOTAL NEW GLOBAL COMMITMENTS FORSEEN in 2006	69,460,000
TOTAL NEW GLOBAL COMMITMENTS FORSEEN in 2007	12,987,500
TOTAL GLOBAL COMMITMENTS	272,890,597

SUMMARY of	AMOUNT
COUNTRY ENVELOPE A & B AT 31-12-2005	265,607,181
DECOMMITMENTS OVER THE PERIOD OF 2006-2007	13,377,615
TOTAL EDF AVAILABLE COUNTRY RESOURCES	278,984,776
USE OF AVAILABLE RESSOURCES in %	98%
EDF COUNTRY RESSOURCES THAT COULD BE LOST	6,094,179

Annexe VI – Financial situation for 9th EDF projects (based on EAMR)

Project number	Project name	Global commitment 31.12.2004	Cumulated individual commitment 31.12.2004	Cumulated payments 31.12.2004	Global commitment 31.12.2005	Cumulated individual commitment 31.12.2005	Cumulated payments 31.12.2005	Actual individual commitment/Decommitments in 2005	Actual payments in 2005
9 ACP MAI 001	TA to National Spatial Data Centre	79,750	73,850	2,712		73,850	2,712	0	0
9 ACP MAI 002	Augm.Plafond 8 TPS 004	1,200,000	959,210	434,671		1,200,000	1,023,828	240,790	589,157
9 ACP MAI 003	Augm. Plafond 7 MAI 072	2,456,713	1,797,050	1,371,968		1,824,343	1,476,615	27,293	104,647
9 ACP MAI 004	Augm. Plafond 8 MAI 014	1,857,794	329,233	247,715		390,284	294,199	61,051	46,484
9 ACP MAI 005	Support for the Malawi Tripartite Elections 2004	1,990,000	1,990,000	1,890,500		1,990,000	1,890,500	0	0
9 ACP MAI 006	Study - Non State Actors	100,000	0	0		94,914	94,914	94,914	94,914
9 ACP MAI 007	Expert to Participate in IMF Review Mission	29,075	16,457	0		16,457	0	0	0
9 ACP MAI 008	Prep FP for Public Works Programme	53,700	53,000	49,105		49,105	49,105	-3,895	0
9 ACP MAI 009	TA to Forestry Dept	76,500	76,500	60,950		67,333	60,950	-9,167	0
9 ACP MAI 010	Legal Advice and Audit of Price Revision - Construction	68,000	68,000	15,843		68,000	66,843	0	51,000
9 ACP MAI 011	Technical Cooperation Facility	7,500,000	320,230	45,000		3,164,411	992,226	2,844,181	947,226
9 ACP MAI 012	Implementation of Malawi Land Reform	1,969,065	149,200	0		1,516,977	419,545	1,367,777	419,545
9 ACP MAI 013	Augmentation de Plafond Projets	1,480,000	1,326,000	0		1,478,483	858,274	152,483	858,274
9 ACP MAI 014	Rider No.4 Increase of Ceiling	5,000,000	0	0		597,765	0	597,765	0
9 ACP MAI 015	Farm Income Diversification Programme	16,200,000	0	0		581,866	503,898	581,866	503,898
9 ACP MAI 016	Improved Forestry Management for Sustainable Livelihoods	9,000,000	0	0		720,914	642,506	720,914	642,506
9 ACP MAI 017	Income Generating Public Works Programme	0	0	0	15,512,500	6,434,855	1,701,792	6,434,855	1,701,792
9 ACP MAI 018	Capacity Building - NAO Support Unit	0	0	0	3,900,000	1,072,000	309,865	1,072,000	309,865
9 ACP MAI 019	Institutional Development- AGRI Food Sector (IDAF)	0	0	0	7,970,000	0		0	0
9 ACP MAI 020	Sustainable Nutrition Rehabilitation	0	0	0	6,500,000	0		0	0
9 ACP MAI 021	Malawi Backlog Road Rehabilitation & Maintenance Prog.	0	0	0	38,000,000	0		0	0
9 ACP MAI 022	Support to National EPA Secretariat	0	0	0	0	0	0	0	0
9 ACP MAI 023	Promotion of Rule of Law & Civic Education in Malawi	0	0	0	28,000,000	0	0	0	0
9 ACP MAI 024	Poverty Reduction Budgetary Support Programme 1	0	0	0	41,500,000	38,559,935	14,760,000	38,559,935	14,760,000
9 ACP MAI 025	Emergency Food Aid Programme for Malawi	0	0	0	0	0	0	0	0
9 ACP MAI 026	Rider No.1 to FA 6228/MAI - Budget Increase	0	0	0	0	0	0	0	0
								0	0
TOTAL		49,060,597	7,158,730	4,118,465	141,382,500	59,901,492	25,147,772	52,742,762	21,029,307

N.B. The 4th Microprojects Programme is imputed under the 8th EDF (8 ACP MAI 041) but is part of the 9th EDF CSP and NIP

Annexe VII – Financial situation for ongoing 8th EDF projects (based on EAMR)

Project number	Project name	Global commitment 31.12.2004	Cumulated individual commitment 31.12.2004	Cumulated payments 31.12.2004	Cumulated individual commitment 31.12.2005	Cumulated payments 31.12.2005	Actual individual commitment/Decommitments in 2005	Actual payments in 2005
8 ACP MAI 005	Road Management Support Programme	14,400,000	11,442,792	802,858	13,808,508	1,965,161	2,365,716	1,162,303
8 ACP MAI 009	Technical Assistance to the NAO GTZ	500,000	430,960	0	430,960	0	0	0
8 ACP MAI 010	ASYCUDA Phase II	5,800,000	5,034,687	2,803,411	5,044,170	3,546,886	9,483	743,475
8 ACP MAI 011	Karonga Chilumba Chiweta Road	38,500,000	37,325,008	36,423,714	37,459,928	36,520,057	134,920	96,343
8 ACP MAI 012	3rd Microprojects Programme	21,000,000	20,575,853	2,464,187	20,575,853	2,214,311	-249,875	0
8 ACP MAI 014	Support to Health Reform Chiradzulu	14,000,000	13,970,668	13,147,824	13,995,168	13,214,847	24,500	67,023
8 ACP MAI 015	saf IV	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	0	0
8 ACP MAI 016	saf IV	36,600,000	36,531,200	36,034,143	36,521,743	36,034,143	-9,457	0
8 ACP MAI 017	saf IV	5,490,000	5,490,000	5,490,000	5,490,000	5,490,000	0	0
8 ACP MAI 020	National Blood Transfusion Service	7,800,000	4,507,876	1,987,005	5,728,468	4,099,023	1,220,592	2,112,018
8 ACP MAI 021	Golomoti Monkey Bay	19,000,000	17,725,688	11,622,304	18,252,495	14,414,698	526,807	2,792,394
8 ACP MAI 022	Public Works Programme	15,000,000	14,452,144	6,632,488	14,901,904	8,667,091	449,760	2,034,603
8 ACP MAI 024	Stabex 99 Coffee - Raw or Roasted	363,465	363,465	0	363,465	0	0	0
8 ACP MAI 025	NICE II	5,080,000	5,077,135	3,098,915	5,079,524	3,146,016	2,389	47,101
8 ACP MAI 027	Capacity Building for Economic Management	9,000,000	7,984,414	3,622,051	8,999,960	6,035,123	1,015,546	2,413,072
8 ACP MAI 029	Transfert Stabex	527,908	527,908	0	527,908	0	0	0
8 ACP MAI 030	Lakeshore Infrastructure Support	11,955,880	4,272,026	3,276,497	4,831,629	3,829,008	559,603	552,511
8 ACP MAI 032	TA to NAO	670,000	599,960	465,331	599,960	483,985	0	18,654
8 ACP MAI 035	TA Prep 9th EDF Agric	350,000	233,363	59,245	237,950	59,245	4,587	0
8 ACP MAI 041	4th Microprojects	35,000,000	6,507,070	2,764,211	21,759,908	9,257,635	15,252,838	6,493,424
TOTAL		251,037,253	203,052,217	140,694,184	224,609,501	158,977,229	21,307,409	18,532,921

N.B. The 4th Microprojects Programme is imputed under the 8th EDF (8 ACP MAI 041) but is part of the 9th EDF CSP and NIP

Annexe VIII – Financial Situation for ongoing 7th EDF projects (based on EAMR)

Project number	Project name	Global commitment 31.12.2004	Cumulated individual commitment 31.12.2004	Cumulated payments 31.12.2004	Cumulated individual commitment 31.12.2005	Cumulated payments 31.12.2005	Actual individual commitment/Decommitments in 2005	Actual payments in 2005
7 ACP MAI 003	Trypanosomiasis Control Programme	3,200,000	3,080,500	177,297	3,080,500	177,297	0	0
7 ACP MAI 020	Formation 1981-1985	836,074	555,566	88,659	555,566	88,659	0	0
7 ACP MAI 065	Social Forestry-Training and Extension	4,340,000	4,303,902	74,202	4,303,902	74,202	0	0
7 ACP MAI 069	Scholarships Programme for Social Forestry	254,000	237,566	237,566	237,566	237,566	0	0
7 ACP MAI 070	Promotion of Soil Conservation	15,500,000	14,626,182	14,626,182	14,626,182	14,626,182	0	0
7 ACP MAI 072	Support to Health Reform	18,700,000	18,540,951	14,347,052	18,536,442	15,283,472	-4,509	936,420
7 ACP MAI 094	Promotion of Rule of Law	6,375,000	6,072,720	1,541,403	6,343,326	1,655,990	270,606	114,587
7 ACP MAI 096	Population Education Programme	1,550,000	1,541,828	514,902	1,541,828	514,902	0	0
7 ACP MAI 100	Physical Assets Management	6,450,000	4,825,498	4,323,311	4,617,527	4,334,336	-207,971	11,025
7 ACP MAI 123	Inception Technical Assist. To National Food Reserve Agent	75,183	58,102	0	58,102	0	0	0
7 ACP MAI 126	Preparation of 3rd UN Conference	65,000	53,900	40,777	40,777	40,777	-13,123	0
7 ACP MAI 127	Consultancy to Assist with the Preparation of the 9th EDF	79,625	76,279	0	76,279	0	0	0
7 ACP MAI 130	Lakeshore Road Infrastructure	1,770,620	1,770,620	1,692,635	1,692,635	1,692,635	-77,985	0
7 ACP MAI 131	AUG.PLAFOND-RIDER 2	2,000,000	2,000,000	980,236	2,000,000	1,522,756	0	542,520
TOTAL		61,195,502	57,743,614	38,644,222	57,710,632	40,248,774	-32,982	1,604,552

Annexe IX – Financial situation for ongoing 6th EDF projects (based on EAMR)

Project number	Project name	Global commitment 31.12.2004	Cumulated individual commitment 31.12.2004	Cumulated payments 31.12.2004	Cumulated individual commitment 31.12.2005	Cumulated payments 31.12.2005	Actual individual commitment/Decommitments in 2005	Actual payments in 2005
6 ACP MAI 019	Social Forestry Training and Extension	500,000	478,311	478,311	478,311	478,311	0	0
6 ACP MAI 078	Road Management Support Programme	3,000,000	2,791,239	626,338	2,988,487	666,567	197,248	40,229
6 ACP MAI 087	Lakeshore Road Infrastructure Support	3,134,738	2,974,834	821,131	2,977,193	2,747,555	2,359	1,926,424
6 ACP MAI 088	Lakeshore Road Infrastructure Support	138,762	138,762	122,922	122,922	122,922	-15,840	0
TOTAL		6,773,500	6,383,146	2,048,702	6,566,913	4,015,355	183,767	1,966,653

Annexe X – Sector fiches¹

In keeping with the spirit of the Paris Declaration on Aid Effectiveness, Government of Malawi initiated a first annual Joint Programme Review (JPR) with the Department for International Development (DFID), the European Union (EU), the World Bank, German Technical Cooperation (GTZ) and Norway.

About JPR

The overall objective of the JPR was to constitute a platform for creating the conditions for more effective aid and increasing donor harmonization in Malawi. Rather than having many bilateral reviews between each donor and the government, a joint review would reduce transaction costs for the Government. It was also felt that a joint review would help to improve the mutual understanding of donor country programmes, and that the lessons of previous implementation experiences would be better fed into the next programming cycles.

As this JPR was a first of its kind, it was regarded as a pilot for future models. In keeping with the spirit of the Paris Declaration, more donor agencies should be invited and encouraged to participate in future reviews.

The Review Coordination Team (RCT) that was composed of government officials and participating donor agencies' representatives reviewed the MGDS themes and sub-themes and concluded that the pre-analytical work leading to the actual workshop would be undertaken for seven sectors, as explained below:

- a) Rural development, food security and safety nets
- b) Infrastructure
- c) Governance
- d) Trade and private sector development
- e) Education
- f) Health
- g) HIV/AIDS

The last two sectors above did not conduct a review, and reported from their last annual reviews that have taken place according to the common arrangements that already exist in these sectors.

The joint review workshop took place in 2 days. The first day, 1st March 2006 aimed to identify linkages and gaps between MGDS medium term expected outcomes, and current donor/GoM support programs. This was a technical level gathering. On the second day, 6th March 2006 sector assessments were presented to an audience composed of Hon. Ministers, Members of Parliament, Permanent Secretaries, Directors, and Heads of Donor Agencies.

There are clear and pertinent lessons from this first JPR process. A compelling conclusion was that there was need for the Government of Malawi to have clear and programmatic sector strategies as well as more obvious leadership. The second is to improve the planning process for the JPR. While the first JPR was considered a great success, the preparations for the next year's review should start earlier to allow more time for in-depth assessments and better organization. Thirdly, it was agreed to build on the current momentum towards more effective implementation of the Paris Declaration. Finally, the review highlighted the difference in the level of organization between the health and HIV AIDS, and other sectors. The government and development partners have put a lot of efforts over many years to improve aid coordination in health and HIV-AIDS.

As a way forward, the Government of Malawi is proposing to formulate a 3 year Joint Assistance Strategy (JAS) in order to address the issues summarized above.

Sector Assessments:

Governance:

In the Governance Sector, there are a multiplicity of joint programmes between GoM and donors. In the absence of one comprehensive Government strategy and coordinating institution for the Governance Sector,

¹ Executive summary of "REPORT ON THE FIRST JOINT PROGRAMME REVIEW FOR MALAWI", 22.03.2006

donors align themselves more or less strongly to existing strategies in sub-sectors (e.g. corruption, decentralisation, etc.). However, cooperation between donors in these sub-sectors is weak, and GoM does not play a strong coordinating role. Rather, it engages in separate priority setting, monitoring arrangements, etc. with each and every donor. Donors, guided primarily by the procedures and deadlines of their respective organisations, do not prioritise coordination with other development partners.

During the discussions of the Governance Review Team, it was mentioned that policies and programmes in the sub-sectors were well conceptualised, but are often not or only very slowly implemented. Various reasons were mentioned here: lack of focus on priorities and actual results, lack of performance monitoring, rewards and sanctions, as well as the neo-patrimonial nature of the state where there is a tendency towards decision-making through informal circles rather than through formal decision-making bodies (which makes Governance programmes less likely to succeed).

Despite these general shortcomings, several positive results were mentioned for the sector in 2005, most notably fiscal discipline and the fight against corruption of the current Government. Moreover, participants of the group suggested that there had been a mindset change in GoM towards good governance, realising that it is a necessary pre-condition for economic investments and thus growth. Possibly the MGDS could present a stimulus for closer cooperation between all actors in the Governance sector, serving as an overall framework for cooperation.

There is commitment on both the GoM and donor side in the Governance sector to work towards the implementation of the Paris Declaration. However, it is GoM who has to take the lead in this process.

Education

Currently all donor aid in this sector is projectised. There have been ad-hoc efforts to address the gaps existing in capacity building and technical assistance currently undermining the system. The results achieved could be summarized as follows: A basket funding mechanism being planned between DfID, CIDA and KfW/GTZ. This is intended to harmonize development partner procedures in the areas of funding, planning, monitoring, evaluating, reporting and procurement. The national process of the Primary Curriculum and Assessment Report (PCAR) is being planned and implemented jointly by the MoE, DfID and GTZ. The development of the Education Sector Strategic Plan, the National Strategy for Teacher Education and the HIV/AIDS Strategic Plan of the MoE. Within the framework of the SWAp-process in the education sector, the Education Sector Strategic Plan and TORs for the SWAp-secretariat have been developed and agreed between MoE and development partners.

Despite the sector's achievements, it is recognized that communication, planning, decision-making and use of human and financial resources could be further improved. Currently, five line ministries are heavily involved in Education activities across Malawi. However, the absence of effective co-ordination and communication is prevalent. The MoE needs to develop a comprehensive human resource strategy for all levels of the education system including the long-term technical assistance needed. Hanging policy issues underpinning the Education Sector Strategic Plan (Education Act, Book Policy, School Calendar, Language Policy, School Entry Age) need to be resolved immediately.

Infrastructure:

Infrastructure is considered vital to economic development and has a high profile in MDGS as a "theme" in its own right and as a support to other themes. MDGS has all-embracing goals with respect to infrastructure, but MDGS should be not be considered as the only guiding document for donor/partner intervention, but should be considered together with policy and legislation for each sub-section. Overall, donor/partner support has not been distributed evenly according to need over all types of infrastructure and there is no comprehensive infrastructure "plan" only infrastructure projects. Government must be given credit for moves towards liberalisation, creating of autonomous entities and concession-letting, but the overall business and investment climate is not particularly attractive to the private sector. Some improvements in regulation are necessary and utilities must be given a chance to function as business entities.

The EC and WB strategic themes of regional integration favour Malawi, but the country has to ensure it is in a position to profit and regional interconnectivity programmes should not deprive important national priorities of attention. Suggested improvements in donor/partner assistance are: more predictable funding (ideally budget support), capacity building better coordinated with government, improved sector data collection and harmonised M&E.

Rural Development, Food Security and Safety Nets

While of course there are overlaps between all of these issues there are also differences. Due to time constraints the group dealt with this 'core area' of overlap that centred on agriculture but included, to varying degrees, these other issues. The group thought that, first and foremost, the outstanding achievement of 2005 had been that GoM and donors had worked closely to successfully deal with the food crisis. Crucial to this success was the Malawi Vulnerability Assessment Committee Report – the MVAC is composed of GoM, donor and NGOs – which provided the data and analysis on which food distributions were made. A second achievement was the positive impact of the GoM fertiliser subsidy. However the group felt that the scheme could be improved and that donors should be involved in the discussions. Third was the adoption of the Food and Nutrition Security Policy in July 2005. However, there was concern and confusion as to whether the policy had been split in two and at the lack of a plan for implementation. The starting of the reform of ADMARC, the National Safety Nets Programme review and revision, and lastly, cash transfers that were been piloted by Concern Worldwide and Oxfam during the year were other achievements.

There was perceived to be no sector policy, which in turn led to fragmented donor actions. In terms of what needs to be done, the group felt that firstly, there was an urgent need for the GoM to develop a sector policy or framework (not a new policy but a consolidation of existing ones). This would be followed by all the various actors in the sector (private sector, NGOs, civil society, farmers organisations, donors and GoM) to agree their respective roles. Thirdly, there was a need to link infrastructural development to agriculture and rural development at both national and local levels. Lastly, a number of innovative ideas and new technologies, in particular smart cards, existed in Malawi that could greatly help the achievement of policy objectives in the sector. These should be investigated and piloted.

On future collaboration GoM and donors had recently agreed to the process of starting a SWAp but without prejudging the outcome.

Trade and Private Sector Development:

Trade and private sector development issues have not generally been accorded a particularly high priority in previous Government policy under the Malawi Poverty Reduction Strategy, and recent donor support to Malawi has tended to focus more on social sector development and the improvement of social outcomes, rather than tackling the underlying causes of poverty in Malawi—namely economic under-performance.

The MGDS now places clear responsibility for achievement of social outcomes and poverty reduction on raising the rate of economic growth. The private sector has been highlighted as *the* source of economic growth and therefore, it is important that adequate resources be made available to directly support measures that will improve the enabling environment for private sector-led economic growth (theme 1, sub-theme 2); improve the performance of the private sector in accessing international markets (theme 1, sub-theme 4); improve the performance of Malawi's priority sectors (theme 1, sub-theme 1); and improve the entrepreneurial environment for indigenous Malawians (theme 1, sub-theme 5).

As described above, trade and private sector development is a cross-cutting issue and while many of the thematic areas listed under the MGDS are not specifically linked with trade and private sector development, it is importance that trade and private sector development issues be mainstreamed more effectively into the activities of programmes aimed at providing support to social protection (theme 2), social development (theme 3), infrastructure (theme 4), and governance (theme 5).

Health

The Health Sector Wide Approach provides an example of good practice in joint Government of Malawi and partner working, in line with the Paris Declaration. The Ministry of Health has demonstrated its' leadership in developing a costed medium-term plan. Collaborating Partners are aligning their support to implement this plan; however there remain a number of key areas or gaps to address:

- Improvement of maternal health remains a sectoral priority
- Improvement in effectiveness and integrity of Central Medical Stores and drug supply chain through the implementation of the agreed reforms
- Investment in sector maintained & increased especially for infrastructure and equipment.

- Establishment of TA pool mechanisms, particularly for reproductive health, financial management, human resources, procurement, M&E
- Additional joint analytical work on: resource allocation formula, improving equity and accessibility, integrating vertical programs, impact of human resources programme & Service Agreements.
- Increased policy dialogue on public private partnerships
- Increased support to district health service delivery within GOM decentralisation policy
- Streamlined TWG structure and the development of district-level governance structures
- Much greater alignment of discrete donors, including UN reform

HIV-AIDS:

Following diagnosis of the first AIDS case in 1985 in Blantyre, the Government of Malawi's (GoM) response to the pandemic began gathering momentum in 1999, with the launch of the *National Strategic Framework on HIV/AIDS: 2000 – 2004* (NSF), by the President. This recognition of the need to address HIV/AIDS as a cross-cutting, developmental issue continues to be reflected in all the relevant policy documents which followed, including – the Malawi Poverty Reduction Strategy (MPRS), the Malawi National HIV/AIDS Policy (2005), and the Malawi Growth and Development Strategy (MGDS 2006 – 2010).

Donor harmonization, alignment and coordination in HIV/AIDS, is relatively well advanced. GoM and the majority of its development partners all adhere to the global principle of the “3 Ones” - One national HIV/AIDS coordinating authority (the NAC); One national action framework (the NAF); and, One monitoring and evaluation (M&E) framework (the NAC M&E framework). Under the terms of the MoU between NAC and its funding partners, NAC holds an Interim and Annual Review meeting in February and September, respectively. According to these reviews, some successful results have been achieved in the fields of prevention, treatment, impact mitigation and mainstreaming.

The foregoing notwithstanding, the national response to HIV/AIDS is still characterized by significant gaps, including shortfalls in funding for long-term support to the NAF, technical assistance in PMTCT, condoms, and STIs, within MoHs Reproductive Health Unit, policy dialogue on impact mitigation, mainstreaming, learning through operational research and a fully functioning and effective HIV/AIDS M&E system.

Annexe XI - Project fiches

Rural Development

Support to the Implementation of the Malawi Land Reform Programme

Project no	9 ACP MAI 012
Global commitment:	€ 1,969,065
Government of Malawi	€ 180,230
Disbursements	€438,521
Financing agreement	15.06.2004
Period of execution	4 years 8 months ending 15.02.2009
Implementing agency	Ministry of Lands, Housing and Surveys

Project description

In 1995, the World Bank initiated land policy reforms in Malawi as part of a structural adjustment programme. The principal purpose was to have clearly defined rights of ownership, thereby encouraging the operation of land markets and the allocation mechanism enabling innovative and progressive farmers to acquire more land. Lack of access of local communities and more specifically, of farmers to land and other productive assets, impacts negatively on their productivity, resulting in perpetuation of poverty and social exclusion.

In 2003, the government approved a new comprehensive Land Policy, the aim of which was to ensure land tenure security and a more equitable access to land. A fundamental principle of the policy is to codify the tenets of customary land law and to elevate the customary estate (customary law) to full ownership status. In addition, a comprehensive Land Bill is being developed, under the aegis of a Special Law Commission instituted in early 2003 to review all land-related legislation.

The objective of the Programme is to contribute to the sustainable use and management of land and land-based resources by strengthening the institutional framework to implement the Land Reform Programme (LRP). One of the project's main activities is to set up a Technical Land Services Secretariat (TLSS). TLSS is responsible for the development and

operationalisation of a computerised monitoring and evaluation system and a financial management system for LRP, including a system for cost recovery from land services. Some €1,300,000 is allocated under the programme for the setting up of the TLSS and a further €300,000 is allocated for the development of a computerised monitoring and evaluation system for registration and land data management. The programme also supports the establishment of an information, education and communication unit within the Ministry of Lands to increase public participation in the land reform process; it also provides student bursaries in land management aiming at helping address the acute shortage of trained and experienced land surveyors and administrators.

Project Implementation

Project implementation has been slow principally because of delay in setting up the TLSS. The Ministry decided to set up an inter-departmental committee instead of the TLSS arguing that functions of the TLSS were overlapping with those of its Department of Policy and Planning and that sustainability of the TLSS beyond the project was questionable. The inter-departmental committee did not prove workable because of human resource constraints at the Ministry of Lands. As a result, the Ministry decided to revert to the original plan of setting up a separate TLSS.

The draft Land Bill still remains to be passed by Parliament. In 2005, three regional consultative workshops, a workshop for Members of Parliament and a national conference were held to raise awareness and gather support for the Bill. Following a revision, the draft Bill is due to be presented to the Parliament in 2006.

Currently 60 students are studying at the Natural Resources College towards the Land Administration certificate. Furthermore, bursaries are provided to 15 students studying for a B.Sc. degree in Land Management at the Malawi Polytechnic and to one student at Chancellor College studying for a Masters' Degree.

€438,522 has been spent by the end of December 2005 on: technical assistance (€72,000), start up programme estimate (€19,000) and programme estimate No.1 (€347,616). Main activities under PE 1 were: bursaries for land administrators €171,812, consultative meetings with stakeholders €93,960, equipment and supplies €21,528, operating costs €17,312, crosscutting issues and sectorwide approaches workshops €44,442 and supervisory visits €6,257. A project fiche for a further three year programme has also been prepared for the period beyond June 2007.

Farm Income Diversification Programme (FIDP) – Phase 1

Project no	9 ACP MAI 015
Global commitment	Phase 1: € 16.2 million
Disbursements	€503,898
Financing agreement	31.03. 2005
Period of execution	Phase 1 - 3 years ending 15.02.2011
Implementing agency	Ministry of Agriculture, Irrigation and Food Security

Project description

The Farm Income Diversification Programme (FIDP) is a successor to PROSCARP. The PROSCARP (Promotion of Soil Conservation and Rural Production) programme started in July 1997 with the objectives of reducing land degradation and improving the nutritional status of smallholders through soil and water conservation, soil fertility improvement, water supply and sanitation. An evaluation of PROSCARP at the end of 2002 recommended an expansion of the programme to adjacent zones with more focus on crop diversification and reform of agricultural extension services.

The FIDP programme, covering 11 districts, is designed to increase smallholder farmers and rural communities incomes by teaching them to grow, market and trade a range of produce. One of the principal expected results is the development of a demand driven extension service using extension workers of the MoAFS, NGOS, farmers organisations and private companies. The programme will inter alia encourage smallholder farmers to produce and use organic fertilizer as a complement to inorganic fertilizers, livestock production and set up farmers' associations/cooperatives for marketing produce. The programme will also support the development of a market information system for rural communities; undertaking of regional and international studies to identify potential markets for fresh and processed products; training for farmers in horticulture.

Over €6.5 million will be allocated to programme activities, including capacity building and support at village level. €3.35 million will be used for operating costs (including personnel costs) and € 3.5 million for technical assistance. The programme will co-operate closely with another EC-funded project, the 'Institutional Development across the Agriculture-Food sector' (IDAF).

Project implementation

Progress has been slow, not least because the financing agreement was only signed in March 2005, some 4 months after the financing

decision. Implementation began in August 2005, with start-up activities focused on the recruitment of staff and technical assistance for the Programme Coordination unit. Some €386,946 has been disbursed to set up the programme coordination structures, sensitise stakeholders on the programme objectives and activities, and to pay for equipment purchases. €116,951 has been used to pay for TA recruited.

The Programme Steering Committee, which includes NSAs, met in December 2005 to map out strategies for programme implementation. Furthermore, sensitization meetings on the programme implementation and mechanisms for community involvement have been carried out in all the 11 targeted districts with participation of all the members of the District Executive Committees including the District Commissioners, their teams and District Agricultural Officers.

Improved Forest Management for Sustainable Livelihoods (IFMSL)

Project no	9 ACP MAI 016
Global commitment Government of Malawi	Phase 1: €9 million € 881 000
Disbursements	€642,506
Financing agreement	31.03.2005
Period of execution	6 years to 15.02.2011
Implementing agency	Department of Forestry in the Ministry of Mining, Natural Resources & Environment

Project description

Increasing demand for land and energy resources combined with worsening poverty levels has placed extreme pressure on the remaining forest areas in Malawi. The Improved Forest Management for Sustainable Livelihoods (IFMSL) Programme builds on the experiences of the GoM/EC Social Forestry Training & Extension Project, which was implemented between 1997-2003. This project was aimed at developing capacity of the Department of Forestry (DoF) to implement the National Forest Policy of 1996 focusing on participation of rural communities in forestry services.

IFMSL aims to increase household income and improved food security through more sustainable management of natural resources. The programme addresses poverty and forest degradation through promoting greater community involvement in forest management both in forest reserves and customary land, while formalising local communities' access to and control of forest resources. The programme

covers forests of major importance within 12 Districts: Nsanje, Chikwawa, Zomba, Machinga, Ntcheu, Dedza, Ntchisi, Kasungu, Mzimba, Rumphi, Karonga and Chitipa.

The programme will support the establishment of collaborative partnerships between local extension agencies, civil society and other development programmes as well as the creation of income generating activities for local communities from forest resources (including tree planting and forest rehabilitation). Local communities will also be supported through direct inputs, capacity building in the areas of technical, financial and administrative management as well as through support to marketing opportunities for their products.

Governance of key forest resources will be strengthened through: the establishment of multi-stakeholder local forums comprising District Assemblies, Traditional Leaders, community and civil society representatives, who will be in charge of developing local forest management and land use plans; conclusion of co-management agreements with 120 communities for the shared management of State Forest Reserves and protected areas; review of forestry legislation; capacity building of Regional and District staff at the Department of Forestry for decentralisation of forestry services.

Project implementation

The official launching ceremony of the programme took place in November 2005 at the Natural Resources College and a Programme Management Unit was set up in the Department of Forestry in the Ministry of Mining, Natural Resources and Environment in September 2005. Regional offices were established in Mzuzu, Lilongwe and Limbe (Blantyre). Operations in all three Regional offices also started in September with community sensitisation meetings as part of the start up phase, which ended in February 2006. A total of €642,506.26 has been disbursed so far for community development, policy and awareness, training, communication, supplies and operation.

The programme will be implemented in two phases: The first phase is of three-year duration (up to the end of 2007), while the second phase – subject to a positive evaluation of phase 1 - is expected to begin in 2009. Out of the total budget of the first phase, €3.7 million has been allocated for community development and training, €2 million for technical assistance, €1 million for supplies, and €1 million for operating costs.

Institutional Development Across the Agri-Food Sector (IDAF)

Project no	9 ACP MAI 019
Global commitment	€7 970 000
Disbursements	Nil
Financing decision	29.06.2005
Period of execution	6 years ending 30.06.2011
Implementing agency	Ministry of Agriculture and Food Security

Project Description

There is a critical need to strengthen the institutional capacities of the key GoM Ministries mandated to foster growth and development in agricultural production, processing and marketing. Also, institutions in the private/NGO sector and civil society such as farmer organizations need sustained capacity development if the acknowledged potential for growth in the national agri-food sector is to be realized.

The programme has two major components: institutional development and agribusiness development. Under the institutional development component, functions and organizational structures of the Ministry of Agriculture (MoA) will be reviewed in the context of recent Core Function Analysis, which defined the core functions of all stakeholders across the agri-food value chain. Capacity building programmes for the Ministry's staff in policy formulation and strategic planning (in support - among other areas- of the decentralisation process) will be developed and implemented on the basis of the reviewed functions. The programme, in collaboration with the recently launched Farm Income Diversification Programme (FIDP), will support development of farmer organizations, cooperatives and farmers associations to optimize production systems, market orientation and access to markets through the establishment of a forum for national farmer organisations; training and development programmes and specific programmes linking farmer organisations and agribusiness.

Under agribusiness development, institutions and support systems to promote agri-food trade and access to export markets will be developed and strengthened through the following activities: review of mandates, structures and capacities of Ministry of Trade, Malawian Export Promotion Council (MEPC) and the Malawian Investment Promotion Agency (MIPA); the development of a national strategic plan for food exports; enterprise development training programmes; the design and implementation of an

agribusiness and food industry management development programme and the promotion of appropriate processing facilities, technologies and systems for the food industry. Beyond that, systems, facilities and competent personnel will be put in place to ensure compliance with international standards, quality assurance and market accreditation for agri-food exports.

Project Implementation

There has been a delay in the commencement of programme implementation because the Ministry of Agriculture was not able to appoint a programme coordinator. The project coordinator was only appointed in mid-February 2006.

Under the overall programme budget, €3,000,000 is allocated for development of district agricultural services; €1,000,000 for the enhancement of agri-food trade; and €1,000,000 for institutional capacity development and reorganization of national agricultural services.

Implementation of the project is expected to start in April 2006. Under PE1, €1.4 m will be allocated to the following activities: core functions analysis and change management (€119,000), capacity building for MoAFS Department of Planning (€67,000), farmer organization development (€96,000), district agricultural services (€761,000), trade and standards promotion (€185,000), training equipment (€127,000) and operational costs (€167,000). The process of procuring TA is expected to be concluded at the end of April, 2006.

Sustainable Nutrition Rehabilitation Programme (SNRP)

Project no	9 ACP MAI 20
Project amount	€6.5 million
Project duration	5 years
Financing agreement	25.07.2005
Period of execution	7 years to 31.12.2012
Implementing agency	NGOs in close collaboration with the Ministry of Health and UNICEF

Background

The SNRP finds its origin in the desire to sustain the ECHO nutritional interventions initiated during the 2002/2003-food crisis in Malawi. The ECHO-funded nutrition programme which ran from June 2002 to June 2004 helped *inter alia* to develop the necessary expertise in 45 (Ministry of Health managed) Nutritional Rehabilitation Units for the treatment of severe acute malnutrition. It also facilitated the establishment

of a nationwide nutrition monitoring system. The SNRP project will ensure the continuity of the achievements of the 2002-2004 ECHO interventions (as well as the successor projects) and will complement the forthcoming Multi Annual Food Security Programme (MAFSP) for Malawi for the period 2005-2008 which foresees a specific component on nutrition. The added value of the present project lies in the high degree of integration with other more short-term initiatives as well as longer-term programmes, thus substantially contributing to linking relief, rehabilitation and development LRRD).

Project description

The SNRP provides a link between the short-term support that the European Union, other donors and the Government of Malawi have made available in order to address the current food insecurity in Malawi as well as longer-term programmes aimed at stabilizing and diversifying rural livelihoods. The programme fits into the safety net intervention framework, as its specific objective is to strengthen the ownership and capacity of local and national actors, including communities, by enabling them to recognise, respond to and adequately address malnutrition.

The expected result of the programme's national component (€1.5 million) will be to strengthen the national nutritional surveillance system, in order to provide timely information about the nutrition situation to all stakeholders. This component ensures continuance of the work currently being undertaken by Action Against Hunger (financed by the EC) in collaboration with the Ministry of Health. At community level, the project component (€5 million) is expected to contribute to the adoption of diversified household diets, improved mother and child care practices, and appropriate community based treatments for malnutrition. Up to 10 NGO projects will be supported.

Implementation

The programme is in its start-up phase and calls for proposals for both components have been launched in November 2005, both locally and internationally. All projects are due to start during the first and second quarter of 2006 and continue for up to 36 months.

Food Security

Multi-Annual Food Security Programme for Malawi

Project no	MAFSP 1999-2001
Global commitment	€ 53 million (of which €32,4 million for food security programmes and €15.6 million for NGO activities)
Disbursements	€ 45.7 million
Financing decision (for food security activities and TA)	1999/2323-2000/3478-2001/2341
Financing decision NGOs	2002/3021
End date of financing agreement	31/12/2005-31/12/2007-31/12/2009
End date of financing agreement NGOs	31/12/2009
Project duration	1999 -2009
Beneficiaries	Ministry of Agriculture, Ministry of Health, NFRA, NGOs, APIP, ASSMAG, WFP, FAO, Action Against Hunger, IGPWP

Programme description

The programme provides support for a number of safety net activities that address poverty including (i) Free distribution of inputs to poor farmers; (ii) The implementation of a public works programme (PWP) for those without land and the urban poor which was funded from both EDF and FSBL monies; (iii) The implementation of targeted nutrition programmes for malnourished vulnerable groups and (iv) The provision of direct welfare to the chronically ill, the elderly, and the chronically disabled persons. The project includes a large number of activities both on the ground and support to the Government of Malawi for capacity building. Main elements are:

- Support to the Technical Secretariat of the Joint Task Force on Food Security, attached to the Ministry of Agriculture (MoA), to support the development and implementation of the Food and Nutrition Security Policy (FNSP, which was approved by the Malawi Parliament in June 2005) and collaboration between the FSJTF/TS, the MoA, civil society and the private sector.
- Support to the FNSP Working Group to build capacity of MoA to coordinate the formulation of an integrated FNSP for Malawi.
- Support to the National Food Reserve Agency (NFRA) to manage the Strategic Grain Reserve (SGR).

- Replenishment of the SGR upon government requests.
- Support to the World Food Programme (WFP) to implement nutritional support programmes by purchasing and distributing food for most vulnerable population groups (therapeutic and school feeding programmes).

The MAFSP also supports the Smallholder Seed Multiplication Action Group (ASSMAG), its core activity being the coordination of production and marketing of improved open-pollinating varieties (OPV) of maize and legume seed. The Agricultural Productivity Investment Programme (APIP), a credit-in-kind scheme, providing fertilizer and seed to smallholder farmers. The programme also funds the international NGO "Action Against Hunger" in capacity building activities to prevent, detect and treat malnutrition. Funds are also channelled to the Food & Agriculture Organisation (FAO) for its programme on diet diversification for malnourished and HIV/AIDS affected groups. Furthermore, the programme funds 10 food security projects implemented by NGOs with the aim of improving food security through crop diversification, land care, formation of cooperatives, rural communication campaigns, small holder dairy development and livestock rearing.

Programme implementation

The €53 million global commitment includes €15.6 million for NGO activities and €32,4 million for food security programmes, for which activities are detailed in 3 Memoranda of Understanding signed between the GoM and the European Commission. The total amount of €32,4 million has already been disbursed on food security activities, while the funds already disbursed in support of NGO activities amount to €9.45 million. By the end of 2005, € 3.2 million has been disbursed on technical assistance (out of the € 5 million initially allocated) for support to NFRA, APIP and NAO as well as mid-term evaluation and audit of the programme.

2002 Emergency Food Aid

Project no	Decision 2359 -2002 emergency food aid
Global commitment	€ 16 million
Disbursement	€ 16 million
Financing agreement	2002, decision 2359
End date of the financing agreement	31/12/2006
Implementing agency	Government of the Republic of Malawi, NFRA and WFP

Programme Description

This programme was designed to help the Government of Malawi respond to the 2002 food crisis. Some € 13 million was allocated for the procurement, transport and distribution of around 30 000 MT of maize to an estimated one million suffering Malawians, especially those living in the most affected districts. Particular attention was paid to the most vulnerable households, such as single female or elderly headed households or poor families affected by HIV/AIDS. The programme also included a financial reserve of € 3 million to purchase maize in case of future emergencies.

Programme implementation

During the 2002 food crisis, 28,000 MT of maize was purchased through the programme. The €3 million financial reserve was used in 2005 to purchase 18,000 MT of maize in order to replenish the Strategic Grain Reserve.

Food Security Programme for Malawi 2004-2006

Project no	FSP 2004-2006
Global commitment	€ 45 million
Disbursements	€ 10.65 million
Financing decision	04/08/2004-Decision 6173 for € 15 million 23/12/2005-Decision
End date of financing agreement	- 06/08/2007 for decision 6173 - 31/12/2008 for
Project duration	2005 –2012
Beneficiary	Government of the Republic of Malawi

Project Description

The "Food Security Programme for Malawi 2004-20076" aims to reduce chronic food insecurity at national and household level.

The proposed programme is designed to take into account the lessons learnt from the 2002 food crisis, the recommendations of the mid-term review evaluation of the on-going Multi-Annual Food Security Programme and the chronic food insecurity situation in Malawi. The five components will aim to achieve the following objectives: (i) Improvement of the Food Security and Nutrition Policy implementation and management; (ii) More efficient management of the Strategic Grain Reserve (SGR); (iii) Improvement of the institutional capacity to set trade policy; (iv) Increase of households' farm and non-farm incomes and (v) Improvement of the nutritional status of vulnerable groups.

The programme for a total amount of €45 million, consists of a foreign exchange facility of €21.3

million and €23.7 million for special commitments. The special commitments include €3 million for technical assistance to support the following: Support to the Technical Secretariat of the MoAFS; NFRA; the NAO Support Unit in the Ministry of Finance and the Nutrition Department in the Ministry of Health. The programme also supports an analysis and monitoring system of the national food security situation. Some €5.7 million is allocated for NGO implemented projects and €0.3 million for monitoring and evaluation.

The programme will support a technical secretariat joint task force in the Ministry of Agriculture to ensure good governance in food security management and efficiently express its political, strategic and operational decisions on food security issues. In relation to the SGR, financial resources are required to replenish and maintain the stocks. The NFRA will be supported in order to maintain and improve the management of the SGR. Household farm and non-farm incomes will be enhanced through public work programmes, provision and distribution of inputs and training. The programme also covers the cost of production and distribution of nutritional products as well as the purchase of basic equipment.

Programme implementation

Two global commitment amounts of €15 million each have been committed so far. The first global commitment includes €1.25 million for technical assistance and €13.75 million for food security programmes for which activities are detailed in a Memorandum of Understanding signed between the Government of Malawi and the European commission in August 2005.

Under this MoU, €865, 005 will be allocated to support the Technical Secretariat Joint Task Force (TSJTF) at the Ministry of Agriculture, €122,708 in support of office running costs of TSJTF, over €3 million to SPRINT an Emergency Public Works Programme focusing on income generating activities and €176,614 as support to WFP.

The second global commitment includes € 1.4 for technical assistance and monitoring/evaluation, €5.7 million for NGO implemented activities and €7.9 million for food security programmes. No technical assistance has been contracted in 2005 under this programme.

NGO Projects funded from the Food Security Budget Line

Contracting party (CRIS contract number)	Title	Starting date of activities	End date of activities	EC Contribution	Amount paid by 31/12/2005	Description
1. SHMPA Shire Highlands Milk Producers Association (51285)	Smallholder Dairy Development Project	07/08/2002	07/08/2006	994,043 €	894,639 €	The project assists new farmers (especially poorer female headed households) to rear dairy cows. It also improves the viability of smallholder dairy farming through provision of training for farmers, veterinary and breeding services, input supply and credit..
2. SWET – The Story Workshop (51286)	Rural Development Communications Campaign (RDCC)	06/08/2002	06/08/2006	1,142,363 €	1,028,127 €	RDCC is a nationwide communications campaign, which facilitates information sharing among smallholder farmers on best practices for sustainable agriculture in Malawi. This is done through a popular weekly radio soap opera, radio debates and documentaries, and competitions for media and listeners on food security related issues.
3. COSPE – Cooperazione per lo Sviluppo dei Paesi Emergenti (51287)	Ngolowindo Self Help Irrigation Scheme (SHIS)	01/10/2002	31/12/2005	599,750 €	539,775 €	The project has upgraded irrigation infrastructure and facilities benefiting some 140 smallholder farmers. New crops and crop varieties were introduced and farmers were trained in cultivation techniques, business management and in marketing produce. The Ngolowindo cooperative has successfully been established as a result of this project.
4. MOVIMONDO (51288)	Mangochi Food Security and Land Care Project	13/01/2002	13/09/2006	1,981,974 €	910,377 €	The project aims at reducing dependency on fishing while promoting agriculture development and diversification. Implementation is through four farmers' associations. Activities include: provision of credit, extension services and storage facilities; technical assistance (plot preparation, fertilization); training on loan schemes management and natural resources and water management.
5. COOPI - Cooperazione Internazionale (in co-operation with COSPE and MALEZA-Malawi Enterprise Zone Association) (51289)	Improvement of farming systems through the promotion of small- holder farmers	16/09/2002	28/02/2006	1,030,234 €	927,211 €	This project provides eight farmers' co-operatives (originally farmers' associations) with fertilizer and seed on credit, identifies market opportunities for produce and processed products, and provides training on management and best agricultural practices.

6. Concern Universal (51290)	Njala Yithe Food Security Project	02/09/2002	02/09/2007	1,385,532 €	764,499 €	The objective of the project is to improve food production, environmental protection, income generation and nutritional status of rural households in the Mayani Extension Planning Area through “traditional” food security and agricultural activities.
7. Concern Universal (51294)	Dedza Food Security Improvement Project	02/09/2002	02/09/2007	2,757,155 €	1,466,861 €	The project aims to increase the agricultural productivity, income and nutritional status of some 8000 poor rural households in A Kachere, Dedza.. Activities include promoting agricultural diversification, better agricultural techniques, and nutrition education.
8. CISP (51291)	Food Security Improvement through Economic Diversification	29/08/2002	29/06/2006	866,224 €	779,602 €	The project supports entrepreneurs in peri-urban areas by providing training in business skills, giving small loans (in co-operation for example with Malawi Rural Finance, a developmental organisation) and by establishing Business Information Service Centres (BISCs). The BISCs are run by local partner CADECOM (ex CARITAS Malawi).
9. INTER AIDE (51292)	Food Security Project in Lilongwe East and Zomba South	20/08/2002	20/08/2006	1,166,351 €	1,049,716 €	The aim of the project is to increase smallholder agricultural productivity and crop diversification through provision of training on farming practices, promotion of improved varieties of crops and soil fertility technologies and provision of agricultural services.
10. World Vision UK (51293)	Malawi Food Security Project	25/09/2002	25/09/2007	2,999,877 €	1,098,266 €	The project covers selected vulnerable areas in Chiradzulu district and tackles diverse issues such as agriculture productivity and diversification, natural resources management, rural enterprise development, access to markets, HIV/AIDS and nutrition.

NGO Projects funded from the Co-financing Budget Line (Areas: Health, Water and Sanitation, Environmental Protection and Sustainable Livelihoods)

Contracting party (CRIS contract number)	Title	Starting date of activities	End date of activities	EC Contribution	Amount paid by 31/12/2005	Project Description
11. Sight Savers International (11718)	Malawi Ophthalmic Outreach Programme	02/01/2001	02/01/2006	€963,247	€698,557	The project (implemented in co-operation with the Ministry of Health) aims to reduce the prevalence of preventable and curable blindness and visual impairment. It provides eye care services to rural people, provides training for eye care personnel and improves eye care infrastructure and equipment in local hospitals.
12. STICHTING Cordaid (20945)	Rehabilitation for Persons with Disabilities in Malawi	01/05/2003	01/05/2006	€750,000	€432,736	The objective of the project is to improve the quality of life of disabled people by improving accessibility and quality of services available to them. The project is also provides organisational capacity building to the local implementing partner, MAP (Malawi against Physical Disabilities).
13. Concern Universal (65398)	T/A Ganya Water and Sanitation Project	01/10/2004	01/10/2007	€750,000	€276,039	The project's aim is to build local capacity to develop, use and maintain safe water supplies and sanitation facilities. Hygiene education in villages and schools of upper TA Ganya are also carried out.
14. INTER AIDE (65425)	Project for the Health of Youth and Children in the Central and Southern Regions	01/12/2003	01/04/2007	€750,000	€350,362	The objective of the project is to improve the health status of the rural population by targeting the youth from 15 to 24 years (on issues related to HIV/AIDS, STDs, early pregnancies) and children under five (aiming at reducing malaria, diarrhoea and malnutrition), while improving access to health services.
15. INTER AIDE (11701)	Water Supply Project- Central and Northern Regions	01/09/2000	31/08/2005	€1,000,000	€900,000	The project aimed at reducing prevalence of water borne diseases through the provision of protected and durable water points for the rural communities. The project promoted co-operation with local communities for the maintenance of water points, water usage and improvement of hygiene.
16. INTER AIDE (20905)	Hygiene, Sanitation and Provision of Potable Water in the			€750,000	€675,000	The objective of the project is the improvement of hygiene, sanitation and access to potable water in three districts in Southern Malawi by providing of support to

	Districts of Zomba, Mulanje and Chiradzulu	01/04/2002	01/02/2006			local community initiatives (drilling of boreholes, rehabilitation of water points etc).
17.Concern Universal (94801)	Msamala Environmental Rehabilitation and Livelihoods Improvement Project	01/01/2006	31/12/2010	€737,242	0	The project will build capacities of communities and local government to rehabilitate the environment and promote sustainable agricultural practices, while increasing income and improving local communities' livelihoods.
18.Concern Universal (94803)	Mkhumba Boundary Communities Livelihoods Improvement Project	01/01/2006	31/12/2010	€750,000	0	The action will support the sustainable co-management of Mulanje Mountain's natural resources by the government and local communities. It will also increase food security and income generation for local communities through environmentally friendly activities.
19.INTER AIDE (96903)	Access to safe water, sanitation and better hygiene in the central and southern regions of Malawi.	01/01/2006	31/08/2008	€90,000	0	The project aims at improving the health status of rural population by providing access to safe water, sanitation and better hygiene. The project will build on experience of two previous Inter-Aide projects (see projects 15 and 16).

NGO Projects funded from the Sexual and Reproductive Health Budget Line

Contracting party (CRIS contract number)	Title	Starting date of activities	End date of activities	EC Contribution	Amount paid by 31/12/2005	Project Description
20.MSF Belgium (100657)	Promotion of behaviour change and increase of access to sexual and reproductive health services in the rural District of Thyolo, in the south of Malawi.	01/01/2006	01/01/2009	€1,350,000	0	The overall objective of this action is to reduce HIV transmission in the rural population of Thyolo by: increasing access to services of voluntary counselling and HIV testing (VCT); increasing access to prevention of mother to child transmission services (PMTCT) in all health facilities; and raising awareness regarding sexual and reproductive health.
21.UNFPA (100350)	Scaling Up Sexual Reproductive Health and HIV/AIDS Services for Young People of 10-24 Years	01/01/2006	01/01/2009	€2,250,000	0	The project aims at improving the Sexual and Reproductive Health (SRH) of young people aged 10-24 in Malawi through increased utilisation of youth friendly sexual and reproductive health services; advocacy and community mobilisation; as well as training of youth clubs on sexual and reproductive health.

Transport and Infrastructure

Road Management Support Programme (RMSP)

Project no	6 ACP MAI 078 & 8 ACP MAI 005
Commitment	€3,000,000 & €14,400,000 respectively - Total €17,400,000
Disbursement	€14,503,885.00
Financing agreement	22.01.1998
Period of execution	3 years to 31.03.01 extended by Rider 1 to 31.3.03; Rider 2 to 31.12.05 and Rider 3 to 31.12.06
Beneficiaries	National Roads Authority (NRA); National Construction Industry Council

Project Background

In 1996, Malawi's road infrastructure was in a poor state of repair. Donors expressed an unwillingness to finance new road construction and rehabilitation until the problem of declining expenditure on road maintenance had been addressed. The Road Management Initiative (RMI) at the 8th RMI Committee meeting in June 1997 highlighted inadequate financing and institutional capacity, the poor condition of the countries road network, endemic vehicle overloading and one of the worst road safety records in the world. With EC funding, a reform package was developed that was supported by government and other leading donors. The process culminated in 1998 with the establishment of a dedicated road fund (for road maintenance) financed by a fuel levy and an implementing agency, the National Roads Authority (NRA) was set up. The RMI recognised the need to provide external support to NRA.

Project Description

The Road Management Support Programme began in 1999 to run until 2001 with the principal objective of assisting the NRA in establishing sound management and operational systems. The programme resources (total commitment of €17,400,000) was allocated as follows: Institutional Support (€3,990,000), private sector support (€1,065,000), axle load control & road safety (€2,385,000) and backlog road maintenance (€9,445,000). The balance covers audits, evaluation and contingencies (€515,000).

Project Implementation

The project implementation has been slow as evidenced by three time extensions.

Institutional Reform (€ 3,990,000) –Technical assistance (5 persons) was provided to the NRA from January 1999 to Jan 2002, with the objective of setting up sound management systems and guiding the NRA through the initial years of operations. For some of this period, and due to staffing problems within NRA, 3 of the technical assistants performed the tasks of Finance Director, Operations Director and Technical Director, deviating from a support function as originally foreseen. Some progress was made in establishing sound management and operational systems during this period. From mid-2002, a second consultancy has provided continuity of technical assistance (3 persons) to the NRA. This component also provided support for preparation of two new NRA Acts that will effectively separate the operational management and financial (Road Fund) functions. These new Acts will go to parliament in 2006. The NRA has also implemented a computerized road management and maintenance system (with links to HDM-IV- Highway Development and Management Tool-IV software) for its planning and programming function. A series of baseline road network condition surveys of the designated network has been on-going since late 2005.

Private sector capacity building (€1,065,000) – With the objective of improving private sector capacity and participation the programme provided technical assistance (2 persons) to the National Construction Industry Council (NCIC). The focus was provision of an efficient training implementation unit within the NCIC and to enhance the effectiveness of the bitumen training and production Unit (BTPU). The programme has delivered training to over 300 participants, carried out a labour market information study and skills audit of the construction sector and provided input to the NCIC 5-year business plan.

Axle load control/road safety – The principle objectives of this component are to re-construct and re-equip the countries weigh stations, and to provide targeted interventions at known road safety black-spots. The works and supervision contracts for the weighing stations at Mchinji, Mwanza, Songwe, Muloza and Balaka were awarded in June 2005. A contract for the supply of four mobile sets of weighing equipment was awarded in July 2005 with delivery in November 2005. One set of equipment is to be retained by NRA for monitoring and survey work, whilst three sets are under the management of the Road Traffic Directorate.

A series of low cost road safety designs, including traffic calming, junction improvements, signage and road painting, have been prepared

for implementation on works contracts. So far, road safety improvement works have been completed in early 2005 at one accident black spot, the busy Mbayani market area in Blantyre.

Backlog Maintenance/Rehabilitation (€9,445,000) – This component provided support to deal with some of the substantial backlog of road maintenance works. Periodic maintenance works comprising mainly resealing were completed in 2003 on road links between Balaka-Lirangwe-Mwanza, Blantyre- Lirangwe and Blantyre-Chikwawa.

Rehabilitation/construction of M1-Golomoti-Monkey Bay Road

Project no	7 ACP MAI 131, 8 ACP MAI 021 & 9 ACP MAI
Commitment	€2,000,000, €19,000,000 & €5,000,000 respectively – Total €26,000,000
Disbursement	€15,937,453
Financing agreement	28.02.2000
Period of execution	3.5 Years to 31.12.04 extended by Rider 3 to 31.12.06
Beneficiaries	National Roads Authority (NRA)

Project Description

The Rehabilitation/Construction of M1-Golomoti-Monkey Bay Road project was decided on 28.02.2000. The road serves the main fishing and tourist area of Malawi on the southern shores of Lake Malawi. The works cover two sections: Section 1 which is 30 km in length going from Masasa (on the M1) down the Rift Valley escarpment to Golomoti (on the M5); and Section 2 which is 58 km in length going along the floor of the Rift Valley from Golomoti to the junction with the Monkey Bay to Mangochi road (M10). The result will be a 90 km bituminised link between the M1 and the Mangochi-Monkey Bay Road, reduced vehicle operating costs and improved tourist access to the lakeshore area.

Project Implementation

The works commenced on 17.03.2003 with an expected completion date of 16.03.2005. Serious discrepancies in the survey information contained on the drawings were identified soon after commencement of works. This necessitated a complete re-design of Section 1, resulting in a projected increase in costs by €5 million, with the completion date pushed to November 2005. In early 2005 the contractor requested a further extension of the programme

to August 2006. The contracting authority rejected this request and the contractor abandoned the site at the end of October 2005. Some €16 million of the total global commitment of €26 million has been disbursed

With the onset of the rainy season due in November 2005, a small works contract was negotiated with a local contractor to cover emergency maintenance needs and to complete some critical outstanding works. The contract commenced in December 2005 for a period of six months. Due to the current set of circumstances, an extension to the period of validity of the financing agreement will be necessary to allow award of a works contract for completion of the project. It is expected that the tender dossiers will be approved in March 2006 with the tender procedure for works and supervision launched by April 2006.

Lakeshore Road Infrastructure Programme (LSIP)

Project no	6 ACP MAI 087 & 088; 7 ACP MAI 130 and 8 ACP MAI 030
Commitment	€3,134,738; €138,762; €1,770,620 & €11,955,880 respectively - Total €17,000,000
Disbursement	€8,381,833.
Financing agreement	12.07.2001
Period of execution	3.75 years to 31.12.05 extended by Rider 1 to 31.12.08
Beneficiaries	National Roads Authority (NRA)

Project Background

Road transport in Malawi is the most important mode for the movement of people and goods. There is, however, a build-up of backlog maintenance and continued seasonal damage caused by flooding and unpredictable hydrology. The principal aim of the programme is to re-open the Northern Transport corridor to Tanzania and provide access to the southern lakeshore areas along the M5 route. The programme also provides technical assistance to the National Roads Authority.

Project Description

The programme resources (total commitment of €17,000,000) supports

- Works on the replacement of five bridges on the main M1 and M5 roads at Dwambazi, Liwaladzi, Kasangadzi, Lisasadzi, and Kalwe; (€6,723,850)
- Rehabilitation of Mangochi – Monkey Bay road (€5,244,550) and works supervision (€1,879,800);
- Capacity development of the National Roads Authority (NRA) (€1,929,000) with the balance covering audits, evaluation and contingencies (€1,222,800).

The programme began in 2002 and is scheduled for completion on 31.12.2008. The National Roads Authority is the project supervisor. The key programme elements are design, works, supervision, training and technical assistance.

Project Implementation

The project has been the subject of one Rider extending the implementation period from December 2005 to 31.12.2008.

Replacement of Bridges (€6,723,850) - The construction of 140m dual lane composite steel

and reinforced concrete bridge across Dwambazi river and 4.2 km of road approaches including related drainage works commenced on 17.04.2002 and were completed on 30.04.2003. The road was constructed to Class I standard carriageway of 6.7m with sealed shoulders. The final inspection at the end of the maintenance period has been completed and the final acceptance certificate issued. The final cost of the works was €3,938,550.

Four bridges on the M1/M5 – A number of bridges along the M1 and M5 were damaged beyond repair due to a serious flooding in the late 1990s. Works commenced on 12.05.2004 at Liwaladzi and Kasangadzi and on 19.04.2004 at Lisasadzi and Kalwe. Works have been completed on all four bridges despite construction difficulties and site flooding during the 2004/05 rainy season. Final acceptance is expected in mid-2006. The disbursement to end December 2005 was €2,529,523.

Capacity Development - NRA (€1,929,000) – Provision of Technical Assistance (TA) to the NRA is intended to facilitate maintenance planning. The provision of support to NRA commenced on 12.10.2002 with a team comprising three engineers supported by additional short-term specialists. An important element of the work has focused on assisting NRA in its planning and programming function and has culminated in the implementation of a computerized road management and maintenance system (with links to the Highway Development and Management Tool HDM-IV). The TA also provides assistance with NRA's strategic planning, implementation of its quality management and management information systems, provision of standard contract documentation and training. The TA programme has also been instrumental in progressing the reform process that will see the National Road Authority Act of 1997 being replaced in mid-2006 with a new Bill that effectively separates the operational functions of the National Roads Authority and establishment of an autonomous Road Fund Administration.

Mangochi – Monkey Bay road (€5,244,550) – The Mangochi-Monkey Bay Road follows the M10 from Mangochi to the junction of M10 and S128 at Mangoma (51.5 km), and then on to the S128 to Monkey Bay (12 km). The road is paved, though in poor condition, with some short sections ripped and returned to gravel. Progress on preparation of the project has been slow necessitating an extension in time of the financing agreement to 31.12.2008. The contract on design of the road began in April 2005. The design was submitted to the NRA in September 2005. The road is to be constructed using recycling technology with mechanical stabilization. The works tender dossier is currently under preparation with launch expected in April 2006. Works are expected to commence in October 2006 and to last 13 months.

Income Generating Public Works Programme (IGPWP) – Phase 1

Project no	9 ACP MAI 017
Project amount	Phase 1: €15 512 500
Disbursements	€2 100 000
Financing agreement	18.07.2005
Period of execution	6.5 years ending 31.12.2011
Implementing agency	Ministry of Local Government and Rural Development

Project description

The Income Generating Public Works Programme is the successor to the successfully concluded Public Works Programme, which came to an end in July 2005. The programme aims to improve the livelihoods of targeted rural and peri-urban communities by promoting their access to labour-intensive income generating activities in road rehabilitation and maintenance, forestry and irrigation.

The activities being carried out include dry season gardening through treadle pump irrigation and provision of agricultural inputs; developing sustainable fuel wood and timber supplies; as well as upgrading and maintenance of feeder roads to improve access to rural areas.

Expected results by the end of the programme include:

- 3,240 kms of rural roads will be upgraded and 80 bridges will be rehabilitated;
- 4,050 kms of rural roads will be maintained;
- 3050 village forestry and agricultural clubs will be established;
- Approximately 27 million trees will be planted;
- Approximately 1040 water harvesting projects will be established and 6,940 treadle pumps will be supplied to local communities;
- The income earned by local communities will reach MK 698 million (approx. €4.65 million).

Project implementation

The programme is currently operational in 9 Districts of the Central Region and is expected to rollout to other 6 Districts in the first semester of 2006. A national coordinator as well as the company, which provides long-term Technical Assistance (TA) to the programme have been recruited. The programme will be implemented in two phases aiming at ensuring the scaling up of District Assemblies' involvement and their capacity to implement most of the activities themselves during the second phase of the programme (especially in the area of road maintenance). The capacity of DAs will be enhanced both through co-ordination and by

direct provision of capacity building relating to development planning and implementation.

The first Programme Estimate with a total budget of €5 million commenced in August 2005 and implementation of activities is expected to finish in June 2006. IGPWP started operating with mostly the same infrastructure and staff as its predecessor. To date, a total of 280 village forestry clubs have been trained in forest management and a total of 10 million trees have been planted; under the irrigation component, 1,080 farmers have received treadle pumps for small scale irrigation and a total of 207 village irrigation clubs have been formed, a total of 64 irrigation schemes have been developed this already exceeds the set targets under the current Programme Estimate by 60%. There has been little progress so far under the roads component due to delays in the launching of road works tenders. The current level of expenditure stands at €2.1million and this is expected to go up once road rehabilitation works commence at the beginning of the first quarter of 2006.

Activities will be identified in co-operation with District Assemblies and Village Development Committees (VDCs) in line with priorities set under the District Development Plans (DDPs). In the same context, village road maintenance, forestry and irrigation clubs will be formed, equipped, supplied with inputs, and trained in relevant techniques. This element will ensure local ownership of the programme and active involvement of local communities in the formulation and implementation of programme activities.

Cross-cutting issues, such as awareness-raising on HIV/AIDS issues and promoting the role and participation of women and youth in income-generating activities and decision-making processes in the various committees and clubs will be integrated in all different activities supported through the programme.

Poverty Reduction Budgetary Support (PRBS1)

Project no	9 ACP MAI 024
Global commitment	€41.5 million
Budgetary Support	€38.5 million
Technical Assistance	€3.0 million
Disbursements	€14.76 million
Project duration	2005 – 2010
Execution Period	October 2005 – 30 June 2010
Financing agreement	25.10.2005
End date of the financing agreement	30.06.2010
Beneficiary	Government of the Republic of Malawi

Background

Malawi has been under successive structural adjustment programmes since 1981. The EC's Structural Adjustment support started in 1993 with the overall objective of supporting the reform programmes and mitigating the impact of the existing adjustment programmes' fiscal austerity. Counterpart funds from all four programmes (Structural Adjustment Facility I to SAF IV) supported the government's recurrent account expenditures in health, education, debt repayments and road maintenance. In addition, a portion of Cross Border Initiative (CBI) counterpart funds was directed to assist the private sector.

The last budget support operation (SAF IV) covered the period 2001 to 2004. The last two tranches (totaling €15M) were disbursed in early 2004 following the completion of the first IMF PRGF review in October 2003. The SAF IV programme ended in December 2004 and the present Poverty Reduction Budget Support programme (PRBS1) was prepared in 2004/2005 to provide funding for FY 2005/2006 in the expectation that a new IMF Poverty Reduction Growth Facility (PRGF) would be in place as from mid-2005. The expectation proved to be correct. In fact, IMF approved a 3 year PRGF amounting to \$ 55 million in August 2005.

Programme description

The primary objective of macro-economic policy is to create a stable environment that is conducive to private sector growth. The EC contribution of €41.5 (including €3M for a Technical Assistance component) is to be provided in the form of direct budgetary support mainly to reduce the budget deficit after grants for FY 2005/2006. The programme will contribute to the country's foreign exchange requirements for the import of goods and services, foreign debt servicing requirements and the maintenance/build up of international reserves. The funds generated in Malawi Kwacha will also contribute to the government's programme of expanded social services, particularly in the health and education sectors.

The audit of the utilisation of SAF funds conducted in 2001 demonstrated weaknesses in public finance management. To ensure more robust public sector financial management budgeting, accounting and auditing need to be improved. The PRBS programme therefore allocates €3 million to strengthen Government Public Finance Management principally through technical assistance to the National Audit Office and in support of Monitoring and Evaluation of the MPRS (Malawi Poverty Reduction Strategy), PFM Capacity Building Activities, PFM Audit and Assessment as well as studies.

Programme implementation

The €41,5 million global commitment includes €10 million from the FLEX (Fluctuations in Export Earnings) programme. Of the €41,5 million, €38.5 million is for general budget support and €3 million for institutional support. A single amount of €14,76 million, comprising the first and second tranche, was disbursed in October 2005. The disbursement schedule is shown in the table below.

	Actual/projected disbursement	Amount (€ million)	Observations
Disbursement of first tranche (FLEX 100%)	October 2005	€ 6,76 million	Tranche released on the basis of FY2002/2003 exports statistics and disbursed for 100% of the amount due.
Disbursement of second tranche (fixed)	October 2005	€ 8,0 million	Released upon signature of the Financing Agreement between the Government of Malawi and the EC
Disbursement of third tranche (FLEX 80%)	March 2006	About € 3.2 million	This instalment represents 80% of the amount calculated on the basis of provisional export statistics for FY2003/2004
Disbursement of Fourth tranche (fixed +variable)	April 2006	Maximum € 20.5 million	The fixed tranche is €8,5 million, released so long as the IMF programme is on track. The variable tranche is a maximum amount of €12 million and dependent on Government meeting targets based on 16 selected indicators from the Performance Assessment Framework.
Disbursement of Third tranche bis (FLEX 20%)	October 2006	About € 0.8 million	This instalment represents the remaining 20% calculated on the basis of the consolidated export statistics for FY 2003/2004

The € 3 million for strengthening public finance management in the period 2005 to 2007 is tentatively allocated as follows:

PFM Capacity Building Activities	€ 1.550.000
Support to the National Audit Office	€ 450.000
Support to MPRS Monitoring & Evaluation	€ 800.000
Studies, PFM Audit/Assessment	€ 150.000
Contingencies	€ 50.000

Projects outside focal sectors

Promotion of the Rule of Law & Improvement of Justice in Malawi (RoLP)

Project no	7 ACP MAI 094, 8 ACP TPS 004 & 9 ACP MAI 002
Global commitment	€ 9,700,000
Disbursement	€ 8,825,712
Financing decision	7 th and 8 th EDF: September 1997 9 th EDF: 16 December
Period of execution	8 years to 31.12.2005
Implementing agency	Ministry of Justice

Project description

The RoLP was a pilot project designed in the late 1990s to promote the rule of law and improved access to justice in Malawi. The purpose was to strengthen and modernise the legal institutions primarily responsible for the administration of justice, resolving disputes, protecting human rights and consolidating democracy. It was the first EDF funded programme of its kind in ACP countries. The main objective was to improve the quality and delivery of justice to the citizens of Malawi. The RoLP supported both the development of human resources and management systems in the beneficiary institutions as well as their core activities.

Project implementation

The main activities began in 1999, following a first pilot work programme prepared in 1998. The operational period of the project came to an end in December 2005. The project provided considerable funding, training and resources to the beneficiary institutions. The total expenditure per beneficiary institution as well as examples of activities per institution are given below:

- Ministry of Justice (MK72,593,921): Preparation of the backlog of law revisions and publication of law reports; processing of hundreds of deceased estates cases.
- Judiciary (MK70,706,064); Refresher courses for judges and training of lay magistrates; development of court case databases; drafting and publication of the Magistrates Handbook.

- Malawi Prisons Service (MK 48,672,370): Updating of the Prisons Act, Legislation and Standing Orders in line with human rights standards; training of prison warders; establishment of a computerised prisoners' database.
- Law Commission (MK45,189,424): Review and redrafting of the Army Act, Child Rights Legislation, Legal -Education and Practitioners Act, Juvenile Justice, Land Act and related legislation.
- Law Faculty (MK23,344,432): Supporting student attachments to legal institutions; participation in moot trials; development of research projects and curriculum updating/modernisation.
- Anti-Corruption Bureau (MK21,137,922): Start-up of regional and district anti-corruption clubs and forums; workshops to introduce new methods in corruption-prone institutions.
- National Compensation Tribunal (MK15,292,250): Campaign trips throughout the country to explain the role of the National Compensation Tribunal, explain its procedures and verify and assess claims.
- National Archives (MK17,732,789): Acquisition, preservation and protection of historical and legal records; digitalisation of records accessible in a searchable database.

In some cases, monitoring and evaluation of the project was hampered by lack of reporting from the beneficiaries. At times the institutions could not implement the activities they had themselves proposed for funding. Often the cause for this was lack of sufficient capacity to carry out work plans that were over-ambitious.

Evaluations of the project concluded that its aims remain highly relevant and that investing in a system of justice which is recognised as fair, efficient and accessible, is an essential cornerstone for a thriving democracy as well as for the proper functioning of markets and private sector investment. The evaluators also recommended the expansion and reorientation of future cooperation to democratic governance and accountability as the overarching aims. With this in mind, and after a process of consultations with State and non-State stakeholders, a follow-up project was prepared, where the current RoL and civic education (NICE) projects have been combined. The €28 million Good Governance Programme Financing Agreement was signed in January 2006.

National Initiative for Civic & Voters Education (NICE) – Phase II

Project no	8 ACP MAI 025, 8 ACP TPS 092 & 9 ACP MAI 013
Global commitment	8 th EDF: €7,400,000 9 th EDF: €1,480,000 Total: €8,880,000
Disbursements	8 th EDF: €6,558,889 9 th EDF: €858,274
Financing agreements	8 th EDF: 27.7.2000 9 th EDF: 20.7.2004
Period of execution	5 years & 10 months to 31.7.2006
Implementing agency	Ministry of Finance

Project description

The National Initiative for Civic Education (NICE) was designed to help consolidate the process of democratisation in Malawi which began in 1994. Following the success of a one-year pilot project in 1999, a full-fledged second phase was designed to stabilise the social and economic development in Malawi by strengthening the capacity of local structures to both disseminate and embed the principles, values and benefits of a democratic society. Since its inception, one of the main tasks of NICE has been to contribute to voters' education and cooperate with the Malawi Electoral Commission (MEC). NICE activities are implemented through an established network of 30 district offices and 3 regional offices (Blantyre, Lilongwe and Mzuzu) with a total of some 40 district and regional officers. District officers are supported by a network of 6,000 para-civic educators that work on a voluntary basis, linking the district offices with remote rural areas.

Project implementation

The dissemination of information on policies affecting the livelihoods of local communities is an essential element of the project. All of the 10,000 solar & wind-up radios bought by the project have been distributed and around 100 radio listening clubs as well as 115 'rural libraries' have been established in remote areas of the various districts. The quarterly newspaper produced by NICE, "Tilime", has a circulation of 300,000 copies per issue and is printed in English and the 2 main vernacular languages (Chichewa and Tumbuka).

NICE resource centres are frequented by more than 500,000 people on an annual basis and the project through its decentralised implementation structure carries out on average 180 activities per month reaching around 10,000 people. These activities are in the form of adult literacy classes (specifically women's literacy classes); capacity building for organised clubs (e.g. on irrigation, women's fishing); training of young

and senior politicians as well as of traditional and religious leaders on different issues including local governance and decentralisation, human rights and rule of law, modern sustainable farming; as well as awareness raising seminars on HIV-AIDS, gender and the environment. NICE also focuses on capacity building and supports activities of local NGOs and CBOs for the design and implementation of voter and civic education activities. Of approximately €730,000 spent in the year 2005, €255,000 was spent on civic education activities, national co-ordination and other meetings, €278,500 on salaries (of all staff), €130,000 on office maintenance, €45,000 on local purchases (including material for the rural libraries), €10,300 on production of publications and other promotional material.

NICE works with a variety of international, national, local and regional partners, including the Malawi Public Affairs Committee (PAC), National AIDS Committee (NAC) and the Anti-Corruption Bureau (ACB). NICE has also partnered a number of Government ministries and departments in relation to its activities on different issues, including agriculture, water etc. NICE's District Officers form part of the District Executive Committees within the context of the Malawi's Decentralization policy. During the 6th December 2005 by-elections, MEC delegated on NICE the coordination of voter and civic education functions. MEC has also incorporated NICE officers as members of the district based Multi-Party Liaison Committees. Support for a 3rd phase of NICE is included in the €28 Financing Agreement for the Promotion of the Rule of Law and Civic Education signed at the beginning of 2006. The Financing Agreement anticipates the attachment of the project to one of the existing statutory institutions before the end of this period.

National Blood Transfusion Service

Project no	8 ACP MAI 020
Global commitment	€7.8 million
Disbursements	€3,779,815.83
Financing agreement	31 December 1999
Period of execution	6 years to 31.03.2006
Implementing agency	Ministry of Health, MBTS Trust

Project description

Against the background of a growing HIV/AIDS pandemic, the project was initiated to create a Malawi National Blood Transfusion Service with the mission of providing adequate supplies of safe blood to meet the needs of all central and district hospitals. Voluntary and unremunerated

blood donation from low risk donors is one of the key elements of the project.

Project implementation

Implementation of project activities was delayed for two years mainly due to lack of expertise by the Ministry of Health in this area, late recruitment of a Project Manager and delays in the recruitment of necessary key personnel. A MBTS Trust was finally established in August 2002, but implementation of activities started only with the arrival of the Project Manager in March 2003.

Since this time, rapid progress has taken place. In 2003, a temporary MBTS Headquarters in Blantyre was set up with offices for Finance and Administration, a laboratory, teaching and conference facilities and a Blood Donor Centre for Static and Mobile Donor Teams. Today the MBTS is a fully functional organization with some 110 staff members. The management structure of the MBTS is as follows: Project Manager, Finance and Administration Director, Medical Officer and Quality Manager.

A revised Constitution for the Trust is operational and a Parliamentary Bill has been drafted in 2005 and is awaiting approval. Once approved, the Act will ensure the sustainability of the project, mainly by guaranteeing the autonomy of the MNBTS and Government funding in support of the project. The formation of Blood Donor Association in Malawi (BDAM) has been approved and incorporated into the MBTS Trust Constitution.

The biggest successes of the project lie in the establishment of 2 temporary Blood Transfusion Centres (in Blantyre in September 2003 and Lilongwe in January 2005) and the fact that since the beginning of 2005, all 4 Central Hospitals and 80% of District Hospitals in Malawi have received 100% of their blood supplies from MBTS. Five mobile teams collect more than 2,500 units of blood per month from voluntary unpaid blood donors from low risk populations.

In 2005, the Government of Malawi requested an extension of the financing agreement for a period of three years as well as an increase of 20% to the initial global commitment (by €1.56 million) that would allow for the building of three permanent Blood Transfusion Centres in Lilongwe, Blantyre and Mzuzu. On the construction side, the design and supervision tender has been awarded and the design of the three centres completed and building sites have been identified. The launch of tenders for the works and supply of equipment is due to take place in February 2006.

Capacity Building for Economic Management and Policy Coordination

Project no	8 ACP MAI 027
Global commitment	€9,000,000.00
Disbursement	€5,431,906.36
Financing agreement	9 January 2001
Period of execution	7 years to 31.12.2007
Implementing agency	Ministry of Finance, Ministry of Economic Planning and Development, Department of Economics at Chancellor College

Project description

The project's overall objective is to build capacity for economic planning, policy formulation and financial management in the public sector. As such, the focus of the programme is on training, secondments to other countries, workshops, seminars, studies and consultancies. The purchase of equipment such as computers and the improvement of building facilities are also within the project scope. The principal beneficiaries are the Ministry of Finance and Ministry of Economic Planning and Development. The Department of Economics of Chancellor College also became a beneficiary in 2004/2005.

Project implementation

The project became operational only in June 2003 due to difficulties in establishing the Project Support Unit (PSU). As a result, the project end-date has been extended from 31.12.2005 to 31.12.2007. The €9 million has been nearly fully committed and some €5.4 million has been disbursed. The amount disbursed can be broken down approximately as follows:

- Ministry of Economic Planning and Development (MEPD) € 1,2 million
- Ministry of Finance (MoF) € 1,0 million
- Technical assistance to the NAO Support Unit (part of the MoF) € 0,6 million
- Extension to the MoF building to house the NAO Support Unit (Works completed Dec 2005) € 0,3 million
- Department of Economics of Chancellor College (DOECC) € 0,3 million
- Project Support Unit (PSU) running costs (including Technical Assistance) € 1,3 million
- Project Common Activities € 0,4 million

-Project Set-Up € 0,3 million

As concerns the Ministry of Economic Planning and Development, about a half of the expenditure has been for training. This ranges from sending officials abroad to pursue postgraduate studies, to carrying out induction and refresher courses for economists, and office skills training for secretaries. About a third of the expenditure has been on studies and consultancies such as the African Peer Review Mechanism study and the preparation and further development of the Malawi Poverty Reduction Strategy (MPRS). For the Ministry of Finance, the expenditure pattern is somewhat similar. Under the training component, the MoF has sent some 20 officers on short-term secondments to Tanzania to gain practical experience on topics ranging from budgeting and financial monitoring to treasury operation and debt management. The MoF studies carried out range from a study on expenditure monitoring and accounting for the Medium-term expenditure Framework (MTEF), to training needs assessment for the Accountant-General's Office. As concerns the DOECC, about half the expenditure has been for the construction of a library and computer room and the purchase of furniture. The remainder has been spent on various aspects of teaching and research programmes.

GoM/EU Microprojects Programme (4th MPP)

Project no	8 ACP MAI 041
Global commitment	€ 35,000,000
Disbursements	€ 9,503,362
Financing agreement	17.03.2003
Period of execution	5 Years to 30.6.2008
Implementing agency	Ministry of..

Project Description

Consecutive Microprojects Programmes (MPPs) have been implemented in Malawi since 1995, completing over 1,700 projects up to 2003. Following the success of previous programmes, a 4th MPP started being implemented in 2003 with field activities starting in early 2004. The objective of the programme is to provide basic social infrastructure facilities. The programme, operating in support of the National Decentralisation Programme (NDP), responds to diverse community needs in the following areas: education, health, community development, water and sanitation, production and income generation, environment and agriculture.

Micro-project grants can be for up to 75% of the total cost of the project, matching the efforts and resources of communities who provide land, labour and locally available materials. The maximum grant for a microproject is the equivalent of € 300,000; however, most grants are for much smaller amounts in accordance with communities' capacities and own resources. MPP links communities, Community Based Organisations (CBOs) and local government structures (District Assemblies-DAs, Village Development Committees) in respect to the formulation of proposals evaluation of micro-projects, implementation and supervision.

MPP 4 differs from previous MPPs in that it places increased emphasis on community sensitization, mobilization and capacity building. Construction of facilities (such as school blocks and health centres) is complemented by initiatives promoting education and health services such as adult literacy classes, community education on hygiene etc. aiming at further increasing the positive impact on local communities.

The programme operates country-wide. The Programme Management Unit is based in Lilongwe and there are new regional offices in Lilongwe, Balaka, Mzuzu and Blantyre. Local communities apply directly to regional offices or through the District Assemblies.

Project Implementation

Due to reviews, restructuring of the programme management unit as well as the establishment of MPP regional structures and an extended period of recruitment, programme start-up was delayed for over a year. Despite the late start-up, the programme supported implementation of 334 micro-projects in 2004/05. These projects, in all districts of Malawi, consisted of 153 school classroom blocks, 76 teachers' houses, 6 health infrastructure projects, 75 water supply projects, and 25 bridges. A comprehensive management information system is currently being installed to enable comprehensive analysis of expenditure by MPP both sectorally as well as geographically. In 2005, MPP spent about € 3.8 million directly on projects as well as programme support. Approximately, € 250,000 was spent during 2005 on technical assistance in the areas of general programme management as well as Finance.

The revision to the MPP Financing Agreement first presented in 2004, provides for a phased increase in cooperation with local partners (such as CBOs) and development planning structures (including DAs and VDCs), supported by capacity building activities of the programme. Those activities aim at strengthening the roles and functions of the above mentioned stakeholders in the identification and implementation of local development projects. The revision to the FA was finally approved in late 2005, much later than envisaged and

halfway into the implementation period of the programme.

In 2005, the programme financed district level information seminars and orientation of the DA District Training Teams (DTTs) in MPP procedures. The DTTs will train project committees at the local level thereby improving community participation in the local development process.

An increased number of projects have been approved for 2005/06, which include the construction of 144 school blocks (including supply of 9,736 desks), 75 teachers' houses, 12 health and medical infrastructure facilities, 373 sanitation structures, 74 water supply projects, 50 bridges, and 2 road projects. The programme will also extend support to 29 agriculture and income-generating activities, including beekeeping, fish farming, afforestation and irrigation schemes.

The continued huge demand from communities for development assistance prompted MPP to launch a Call for Proposals for NGOs, CBOs and FBOs in 2005. As a result, in the beginning of 2006 grant contracts for microprojects were awarded to 23 development partners amounting to € 1.65 million.

Technical Co-operation Facility

Project no	9 ACP MAI 011
Global commitment	€7.5 million
Disbursement	€1,006,014
Project duration	4 years
Financing agreement	26.06.2004
Period of execution	4 years to December 2008
Implementing agency	Ministry of Finance

Project description

Malawi's 9th EDF NIP amounts to €276 million (A Envelope) and is focused on transport, agriculture and natural resources (focal sectors) and good governance as a non-focal sector. The country also benefits from budget support. External aid, most of which comes from the European Commission and EU Member States, accounts for close to 38% of the country's overall national budget and 80% of its development project.

The programme aims at facilitating the implementation of the 9th EDF National Indicative Programme. The programme provides:

a) A Technical Assistance Facility (TAF) – a facility for the engagement of short to medium-

term consultants to assist in the main phases of the project cycle, in particular, project identification and design, preparation and assistance with tender procedures as well as evaluation, monitoring and audits. The allocation of this component is €6 million.

b) Training Support for Projects and Programmes (TSPP) – financing of various educational activities such as seminars or awareness raising activities e.g. a project cycle management or EDF procedures for stakeholders identified in the NIP prior to and during the formulation of a project or programme; The allocation of this component is €0,4 million.

c) Conferences and Seminars (CS) – these include: i) training activities for ACP officials and/or Non-State Actors on topics related either to the priorities of the ACP-EU Partnership Agreement (democracy, trade, environment etc) or to EDF or other EU administrative and financial procedures; ii) participation by ACP officials or non-state actors in international meetings or seminars on development and trade themes. The allocation of this component is €0,56 million.

Project implementation

Some €1, 869,865 of the €6 million under the Technical Assistance Facility (TAF) has been committed in 2005. Consultants were engaged under two separate contracts for the project identification and design of the next phases of (i) the Rule of Law (RoL) programme and (ii) the National Initiative for Civic Education (NICE) programmes (total value €167, 710). Consultants were also engaged for the designing of (iii) the Technical Assistance component of the budget support programme (PRBS1 - €40,712), (iv) to carry out a feasibility study for the establishment of a National Civil Registration system (€63,300) and (v) to design a media software package for the Malawi Investment Promotions Agency (€17,800). The remaining 11 contracts under this component are service contracts covering evaluations, audits and assessments for various institutions and programmes i.e. the TA to the National Food reserve Agency (€77,500), MAGIC (€185,000), the Buildings Department (€198,400), to the Ministry of Local Government and Rural Development, Local Authorities (€199,925) and to the Road Traffic Authority (€430,430); Experts to assess PFM in Malawi (€65,494); TA for Capacity building on Gender Advocacy (€87,902); TA towards further implementation of the Capacity Building Programme on Economic Management and Policy Coordination (€895, 520).

Of the €0,4 million under the Training Support for Projects and Programmes (TSPP), no commitments were made in 2005.

Some €204,650 of the €0,56 million under the Conferences and Seminars has been committed in 2005. Under this facility, several GoM officials attended the 11th UN Congress on Crime Prevention and Criminal Justice in Bangkok (€23,650); other GoM officials attended the 2005 WTO Ministerial Meeting in Hong-Kong (€62,097) as well as in-country seminars and conferences including a national symposium and a few awareness workshops under the National Export Strategy whose Programme Estimate total value is €245,000.

Capacity Building for NAO Support Unit in the Ministry of Finance

Project no	9 ACP MAI 018
Global commitment	€ 3,900,000
Disbursements	€309,864
Financing agreement	18 June 2005
Period of execution	4 years to 17 June 2009
Implementing agency	Ministry of Finance

Project description

In 2005, the European Commission disbursed some €43 million of European Development Funds in Malawi. A further €12 million was disbursed under the Multiannual Food Security Programme (MAFSP). Apart from an amount of €14,76 million which was disbursed to the Government of Malawi in the form of budgetary aid, the rest of the funds disbursed were in the form of contracts, with the Government of Malawi in the person of the NAO (National Authorising Officer) as the contracting authority. In Malawi, the NAO is the Secretary to the Treasury, who reports to the Minister of Finance. To facilitate the work of the NAO in the management of European Commission aid, a NAO Support Unit was set up in 2003 within the Planning and Information Section of the Debt and Aid Management Division of the Ministry of Finance. The Director of the Debt and Aid Management Division reports to the Secretary of the Treasury. The current project is aimed at building capacity at the NAO Support Unit to take a lead role in the preparation, implementation and monitoring of GoM-EC joint development programmes and to enable more effective and timely disbursement and management of European Commission funds. Furthermore, the project is aimed at strengthening co-operation and dialogue between Government of Malawi, the EC and Non-State Actors as well as between the Ministry of Finance, NAO Support Unit and Line Ministries on different issues related to GoM-EC

development co-operation. In this context, a number of co-ordination meetings took place between the above-mentioned stakeholders in 2005.

Project Implementation

The NAO Support Unit is structured as follows: Under the Head of Unit there are three Divisions, the Accounts and Administration Division, the Project Operations Division and the recently established Economics/Dialogue/NSAs and Cross-cutting issues Division. The Project Operations Division is responsible for EDF and Food Security Budget Line Operations. It is divided in three sections: Agriculture/Food Security/Natural Resources; Transport/Infrastructure; Good Governance (and other sectors).

The first programme estimate (work programme) for an amount of €1,072,000 began on 01.09.2005 and is due to run to 31.08.2006. The activities to be financed are:

- Provision of technical assistance to the NAO Support Unit;
- Recruitment and staff training for efficient implementation and monitoring of EDF programmes;
- Periodic meetings between Ministry of Finance, Ministry of Economic Planning and Development, Line Ministries, EC and other donors on preparation/revision of key policy documents and reports (including Country Strategy Paper, National Indicative Programme and Joint Annual Report);
- Information and co-ordination meetings with Non-State Actors (NSAs).

ANNEX XII – Counterpart Funds

Overview Counterpart Funds Delegation Malawi as at 31 December 2005					
Counterpart funds Food Security Delegation Malawi					
Name account/programme	Bank Account Number	Name bank	Currency	Amount	EUR equivalent
EC Food Aid (Food Aid)	0141140260100	National Bank of Malawi	MWK	10,295,951.17	70,498.97
Comm. Of European Com (Food Aid)	0112440930400	National Bank of Malawi	MWK	723,955.24	4,957.10
EC/MW Food SC.Progm (EU Food Security Programme)	001300343220806	Reserve Bank of Malawi	MWK	40,367,457.44	276,543.08
EU FOOD SECU. PROGRAM (Multi Annual FS Programme 2002-2004)	001300343220824001	Reserve Bank of Malawi	MWK	77,998,877.98	534,077.94
EU/GOM FD SECU 04-06 (MOU First Year FSP for Malawi 2004-2006)	001-300343-MWK-2208-28	Reserve Bank of Malawi	MWK	29,537,878.14	202,253.28
Counterpart funds STABEX Delegation Malawi					
Name account/programme	Account number	Name bank	Currency	Amount	EUR equivalent
STABEX 1987/1989 / STABEX ACCOUNT	300-343-2041-06	Reserve Bank of Malawi	MWK	793,875.03	5,435.86
STABEX FMO 1990/1991 / STABEX	0112140313300	National Bank of Malawi	MWK	1,364,387.60	9,342.31
STABEX FMO 1994 / EU 1994 STABEX ACC	0141140262300	National Bank of Malawi	MWK	52,696.15	360.82
STABEX FMO 1994 / EU 1994 STABEX ACC	0112140262300	National Bank of Malawi	MWK	189,197.41	1,295.48
STABEX FMO 1995 / 1995 STABEX TRANSFERS	0141140986401	National Bank of Malawi	MWK	9,751,694.22	66,772.30
STABEX FMO 1995 / 1995 STABEX TRANSFERS	0112140986400	National Bank of Malawi	MWK	1,965,016.23	13,454.96
STABEX FMO 1996 / 1996 E.U STABEX TRANSFERS	0141141449001	National Bank of Malawi	MWK	21,604,206.42	147,929.44
STABEX FMO 1996 / 1996 E.U STABEX TRANSFERS	0112141449000	National Bank of Malawi	MWK	12,856.93	88.03
STABEX FMO 1998/1999 / 1998/1999 STABEX TRANSFERS	0141141778300	National Bank of Malawi	MWK	80,105,004.24	548,499.11
Overview Euro denominated funds Delegation Malawi as at 31 December 2005					
Euro denominated funds Food Security Delegation Malawi					
Name account/programme	Bank Account Number	Name bank	Currency	Amount	
Reserve Bank of Malawi (EU Food Security Programme)	400878307800	Commerz Bank	EUR	3,699,138.44	
EC GOM 2002 FOOD AID FXD A (EU/GOM Emergency Food Aid 2002)	301-0103473-55	ING-Bank	EUR	73,775.59	
EX GOM EMERGENCY FOOD AID 2002 (EU/GOM Emergency Food Aid 2002)	301-0103408-87	ING-Bank	EUR	2,241,106.62	
EU/GOM Emergency Food Aid 2002	301-0103408-87-EUR	ING-Bank	EUR	UNKNOWN *	
EC MALAWI MUTUAL FOOD SEC PROG XEU (Multi Annual FS Programme 2002-2004)	301-0004988-25	ING-Bank	EUR	3,927,705.22	
FOOD SECURITY ACCOUNT (Multi Annual FS Programme 2002-2004)	301-0010409-14	ING-Bank	EUR	105,558.48	
Food Security PRGME (MOU First Year FSP for Malawi 2004-2006)	001-300343-EUR-2208-01	Reserve Bank of Malawi	EUR	8,151,104.74	
Euro denominated funds STABEX Delegation Malawi					
Name account/programme	Account number	Name bank	Currency	Amount	
STABEX FMO 1990/1991 / MW GOVERNMT STABEX ECU	291-1141573-77	Fortis	EUR	53,480.06	
STABEX FMO 1994 / MALAWI GOVERN STABEX 94	291-1134398-80	Fortis	EUR	1,460,061.17	
STABEX FMO 1995 / MALAWI GOVERN STABEX 95	291-1140410-78	Fortis	EUR	988,731.83	
STABEX FMO 1996 / MALAWI GOVERN STABEX 96	291-1141240-35	Fortis	EUR	802,039.15	
STABEX FMO 1998/1999 / MALAWI GOVERN STABEX 98	291-1123679-31	Fortis	EUR	171,262.70	
STABEX FMO 1998/1999 / COMMISSION EUROPEENNE STABEX	642-0029523-36	BBVA	EUR	912,024.73	
* The Reserve Bank of Malawi of Malawi is until now unable to give statements of one ING account related to the Emergency Food Aid 2002 programme.					

Annexe XIV – EIB projects

MALAWI : EIB's Active Loan Operations as at 31.12.2005													
Loans from the Bank's Own Resources													
Loan No	Project	Convention	signed on	Status	Interest rate	Subsidy rate	Sector	Amount signed	Amount disbursed	Amount cancelled	Amount outstanding	1st repayment	last repayment
13748	MALAWI ESCOM II	Lomé 3	12/19/1988	Disbursed	5.15	3.00	TRANSPORT SOUS HAUTE TENSION	3,000,000.00	3,000,000.00		341,316.63	5/15/1992	11/15/2006
20510	SUCOMA SUGAR	Lomé 4 bis	3/16/2000	Disbursed	7.10	-	FABRICATION DE SUCRE	6,500,000.00	6,500,000.00		4,166,560.46	9/10/2004	3/10/2015
Loans from Risk Capital Resources													
Loan No	Project	Convention	signed on	Status	Interest rate	Subsidy rate	Sector	Amount signed	Amount disbursed	Amount cancelled	Amount outstanding	1st repayment	last repayment
70281	MALAWI - CAPITAL HOTEL	Lomé 2	7/6/1982	Disbursed	2.00	-	HOTELS AVEC RESTAURANT	3,000,000.00	2,492,653.30	507,346.70	1,138,430.30	7/5/1986	7/5/2007
70504	DWANGWA SUGAR CORPORATION II	Lomé 2	12/11/1984	Disbursed	2.00	-	FABRICATION DE SUCRE	3,500,000.00	3,492,372.77	7,627.23	2,821,138.73	9/30/2005	9/30/2009
70646	LILONGWE WATER SUPPLY PROJECT	Lomé 3	2/17/1987	Disbursed	2.00	-	APPROVISIONNEMENT EN EAU POTABLE	2,500,000.00	2,500,000.00		1,923,134.62	11/30/2008	11/30/2012
70766	MALAWI ESCOM II	Lomé 3	12/19/1988	Disbursed	2.00	-	TRANSPORT SOUS HAUTE TENSION	8,000,000.00	6,175,970.75	1,824,029.25	1,386,867.85	11/15/1994	11/15/2008
70813	BLANTYRE WATER SUPPLY	Lomé 3	5/17/1990	Disbursed	2.00	-	APPROVISIONNEMENT EN EAU POTABLE	1,500,000.00	1,500,000.00		550,200.00	5/10/1996	5/10/2010
70864	MALAWI FOR PRODUCT. ENTREP.	Lomé 4	12/20/1991	Disbursed	1.53	-	PRETS GLOBAUX	6,500,000.00	6,500,000.00		209,000.00	12/15/1996	12/15/2009
70867	BLANTYRE WATER SUPPLY PROJECT	Lomé 4	12/20/1991	Disbursed	3.00	-	APPROVISIONNEMENT EN EAU POTABLE	8,000,000.00	8,000,000.00		3,630,400.00	12/15/1997	12/15/2011
70934	MALAWI ESCOM III	Lomé 4	12/22/1993	Disbursed	2.00	-	CHUTE	15,000,000.00	15,000,000.00		9,076,499.93	12/15/2000	12/15/2013
71064	LILONGWE WATER SUPPLY II	Lomé 4	11/22/1996	Disbursed	-	-	APPROVISIONNEMENT EN EAU POTABLE	15,000,000.00	15,000,000.00		15,000,000.00	11/20/2012	11/20/2016
71125	GL FOR PRODUCTIVE ENT. II - A	Lomé 4 bis	10/23/1998	Disbursed	1.11	-	PRETS GLOBAUX	6,930,000.00	3,306,180.00	3,623,820.00	2,198,306.85	9/30/2003	9/30/2013
71127	GL FOR PRODUCTIVE ENT. II - C	Lomé 4 bis	10/23/1998	Disbursed	-	-	PRETS GLOBAUX	3,000,000.00	2,165,487.35	834,512.65	2,062,368.23	9/30/2011	9/30/2013
20511	SUCOMA SUGAR	Lomé 4 bis	3/16/2000	Disbursed	3.00	-	FABRICATION DE SUCRE	7,175,971.00	3,219,758.00	3,956,213.00	2,927,082.00	3/10/2005	3/10/2015
20512	SUCOMA SUGAR	Lomé 3	3/16/2000	Disbursed	3.00	-	FABRICATION DE SUCRE	324,029.00	324,029.00		284,574.76	3/10/2005	3/10/2015
21412	MALAWI BLANTYRE HOTELS	Lomé 4 bis	12/19/2001	Signed	4.87	-	HOTELS AVEC RESTAURANT	4,000,000.00	2,000,000.00		1,873,800.00	3/31/2005	9/30/2016
Mandat European Commission													
Loan No	Name	Convention	Evolution	Signed on				Amount signed/approved (EUR)	Amount disbursed (EUR)	Amount cancelled (EUR)	Amount outstanding (EUR)	1st repayment date	last repayment date
80010	NIKULA FALLS II HYDROELECTRIC	Lomé 1	VERSE	10/29/1977				8,500,000.00	8,500,000.00		3,614,200.00	4/15/1988	4/15/2017
80107	BLANTYRE INDUSTRIAL AREA	Lomé 1	VERSE	10/23/1981				3,205,000.00	3,106,476.61	98,523.39	1,772,246.01	3/1/1992	9/1/2021
80187	LIRANGWE-MWANZA-MOZAMB.ROAD	Lomé 2	VERSE	3/1/1985				10,000,000.00	867,056.16	9,132,943.84	571,476.71	3/31/1995	9/30/2024
80237	SMALL SCALE ENTERPRISE - II	Lomé 2	VERSE	3/13/1987				1,800,000.00	1,798,164.55	1,835.45	1,329,023.52	9/1/1997	3/1/2027
80238	BLANTYRE - LIRANGWE M1 ROAD	Lomé 3	VERSE	3/13/1987				10,000,000.00	4,960,634.95	5,039,365.05	3,629,696.59	9/1/1997	3/1/2027
80322	DWANGWA-NKHATA BAY ROAD	Lomé 2	VERSE	11/7/1990				13,332,000.00	12,636,566.81	695,433.19	10,527,523.82	1/1/2001	7/1/2030

Annex XV – EPA Questionnaire

1. Give your assessment of Malawi's level of preparation in order to take part in trade and EPA negotiations.

a) technical capacity of ministries concerned

Malawi's level of preparation for the EPA negotiations remains closer to the lower end of the scale as opposed to the more advanced. In 2005, the momentum with regards to the EPA process, has shown signs of slowing down especially with regard to the run up to the recent WTO negotiations. Other bilateral trade agreements, particularly with neighbouring countries, have also taken precedence in the Government of Malawi's agenda. On a more positive note, all these 'parallel' developments are welcomed initiatives as WTO compatible EPAs promote south-to-south trade in the first place. Furthermore, increased integration at regional level can only be an encouraging indication of a successful EPA.

The technical capacities of the Ministry of Trade and Private Sector Development (MoTPSD) are lower than would be preferred, an apparent factor not specific to the Ministry of Trade alone. Inter-ministerial as well as inter-institutional linkages, especially between the MoTPSD and the Ministries of Finance and Economic Planning & Development, is another area which needs strengthening if the EPA negotiations are to take on a more focal role on the national development agenda.

b) existence of national strategies concerning trade and regional integration

Malawi's external trade policy is oriented towards diversification of both products and markets. Malawi therefore continues to follow both the COMESA and SADC regional agendas and roadmaps. Malawi therefore participates to both the ministerial and the technical regional forums and remains an active member in both organisations. Malawi is negotiating the EPAs under the ESA regional grouping and the internal debate with regards to which configuration Malawi should negotiate under, continues to lean towards the Eastern and Southern Africa (ESA) configuration as opposed to the SADC grouping. This is mainly attributable to the fact that Malawi hopes to increase its trade flows with the COMESA region. Furthermore, it is in the GoM's view that the (COM)ESA secretariat is seen as more dynamic and efficient when compared to that of the SADC region. This being said, Malawi remains very interested in the SADC agenda, given the very important weight of South Africa in terms of trade flows with Malawi and also, with regard to the geo-political weight South Africa holds. Malawi therefore wishes to further explore the complex nature of the regions existing arrangements, mainly the Southern Africa Customs Union (SACU) and the SA-EC Trade and Development Cooperation Agreement (TDCA), and the implications these arrangements would have on Malawi in the longer term.

c) open dialogue with relevant stakeholders from the private sector and civil society

The Ministry of Trade and Private Sector Development, along with other relevant stakeholders from the private sector itself, have placed EPAs high on their development agendas. Non-State Actors and civil society continue to place much emphasis on the DDA, however it is evident that an increased number of associations and networks are becoming more aware, interested and indeed more willing to effectively participate in the EPA negotiating process. This has been realised mainly through the multi-sectoral representation and structure of the NDTPF. Such representation should in turn ensure that a broader stakeholder

perspective (opinions and interests), with regards to the country's long-term development agenda, impresses on Malawi's national EPA position. It is noted that although consultations on EPA have been wide and extensive, involving private sector, civil society at large, the views which are carried forward by the GoM to the regional level, reflect the points of views of a handful of stakeholders.

As for EPA-related media attention, Malawi has not suffered much negative coverage in this regard, especially when compared to other countries in the region.

d) establishment and functioning of a national EPA negotiations committee

Malawi's National Development and Trade Policy Forum (NDTPF) has been established since July 2004 and is encompassed in the already existing Trade Policy National Working Group (TPNWG). The mandate of the TPNWG is to look at all issues relating to the country's Trade Policy. The group already has a wide representation of stakeholders across the board, from government officials, private sector, academia, civil society and non-state actors. Therefore, at this stage, the main concern for the NDTPF is not so much with regards to the existence of wide consultation and discussion forums, but more towards 'effective participation.'

The NDTPF is responsible for producing briefs on the EPA process, collecting views and positions with regards to the EPA from across the sectors, nation-wide, and consolidating these into a national position. The NDTPF works in conjunction with the GoM in achieving this main objective.

2. Give your assessment of the Government of Malawi's level of implication in regional integration and in taking part in its regions EPA.

a) to what extent does Malawi's position reflect stakeholder opinion and interests in a long term development perspective?

What has transpired through the regular and extensive consultative meetings of the NDTPF is that the major issues of interest to Malawi is for the EPA to address supply-side constraints and improve on existing market access through enhanced knowledge of Sanitary and Phytosanitary requirements, technical barriers to trade and rules of origin. Therefore, one of the pre-occupations in the sub-committees of the NDTPF (which represent stakeholders across the board), is to identify Malawi's capacity development needs which are then captured in the national EPA position paper vis-à-vis the Malawi Growth and Development Strategy.

b) How does Malawi view the negotiating process and does it have confidence in the role played by the relevant regional organisations in these negotiations?

Malawi has attended all Regional Negotiating Fora (RNF), regional Preparatory Task Force (RPTF) meetings and general meetings under the ESA group. The notion of the EU trying to obtain concessions under the EPA negotiations which it wouldn't be pursuing under the WTO negotiations unfortunately still surfaces every so often.

The overall sentiment on regional organisations in these negotiations (ESA in this regard) is that most member states do not come readily prepared for the fora mentioned above and therefore continue to state that there is need for further studies and analyses to be carried out as far as regional positions are concerned. In 2005, with regard to the six negotiating clusters, development, agriculture, market access, fisheries, trade in services and trade related issues, Malawi had developed (and elaborated on) draft position papers in the fisheries and market access sectors. On

the contrary, Malawi has great confidence in the administration of the EPA process by the COMESA secretariat.

With regard to enhancing the EPA negotiations process, it would appear that the main area of focus for Malawi should be that of increasing ownership of the entire process at a national level.

- c) Are there any technical or political obstacles that might prevent a better implication of the Government of Malawi in regional integration and the EPA process?

The major obstacle in terms of regional integration has been Malawi's dual regional membership and more importantly the current delays being experienced in terms of the regional integration agenda for both COMESA and SADC. Human resources capacity constraints are also a main obstacle in this regard.

3. As Malawi has benefited from an impact study and national seminars on the effects of an EPA,

- a) In the Government's perspective, have these delivered the information and recommendations expected and have they been useful in identifying relevant opportunities and problems that could influence a country's position vis-à-vis the EPAs, as well as what economic integration initiatives or reforms would be necessary to support and/or optimise the results of the EPA process?

Malawi's (EPA) Impact Assessment Study (IAS) was finalised in September 2004 (and approved by the ACP PMU in November 2004). There is still much debate on whether the country has benefited from this study and whether the recommendations offered were practical and relevant in terms of what Malawi's approach to the negotiations process should be. It is felt that the findings of the IAS were too general to assist Malawi in position making for the EPA negotiations. The recommendations on developmental issues and agriculture in particular are not specific and not detailed enough. There is general consensus that there is need for further and more in-depth analysis in this regard.

The GoM has outlined the following in terms of areas needing further analysis and exploration; Research work (development of sectoral position papers, including impact assessment studies which incorporate cross-cutting issues); Training (intensive training of EPA negotiators and stakeholders in negotiating and analytical skills, training of negotiators and stakeholders on the Cotonou Agreement and in WTO trade policy, training of trainers, short-term attachments); Advocacy and Consultation (Consultative meetings, awareness workshops, round table discussions – both TV and radio and production and distribution of information leaflets).

- b) Have the studies/ seminars proposed concrete actions/ support measures and what is the country's (government, private sector) position vis-à-vis those support propositions?

The impact study has an extensive list of proposed studies, seminars and training sessions to be carried out in the context of the EPAs, none of which have been implemented as of yet. The Government of Malawi (GoM), through the NDTPF, has stressed that most of the activities are programmed under the forthcoming EC funded project, support to the EPA National Secretariat.

- c) Highlight the current support to Malawi's EPA preparation efforts including other donor's cooperation.

There will be a €1.5 million GoM-EC EPA related project under the 9th EDF NIP (a 3 year programme). The main objective of this project will be to support the activities of the NDTPF and its secretariat. The Financing Proposal is currently awaiting final approval from Brussels, HQ.

Other areas of EC trade related interventions cover a broader spectrum of Trade Related Assistance, extending to trade facilitation, dissemination of information on SPS, institutional capacity building and initiatives which directly target the focal sectors of the Malawi – EC Country Strategy. All these indirect trade related activities total an average of €10 million, covering the years 2002 to 2007. In terms of past EPA related programmes, the only one to note is the funding of the IAS through the Intra-ACP Facility (€150,000), which was completed in November 2004.

Overall coordination with regard to Trade Related Assistance (both GoM and development partners) mainly takes the channel of the local Task Force of the Integrated Framework (main areas of involvement captured in the activity matrix of the Diagnostic Trade and Integration Study (DTIS)). The GoM is in the process of formally requesting that the EC Delegation become the donor facilitator to the IF process in Malawi. Although the EPA is on the agenda as one of the priority initiatives in this regard, becoming donor facilitator to such a process could assist in pushing the agenda of the EPA whilst at the same time engaging GoM and development partners in an increased level of EPA-related dialogue. There has been an attempt to prioritise the activities of Malawi's DTIS Action Matrix. Assessing the linkages between these priorities and the EPA negotiations process could be another step towards increasing the portfolio of the EPAs.

4. Identify any bottlenecks or serious blockages in our ongoing programmes.

The main areas of concern with regard to the programmes highlighted above are (i) internal (EC/EDF) procedures with particular regard to timing, and (ii) human capacity constraints, both at national and at Delegation level.

Another area which could be addressed is that of increasing internal sensitisation on the EPAs. Specific courses on how to further integrate EPAs into ongoing and/or foreseen focal sector programmes could be designed.

5. Indicate as a consequence, what additional regional integration, trade and trade-related assistance needs to be undertaken or programmes in each country's NIP, taking into account the capacity of absorption and implantation of the proposed implementing partners.

- Continued positive sensitisation and wider consultation on EPAs will therefore be essential part of the forth coming programme under the 9th EDF NIP, which will mainly support the activities of the National Development and Trade Policy Forum.
- The issue of human capacity constraints faced by the lead EPA Ministry in Malawi, the Ministry of Trade and PSD is also another crucial area which needs to be addressed. However, this is a long-term objective which in terms of timeframe, is not within the period for negotiations on the EPAs.