



Malawi Government

Ministry of Finance
National Authorising Officer
Support Unit

(NAO-SU)





Publication by

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Editorial

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Design & Print © 2011

Corporate Promotions Ltd
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November 2011

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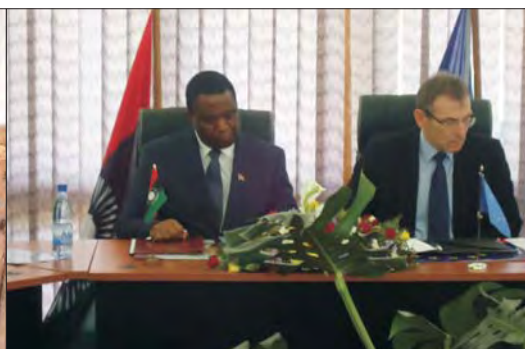
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Front page
Chikwawa - Nchalo - Bangula Road (Site Meeting)



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FIDP Phase II launch
National Authorizing Officer Support Unit (NAOSU)



Foreword

In our quest as a National Authorizing Officer Support Unit (NAOSU) to better engage with the general public, development cooperating partners, Non State Actors, the media and other departments and agencies of the Government, we resolved to come up with a summarized booklet of our activities. The main aim is to enable our immediate stakeholders to understand our roles, responsibilities and activities to improve predictability and expectations so as to curtail delays in transactions.

This publication endeavors to summarize the role of the National Authorizing Officer Support Unit in identification, coordination and implementation of the European Development Fund supported initiatives and its relationship to the Ministry of Finance, in general and the Debt and Aid Management Division, in particular. Secondly, the publication will summarize the different aid modalities that Malawi has entered into with the European Union by looking at the project overheads, financial information and objectives and sectors where the projects are located and implemented.

Additionally, this publication is part of the visibility initiative partly to fulfill our acquiescence with the European Union which finances the European Development Fund in Malawi since 1976. On the other hand it is imperative that the nation at large is aware of the NAO-SU's existence and mandate so as to better account the Unit to its mandate.

It is a precarious venture to try to summarize undertakings of the magnitude of the EU-Malawi aid cooperation because a too summarized write-up will leave out information which is important on one hand, whilst too much detail on the other hand will result into a bulky and unreadable document. But start we will and we have. In the end summarized readable information is better than the other two options. With time the publications will be more streamlined with a specific target audience in mind.

On behalf of the Minister of Finance, the National Authorizing Officer, let me use this opportunity to thank the European Union for their continued support to the Malawi Government which has clocked 35 years since 1976. The development assistance has been increasing steadily over the years, with the current Country Strategy Paper/ National Indicative Programme (CSP/NIP) worth approximately €495 million. Furthermore, tangible results have been achieved on the ground which have transformed peoples' livelihoods tremendously throughout the country.

It is my sincere hope that one or more of the above aims have been achieved through the production of this booklet. Let us join hands to further develop Malawi.

Madalo Mungapoti Nyambose
Head of Unit (NAOSU).



Background

Development cooperation between the European Union (EU) and the countries of the African, Caribbean and Pacific Group of States (ACP), to which Malawi belongs, dates back to over 50 years ago. Although bilateral relations have always been and still remain one of the main features of modern development cooperation, it was the Treaty of Rome (1957) which first established a collective European development policy that provided for the creation of a European Development Fund (EDF) intended to grant technical and financial assistance to the countries which were still under European rule at the time. The development cooperation has evolved over the years through the Yaounde' Agreements (1963, 1969) & the Lome' convention (1975) and the Current Cotonou Agreements (2000).

The EU opened its first office in Malawi in 1976, and has been implementing programmes / projects under the European Development Fund (EDF) since then. The European Development Fund is currently in its 10th Cycle with a budget of over €22.7 billion globally. In Malawi, some projects from the 8th & 9th EDF are still being implemented, and/or are in their closure phases.

The partnership agreement between Malawi and the European Union (EU) was signed in 1975 under the Lome' 1 Convention.

The NAOSU is a bonafide part of the Debt and Aid Management Division (DAD) in the Ministry of Finance. The DAD is the main agent of Government responsible for managing foreign aid and public debt portfolios. The division was created in 1997 and it brought under one umbrella all the debt and aid management functions which were previously performed by various Government Departments and agencies such as the Accountant General, Ministry of Economic Planning and Development, Ministry of Finance, Ministry of Foreign Affairs and the Reserve Bank of Malawi. The division has four Units and the NAOSU is part of the Resource Mobilization Unit.

PROGRAMMING OF EU AID ASSISTANCE.

The European Union is established in accordance with the Treaty on European Union. There are currently 27 member states of the Union. It is based on the European Communities and the member states cooperation in the fields of Common Foreign and Security Policy and Justice and Home Affairs. The five main institutions of the European Union are the European Parliament, the Council of Ministers, the European Commission, the Court of Justice and the Court of Auditors.

The European Union is a major player in international cooperation and aid. It is also the world's largest humanitarian aid donor. Today the European Community has political and financial responsibility for over 11% of the world's public aid (ODA), compared with 5% in 1985. The primary aim of the EC's own development policy, agreed in November 2000, is the eradication of poverty. To enhance its impact, the EC is targeting its assistance on six priority areas: trade and development; regional integration and cooperation; support to macroeconomic policies and equitable access to social services; transport; food security and sustainable rural development; institutional capacity building, good governance and the rule of law. In addition to these core areas, important crosscutting issues are being mainstreamed into development activities namely: human rights, gender equality, environment and conflict prevention (more



information can be found at <http://europa.eu/>).

The EU is one of the world leaders in development cooperation and it deals with the African, Caribbean and Pacific (ACP) bloc which has 78 states, including Malawi. The Cotonou Partnership Agreement (CPA 2000) and its revised versions are the instruments which guide the aid cooperation between the EU and the ACP states. The CPA is centered on the common objective of reducing poverty consistent with the goals of achieving economic and social development and gradual integration of the ACP countries into the world economy. EU Aid is channeled through a Country Strategy Paper, where it is aligned to the development objectives and strategies of the host country. The CSP is developed based on the country's own development objectives and strategies (for example Malawi Growth Development Strategy).

The CSP is prepared by the ACP State concerned and the EU following consultations with a wide range of actors in the development process including civil society organizations. In the context of Malawi, the current CSP is applicable from 2008 to 2013. From the CSP a National Indicative Programme (NIP) is identified and this outlines the overall objectives, specific objectives and results that the intervention is seeking to address or achieve in the specified sectors. From these documents, then broad Financing Agreements (FAs) are drawn and prepared using rules, regulations and procedures of the EU, in line with those of the host country. It is from the Financing Agreements that project documents like Programme Estimates (PEs) are developed (12 to 18 months' budgets). These play the role as the means of implementing the FA and the NIP and the CSP. Other modalities include procurement of Services, Works and Contracts, Grants through Call for Proposal and Administrative/ Contribution agreements with other donors. The current PE for NAOSU is PE number 2 valid from 01 February, 2011 to 31st January, 2011.

In summary, the mandate of the NAO-SU is to facilitate and enhance:

- Effective Joint cooperation between Government and EU ;
- Effective project preparation, implementation and monitoring;
- Effective partnership between the EU, Government and Non State Actors (NSAs);
- Effective project preparation, implementation and monitoring.
- Contractual, administrative and financial management of EU projects;

The National Authorizing Officer (NAO) is the Minister of Finance and Development Planning, but he delegates his role to deputy NAOs who then administer the coordination of all EU funded programmes/projects through the NAOSU. In the current set up the deputy NAO include the Secretary to the Treasury, Director (DAD), Deputy Director (Resource Mobilization) and the Head of Unit who is also Assistant Director from the Division. The EU operates a locally based European Union Delegation, headed by the Head of Delegation (who is also the EU Ambassador to Malawi) and is supported by a team of experts who ensure that correct procedures are followed when Malawi submits her request for funding to the main EU Headquarters in Brussels.

The NAOSU is a Contracting Authority for all EU Direct Decentralised Operations/Projects in Malawi.

OVERVIEW OF EU DEVELOPMENT ASSISTANCE IN MALAWI

The EU opened its office in Malawi in April, 1976 and from that time until May 2003; the operations were handled by a Desk Officer in the Ministry of Finance. However the processing of payment orders, contracts, tenders were handled by the EU Delegation.



The first Country Strategy Paper (CSP) in Malawi was from 2003- 2008, with a budget of Euro 276 million. The NAOSU was established in September 2003 and the EU delegation transferred some of its responsibilities to the National Authorizing Officer's Support Unit (NAOSU) in 2004.

The current Country Strategy Paper (CSP) is from 2008 – 2013 with a budget of Euro 480 million. The overall 10th EDF bilateral development aid to Malawi amounts to €495 million which is made up of €480 million “envelope A” and €15 million “envelope B”. This is approximately 50 % increase from the “9th EDF allocation. The emphasis is on food security and agriculture (€125 million), regional interconnection (€70 million) and general budget support (€234 million). The three allocations together represent 85 % of the “envelope A” thus indicative of a higher level of emphasis, than in the previous EDFs. Among the non-focal sectors (€ 66 million in total) the emphasis is on good governance and regional trade integration.

Graphical Presentation of Financial Allocations from 7th to 10th EDF

As depicted in the graphical presentation below, the EU assistance has been growing steadily over the years. The Graph below has sampled the EU Allocations to Malawi over a 20 year period from 1992 - 2013. For instance, the 7th EDF in 1992 to 1996 had a commitment of approximately €124 million. However, almost twenty years down the line, in the 10th EDF allocation has almost quadrupled that of 1992 at approximately €500 million.

There are three main implementation modalities for EDF resources, and these include:

- Projects through Programme Estimates and Specific Commitments (PMU/PIU);
- Budget Support
- Grants

Figure a : EU Assistance in Malawi

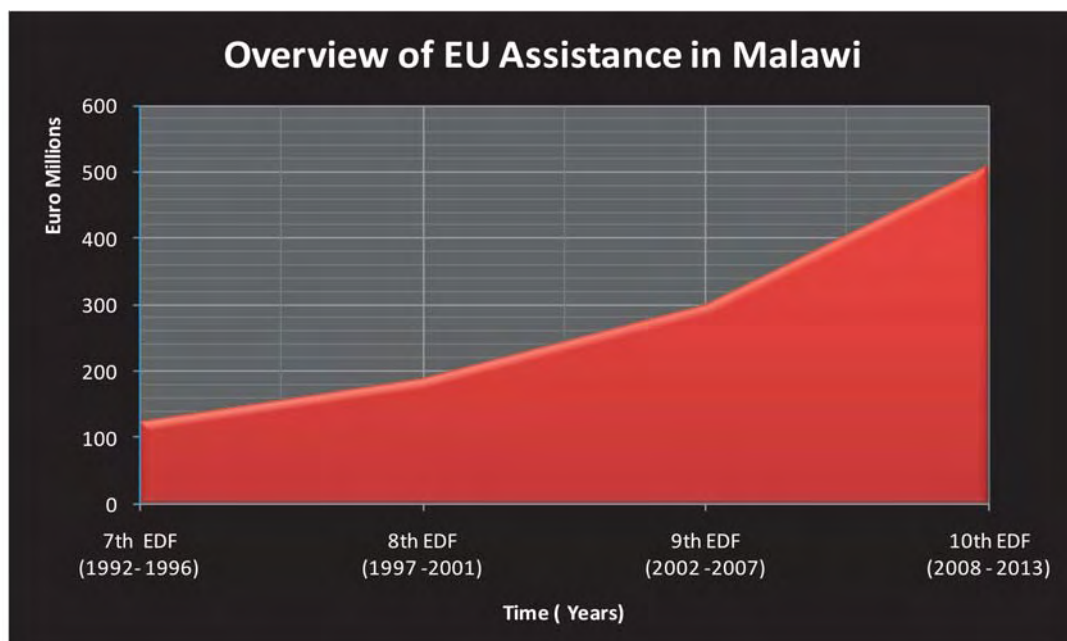




Figure 1a, shows the rising trend of the volume of EDF development assistance from 1992 to date. This shows that the EU is committed to fulfilling its role as a development partner to Malawi as agreed in the partnership agreements signed in Cotonou, 2000. Additionally, the increase in development assistance also goes to show that the EU has growing confidence in Malawi's development strategy which has the ultimate goal of poverty reduction.

Figure 1b: Global Allocation for Malawi

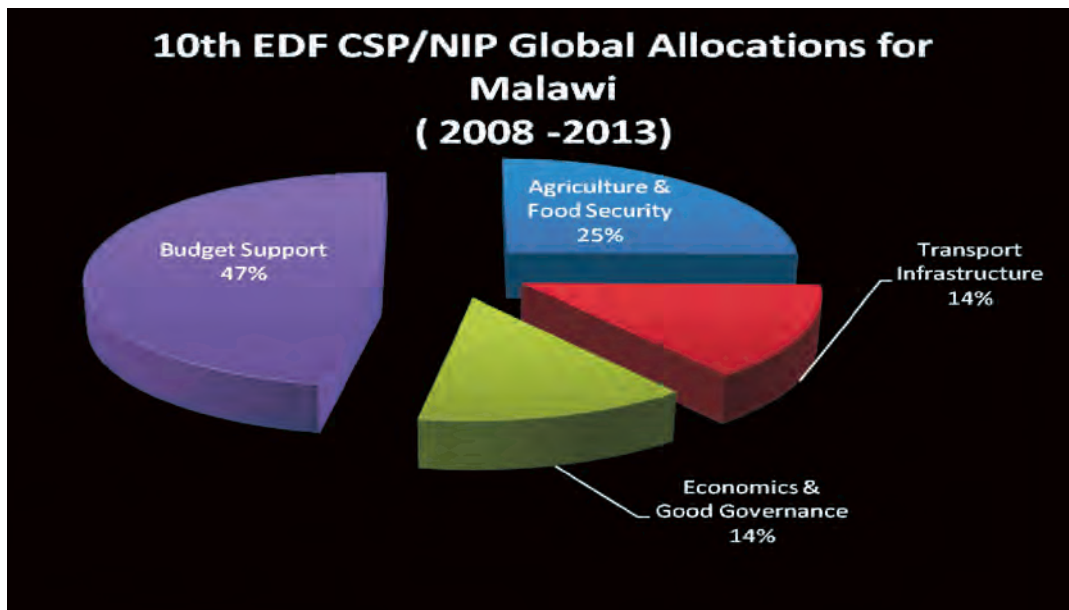


Figure 1b, depicts the proportion of aid allocated to the main implementation modalities/sectors of EDF resources in Malawi under the 10th EDF. General Budget Support is allocated 47 % (€234 m), Agriculture & Food Security 25 % (€125 m) , Transport Infrastructure 14 % (€ 70m) and Economics & Good Governance approximately 14 % (€66 m).

It is worthy to mention that General Budget Support falls under the non-focal sector in the management structure of the NAOSU for this booklet.

The NAOSU facilitates and support the implementation of various EU project/programme interventions through the following sectors in its organizational structure . Below is a summary of the various sections in the Unit and the EU interventions that fall under their respective jurisdiction.

Focal Sector 1

Agriculture & Food Security



FIDP beneficiary (Dairy farming) addressing NAO-SU, IGPWP and FIDP Staff in Thyolo district



IGPWP irrigation scheme in Area 25 - Lilongwe
National Authorizing Officer Support Unit (NAOSU)



The overall objective is to reduce poverty and hunger in an environmentally sustainable manner;

The section is the largest in terms of commitments and currently has at least 10 active projects some of these are from the 9th EDF cycle. In the 10th EDF alone, the sector has been allocated €125 million for the period 2008-2013.

Below is a brief description of the various interventions under this sector:

Farm Income Diversification Programme – Phase II

Project Amount: Euro 20,300,000.00

Project Period: 2010 - 2015

Implementing agency: Ministry of Agriculture & Food Security

The Project Objective of Phase 1 of the project was to contribute towards sustainable improvement of the livelihoods of rural Malawian communities through interventions aimed at diversifying farmer's incomes;

FIDP Phase II's emphasis is to contribute to reduction of poverty in Malawi by improving the livelihoods of rural households through the conservation of natural resources, diversification of agricultural production and increased agribusiness;

Project Components;

- Improved knowledge, attitude and organization of rural communities;
- Sustainable management of soil conservation and soil fertility;
- Enabling environment for agribusiness initiatives promoted;
- Improved capacity of rural communities access and develop post harvest agricultural activities;
- Timely and relevant education and training opportunities available in horticulture;
- Improved institutional capacity in trade policy;

The main revolution that FIDP has started is changing smallholder's perception of farming as a means of subsistence to viewing farming as a business activity. In this regard, FIDP assists farmers to engage in business with higher productivity and thereby produce great value from agriculture.

Improved Forestry Management for Sustainable Livelihoods- Phase I & Phase II

Project Amount: Euro 9,000,000.00 million;

Euro 9,700,000.00 million

Project Period : 2005 – 2011 (Phase I, 9th EDF)

2011 – 2015 (Phase II, 10th EDF)

Implementing agency: Department of Forestry (Ministry of Mining, Natural Resources and Environment)



The Objective is to contribute to increased household income and improved food security through more sustainable management of natural resources; The Programme Purpose is to improve the livelihoods of forest dependent communities through improved sustainable collaborative management of forest reserves and customary land, thus reducing their vulnerability and improving the livelihoods of beneficiaries;

The programme operates in 17 impact areas in 12 districts across the three regions of Malawi. 15 of the impact areas are gazette forest reserves; one is a proposed forest reserve and the remaining one is forest on customary land;

Phase 1 of this programme is in the closure phase. The programme estimate for Phase II was endorsed on 1st April, 2011

Income Generating Public Works Programme- Phase II

Project Amount: Euro 9,487,500.00

Project Period : 2008 – 2011

Implementing agency: Ministry of Local Government & Rural Development

The objective is to contribute to poverty reduction in line with the MGDS by enhancing the socio-economic situation of the rural/peri-urban population through improving accessibility, infrastructure and promotion of productive activities and by creating linkages to economic activities.

Expected Results:

- Upgrading and rehabilitation and maintenance of rural roads;
- Productive local forestry activities developed;
- Productive local agricultural activities developed;
- Implementation capacity of district assemblies is enhanced;
- Programme management adequately addresses cross-cutting issues (HIV /AIDS, gender, environment and institutional development);

262 kilometers of rural feeder roads were rehabilitated under Phase 2 Programme Estimate No.1 which brings the cumulative total of 1880 kilometers to date;

1953 kilometers of rural roads routinely maintained by 237 road maintenance clubs with member of 1958 beneficiaries.

The programme has facilitated collaboration and linkages amongst farmer producer's organizations and agribusiness firms in order to enable the farmer organizations to access markets for their produce and improve quality of produce;

Institutional Development across the Agriculture Food Security (IDAF)

Project Amount: Euro 7,970,000.00

Project Period : 2005-2011

Implementing agency: Ministry of Agriculture & Food Security



The Project Purpose is to foster an enabling institutional environment for development and growth across agriculture and food industry, through the development of institutional capabilities of public and non-public actors with a coherent conceptual framework.

The programme has two major components: institutional development and agribusiness development.

Expected Results:

- Reviewing and revising MoAFS functions, mandate and organizational structure;
- Strengthening MoAFS capacities in policy formulation, strategic planning, provision of production services and support to decentralization;
- District agricultural services are responsive to demands of agricultural stakeholders;
- Support and development of farmer based organizations (FBOs);
- Promotion of institutions and support systems in the agri-food trade and access export markets;

This project is currently going through the closure phase.

Rural Infrastructure Development Programme (RIDP)

Project Amount : Euro 32,000,000.00

Project Period : 2011- 2014

Implementing Agency: Ministry of Local Government and Rural Development (Component 1) and Ministry of Agriculture, Irrigation and Water Development (Component 2)

The Overall Objective is to contribute to the Malawi Government's objective of poverty reduction in line with the Malawi Growth and Development Strategy (MGDS);

The Financing Agreement was signed in May 2011. The project has two main components:

- i) Small scale rural infrastructure development ;
- ii) Capacity development for the irrigation sector;

The second component will be the basis for future investments in the irrigation sector under the programme “Support to ASWAP and Green Belt Initiative Programme”. Both components' programme estimates have been endorsed, with Component 1 started in August, 2011 and component 2 started in July, 2011.

Support to the Greenbelt Initiative and Agricultural Sector Wide Approach (ASWAp)

Project Amount: Euro 63,000,000.00

Project Period : FA not yet finalised

Implementing Agency: Ministry of Agriculture, Irrigation & Water Development (MoAFS)



The overall Objective is to contribute to the Malawi Government's objective of poverty reduction in line with the Malawi Growth and Development Strategy (MGDS); The Specific Objective is to increase the area under sustainable irrigation. This will be achieved through development of irrigation infrastructure.

This programme is in preparation phase. The Identification Fiche and Action Fiche have been developed and will be submitted to the EU Delegation in October 2011. The project is expected to implement two subcomponents. Component 1 will support Agriculture Sector Wide Approach (ASWAp) whilst Component 2 will support the Greenbelt Initiative (GBI).

There will be two subcomponents under the support to Greenbelt Initiative namely, Development and Operationalization of National Irrigation Development Fund and Irrigation Scheme Development.

Focal Sector 2

Transport Infrastructure



site meeting on Mchinji - Kawere road



drainage construction on Mchinji - Kawere road
National Authorizing Officer Support Unit (NAOSU)



The objective is to reduce poverty through enhanced regional interconnection, based on a sound multimodal transport policy, which has the potential to boost the performances of the country economy;

Under the current Country Strategy Paper, 2008-2013 this sector has been allocated € 70 m for the implementation of the Road Transport Sector Policy Programme.

Below is a summary of some of the projects under this sector which the NAOSU has helped facilitate and supervise;

Rehabilitation/Construction of M1 Golomoti – Monkey Bay Road

Project Amount: Euro 26,000,000.00

Project Period : 2000- 2006

Implementing Agency: National Roads Authority (NRA)

The Objective is to provide sustainable improved access to, and road conditions in, the South Lake Malawi area and lower user costs by shortening road transport distances and travel time. 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 bitumised link between the M1 and the Mangochi- Monkey bay Road , reduced vehicle operating costs and improved tourist access to the lakeshore area.

The specific objective is to rehabilitate M1-Golomoti-Monkey Bay road to full width pavement, including new bridge for a total length of about 90 kms.

Final acceptance certificates were issued in 2010 for Lilongwe and Mzuzu urban roads, Mangochi-Monkey Bay road and M1-Golomoti – Monkey Bay road;

Malawi Backlog Road Rehabilitation and Maintenance Programme (MABARM)

Project Amount: Euro 38,000,000.00

Project Period : 2005- 2010

Implementing Agency: National Roads Authority, Ministry of Transport and Public Works

The Objective of the programme is to provide sustainable improvement of the road network. The MABARM programme will provide support to the National Roads Authority (NRA) and the Ministry of Transport and Public Works in dealing with the periodic road maintenance & rehabilitation backlog not covered by the Road Fund.

In total, 661 km of road will be improved under the MABARM. The emphasis is on high priority urban from the three main centres (Lilongwe, Mzuzu and Blantyre) having high traffic volumes.

**Expected Results:**

- Backlog maintenance on main and urban roads;
- Training of GoM engineers and administrative staff in technical management & contract preparation;
- Promotion of involvement of Malawi contractors and consultants;
- Road safety improvement actions;
- HIV/AIDS, gender and environmental actions;

Some of the roads being maintained and rehabilitated under this programme include:

- Lilongwe-Nsipe Road;
- Chikwawa-Nchalo-Bangula Road

Institutional Support for Transport Public Sector Bodies Programme (INSTAP)

Project Amount: EUR 7,800,000.00

Project period : 2006 – 2008

Implementing Agency: Ministry of Transport & Public Works

The objective is to establish a comprehensive road sector programme together with an adequate and realistic financial strategy.

Expected Results:

- Ministry of Transport and Public Infrastructure lead role strengthened;
- Enhancement of road asset management;
- Establishment and enforcement of road traffic and safety regulations;
- Strengthening of private sector participation and improvement of human resource base;

Rural Feeder Roads Programme (RUFROP)

Project Amount: Euro 15,000,000.00

Project Period : 2007 – 2013

Implementing agency: National Roads Agency

The objective of this programme is to improve feeder road infrastructure linking areas of agriculture potential to main network;

Expected Results

- 2,457 km A, B, and C class roads passable all year by 2 wheels drive pickup and maintainable under term-maintenance contracts.
- 26 km A road, S118 Mchinji-Kawere, upgraded suitable for local traffic volume and passable all year.
- District assemblies' capacity for road planning and prioritization improved to meet decentralization needs;
- Directors of public works trained in road engineering and maintenance;
- Gender issues and benefits of feeder roads understood;



Road Transport Sector Policy Support Programme

Project Period : Euro 70,000,000.00

Project Amount: 2010-2013

Implementing Agency: Ministry of Transport & Public Works, NRA

The general objective of the Malawi road sector budget support is to reduce the transport costs thereby contributing to economic growth and poverty reduction;

The Specific objective of this programme is to achieve sustainable and cost-efficient transport links from farm or factory gate to market canters and across borders to international partners;

Expected Results

- Improved road network management and maintenance through effective planning, financing, programming and monitoring;
- Improved rural accessibility to agriculture production areas and markets, to isolated communities through provision of all weather rural feeder roads;
- Improved urban transport by improving mobility and accessibility with peri-urban market and commercial centres;
- Flow of goods increased at national and regional level;
- Improved institutional and regulatory framework governing the transport sector;

Government prepared and adopted a Road Sector Programme in 2009. Government and the EU have signed a Road Sector Policy Support Programme Financing Agreement of Euro 70 m.

Non Focal Sector

Economics & Good Governance



Financing Agreement (FA) signing ceremony by EU Commissioner for Development, H.E. Andris Pibalas and ex-NAO, Hon. Ken Kandodo of PRBS II, Rider No. 1



joint sector review wrap up meeting for Agriculture & Food Security sector
National Authorizing Officer Support Unit (NAOSU)



The overall objective of the Non-focal sector is to reduce poverty through promotion of economic growth in line with the MGDS through mainstreaming of the a number of cross-cutting issues; Under the current CSP 2008-2013, this sector has a budget allocation of €66 million and the focus is on Governance, Regional Intergration - Trade, HIV/AIDS & Gender and Capacity-Building, aimed at assisting the smooth implementation of, and complementing, the focal sector activities in particular by increasing transparency, accountability and respect for fundamental human rights and freedoms.

The location for General Budget Support (GBS), which also falls under the non-focal sector is Euro 234.9 million. This is under the Poverty Reduction Budget Support Programme III for the period 2008 - 2013.

The following are some of the Projects/Programmes under this sector in the 9th & 10th EDF:

Poverty Reduction Budget Support III

Project Amount: Euro 234,900,000.00

Project Period: 2008 - 2013

Implementing agency: Government of the Republic of Malawi (Ministry of Finance)

The Overall Objective of the PBRs III programme is to support poverty reduction through the implementation of the Malawi Growth and Development Strategy (MGDS).

The Specific Objective of the PRBS III programme is to support macroeconomic stability whilst enhancing the focus of public expenditure on poverty reduction programmes.

Expected Results

The programme is intended to contribute to the consolidation of the macro-economic framework with a focus on protecting the results achieved in the last few years from the recent external shocks, mainly skyrocketing oil import prices and increase of fertilizer prices. This is to allow the harmonious implementation of the MGDS whose main thrust is to create wealth through sustainable economic growth and infrastructure development as a means of achieving poverty reduction and implementing social sector reforms aimed at improving the social sector indicators.

An important focus in Malawi's strategy is reform in the area of public finance management which is aimed at enhancing the effectiveness of public expenditure, through better alignment of sectoral priorities and expenditure to the MGDS strategy, and at enhancing the efficiency of expenditure, through the purchase of higher value for money and the control of wastage.

Promotion of Rule of Law & Civic Education in Malawi

Project Amount: Euro 28,000,000.00

Project Period: 2006 – 2010

Implementing Agency: Ministry of Finance; Ministry of Justice and Constitutional Affairs; NICE PMU



The objective of the project is to target the legal and judicial systems in Malawi with the aim of strengthening the democratic process and good governance; improve accountability and transparency in public institutions and provide information and access to justice and to human, economic and social rights to majority of the largely rural population;

Project Set up:

1) Rule of law Component (€19,070,000)

Aims at enhancing the capacity of the legal and judicial systems for improved delivery of justice and promotion of good governance and rule of law in Malawi. It also supports capacity building activities of the Malawi Electoral Commission to improve on administration and management of elections.

The Rule of Law component of the project is implemented through direct decentralized operation arrangement with direct management by the Imprest Administrator and Imprest Accounting Officer but overall coordination is by the Technical Facilitation Unit under service contract for Bureau for Institutional Reform and Democracy.

Expected Results

- Improved administration & access to justice and protection of fundamental human rights for the people of Malawi.
- Improved accountability and transparency in the conduct of public affairs and service delivery generating greater public confidence in democracy.
- Improved opportunities for socio-economic advancement for all the people of Malawi.
- Improved planning and coordination capacity of the Government in relation to the rule of law and governance sector.

The Chancellor College's Law faculty, under the predecessor Rule of Law programme, has enhanced professional legal education through the revision of various key academic programmes and the harmonization of their overall curriculum

The Malawi Prison Service completed a national personal hygiene and sanitation campaign reaching more than 12,000 inmates in 29 prisons across Malawi, to improve detention conditions;

2) National Initiative for Civic Education (NICE) Component;(€8,930,000.00)

Aims to enhance the ability of Malawian citizens including the disadvantaged groups to participate in public life and to encourage them to exercise their democratic rights and responsibilities as well as to participate in the democratic decision making process at community, district and national levels;

The project will design and implement a system to document and preserve its history and achievements, including system of archiving relevant documents, paragraphs, footage, audio tapes and other historical material under the project.

The programme is now in the closure phase following the completion of its implementation phase in December 2010.

- Enhance greater public confidence and participation in democratic governance.
- Enhance NICE's internal organization and capacity to allow for improved and sustained quality of implementation quality of NICE's program.



- Increase networking and cooperation with other role-players and stakeholders in the area of civic education at national; and district level;
- Strengthen the capacity of CSOs to engage in activities that ensure citizens participation in decisions affecting them and their development, and to raise funds to do so.
- Duty bearers and Malawian citizens have increased awareness and understanding of principles and values of a democratic society. Duty bearers have become more accountable towards the public, and citizens are better able to hold duty bearers to account for their performance.
- Increased regional recognition through enhanced regional networking and co-operation in the area of civic and voter education.

The drafting of the constitution for NICE as a Public Trust has been concluded. There has also been a change of Ministry responsible for NICE, which is the Ministry of Information & Civic Education.

Support to the National Economic Partnerships Agreements (EPA) Secretariat (National Development and Trade Policy Forum)
Project Amount: Euro 1,600,000.00
Project Period : 2006 - 2010
Implementing Agency : Ministry of Trade and Private Sector Development

The Overall Objective of the support to the National Development and Trade Policy Forum in the context of the EPA negotiation process is coherent with the Malawi Poverty Reduction Strategy (MPRS) and Malawi Economic Growth Strategy (MEGS). The purpose is to reduce poverty and achieve rapid economic growth in Malawi through the development of more open, outward-oriented and competitive in- country, inter-regional and eventually North-South market economics, using the EPA as an instrument for development and fostering the smooth and gradual integration of Malawi into the global economy as specified in the Cotonou Agreement.

The project aims at addressing Malawi's capacity to participate effectively in the forthcoming EPA negotiations with the EU and other trade negotiations whilst ensuring that the EPA is directly linked to the Malawi Growth and Development Strategy (MGDS), involving the private sector in the EPA process and facilitates the further mainstreaming of 'trade' into the MGDS and Malawi's Integrated Framework process.

The main roles of the National Development and Trade Policy forum are to:

- Determine the optimal development and trade negotiating position(s) for Malawi;
- Prepare briefs outlining these positions which will then be used by Malawi's representatives of the East & Southern Africa Regional Negotiating Forum in preparation of a regional development and trade position with the EU;
- Oversee the development of national positions as regards the EPA negotiations in Malawi, and as such, to supervise any ongoing or foreseen national impact assessments studies;
- The programme is currently not being implemented due to some audit inconsistencies experienced during project implementation.

Capacity Building Programme for National State Actors (NSAs)
Project Amount: Euro 5,000,000.00
Project Period : 2006 – 2010
Implementing agency: Ministry of Finance



The Project Objective is to strengthen the capacity of Non State Actors (NSAs) to provide effective and improved service delivery to focal communities as well as to define independently their policy agenda and be more actively involved in policy dialogue with Government, the European Union and other Development Partners.

The overall objective is that government and donor policies and programmes become increasingly responsive to the needs of the Malawi population (with focus on vulnerable groups) with the long-term aim to achieve socio-economic development.

The focus of activities, supported through the programme, are on building capacities of NSAs in the following area: programme identification and management; network development; fundraising; service delivery; research, lobbying, and advocacy

NAPHAM, MEJN, NGOs on gender networking were contracted to implement various activities regarding membership and information sharing mechanisms.

Expected Results

- Institutional capacity of Malawian NSAs for the identification, management and financing of their programmes is strengthened;
- Capacity of NSAs to provide efficient and effective service delivery appropriate to the needs of the Malawian population and in particular the poor is strengthened.
- Malawian NSA influence on development and implementation of the Government policies, strategies and programmes increased;
- Increased and more effective cooperation between Malawian NSAs and Government is achieved;
- Increasing effective and strengthened cooperation between NSAs, GoM and EU Delegation is achieved.

The implementation of the projects' final programme estimate concluded on 31st December, 2010. The closure phase started from 1st January, 2011 to 30th May, 2011.

Technical Cooperation Facility II & III (TCF II & III);	
Project Amount:	Euro 8,850,000.00 (TCF II) Euro 5,000,000.00; (TCF III)
Project Period	: 2007 – 2012 (TCF II) : 2010 – 2015 (TCF III)
Implementing Agency	: Ministry of Finance

The overall objective of the project is to reduce poverty in line with the Government overarching strategy, MGDS. The Project Purpose is to support successful implementation of GoM development programmes financed from European Development Fund (EDF) and other funded initiatives in Malawi including joint actions with donors;

Expected Results

- The fostering of a more coherent and informed approach to development and trade issues;
- Conduct workshops, training sessions, seminars and project awareness campaign prior to or during formulation, preparation of programmes/projects;
- Production of project information and awareness materials;
- Conduct study tours to other projects in other countries to draw lessons;



- Carry out workshops and seminars to support monitoring and evaluation of on-going EU programmes/projects;
- Participation of GoM officials and relevant NSA representatives at EU- Malawi trade bilateral meetings;
- Participation at international conferences in topical issues of national interest;

Democratic Governance Programme (DGP)

Project Amount: Euro 30,000,000.00

Project Period: 2011 – 2014

Implementing Agency: Ministry of Justice and Constitutional Affairs

The Project Objective is to contribute to the reduction of poverty through improved Democratic Governance, including access to quality justice, greater participation of all Malawians in democratic decision-making, and increased democratic accountability;

The Project Purpose is improved Democratic Governance by ensuring access to quality justice for all in Malawi through a more effective and responsive Judiciary, increased restorative and victim-friendly approaches in both the formal and informal systems, improved democratic accountability and oversight, and to ensure that all Malawians know, understand and have oversight and are able to claim their rights and services to which they are entitled.

This is a successor programme to the Rule of Law Programme which was implemented successfully under the 9th EDF.

Euro 7.5 m of the DGP commitment of Euro 30 m is to fund NICE activities after it has fully transformed into a Public Trust.

Expected Results

- Improved access to quality and responsive justice for all;
- Enhanced democratic accountability, human rights observance and civil society empowerment;
- Progressive realization and implementation of a better coordinated Governance Sector.

Capacity Building towards Trade and Private Sector Development

Project Amount: Euro 12,000,000.00

Project Period : 2011 – 2015

Implementing Agency: Ministry of Industry & Trade

The Capacity Building towards Trade and Private Sector Development is under the 10th EDF Regional Integration, Trade and Investment component of the Country Strategy Paper (CSP) for Malawi.

The Overall Objective is to reduce poverty in Malawi through the promotion of exports and the diversification of the economy, including the mineral sector.

The Project Purpose, more specifically, is to:

- Enhance the capacity of responsible government departments to generate, process and package trade related information and statistics for policy making; to monitor trade performance; and to improve that capacity of key agencies to provide timely, up-to-date trade



- intelligence for the private sector;
- Strengthen the Standardization, Quality Assurance, Accreditation and Metrology (SQAM) infrastructure in Malawi to facilitate growth of non-traditional exports and consumer protection;
- Enhance the capacity of the core government departments mandated to regulate and oversee the development of the mineral sector through capacity development, strengthening of the mining sector regulatory framework and the updating of geological mapping in Malawi.

Expected Results

- Development of a sound, efficient and reliable trade Statistics and Information System;
- Development of a robust standardization, quality assurance, accreditation, and metrology (SQAM) infrastructure.
- Development of Malawi's mineral sector and improved private sector investment in training;

Support to the Gender Equality and Women's empowerment agenda in Malawi.

Project Amount: Euro 12,000,000.00

Project Period: 2011 – 2014

Implementing Agency: Ministry of Gender & Women Development (Administrative Agreement with UNDP)

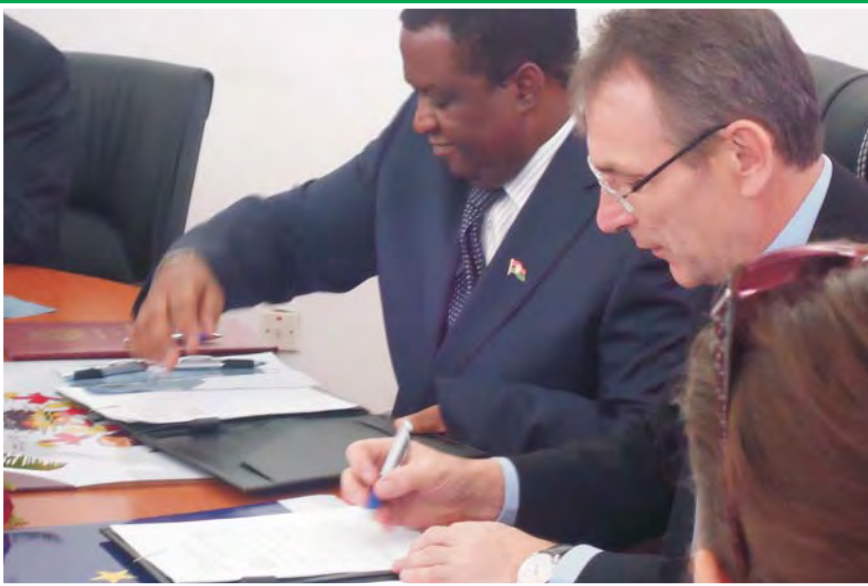
The Overall Objective is to contribute towards gender equality, equity as a human right and as a means towards the reduction of HIV/AIDS and poverty in line with the MGDS and the National Gender Policy.

The Programme Purpose is the promotion of gender equality and women's empowerment in Malawi through the support of state and non-state institutions and initiatives;

Expected Results

- Institutional capacity of national “gender machinery” strengthened (defined as Ministry of Gender, Children and Community/Development (MoGCCD) and collaborative partners such as Civil Society Organizations, Private and Public Sector actors: working Gender equality and Women's Empowerment).
- Capacity for mainstreaming gender in the National AIDS Commission (NAC), priority sectors of agriculture and transport , as well as other key sectors of education , health and local government, are enhanced;
- Equality between women and men in society improved through economic, social and legal empowerment;
- Socio-cultural practices impacting on the link between gender and HIV/AIDS, including Gender based Violence (GBV), better understood and utilized for behavioural change interventions in HIV/AIDS.

Finance and Contracts / Administration Section



Financial Agreement (FA) signing ceremony



EU Ambassador to Malawi (H.E. Alexander Baum), The Secretary to Treasury (Mr Joseph Mwanamveka) & The Director, Debt & Aid Division in MoF&DPC (Mr Peter Simbani) having a discussion before the FA signing Ceremony with Malawian Ambassador to Belgium, Brave Ndisale (Seated).



This section is mandated with the task of ensuring smooth implementation of the various EDF interventions in the country. Its mandate cuts across all the sections of the Unit and include , but not limited to:

- Tenders Dossiers for service , supply and works tenders are prepared according to EDF procedures and timely processed;
- Payment of service , supplies and works invoices and release of funds under the programme estimates are timely processed;
- Programme estimates are prepared according to EDF procedures and are efficiently processed;
- There is official closure of the individual commitments and primary commitments of the various programmes / projects;
- The various interventions are audited on time and reports are submitted;
- Enforcement of EU Controls leading to improvement in accountability and ensuring that this has been replicated in the economic environment of other institutions e.g. taxes;

**NAO Support Unit
Points to Observe**

- Adherence to EDF rules and procedures ;
- Contract/PE management;
- Visibility;
- Audit requirements -ineligible expenditures;
- Timely closure of commitments
- Evaluations;
- Economic development leading to poverty reduction

The section is supported by subsections such as the Procurement Section as well as the Monitoring & Evaluation Section.

The Procurement Section

The Procurement Section was established in 2009, as a response to the 2007 Mid Term Review which noted among other issues, the need to reinforce the capacities in procurement and tender procedures to provide support in the area of EDF procurement procedures.

In brief the specific objectives are to:

- Ensure high quality procurement and tender documents are prepared in compliance with EDF and EC budget procedures
- Establish procurement and tender database for NAO Support Unit.
- Build capacity for staff of the Tender and Procurement Section at the Unit, to effectively improve capacity in the preparation and administration of the tendering and procurement process in line with EDF and EC budget line procedures.
- Track and report on the progress of implementation of all EDF projects procurement plans in services, supply and works contracts.

The Monitoring & Evaluation Section

The Monitoring and Evaluation Section was also established following a recommendation from the MTR in October 2007, which stated that the function needed to be strengthened as it was one of the weak areas.

The mandate of the section cut across all the NAOSU sections and includes, but not limited to:

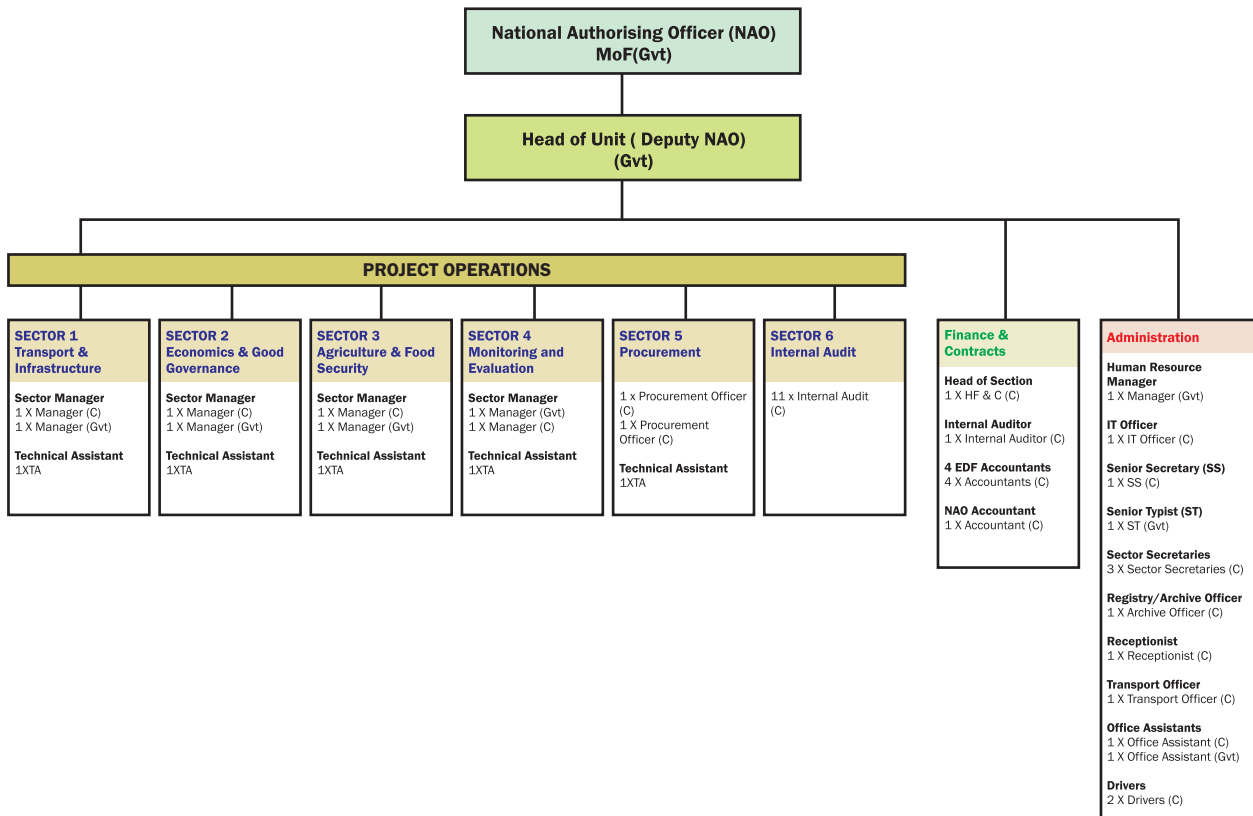
- Establishment and maintenance of NAO-SU database on physical and financial information of EU funded interventions;
- Advise and facilitate the establishment of M&E systems at the level of all EU interventions;



- Ensure close monitoring of progress achieved by EU funded interventions, evaluate benefits, draw lessons from implementation, and support the adoption of corrective measures in the planning/programming phase of projects;
- Review and consolidation of progress reporting of EU intervention and provide timely information to the HoU/MoF as required;
- Support the beneficiary assessments and studies to determine how well the programmes and projects are delivering the project activities;
- Establishment and maintenance of systems for managing and analyzing physical and financial data as well as data for impact assessments;
- Provision of data that monitors progress, evaluates benefits and refocuses the direction of EU interventions during the re-planning phase of projects;

NAO Organogram

PROPOSED 10th EDF ORGANOGRAM FOR NAO SUPPORT UNIT IN MALAWI





Management and Staff Memebers of NAO-SU

Bridge construction under Mchinji - Kawere road project





European Union



Annex Building of the Ministry of Finance constructed with
EDF Funds