



Republic of Malawi - European Union
National Indicative Programme 2014–2020

GENERAL CLAUSES

The Government of the Republic of Malawi and the European Commission on behalf of the European Union hereby agree as follows:

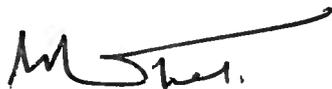
- (1) The Government of the Republic of Malawi (represented by Mr Goodall GONDWE, Minister of Finance, Economic Planning and Development), and the European Union (represented by Mr Neven MIMICA, European Commissioner for International Cooperation and Development), hereinafter referred to as the Parties, determined the general orientations for cooperation for the period 2014-2020.
These orientations which are included in the National Indicative Programme, concern the European Union Aid in favour of Malawi and were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000, revised and signed in Luxemburg on 25 June 2005 and revised and signed in Ouagadougou on 22 June 2010.
The National Indicative Programme is annexed to the present document.
- (2) As regards the indicative programmable financial resources which the European Union envisages to make available to Malawi for the period 2014-2020, an amount of EUR 560 million is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation). A B-allocation referred to in Article 3.2 (b) can be established to cover unforeseen needs. This allocation is at EUR 0 until a need arises. These allocations are not entitlements and may be revised by the Commission, following the mid-term and end-of-term reviews, in accordance with Article 5.7 of annex IV of the ACP-EC Partnership Agreement.
- (3) The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects. The National Indicative Programme concerns the resources of the A-allocation. It also takes into consideration financing from which Malawi benefits or could benefit under other European Union resources. It does not pre-empt financing decisions by the Commission.
- (4) The B-allocation is destined to cover unforeseen needs such as humanitarian, emergency and post emergency assistance, where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate exogenous shocks. The B-allocation shall be established according to specific mechanisms and procedures and does therefore not constitute a part of the programming.
- (5) Pending the entry into force of the Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting with the Council on the financing of European Union Aid under the multiannual financial framework for the period 2014 to 2020, financing decisions for projects and programmes can be taken by the Commission at the request of the Government of Malawi within the limits of the A- and B-allocations referred to in this document under the condition that sufficient financial resources are available in the transitional measures ("Bridging Facility") composed of uncommitted balances from the previous EDFs and from funds decommitted from projects or programmes under those EDFs. The respective projects and programmes shall be implemented according to the valid rules and procedures of the 10th EDF until the entry into force of the 11th EDF implementing rules and financial regulation.

- (6) The European Investment Bank may contribute to the implementation of the present National Indicative Programme by operations financed from the Investment Facility and/or from its own resources, in accordance with Articles 2c and 3 of the 11th EDF multi-annual financial framework for the period 2014-2020.
- (7) In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Indicative Programme as well as the A-and B-allocations can be revised following the mid-term review and the end-of-term review or ad hoc reviews.

Done at Brussels, on 29 May 2015, in two originals in the English language.

**FOR THE GOVERNMENT OF
THE REPUBLIC OF MALAWI**

**FOR THE EUROPEAN COMMISSION
ON BEHALF OF THE EUROPEAN UNION**



Goodall GONDWE
Minister of Finance, Economic
Planning and Development



Neven MIMICA
Commissioner for International
Cooperation and Development

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11th European Development Fund

European Union - MALAWI

National Indicative Programme 2014-2020

1. The overall lines for the EU response

1.1 Strategic objectives of the EU's relationship with Malawi

The legal basis for bilateral cooperation between the EU and Malawi is the *Cotonou Agreement* signed in 2000 and revised in 2005 and 2010, of which the overarching objective is to promote the development of a common strategic approach to poverty reduction consistent with the objectives of sustainable development and the gradual integration of ACP countries into the world economy.

The 2005 *European Consensus on Development* sets the general policy framework at EU level. The primary and overarching objective of EU development policy is the eradication of poverty in the context of sustainable development, in line with the international agenda, paying particular attention to the Millennium Development Goals (MDGs). Human rights and good governance are recognised as other important objectives.

In 2011, the European Council adopted the *Agenda for Change*, which provides the principles for future EU development aid, including differentiation among beneficiary countries and a drastic concentration of resources on a more limited number of sectors (maximum three without non-focal sectors). Under the Agenda for Change, EU development assistance focuses on two priority areas: 1. Human rights, democracy and other key elements of good governance (covered by focal sector 'Governance' in this draft NIP); and 2. Inclusive and sustainable growth for human development (covered by focal sectors 'Sustainable Agriculture' and 'Secondary Education and Vocational Training').

The EU continues to be an active partner in supporting regional integration and cooperation. Malawi is a member of both the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC). More recently, Malawi has also actively pursued negotiations within the context of the COMESA-SADC and East African Community (EAC) tripartite economic grouping, which aims at harmonisation across the respective configurations. Malawi continues to benefit from preferential treatment in terms of non-reciprocal, duty- and quota-free access for its exports to the EU market under the Generalised System of Preferences: Everything But Arms (EBA) regime. The EU is Malawi's largest trading partner in terms of total exports (24.3 %), followed closely by South Africa (and other members in the SADC region) and China. Malawi has also recently finalised its market access offer in the context of the interim Economic Partnership Agreements (iEPA) between the Eastern and Southern Africa States and the EU. The offer has to be validated by the Cabinet before formal submission to the EU.

The current NIP is fully aligned with the strategic objectives of Malawi's key policy document, the *Malawi Growth and Development Strategy II 2011/12-2015/16 (MGDS)*, which is the overarching operational medium-term strategy for Malawi. Its main objectives are to reduce poverty and achieve the Millennium Development Goals (MDGs), and promote sustainable growth. A key policy document developing the MGDS ambitions for economic growth is the *National Export Strategy 2013-2018 (NES)*. Both in the MGDS and the NES, the importance of agriculture as a key driver of economic growth and the need for building a national labour force with the right skills and competencies for the productive economy are underlined. Agriculture and food and nutrition security are also central to the development and political agenda of Malawi and are both in turn dependent on the environment and adaptation to climate change. The fact that the Government of Malawi is currently reviewing its Environmental Management Act (1996), that it has been accepted as a member of the UN-REDD (Reducing Emissions from Deforestation and Forest Degradation) initiative and that it has developed a National Adaptation Plan of Action (NAPA) to tackle the effects of climate change shows the importance that the Government attaches to sustainable economic and social development. With the aim of ensuring inclusive growth and development, the Government is also actively pursuing the gender equality and women's empowerment agenda, as listed in the gender profile, annexed to the NIP.

In 2012, an extensive Joint Country Analysis was undertaken at the initiative of Development Partners and following the seventeen sector chapters of the MGDS II. The Analysis concluded that the Government and its Development Partners need to focus as a matter of priority on the following 'Five Big Challenges': slowing population growth, protecting natural resources, reducing poverty, supporting job-focused economic growth, and fostering good governance. With an overarching primary objective of poverty reduction, the current NIP is largely aligned with these challenges, with significant strengthening of good governance as a condition sine qua non for achieving sustainable economic growth in Malawi.

The Malawian economy remains fragile. The currency depreciated considerably after the flexible exchange rate mechanism was introduced in 2012 and inflation rose. Foreign reserves have been chronically low for several years and the suspension of donors' budget support disbursements in the wake of the Cashgate scandal in 2013 (a drop of 50%) reduced Government's foreign financing (grants and loans) from 18% of GDP to 15% of GDP. If stability-oriented monetary policy continues and the Government keeps a prudent fiscal policy stance (for example through limiting total government borrowing), the macroeconomic framework could stabilise.

The Joint Country Analysis can be considered as the groundwork for gradual efforts towards joint programming by the EU and other interested partners. The current NIP has been elaborated in close coordination with the EU Member States that operate in Malawi as well as other Development Partners.

The longstanding partnership between the EU and Malawi in the transport sector has made a determinant contribution to shape up a domestic road network which nowadays stands probably above regional standards. The significant achievements of the preceding years to modernise the transport sector by means of sector reforms and revision of the institutional, legal and regulatory frameworks, will have to be consolidated within the lifespan of the current 10th EDF Sector Budget Support programme. However, many challenges remain, especially concerning its sustainability, the efficiency of the transport services and the lack of multi-modal transport efficiencies. A gradual and orderly exit is foreseen for ongoing programmes in the sector of Transport funded from previous NIPs. The EU will continue

working on rural roads and other rural infrastructure under the focal area for Sustainable Agriculture where subsector pro-poor multiplier effects are more evident. On the other hand, transport activities related to Malawi's regional integration (enhancement of its trade potential and international competitiveness) will be tackled under sub-regional EU funding as well as through support to important regional infrastructure missing links, to be developed wherever possible through blending mechanisms for better financial leverage. In this respect, the European Investment Bank is already discussing with the Government about a pipeline of possible investments in the transport sector.

The promotion of economic growth through trade, investment and private sector development is one of the key priorities of the new Government of Malawi and therefore it should not only remain an important pillar of the EU development cooperation, but the momentum shall be used to step up the efforts on this front (e.g. possibility of Malawi joining the iEPA). The Country-Level Evaluation of cooperation under the 10th EDF emphasised that more needs to be done in Malawi in terms of trade and investment-related promotion and support. This conclusion prompted the creation of an ongoing EU programme specifically addressing capacity building towards trade and private sector development and supporting the related Sector Wide approach which in turn is founded on Malawi's comprehensive National Export Strategy (NES 2013-2018). Activities in support to trade, investment and private sector development will be undertaken within the objectives pursued under the three focal areas and in favour of enhanced CSO engagement. Increased direct engagement with the private sector, in line with the EU policy, should also be pursued within this framework.

Given their cross-cutting nature, climate change, water, gender, promotion of decent work conditions and abolition of child labour will indirectly benefit from interventions under the agreed remaining focal sectors of the 11th EDF, as well as from the relevant thematic programmes.

Another lesson learned from the 2011 Malawi Country Evaluation is that the EU-Malawi bilateral cooperation portfolio has become overly laborious through the extensive use of partially decentralised programme-estimates. Cooperation with the Government should place further emphasis on policy dialogue and results. Subject to concrete, measurable progress in the initial years of the NIP on PFM and Public Sector Reform, budget support in the form of sector reform contracts could be considered, particularly on the focal areas of Governance and Education.

The portfolio of programmes should also be rebalanced to include a broader range of implementing partners in the three chosen focal areas, namely through enhanced use of grants to CSOs, as well as partnerships with bilateral and multilateral donor agencies and the private sector. Whenever possible, close coordination and pooled funding arrangements with other Development Partners will be favoured. Finally, opportunities for substantially decentralised management and innovative mechanisms for support to private sector should also be explored.

1.2 Choice of sectors

In line with the Agenda for Change's emphasis on concentration of funding for greater impact, bilateral cooperation between the EU and Malawi in the years 2014-2020 will concentrate on a more limited number of sectors than before. EU interventions will focus in the areas of (1) Governance, (2) Sustainable Agriculture and (3) Secondary Education and Vocational Training, which is a new area of engagement for the EU in Malawi.

Sector 1 – Governance (DAC 150)

Governance is one of the key priorities of the Agenda for Change and the Government of Malawi's fundamental objectives as reflected in the MGDS II. Governance is the main anchor for all other efforts of the country to achieving economic transformation through sustainable economic and social development.

Malawi has a mixed governance record. Teething problems, in relation to challenges embedded in limited institutional capacity, are still rampant even after 20 years of democracy. Despite the principles of good economic and political governance being enshrined in the Government's MGDS II and the Republic's Constitution, the soft institutional infrastructure related to these two pillars of governance remains very weak. In this regard, while mechanisms are in place to hold the executive to account, their effectiveness is limited and human rights based approaches are not mainstreamed. Citizens' access to information and ability to make informed decisions is fairly weak and is further compounded by low levels of education.

Weak public finance management (PFM) and corruption remain a big challenge. The corruption and fraud scandals in 2013 unveiled weaknesses in the Government's PFM framework in terms of inadequate financial management systems, controls and insufficient means of accountability, which in turn undermine public service delivery. Restoring public confidence and safeguarding the government's capacity to deliver quality services to the citizens will require significant reforms throughout the spending cycle. Support is needed in particular to build the Government capacities around PFM-expenditure controls and budget execution; strengthening the implementation of the legal framework; enhancing budget credibility; reporting and transparency; improving internal and external audit; and closely integrating PFM reform with a broader far-reaching modernisation of the public service. The support may also include statistical capacity building to strengthen the processes of monitoring, evaluating and implementing the Programme.

The weak performance of Malawi's **public service** is a critical factor underlying shortcomings not only on PFM, but broadly across the board in terms of service delivery and poor implementation of most economic and social programmes. Some of the most pressing issues behind the public service poor performance include the complex structure of government and overlaps in functions and responsibilities; the politicised nature of appointments; and low productivity due to weak management and unattractive terms and conditions of service. There is a growing consensus, shared by the recently elected Government, that there is a need for more robust interventions to boost the motivation, management and performance of the public service.

On political governance, despite progress in recent years to set up **institutions for accountability and oversight**, the relevant structures still remain largely ineffective in terms of holding the government to account at all levels. Furthermore, the **demand side of governance** remains very weak. The logistical and organisational difficulties experienced during the 2014 tripartite elections illustrate the capacity shortcomings still prevailing within the Electoral Commission, despite years of continued support by Development Partners. The democratic sector analysis approved by the Government in 2013 highlighted the importance, inter alia of improving the institutional capacities and coordination mechanisms of Malawi Government oversight institutions such as the Anti-Corruption Bureau, the National Assembly, the Human Rights Commission and the Office of the Ombudsman.

In the Malawian context, Civil Society Organisations also have a critical role to play to strengthen the demand for better service delivery, as well as for transparency and accountability of duty bearers. Enhancing the capacity of civil society to effectively engage in policy dialogue, analysis and civic engagement will remain an important objective of interventions in the Governance sector.

Finally, further efforts are required to create an effective and fair **legal and institutional environment** that on the one hand ensures the respect of the rule of law, promotes equal access to justice, and enhances human rights; and on the other hand ensures a commercial level playing field and supports a conducive business environment. Support to the legal and institutional framework should also entail a review of the criminal and civil justice system (with emphasis on access to justice), reforms to improve the effectiveness, independence, impartiality and transparency of the judiciary, strengthening of the legal framework and compliance mechanisms, and facilitating access to legal aid.

Government and Development Partners recognise that corruption and public finance management, public service reform, democratic accountability and elections, justice, the rule of law and security, including the police, and human rights need to remain key priority areas for Malawi. A Democratic Governance Sector Strategy was recently developed aiming at facilitating a coherent and coordinated approach to the design and implementation of democratic governance interventions. Involvement in the governance sector is crucial for an effective EU contribution to the national development agenda in all areas of intervention, whilst the persistent needs for EU support to building institutional capacity for better governance were also emphasised by the EU Country level evaluation of Malawi conducted in 2011.

Interventions and policy dialogue in this focal area will have to address a well-defined set of key reforms prioritised by the Government, not least in the critical areas of Public Sector Reform and Public Finance Management.

Sector 2 – Sustainable Agriculture (DAC 311)

The agriculture sector remains the backbone of Malawi's economy, representing 30% of GDP, 85% of the total employment and 80% of foreign exchange earnings. However, the sector consists mainly of rain-fed dependent **subsistence farming** characterised by **low productivity and small size landholdings**. This situation, coupled with sharply unequal land distribution, make it difficult for Malawian smallholder farmers to "grow" their way out of poverty and to achieve food and nutrition security for their families. While production gains have been achieved over the years, there is a recurrent need for food emergency aid: 1.8 million people required food aid in 2014.

Sizeable efforts need to be undertaken in order to significantly **increase and diversify agricultural production** as currently the agricultural sector across the country is mainly focussed on maize as the national staple food crop and tobacco as the main export crop. There is ample room to increase the production of legumes, oil seeds, and traditional crops such as sorghum and millet, as well as export commodities such as cotton, tea, sugar, coffee, and pigeon peas. The National Export Strategy (NES) has aptly presented this notion. Increasing exports and diversifying their composition can contribute significantly to the overall macroeconomic stability.

Through its involvement in the G8 New Alliance for Food Security and Nutrition the Government has improved inter-ministerial coordination, notably between agriculture and trade, and has identified key commitments which aim at improving investment promotion in agriculture. This context provides promising opportunities for a balanced support through Government, civil society organisations and private sector to develop commercial agriculture with a focus on local agri-business and smallholder farmers.

The rate of **malnutrition** remains alarmingly high. High levels of under nutrition have persisted for decades in Malawi, resulting from micronutrient deficiencies and inadequate food energy and protein leading to one of the highest levels of stunting in Southern Africa: 42.4%¹. Insufficient dietary diversity, resulting from over-dependence on maize production and consumption, coupled with poverty and the high prevalence of HIV/AIDS are among the major predisposing factors for under nutrition. It is estimated that under nutrition is attributable to up to 34 % of all deaths of under- fives and 38% of maternal deaths. High levels of under nutrition are also the prominent factor that undermine productivity and economic growth.

Concerning Climate Change, maize yields in districts across the country are increasingly affected by unusual dry spells and droughts. The Government of Malawi recognises the importance of the impact of Climate Change (CC) upon all its sectors and developed National Adaptation Programmes of Action (NAPA) in 2006. Currently, a National Climate Change Policy has been finalised; awaiting Cabinet approval for its adoption. A National Climate Change Investment Plan was officially launched in April 2014, with priority actions for financing estimated at US\$ 1 billion over the next five years.

There is a need to improve the sustainable management of natural resources overall, including recognising in particular the role of agro-forestry, and underline its importance in mitigating natural disasters, such as droughts and flooding.

With regard to the **policy framework**, agriculture and food and nutrition security are at the heart of the development and political agenda in Malawi. In 2011, an **Agricultural Sector Wide Approach-ASWAp** was adopted framed within the Comprehensive Africa Agriculture Development Programme-CAADP, an African Union-AU led initiative. For Malawi, the ASWAp constitutes the strategic framework and investment programme for the sector.

However, in part due to the politicised nature of agriculture, a multitude of initiatives, such as the *'Presidential Initiative to combat hunger and poverty'*, the Green Belt Initiative-GBI, and the Farm Input Subsidy Programme-FISP (launched in 2005/06), constitute a challenge for an integrated policy and institutional set-up for the sector, which should normally be guided by the ASWAp. The sustainability of existing systems and structures is another recurring cause for concern, not only related to the FISP, but also to the Strategic Grain Reserve-SGR and its related institutions: the National Food Reserve Agency-NFRA and the Agricultural Development and Marketing Cooperation-ADMARC.

The **G8 New Alliance for Food Security and Nutrition**, which Malawi joined in 2013 and is led in-country by the EU, can potentially develop processes to help the country move towards a strengthened and coordinated regulatory framework, with the Government increasingly

¹ Malawi MDG endline survey of September 2014.

focussed on its core functions and a more prominent role for the private sector to actually lead agricultural growth.

Interventions under this NIP should focus on enhancing food and nutrition security in Malawi, whilst also seeking to enhance the resilience of the rural population to the effects of climate change. The Government's commitment to the "Scaling Up Nutrition (SUN)" movement provides a good platform for EU support in this regard. Continued support to and reform of social transfers/social protection mechanisms and subsidy outfits will be complementary for the achievement of these objectives.

Furthermore, in the context of the G8 New Alliance objectives, EU support should help increase and accelerate agricultural production, value addition and market integration, including through improved land governance, climate-smart land, soil and water management, enhanced irrigation infrastructure, better access of farmers to financing, and the promotion of agri-business. In this context, there are also opportunities for collaboration with the European Investment Bank, in particular with regards to support for infrastructure development and improved access to finance.

In addition, efforts to continue to improve the transport and other rural infrastructure through labour intensive technologies should be maintained, including in particular with a focus on the maintenance and completion of the rural roads network, possibly supporting also storage facilities and the mini-grid energy system. Rural infrastructure activities shall be fully embedded with other activities under the focal sector of Agriculture to enhance links with agro-processing and access to market centres, facilitate food security activities, but also improve access of rural communities to basic services. The EU will capitalize on past experience acquired under previous programmes and concentrate especially on public works programmes, in partnership with District Councils.

The EU has been the largest grant partner in agriculture of the Government over the past 10 years (25% of total grants on average). The development of the Agricultural Sector Wide Approach (ASWAp) by the Government of Malawi, with support from development partners including the EU, as well as the EU's lead role in Malawi on the G8 New Alliance for Food Security and Nutrition, makes it particularly relevant for the EU to maintain its involvement in this sector.

Sector 3- Secondary Education and Vocational Training (DAC 113 & 114).

Education is one of the key priority areas in the MGDS II as well as in the Agenda for Change. Malawi's performance in primary, secondary, and tertiary education in terms of quality and success rates is very poor by regional and international standards. However, most Development Partners supporting education in Malawi are focusing on primary education and there is only very limited support to secondary level as well as to Vocational Education and Training (VET).

Major investments to improve the quality and relevance of education in Malawi are required across the sector and should be done as per needs and opportunities in a gradual way. There are significant unmet needs for support to empower the education sector and foster its capacity to satisfy the economy's demand for skilled professionals through the expansion and improvement of equitable and gender-balanced secondary education and VET.

Secondary education is currently provided through approximately 1,000 public private schools. The majority of the public schools are Community Day Secondary Schools whilst 58 are conventional schools with boarding facilities. Access to secondary education is very

limited and the transition rate from primary to secondary is only 32% (in 2012/13). Retention and completion levels in secondary education are generally very low due to factors such as poor school facilities, long distances from home to school, uneven geographical distribution of schools in relation to the needs and overcrowded classrooms, shortage of qualified teachers and shortage of text books and teaching aids. Secondary education has an urban bias and more qualified teachers preferring urban locations. Furthermore, drop-out and repetition levels continue to be higher for girls than for boys, in part due to early marriage, pregnancies, and familial obligations. One of the main challenges preventing girls from going to secondary school is the long distances to school in the rural areas which mean that they face security risks on their way to school or when having to find housing outside of their home. This 'self-boarding' is currently not only illegal, but often also connected to sexual abuse of the girls thereby leading to pregnancy and dropping out of school.

At present, technical skills' training is virtually non-existent in secondary schools which continue to be very university oriented and in spite of the importance of skills development for the country's economy, **Vocational Education and Training (VET)** in Malawi is underfunded and underdeveloped. The lack of relevant marketable artisan and professional skills of young people entering the job market is one of the major factors holding back economic growth in Malawi. Improved availability of skilled workers of diverse educational levels on the local labour market would help improve Malawi's attractiveness for foreign investors in high added value industries, especially in the key productive economic sectors identified in the MGDS and the National Export Strategy (NES). The NES outlines the need for increased skills training in mining, tourism and agro-processing sectors. Underlying all of these is the urgent need for skilled workers, especially technicians, in the construction sector.

A new National Technical, Entrepreneurial and Vocational Education and Training (TEVET) Policy was approved at the end of 2013. This policy emphasises the importance of improving access to and strengthening the delivery of relevant quality training in TEVET institutions and focuses on improving access for females and people from marginalised and disadvantaged groups². However, there are a number of challenges to achieving these targets, including the standard of facilities and workshop equipment, the skill level of instructors, the engagement of industry, and the relevance of curricula. These are key issues, but in order for the sector to be capable of absorbing fully-fledged support from the EU and other partners substantial institutional reforms will need to take place. This includes the formulation of a National Qualification Framework, a universal accreditation system and rationalisation of the training levy system. It is to be expected that the capacity of the sector to absorb large volumes of funding during the first years will be limited.

Against this background, support under this NIP should focus on improving **equitable access** to secondary education and VET, supporting the sector's **quality and relevance** by both enhancing educational facilities and improving the competencies of teachers and instructors, and improving **governance and management** of the supporting structures within the sector, schools and TEVET institutions. Improved governance and management of education and training institutions is one of the main pillars of the National Education Sector Plan (NESP) (2008-2017) and the Education Sector Implementation Plan 2013-2018 (ESIP II). At primary

² Educationally disadvantaged students are defined as orphans, living with HIV/AIDS or disabled.

level this is being promoted through the 'Primary School Improvement Programme' which could serve as a model for the secondary level as well.

2. Indicative financial overview

Sector	MEUR	% of total
1. Governance	120	21%
2. Sustainable agriculture	250	45%
3. Secondary Education and VET	160	29%
Measures in favour of Civil Society	15	2.7%
Support measures	15	2.7%
	<i>Technical Cooperation Facility</i> 7	
	<i>Support to the NAO</i> 8	
Total	560	100%

3. EU support per sector

3.1 Governance (EUR 120 million – indicative amount)

3.1.1 Overall and specific objectives

The *overall objective* is to contribute to Malawi's poverty reduction efforts by strengthening democratic governance, accountability and the rule of law.

The *specific objectives* are to:

- (1) Strengthen **public financial accountability and transparency** in government institutions and boost public service performance;
- (2) Improve **public service performance** and service delivery through deepening of public sector reforms;
- (3) Improve the institutional capacities and coordination mechanisms of **oversight institutions**;
- (4) Create an **effective and fair legal environment** that promotes and consolidates the rule of law, equal access to justice, and respect for human rights.

3.1.2. Main expected results

Results for specific objective 1 - Strengthen public financial accountability and transparency in government institutions:

- 1.1 Improved accountability and transparency in the management of public resources through (continued) support to PFM reform;
- 1.2 Enhanced civic education, awareness and capacity of civil society to demand transparency and accountability.

Results for specific objective 2 - *Improve public service performance and service delivery through deepening of public sector reforms:*

- 2.1 Improved performance and efficiency of public service;
- 2.2 Enhanced accountability of the public sector.

Results for specific objective 3 - *Improve institutional capacities and coordination mechanisms of oversight institutions:*

- 3.1 Strengthened, better coordinated and better perceived oversight institutions;
- 3.2 Enhanced and implemented anti-corruption legal and institutional framework;
- 3.3 Increased democratic accountability through developing capacity of national institutions like the Parliament, the Electoral Commission, political parties, the media and civil society;

Results for specific objective 4: *Create an effective and fair legal environment that promotes and consolidates the rule of law, equal access to justice and respect for human rights.*

- 4.1 Improved efficiency and effectiveness of the judiciary and the justice system;
- 4.2 Improved access to justice for women and men, with particular focus on vulnerable groups, through the promotion of a people-centred and accessible justice system;
- 4.3 Improved detention conditions through support to the Malawi Prisons Service and the Malawi Police Service.
- 4.4 Enhanced capacity of the Human Rights Commission to protect and promote the rights of all Malawians and in particular the rights of vulnerable groups;

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached as Annex 3.

3.1.3. Donor coordination and policy dialogue

The main DPs currently involved in the democratic governance sector are the Department for International Development (DfID-UK), UNDP, Irish Aid, and Norway; with USAID and Germany.

Support to Malawi's Electoral Commission is provided predominantly through the UNDP administered Elections Basket Fund. The UNDP also supports the Democracy Consolidation Program (DCP), aimed at supporting the emergence of a critical mass at all levels of society that demands good governance and the fulfilment of human rights.

In Economic Governance, high level policy dialogue in recent years has taken place in the context of the Common Approach to Budget Support (CABS) mechanism, through which policy dialogue on PFM and macroeconomic issues takes place between the main government institutions and the Heads of Mission of the budget support donors. The CABS coordination and policy dialogue platform may however be revisited in the context of the Development Cooperation Strategy. The backbone of PFM reform is supported through a Multi Donor Trust

Fund administered by the World Bank with contributions from EU, Norway and DFID. USAID and AfDB are also supporting improvements in the Government financial systems through bilateral arrangements. In terms of resource mobilization, the IMF is providing technical assistance and the AfDB is formulating a programme to support custom collection improvements. In addition, a number of partners are currently involved in supporting Monitoring and Evaluation including the EU and several UN agencies.

3.1.4. The Government's financial and policy commitments

Governance remains one of the Government of Malawi's fundamental objectives as recognised in the MGDS II and echoed in the Democratic Governance Sector Strategy 2013-2017 "Building Accountable and Transparent Institutions".

After the 2013 corruption scandal the Government of Malawi took on a number of remedial measures to address the numerous problems in PFM and the management of its public sector. In the medium term, the Government of Malawi is committed to undertake meaningful improvements in expenditure control measures and budget execution, as well as to increase enforcement through the enhancement of the legal framework, and real management and coordination of PFM and Public Sector Reforms. The new government's public sector reform agenda is aimed at improving management systems, dealing with a culture of impunity and rewarding good performance. These reforms should be outlined in detail in a 'Comprehensive Public Finance and Economic Management Strengthening Action Plan' that the Government has committed to develop. The Plan should present a well thought out design, planning and sequencing of reforms leading to verifiable intermediate result oriented objectives.

In June 2013, the Malawi Government approved a Democratic Governance Sector Strategy (DGSS) aimed at facilitating a coherent and coordinated approach to the management of democratic governance interventions. The four core areas of support identified in this NIP are strategic components of the approved DGSS. The envisaged operationalization of the DGSS will provide a platform for dialogue to coordinate support to justice and oversight sector institutions. Involvement in the governance sector is crucial for an effective EU contribution to the national development agenda in all sectors.

3.1.5 Environmental Assessment

If and when deemed necessary, environmental impact assessments will be part of programming and planning for all governance sector interventions.

3.1.6. Overall risk assessment of the sector intervention³

Risks	Mitigating measures
Policy level	EUD to continue to engage with Government of Malawi and

³ Risk assessment tables for the three focal areas are to be seen in complementarity with the Risk Management Framework that is prepared for Budget Support Operations.

<p>In a post-electoral context existing political commitments may change or be adjusted depending on the incoming regime.</p>	<p>Development Partners in meaningful political discussions and policy dialogue on judicial and public sector reform. Similarly, extensive dialogue on PFM reform to define priorities and related assistance is undertaken in the context of the relevant sector policy dialogue platforms and Sector Working Group.</p>
<p>Political economy There is a risk that fundamental reforms and possibly reorientation of public funds will be facing significant resistance.</p>	<p>EUD to consider sources of resistance to change that may hamper reform efforts, EUD in coordination with other DPs to involve all stakeholders and explain benefits of reforms.</p>
<p>Monitoring arrangements Weaknesses in the operation of national systems and inadequate capacity to institutionalise appropriate monitoring arrangements.</p>	<p>Engaging with Government to help through capacity development and advisory services. M&E arrangements to receive particular attention at identification stage.</p>
<p>Coordination and effectiveness of interventions Insufficient sequencing of PFM reforms and coordination of DP's assistance. Slow progress to improve public and programme financial management. Slow progress in enhancing transparency as a means to foster accountability of public spending.</p>	<p>PFM Action Plan adopted by the Government in 2015. EUD to continue to engage with Government and DPs on the priorities of the PFM reform and definition of related assistance.</p>
<p>Absorption capacity Absorption capacity is limited to the capacity levels of potential implementing partners (especially if conditions for sector budget support are not met).</p>	<p>Diversify implementation modalities and partners. Thorough assessment of absorption capacity of partners and projects at the formulation phase.</p>

3.2 Sustainable Agriculture (EUR 250 million – indicative amount)

3.2.1 Overall and specific objectives

The *overall objective* is to stimulate the sustainable development of Malawi by transforming agriculture from a sector largely based on low-value and subsistence production to a competitive, sustainable, and private sector driven inclusive agriculture that brings economic growth, improved livelihoods, decent jobs and food and nutrition security, whilst reducing vulnerability to climate change and natural disasters.

The *specific objectives* are to:

- (1) Enhance **food and nutrition security** in Malawi
- (2) Promote **sustainable agricultural growth and incomes** in Malawi

3.2.2 Main expected results

Results for specific objective 1 - *Enhance food and nutrition security in Malawi*

- 1.1: Agricultural production increased and diversified in a sustainable manner;
- 1.2: Dietary intake, in particular for women and children, diversified with safe nutritious food.

Results for specific objective 2 - *Promote sustainable agricultural growth and incomes in Malawi*

- 2.1: Increased commercialisation and value addition of smallholders' production;
- 2.2: Better access of farmers and SMEs to lending by Financial Institutions;
- 2.3: Access to markets by smallholder farmers facilitated by improved rural transport infrastructures;
- 2.4: Climate change mainstreamed into agricultural and land resources management.

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached as Annex 3.

These indicators are aligned to relevant Government Monitoring and Evaluation frameworks of the different sub-sectors, almost all of them under development.

3.2.3 Donor coordination and policy dialogue

The main policy dialogue around Agriculture and Food Security takes place in the framework of the Agriculture Sector Wide Approach (ASWAp). Donors coordinate through the Donor Committee on Agriculture and Food Security (DCAFS). In this context, the EU works closely together with DfID-UK, Irish Aid, JICA, Norwegian Aid, USAID, Flanders Government, Germany as well as FAO, WB, WFP, IFAD, and AfDB. In addition, policy dialogue around value addition and market integration of agricultural takes place within the framework of the Trade, Industry and Private Sector Wide Approach (TIP SWAP).

The two main fora for agriculture policy dialogue are the bi-annual Joint Sector Reviews (JSR) chaired by the Minister responsible for Agriculture which gather a large number of representatives from Government institutions, CSOs, Private Sector and Donors; and the quarterly Agriculture Sector Working groups (ASWG) which are chaired by the Principal Secretary (PS) of the Ministry responsible for Agriculture.

Donor coordination and policy dialogue on private sector development also automatically involves agriculture. The G8 New Alliance for Food Security and Nutrition (G8NA), currently led by the EU, has the potential to improve synergies between Government, Development Partners and private sector on agricultural matters. Agriculture-related policy dialogue also takes place within the framework of the Water SWAp which encompasses the irrigation subsector. Irrigation is sometimes addressed under the ASWAp and in technical working groups on sustainable water and land management. Specific sector dialogue forums for Nutrition and Climate Change, mostly focussed on the resilience of rural

agriculture-dependent communities, are also in place and the EU is an active participant in the relevant fora. Land rights, land use and land tenure are recurring and crosscutting issues which have a significant impact on agriculture and food and nutrition security. These are raised in meetings of the different sector dialogues.

3.2.4 The Government's financial and policy commitments

Besides its sector wide approaches and related sector frameworks, the Government of Malawi is currently committed to meet the Comprehensive African Agriculture Development Programme's Maputo objective of ensuring that at least 10% of the national budget is allocated to support agriculture. While Malawi has consistently met the Maputo objective, the choice of allocation of funds within the agriculture sector has so far largely favoured the Farm Input Subsidy Programme (FISP) at the expense of other important measures that need to be pursued in agriculture.

In line with its core functions and ASWAp priorities, the Ministry responsible for agriculture and irrigation is committed to rebalance agricultural public expenditures in favour of agriculture commercialization and market development (including rural finance), land and water sustainable management, technology research and development, extension services development, and dissemination and livestock development. The last 3 financial years, planned expenditures for agriculture represented 15 to 20% of the total national budget, thus achieving one of the Comprehensive Africa Agriculture Development Programme (CAADP) objectives of at least 10% of national budget in African countries dedicated to agriculture. However, 60 to 75% of this budget was allocated to the national programme for inputs subsidies (FISP). With the Presidential Green Belt Initiative launched in 2010, the Government wants to expand areas under irrigation from 90,000 ha to 200,000 ha by 2016."

In the context of the G8 New Alliance for Food Security and Nutrition, the Government of Malawi remains also committed to implement various actions from existing relevant sector frameworks, aimed at delivering on increased private sector involvement and investment in agriculture.

As regards environmental and climate change issues, the Government's main commitments are reflected respectively in the National Environmental Action Plan (NEAP) and the National Adaptation Plan of Action (NAPA). Successful implementation of environment and climate change related policies and enforcement of the relevant regulatory frameworks suffer however from the limited resources available by the concerned departments. Priority should be given to mainstreaming climate change and environment into national policy planning and frameworks at national and district level, as well as into the sector plans and budgets.

3.2.5 Environmental Assessment

Malawi is experiencing extreme weather conditions, such as drought and floods that are having a negative impact on water availability, agricultural outputs and food security. Small-scale farmers are particularly vulnerable as they are highly dependent upon rain-fed production. The Government of Malawi is increasingly aware of the need to address environmental risks and constraints linked to the intensification of agriculture, but also of the opportunities offered by agriculture to promote green growth.

Strategic Environmental Assessments, including climate risk assessments, will be factored into the programs during the planning phase of the interventions and appropriately included in, for example, the irrigation subsector where a national strategy and an investment master plan are under development. An Environmental Impact Assessment will be a feature of any major infrastructural development initiative.

At the level of streamlining Government's response to environmental and climate change related issues significant work still needs to be done. While a Ministry of Environment and Climate change was created two years ago the distribution of responsibilities between this newly created ministry and the Ministry of Agriculture and Food Security, the Department of Disaster Management and the Ministry of Water Development and Irrigation still remain unclear.

3.2.6 Overall risk assessment of the sector intervention

Risks	Mitigating measures
<p>Policy level</p> <p>Risk that key political measures and reforms required are not implemented and current policies are continued. This could compromise successful engagement of the EU in the sector.</p> <p>Government macroeconomic policies, measures in specific policy areas or high interest rates could impact negatively on the drive towards private investments and commercialization of agriculture i.e. inflation, fiscal and trade policies.</p> <p>Land laws and tenure arrangements, seed sector and plant health regulation and legal requirements applying to warehouses are other examples of areas which could be affected by non-supportive policies.</p>	<p>Main mitigation measures are to significantly improve sector dialogue by getting donors to speak with one voice, and to achieve more coordinated involvement from the Private Sector and CSOs.</p> <p>The dialogue will be underpinned by targeted support to strengthen the Government's capacity for policy formulation as well as its analytical, monitoring and evaluation capacities.</p>
<p>Efficiency and effectiveness</p> <p>Limited implementation and absorptive capacities (within central government and local government authorities), insufficient political will, limited cooperation and coordination at different levels lead to blockages and slow implementation.</p>	<p>Closer coordination of sector support will continue to be essential in order to avoid fragmentation and maximize effectiveness. The EUD will step up efforts to ensure close EU-level coordination of agriculture sector assistance. The EU strategy will include a more prominent role for non-Government actors, namely the private sector, to work towards a more holistic approach to development in agriculture.</p> <p>In addition the EUD will, together with other Development Partners, promote Government wide civil service reform which should lead to an improved public service, not least within the relevant departments dealing with Agriculture, Food Security and Nutrition.</p>
<p>Effects of climate change</p> <p>Environmental miss-management could undermine the effectiveness of agricultural interventions.</p> <p>Risk of accelerated environmental degradation due to climate change.</p>	<p>Interventions will be screened for environmental impact and climate change risk using EU Guidelines at identification and formulation stage.</p> <p>Continued monitoring by the Government and Development Partners of crops and food security developments across the country should lead to early identification of climate change effects.</p>

3.3 Secondary Education and Vocational Training (EUR 160 million – indicative amount)

3.3.1 Overall and specific objectives

The *overall objective* is to empower the education sector and foster its capacity to satisfy the economy's need for skilled professionals through expansion and improvement of equitable and gender-balanced secondary education and vocational Training.

The *specific objectives* are to:

- (1) Promote equitable and gender-based **access** to secondary education and vocational training
- (2) Improve the **quality and relevance** of secondary education and vocational training for girls and boys
- (3) Strengthen the **management and governance** of secondary education institutions and the VET regulatory bodies and training institutions

3.3.2. Main expected results

Results for specific objective 1 – *Promote equitable and gender-based access to secondary education and vocational training*

- 1.1 Access to secondary school and VET, as well as retention and completion levels is increased, especially for girls;
- 1.2 Participation and performance in secondary education and VET by women, the educationally disadvantaged and people with disabilities is improved;
- 1.3 The number of secondary schools and vocational training centres is increased;

Results for specific objective 2 – *Improve the quality and relevance of secondary education and vocational training*

- 2.1 The new science and skills focused curriculum for secondary education is implemented;
- 2.2 Teachers and instructors' technical and pedagogical skills are improved through increasing and upgrading of teacher training opportunities;
- 2.3 A demand-oriented, competency-based approach to VET is implemented to ensure improved availability and uptake of skilled workers on the local labour market;
- 2.4 Education and training institutions are equipped with appropriate infrastructure, equipment, and teaching and learning materials;

Results for specific objective 3 – *Strengthen the management and governance of secondary education institutions and the VET regulatory bodies and training institutions*

- 1.1 Management capacity in the education and VET sector, including at district and school/training institution level, is improved;
- 1.2 Partnership and collaboration between the focal ministries, regulatory bodies, labour market, private schools, VET institutions, donor partners and NGOs active in education and skills development is enhanced;

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached as Annex 3.

3.3.3. Donor coordination and policy dialogue

Donor coordination is ensured through monthly DP meetings including all DPs active in the education sector. Most DPs are focusing on primary education, but alignment of interventions is being done with all DPs and specifically for secondary education with JICA and UNICEF, and for VET with the Germany, the World Bank and the African Development Bank.

Policy dialogue is mainly done within the framework of the Education SWAp structures and the Sector Working Group (SWG) on Education which meets every three months and includes DPs, regulatory bodies and the Ministry of Education, Science and Technology at Principal Secretary level.

3.3.4. The Government's financial and policy commitment

Education is one of the key priority areas in the MGDS II and the Government of Malawi remains committed to education and skills development as enshrined in key strategic documents such as the National Export Strategy (NES) (2013-2018), the National Education Sector Plan (NESP) (2008-2017), the Education Sector Implementation Plan II (ESIP II) (2013-2018), and the Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA) Strategic Plan (2013-2018). The Government of Malawi has put a lot of effort into reviewing these documents and the new ESIP II provides a clear outline of the main priorities in terms of policy reforms and programs for the education sector over the next years. The overarching focus of the government's approach is to expand equitable access, to improve quality and relevance, and to improve the governance and management of the sector. In addition to these policy documents, the Government has started parallel initiatives focusing on enhancing science in secondary school and resuscitating skills development through the review of the curricula for secondary education.

In 2013-2014,⁴ the overall budget allocation to education in Malawi was 77.435 billion MWK and the foreseen allocation for 2014-15 is 81.680 billion MWK. The education sector was allotted the second highest allocation (after the agriculture sector) of the total national budget, constituting 17.2 % of it. The percentage of this overall budget for education allocated to secondary education was 14% in 2013. In the budget exercise 2013-2014 approximately 88% of the budget was allotted to recurrent expenditures. As regards to the development component about 73% of the budget is provided by DPs. The allocations to secondary education were 11.4% in 2007, 20.1% in 2014 and expected to be 20.6% in 2017 of the total education budget, while the allocation to VET will remain approximately 3.3%.

3.3.5. Strategic Environmental Assessment

Strategic Environmental Assessments, including climate risk assessments, will be factored into the programs during the planning phase of the interventions and appropriately included in, for example, curricula development and teacher and instructor's training. An Environmental Impact Assessment will be a feature of any infrastructural development initiative.

⁴ Draft Estimates of Expenditure on Recurrent and Capital Budget for the Financial Year (2014/15) Statistics

3.3.6. The overall risk assessment of the sector intervention:

Risks	Mitigation measures
<p>Structural readjustments</p> <p>Changes in the structure of the government administration of the education sector are currently being mooted. Depending on the changes introduced, it could lead to a duplication of responsibilities in such areas as teacher training and skills training curricula.</p>	<p>Identify and agree with Government of Malawi how areas of potential duplication can be managed and what are the best measures for managing projects that would cut across secondary education and VET.</p>
<p>Limited progress on the required structural reforms</p> <p>VET needs a radical overhaul in terms of improving access (and a less elitist enrolment approach), re-orienting its training methodology, and re-structuring established programmes (such as the apprenticeship scheme). These changes will place demands on personnel in terms of professional experience, commitment, and time. In the formal VET system there are existing signs of resistance to change.</p>	<p>Identify and agree with Government of Malawi the 'controversial' areas of change during the project preparation phase. Include a 'change management strategy' in project proposals. Projects and programmes should also include measures aimed at enhancing the capacity to implement and manage changes.</p>
<p>Bias towards primary education</p> <p>The policy dialogue in the framework of the Education SWAp has been focused on the challenges in basic education and has fostered interventions mainly on the primary level. While the discussions should revolve around an all-encompassing theme of 'Learning for all - improving learning outcomes in Malawi', the issues related to the secondary and VET sub-sectors have not featured prominently on the agenda.</p>	<p>After last joint sector review, development partners meetings have been focusing on all three areas of Education. VET discussions in addition have been conducted in a "Skills Development" Technical Working Group under Trade, Industry and Private Sector Development Sector Wide Approach (TIP SWAP). The EU will endeavor to use its leverage in the existing SWAp platform to enhance donor coordination in the secondary and VET sub-sectors by encouraging a comprehensive approach to the development of marketable skills, including supporting and strengthening science education and initial VET at the secondary education level as well as continuous VET up to tertiary education.</p>

<p>Coordination between stakeholders.</p> <p>Difficulties in coordination between policy and regulatory bodies as well as coordination issues at the training provider level have been noted in studies by various DPs. There is furthermore room for a much-increased involvement of the private sector as a key player in the sector. These issues have a potential bearing on project implementation in relation to the timely introduction of new skills development programmes, adoption of prior learning principles and the formulation of a National Qualifications Framework and a national accreditation system.</p>	<p>Identify the main weaknesses in the project formulation phase and agree on optimal set up for implementation with Government of Malawi and key private sector actors on these assumptions.</p>
<p>Limited management implementation capacity of the line ministries.</p> <p>The skills shortages apply not only to the private sector but also to the public sector. Lack of manpower and relatively low experience levels create challenges in terms of efficiency and effectiveness when it comes to managing large scale time-bound assistance projects, which can result in implementation delays.</p>	<p>Appropriate implementing modalities must be put in place, some of which include the line ministries, NGOs and the private sector. A key aspect of this approach will be an assessment of Government of Malawi's project management capacity and the introduction of capacity building measures that will enable Government of Malawi to play a lead role over time.</p>

4. Measures in favour of civil society (EUR 15 million)

In line with the European Commission Communication "The Roots of democracy and sustainable development: Europe's engagement with Civil Society in external relations" the engagement with civil society organisations will be mainstreamed in the current NIP with the objective to establish an enhanced and more strategic partnership with CSOs active in Malawi. In the context of the EU Roadmap for support to Civil Society elaborated by the EU Delegation and the EU Member States, the role of Civil Society to stimulate the demand for better and more responsive public services and more accountability will be strengthened. Specific measures to support the capacity of non-state actors to contribute to service delivery, advocacy, and economic development will also be designed in consultation with civil society, the Government and other Development Partners.

5. B-allocation

Based on past experience, a B-allocation for Humanitarian assistance is likely to be needed to help address major climate induced food insecurity situations (severe droughts/floods, etc.). Such food security challenges have been compounded by inadequate budgeting and management of the strategic grain reserve.

6. Support measures (EUR 15 million)

Two support interventions are foreseen under the current NIP:

A Technical Cooperation Facility will support the successful implementation of the Government of Malawi's development strategy through the support of sound development programmes financed from EDF funds and other EU funded initiatives in Malawi including joint actions with other donors. It

should also support the fostering of a more coherent and informed approach to development and trade issues.

As under earlier EDF cycles, support will be provided to the National Authorising Officer and his services to be able to assume full ownership of the identification, formulation, monitoring of implementation, and evaluation and auditing of interventions funded under the European Development Fund.

Support measures will also support further i) mainstreaming of gender including the identification of actions and gender disaggregated indicators and ii) the strengthening of risk analyses and the identification of mitigating measures in the preparation of new projects and programmes.

Annexes

1. COUNTRY AT A GLANCE
2. DONOR MATRIX
3. SECTOR INTERVENTION FRAMEWORK AND PERFORMANCE INDICATORS
4. INDICATIVE TIMETABLE FOR COMMITMENT OF FUNDS
5. GENDER PROFILE

ANNEX 1: Country at a glance

1. A: MACRO-ECONOMIC AND TRADE CAPACITY INDICATORS

		2010	2011	2012	2013 ^e	2014 ^f
Basic data*						
1	Population (in 1000)	13947	14388	14844	15316	15805
	- annual change in %	3.2	3.2	3.2	3.2	3.2
2a	Nominal GDP (in billions Kwacha)	812.4	880.9	1056.3	1411.9	1743.9
2b	Nominal GDP per capita (in US\$)**	360	364	267	226	n/a
2c	- annual change in % (GDP deflator)	8.4	3.9	17.7	27.3	16.4
3	Real GDP (annual change in %)	6.5	4.3	1.9	5.0	6.1
4a	Inflation/Consumer Prices (End of Period)	6.3	9.8	34.6	20.1	9.7
4b	Inflation/Consumer Prices (Annual Average)	7.4	7.6	21.3	27.7	15.1
5a	National Savings (in % of GDP) *	24.7	24.1	24.89	24.48	24.48
5b	National Investment (in % of GDP)	26.0	9.4	12.5	16.9	18.6
5c	Net official Transfers	15.7	6.4	14.1	12.9	12.8
5d	Savings-Investment Balance	-1.3	-5.9	-4.4	-3.5	-2.6
5e	Domestic Savings	6.3	0.6	-4.6	0.6	2.4
Balance of payments *						
6a	Exports of goods and services (in % of GDP)	22.9	22.5	30.1	36.0	34.2
	- of which the most important: Tobacco... (in % of exports)	55.4	38.2	38.5	25.8	26.6
6b	Imports of goods and services (in % of GDP)	36.7	33.7	45.1	49.6	47.3
	- of which the most important: Petroleum (in % of imports)	9.3	8.9	9.2	9.3	8.5
6c	Terms of Trade (% change)	3.0	-17.5	-2.2	0.3	2.5
6d	Trade balance (in % of GDP)	-17.0	-12.2	-18.6	-16.4	-16.8
	- of which share of EU imports (in % of imports)	14.5	10.1	13.5	13.02	13.02
7	Export of services (% of GDP)***		22.7	18.6	23.0	22.5
7a	Current account balance (in % of GDP)	-1.3	-5.9	-4.4	-3.5	-4.0
8	Net inflow of remittances (in % of GDP)	3.3	3.1	2.0	1.87	1.7
9	Net inflows of foreign direct investment (in % of GDP)	1.8	2.3	3.1		n/a
10	External public sector debt (in % of GDP)	16.0	16.9	37.4	41.5	38.9
11	Service of external debt (in % exports goods & services)	1.3	1.6	2.4	2.7	4.0
12a	Foreign exchange reserves (in months of imports of goods and non-factor services) ***	2.3	2.7	2.0	2.9	3.1
12b	Official foreign exchange reserves (in months of imports of goods and non-factor services)***	1.5	1.8	1.0	1.8	2.5
Trade capacity **						
13	Average cost to export (USD per container)	1,713	1,675	2175	2175	n/a
14	Global competitiveness index(overall rank)	125	117	129	136	n/a
Government budget *						
15	Revenues (in % of GDP)	33.8	32.1	26.5	38.3	36.9
	- of which: grants (in % of GDP)	10.3	7.6	4.4	14.2	9.8
	- of which: external tariff income (in % of GDP)					
16	Expenditure (in % of GDP)	33.8	35.0	33.4	39.6	41.1
	- of which: capital expenditure (in % of GDP)	7.8	7.7	8.0	8.4	9.1
16a	Deficit (in % of GDP) including grants	-2.7	-2.9	-6.9	-1.3	-4.2
16b	Deficit (in % of GDP) excluding grants	-17.2	-10.5	-11.3	-15.6	-13.9
17	Total (domestic & external) debt (in % of GDP)	39.4	48.3	52.7 ^e	48.0 ^e	45.3 ^e
Monetary policy***						
18a	Interest rate (annual average commercial bank minimum lending rate in %)	18.63	17.78	25.76	38.44	39

18b	Interest rate (annual average commercial bank maximum lending rate in %)	23.75	24.02	33.81	45.92	45.75
18c	Interest rate (annual average commercial bank savings deposit rate in %)	3.6	3.75	6.51	10.47	9.95
19	Exchange rate: annual average national currency / 1US\$	150.4858	156.5292	249.1067	364.4059	415

Source(s): Ministry of Finance, Reserve Bank of Malawi***, National Statistical Office and IMF Article IV & Debt Sustainability Analysis Reports*, Global Competitiveness Report, World Bank**

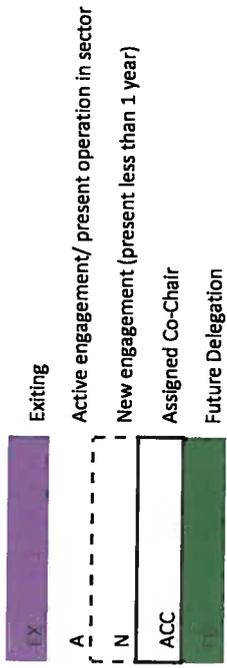
e = estimate & f = forecast

1. B: PROGRESS ON KEY MDG INDICATORS

Goal/Target	Indicator	1990-1992	1998-2000	2004-2006	2012	2013* Estimate	2015 Goals	Likelihood of Meeting Goals
Eradicate Extreme Poverty and Hunger	Proportion of population below US\$1/person/day in PPP	54	53.9	52	50.7	49.9	48.8	
	Poverty Gap Ratio (%)	16	18.6	17.8	18.9	18.9	8.0	
	Proportion of ultra-poor (%)	n/a	23.6	22.2	24.5	24.7	11.8	
	Prevalence of underweight children (under-five) (%)	28	25.4	22.0	30.6	30.0	14.0	Unlikely to be met
	Poorest Quintile Share in national consumption (%)	n/a	10.0	10.1	5.5	4.8	20.0	Unlikely to be met
	Net enrolment in primary education (%)	58	78	79	83	85	100	
Achieve Universal Primary Education	Proportion of pupils starting grade 1 reaching grade 5 (%)	64.4	69	86	77	77.6	100	Unlikely to be met
	Literacy rate (15-24 years) (%)	n/a	68.1	78	76.9	77.6	100	Unlikely to be met
	Ratio girls/boys - in primary education - in secondary education	0.87 0.50	0.91 0.60	0.95 0.75	1.04 0.79	1.01 0.82	1.00 1.00	
	Ratio of literate women to men (15-24 years)	n/a	0.82	0.88	0.95	0.96	1.00	Unlikely to be met
	Share of women in wage employment in non-agriculture sector (%)	n/a	13.1	15.0	33.3	35.0	50.0	Unlikely to be met
	Proportion of seats held by women in parliament (%)	5.6	9.3	14.0	22 (as of 2009 elections)	16 (as of 2014 elections)	50.0	
Reduce Child Mortality	Under-five mortality rate (per 1000)	234	189	122	115	112	78	
	Infant Mortality Rate (per 1000)	134	103	69	66	58.4	44.7	
	1 year old children immunised against measles (%)	85.8	83.2	78.7	95	95.9	100	Likely to be met
	Maternal mortality rate (per 100,000)	620	1120	984	675	675	155	
Improve Maternal Health	Proportion of births attended by skilled health personnel (%)	54.8	55.6	66	82.6	82.6	100	Unlikely to be met
	HIV prevalence among pregnant women aged 15 -24 years old	17.4 (as of 1994)	19.1	14.3	12.3	10.6	0	Unlikely to be met
	Ratio of orphans to non-orphans in schools	n/a	n/a	0.15	0.12	0.149	-	(un) Likely to be met
Combat HIV-AIDS, Malaria and Other diseases	Prevalence and deaths rate associated with Malaria (%)	n/a	3.6	4.4	3.3	3.3	-	(un) Likely to be met
	Access to Malaria treatment (under 5 children within 24 hours of onset of symptoms)	n/a	9.7	21.9	24.0	24.0	-	(un) Likely to be met

	Proportion households with at least one Insecticide Treated Bed Net (ITN)	n/a	31.0	40.0	55.0	55.0	-	
	Death rates associated with Tuberculosis (TB)	10.0	22.0	7.0	7.0	7.0	-	
	Proportion of TB cases under Directly Observed Treatment Short Course (DOTS) (%)	66	57	75	86	86	-	
Ensure Environmental Sustainability and reverse loss of environmental resources	Proportion of land covered by forest (%)	41.4	37.9	36.2	34.5	34.5	50	Likely to be met
	Proportion of area protected to maintain biological diversity (%)	0.16	0.16	0.16	0.16	0.16	0.18	
	Proportion of population using solid fuel (%)	n/a	97.9	97.9	98	97.4	0	
	Proportion of population with sustainable access to improved water source	47	63	80	83	79	74	
	Proportion of population with access to improved sanitation (%)	72.3	81.4	85.9	72.4	72.4	86.2	
Develop Global Partnership for Development	Slum population as percentage of urban population (proxy % of slum houses in urban)	94.6	89.9	66.4	67.7	65.1	-	
	Net Overseas Development Assistance (ODA) as percentage of Real GDP	11	13	16	21.34	21.34	-	
	Unemployment of 15-24 year olds	n/a	1 (as of 1998)	9 (as of 2006)	15.2	23.0	-	
	Telephone (land) line subscribers (% of population)	n/a	n/a	0.73	0.77	0.8	-	
	Mobile phone subscribers (% of population)	n/a	n/a	2.01	4.13	41.2	46	
	Internet users (% of population)	n/a	n/a	0.07	25.1	25.1	-	

Source(s) : MDG Report 2013; Malawi Labour Force Survey (2013)



Roles of Engagement in DoL

Division of labour is closely linked to different roles assigned to development partners in order to facilitate a division of labour.

The Malawi DoL process follows the same set of roles and will as one part of the process have to establish TOR for the different roles foreseen.

All of the roles come with different functions, prerequisites and require a different set of capacities. The following is a short summary of the most important aspects (following HLF 2008c).

Lead: Acts on behalf of others; ensures constant dialogue and cooperation with the national government and the other

DPs (on policy, budget and operational issues). Provide management and monitoring support to a greater extent than others.

Actively engaged: Participates (in dialogue) through the lead DP but maintain their own implementation. They might represent the interests and opinions of delegating partners.

Delegating: Delegates dialogue and/or finances to another DP and herewith becomes the silent partner. Involvement is therefore indirect.

Withdrawing: This most neglected role in comparison involves responsibility for timely and repeated information of all actors involved and for the fulfillment of all current commitments.

Other important dimensions are constant management of the process and negotiations with e.g. other DPs ensuring sustainability of development efforts.

ANNEX 3 – Sector intervention framework

Missing baselines will be included in Action documents at the latest

Sector 1: Governance

Overall objective: to contribute to Malawi's poverty reduction efforts by strengthening democratic governance, accountability and the rule of law.

Specific objective 1: Strengthen public financial accountability and transparency in government institutions		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
a) Improved accountability and transparency of management of public resources through (continued) support to PFM reform	a1) Competition, value for money and controls in procurement Baseline: PEFA 2011 score C Target: at least B in PEFA 2015/16a2) Scope, nature and follow up of external audits Baseline: PEFA 2011 score D+ Target: at least B in PEFA 2015/16	- PEFA assessments - Budget documents - Procurement reports - Audit reports
b) Enhanced civic education, awareness and capacity of civil society to demand transparency and accountability	b1) Number of social accountability surveys on monitoring and evaluation of public goods and services Baseline: 1 PETS (Basic Education) and 1 independent budget analysis by CSOs Target: 2 PETS (i.a. Education and Health) and 2 independent budget analyses/sector specific budget analyses by CSOs by 2020	- Public Expenditure Tracking Surveys (PETS) / Social audits - Independent policy and budget analyses - Public budget hearings / Consultations
Specific objective 2: Improve public service performance and service delivery through deepening of public sector reforms		
a) Improved performance and efficiency of public service	a1) Rating on WB survey on "public sector employees strive to help citizens" Baseline: World Bank ISPMS Score of 4.5 out of 7 in 2013 Target: World Bank IPSMS Score of 4.75 out of 7 in 2020 a2) Status of the 100 Day Public Service Reform (PSR) Action Plan Target: 100 day PSR Action Plan adopted and at least 60% of envisaged key measures implemented by 2017	- World Bank Indicators of Strength of Public Sector Management Systems (ISPMS) - PSR Action Plan progress reports - Government of Malawi's Department of Public Sector Reform and Management annual reports

b) Enhanced accountability of the public sector	b1) Rating on WB survey on "public sector employees strive to follow rules" Baseline: World Bank ISPMS Score of 4.75 out of 7 in 2013 Target: World Bank IPSMS Score of 5.0 out of 7 in 2020	- World Bank Indicators of Strength of Public Sector Management Systems (ISPMS)
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Specific objective 3: Improve the institutional capacities and coordination mechanisms of oversight institutions

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
a) Strengthened, better coordinated and better perceived oversight institutions	a1) Rating on public confidence on governance institutions Baseline: 25% in 2011 Target: 40 % in 2020 a2) Joint planning and budgeting sessions by the governance sector institutions Baseline: 0 in 2014 Target: 1 session per year from 2015	- Democratic Governance Survey reports - Records of joint planning & budgeting meetings - Reports on implementation of the Democratic Governance Sector Strategy
b) Enhanced and implemented anti-corruption legal and institutional framework	b1) TI Index on control of corruption Baseline: 3.7 in 2013 Target: 3.9	- Transparency International - Worldwide Governance Indicators - National indicators

<p>c) Increased democratic accountability through developing capacity of national institutions like the Parliament, the Electoral Commission, the political parties, the media and civil society</p>	<p>c1) Main EU Election Observation Mission (EOM) 2014 recommendations implemented Target: the following four recommendations implemented by the next elections:</p> <ul style="list-style-type: none"> - Status of Capacity and accountability of MEC; with the following milestones <ul style="list-style-type: none"> • internal review process established • introduction of external and internal communication. - Status of legal framework for elections ; with the following milestones <ul style="list-style-type: none"> • harmonisation of legal acts, • changes in the complaints handling • changes to party financing regulations. - Timely conduct of voter registration and verification exercise. Deadlines for having the voters roll ready to be specified during implementation - Status of Civic and voters education (CVE); with the following milestones: <ul style="list-style-type: none"> • Supported provided at grassroots level • Support available for persons with disabilities i.e. CVE materials 	<ul style="list-style-type: none"> - EU EOM report - EOM reports by Commonwealth, SADC and other international election observation missions - Reports from Malawi Economic Justice Network (MEJN) and National Initiative for Civic Education (NICE) - Reporteurs Sans Frontières - Press Freedom Index
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Specific objective 4: Create an effective and fair legal environment that promotes and consolidates the rule of law, equal access to justice and respect for human rights

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
<p>a) Improved efficiency and effectiveness of the judiciary and the justice system</p>	<p>a1) Ratio of number of court cases (criminal and civil) resolved over the total number of cases filed per year Baseline: 65% in 2011 Target: 70% in 2020 a2) Number of criminal cases that take more than one year Baseline: 44.7% of cases take more than a year in 2011 Target: 35% of cases taking more than a year in 2020</p>	<ul style="list-style-type: none"> - Annual Judicial reports - Access to Justice surveys - Malawi Human Rights Commission (MHRC) reports
<p>b) Improved access to justice women and man, with particular focus on vulnerable groups, through the promotion of a people-centred and accessible justice system</p>	<p>b1) % of population who use the formal and informal justice systems Formal justice system <ul style="list-style-type: none"> • Baseline:10% in 2011 • Target: 20% in 2020 Informal justice <ul style="list-style-type: none"> • Baseline: 85.5% in 2011 • Target: 80% in 2020 </p>	<ul style="list-style-type: none"> - Access to Justice surveys (Baseline of 2011) - Judicial annual reports - Annual reports from the office of the Director of Public Prosecutions

<p>c) Improved detention conditions through support to the Malawi Prisons Service and the Malawi Police Service</p>	<p>c1) % reduction in prison overcrowding Baseline: 250% in 2013 Target: 150% by 2020</p>	<ul style="list-style-type: none"> - Prison Authorities annual reports - Prison Inspectorate reports - Malawi Human Rights Commission (MHRC) reports - CSO reports
<p>d) Enhanced capacity of the Human Rights Commission (MHRC) to protect and promote the rights of all Malawians and in particular the rights of vulnerable groups</p>	<p>d1) Number of periodic compliance reports developed in liaison with CSOs and submitted to treaty bodies in a timely manner Baseline: 3 in 2011 Target: 8 in 2020</p> <p>d2) % of Malawians knowledgeable about human rights Baseline: 45% in 2011 Target: 60% in 2020</p> <p>d3) Mo Ibrahim Index – Rights Baseline: 61.6 in 2013 Target: 66 in 2017</p>	<ul style="list-style-type: none"> - Malawi Human Rights Commission (MHRC) annual reports - Universal periodic review reports - Human Rights Watch report - Democratic Governance Survey reports - Mo Ibrahim Index

The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes during the programming period.

Sector 2: Sustainable Agriculture

Where not already specified: baselines will be included in Action Documents at the latest.

Overall objective: stimulate the sustainable development of Malawi by transforming agriculture from a sector largely based on low-value and subsistence production to a competitive, sustainable, and private sector driven inclusive agriculture that brings economic growth, improved livelihoods, and food and nutrition security, whilst reducing vulnerability to climate change and natural disasters.

Specific objective 1: Enhance food and nutrition security in Malawi

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
a) Agricultural production increased and diversified in a sustainable manner	<p>a1) % of food secure rural households Baseline: 90% Target: 94% Baseline year: 2014 Target year: 2020</p> <p>a2) Tonnage of high quality legume seeds available on the market. Baseline: 2800 Target: 4000 Baseline year: 2014 Target year: 2020</p> <p>a3) number of different crops produced by the majority of households Baseline: 1 crop Target: 2 crops Baseline year: 2014 Target year: 2020</p>	<p>a1) MDTF indicator / WB report based on Household Surveys; source MoAFS-MVAC and NSO – Comment: Total HH food production/total HH food requirement</p> <p>a2) MDTF indicator / WB report based on Seed Traders' Association Malawi (STAM) reports</p> <p>a3) ASWAp indicator 1.2 / MoAFS-FSU</p>
b) Dietary intake, in particular for women and children, diversified with safe nutritious food	<p>b1) % reduction of stunting among children less than 5 years of age disaggregated by gender Baseline: 42.4%⁵ Target: 35% Baseline year: 2014 Target year: 2020</p>	<p>b1) ASWAp indicator 1.2 and SUN indicator / Ministry of Health with support from DNHA</p>

⁵ Source is the last MDG endline survey for Malawi of September 2014. Disaggregation per gender should be available only in December 2014.

	<p>b2) Average dietary diversity score⁶ Baseline: 15% Target: 25% Baseline year: 2014 Target year: 2020</p>	<p>b2) ASWAp indicator 1.2 / NSO surveys</p>
<p>Specific objective 2: Promote sustainable agricultural growth and incomes in Malawi</p>		
<p><u>Expected Results</u></p>	<p><u>Indicators</u></p>	<p><u>Means of Verification</u></p>
<p>a) Increased commercialisation and value addition of smallholders production</p>	<p>a1) Total private sector investment in the agriculture sector in the context of the G8 New Alliance Baseline: \$ 31 million Target: \$ 120 million Baseline year: 2014 Target year: 2017</p> <p>a2) National smallholder marketed output in tonnage for main crops: pulses, irish potatoes, groundnuts Baselines: - Pulses: 470,489 - Irish potatoes: 758,566 - Groundnuts: 297,487 Baseline year: 2014 Target year: 2020 Targets: >1% annual increase</p> <p>a3) % of farmers involved in commercial agriculture Baseline⁷: TBD Target: TBD</p>	<p>a1) G8 NA FSN / Grow Africa annual report</p> <p>a2) ASWAp indicator 2.2 / MoAFS</p> <p>a3) [New] ASWAp indicator 2.3 / Source: Planned survey by MoAFS TBD</p>
<p>b) Better access of farmers and SMEs to finance</p>	<p>b1) % of small and medium scale agro processors and traders that have access to credit,</p>	<p>b1) ASWAp indicator 2.2 / Malawi Micro-finance network</p>

⁶ Dietary diversity scores are defined as the number of food groups consumed by an individual over a reference period.

⁷ Baseline and target not available yet as this is a new indicator. A survey will be carried out and target fixed by Government of Malawi in the coming months.

	<p>Baseline: 20% Target: 30% (Baseline and target to be disaggregated at a later stage if data available) Baseline year: 2014 Target year: 2020</p>	
<p>c) Access to markets by smallholder farmers facilitated by improved rural transport infrastructures</p>	<p>c1) Km of rural roads rehabilitated (cumulative) Target: 1000 Target year: 2020</p>	<p>c1) MDTF indicator / WB report based on Roads Authority data / Supervision consultants' reports Progress reports of programmes implemented through labour intensive methods</p>
<p>d) Climate change mainstreamed into agricultural and land resources management</p>	<p>d1) Total smallholder area under conservation farming Baseline: 75,000 ha Target: 100,000 ha Baseline year: 2014 Target year: 2020</p> <p>d2) Number and hectare of Catchment areas protected Baseline⁸: TBD Target: TBD</p>	<p>d1) MDTF indicator / WB report based on Surveys and DAES and NGO reports collected by DAES</p> <p>d2) [New] ASWAp indicator 3.3 / source: Ministry of Finance Economic Planning and Development (MoFEPD)</p>

The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes intervening during the programming period.

⁸ Currently there is no indicator available on "catchment areas protected". However under the UNDP Climate Change programme, UNDP is in the process of developing an M&E framework for the investment plan, led by MoFEPD, and detailed indicators will be available after this process. The final M&E framework should be completed by June 2015 the latest.

Sector 3: Education

Specific objective 1: Promote equitable and gender-based access to secondary education and vocational training		
<u>Expected Result</u>	<u>Indicators</u>	<u>Means of Verification</u>
a) Access to secondary school and VET as well as retention and completion is increased especially for girls	<p>a1) Number of students enrolled in public, private or open secondary school. NESP Baseline 2012: 260.081 NESP Target: 486.706 by 2017</p> <p>a2) Number of students enrolled in technical college. NESP Baseline 2012: 6105 NESP Target 2020: 13087</p> <p>a3) Pass rate of MCSE NESP Baseline: 52.48% in 2012/13 NESP Target 2018: 85%</p>	<ul style="list-style-type: none"> - EMIS statistics - MoEST Education Sector progress reports - NESP
b) Participation and performance in secondary education and VET by women and the educationally disadvantaged is improved	<p>b1) Proportion of female students and proportion of educationally disadvantaged enrolled in secondary school NESP Baseline 2012: Gender Parity Index (GPI) 0.82 NESP Target 2018: GPI 1</p> <p>b2) Proportion of female students and proportion of educationally disadvantaged enrolled in technical college NESP Baseline 2012: GPI 0.54 in 2012/13 NESP target 2018: GPI 1</p>	<ul style="list-style-type: none"> - EMIS statistics - District Education Office reports - School reports - Training/orientation workshop reports - Project monitoring visit reports

<p>c) The number of secondary schools and vocational training centres is increased</p>	<p>c1) Classroom/pupils ratio for secondary school NESP Baseline 2012: 55:1 NESP Target 2018: 40:1</p> <p>c2) Number of vocational rural training centres rehabilitated or equipped EU support Baseline 2014: 0 EU support Target 2020: 10</p>	<ul style="list-style-type: none"> - EMIS statistics - TEVETA reports - Procurement reports - Infrastructure development reports - Training institution reports
<p>Specific objective 2: Improve the quality and relevance of secondary education and VET training</p>		
<p>b) The new science and skills focused curriculum for secondary education is implemented</p>	<p>1a) Status of science and skills training curricula distribution to schools Baseline 2014: new curricula designed but not printed or distributed; Target: science and skills training curricula distributed to all secondary schools from 2015-2019;</p> <p>1b) Number of teachers trained on the new curricula Baseline 2014: no training has taken place yet NESP Target: 6000 teachers trained by 2020</p>	<ul style="list-style-type: none"> - EMIS statistics - District Education Office reports
<p>a) Teachers and instructors' technical and pedagogical skills are improved through increasing and upgrading initial and in-service teacher training opportunities</p>	<p>b1) Increase in Student Qualified Teacher Ratio (SQTR) NESP Baseline 2012: SQTR 46:1 NESP Target 2018: SQTR 40:1</p> <p>b2) Number of VET instructors trained to bachelors level NESP Baseline 2012: 0 NESP Target 2018: 180</p> <p>b3) Number of Technical Training Colleges upgraded or equipped EU support Baseline 2014: 0 EU support Target: 4 TTC upgraded or equipped by 2020</p>	<ul style="list-style-type: none"> - EMIS statistics - Monitoring visit reports

c) A demand-oriented, competency-based approach to VET, is implemented to ensure improved availability and uptake of skilled workers on the local labour market	c1) Number of VET graduates being employed in a field corresponding to their training Baseline: no current data Target: TBD	- Surveys - tracer studies - Interviews with private sector
d) Education and training institutions are equipped with appropriate infrastructure, equipment and teaching and learning materials	d1) Number of schools equipped with appropriate workshop equipment and related learning materials NESP Baseline: no workshops have been refurbished NESP Target: 36 workshops in primary and secondary schools refurbished	- Ministry and TEVETA reports - Procurement reports - Infrastructure development reports - Monitoring visit reports
Specific objective 3: Strengthen the management and governance of secondary education institutions and the VET regulatory bodies and training institutions		
a) Management capacity in the education and VET sector, including at district and school/training institution level, is improved	a1) Number of district officers, head masters and institutional managers trained NESP Baseline 2012: no training has been provided at this level NESP Target 2018: 600	- Training reports and monitoring visit reports
b) Partnership and collaboration between the focal ministries, regulatory bodies, labour market, private schools, VET institutions, donor partners and NGOs active in education and skills development is enhanced	b1) Number of coordination meetings held per year between all the relevant stakeholders Baseline 2014: no established coordination committee or mechanism that facilitates regular meetings Target: At least 4 meetings per year. b2) Status of National Qualifications Framework (NQF) and standard accreditation system Baseline 2014: NQF does not exist Target 2018: functioning accreditation body provides assessment and certification services	- Minutes from meetings - Ministry and TEVETA data, sector reviews - Endorsed NQF - Endorsed accreditation system and reports of accreditation body

The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes during the programming period. The targets indicated are the official targets based on the National Education Sector Plan (NESP) and the EU support will contribute to reaching these targets.

ANNEX 4 : Indicative timetable for commitments

The amounts mentioned in this table are indicative

	Indicative Allocation EUR M	2014	2015	2016	2017	2018	2019	2020
SECTOR 1 – Governance	120			35	10		75	
SECTOR 2 – Sustainable Agriculture	250		30	50	90	40		40
SECTOR 3 - Education	160		70				90	
Support Measures	15			8		7		
• <i>Technical Cooperation Facility</i>	7				7			
• <i>Support to the National Authorizing Office</i>	8				8			
Total Commitments	560		100	93	115	47	165	40

ANNEX 5 – Malawi gender profile

1. Gender Context of the Country⁹

The Government of Malawi is a signatory to several gender-related international and regional conventions, treaties and protocols, including the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and the Beijing Platform for Action. The Malawi Republican Constitution has robust gender equality provisions with sections 20 and 41 upholding the principle of equal rights for women and men and prohibiting any discrimination based on gender or marital status. Article 20 states that:

“Discrimination of persons in any form is prohibited and all persons are, under any law, guaranteed equal and effective protection against discrimination on grounds of race, colour, sex, language, religion, political or other opinion, nationality, ethnic or social origin, disability, property, birth or other status.”

Malawi is making some positive strides towards the attainment of gender equality, equity and women empowerment. Key achievements include 40% University of Malawi enrolment, 100% scholarship for female medical students; parity in girls and boys enrolment in primary education; parity in literacy rates for the 15-19 year age group; and development and review of legislations with a gender perspective, among others.

Amidst achievements and progress Malawi has made as a nation, gender inequality in the country remains among the worst in the region and the world. Malawi is ranked 38 out of 86 in the 2012 Social Institutions and Gender Index (SIGI) and is classified as a country with “medium” discrimination against women. The SIGI identifies discriminatory social institutions, such as early marriage, discriminatory inheritance practices, violence against women, restricted access to public space and restricted access to land and credit.

In Malawi, gender related MDGs 1, 2, 3 and 5 are unlikely to be achieved in by 2015.

In 2010, the European Union signed a Financing Agreement with the Malawi Government to contribute towards gender equality and women empowerment. UNFPA coordinates implementation of activities in Malawi.

2. Specific Gender Issues

a. Economy

- Malawi’s economic freedom score is 55.4, making its economy the 124th freest in the 2014 Index. Its score is essentially unchanged from last year, with improvements in property rights, labor freedom and the control of government spending undermined by a significant loss of monetary stability. Malawi is ranked 22nd out of 46 countries in the Sub-Saharan Africa region, and its overall score is below the world average (Index of Economic Freedom: 2014).
- The prices of staples have risen by 118% within the last year and poverty impacts negatively on women who remain the poor of the poorest. Studies indicate that 78% of

⁹ The document was prepared on the basis of UN Women Gender Profile which is the reference document on Gender for all Development Partners in Malawi

rural households are poor, of which 25% are female headed.

- The 2008 national census indicated that Malawi has 319,595 widows. Issues of property grabbing and sexual cleansing apply very strongly to this category and discrimination and violence takes place against them on a daily basis in Malawi.
- Implementation of economic reforms is another source of popular discontent as the general population experiences increasing economic hardship. The devaluation of the local currency by 49% in May 2012, liberalization of the exchange rate regime and the withdrawal of fuel and electricity subsidies, while initially seen as necessary, have not been cushioned as expected

b. Public and Private Sector Employment

- The presence of women in the National Assembly has dropped from 22.85% in 2009 to 11% in 2014 tripartite elections.
- Proportion of women in Local Councils is at 12%, registering a slight increase from 2000 elections (8.3%). At the last Local Government Elections in May 2014, among a total number of 419 female candidates, only 56 were elected.
- In the civil service, higher positions are still dominated by men. The NSO assessed 45 positions using data from 2 Government Ministries and found that by 2011, only 4 positions were occupied by women representing a mere 9% which depicts a large gap with a score of 0.098. The overall score for women representation at all levels in the civil service was 23% in 2010 and in parastatals it was 22% (2010).
- Share of women in wage employment in the non-agricultural sector was at 15 % (2006).
- In the Malawi Defence Force, women constitute 6.8% and women only started being recruited after 1990. The Malawi Police Service has the highest number of female service persons at 21.7 % and also boasts a high number of women in decision making positions especially at the rank of Commissioner where women comprise 33.3% (2010).
- In the magistracy, which is lower than the High Court, in 2011, 24% of the magistrates were female while only 14% of judges in the higher courts are female.
- In 2011, from a total of 265 recognized traditional leaders, 16 were female.
- When a sample of 16 companies was assessed, it came out that out of 77 senior positions, only 14 were held by women. In some instances, private companies have all senior positions occupied by men.

c. Education

- Men are more literate at 81% than women at 68%. However, recent analysis shows that the literacy levels for women and men have improved with the ratio of literate women to men rising from 0.82 to 0.95.
- Literacy levels are the same for both sexes in the age group of 15 to 19 but are the lowest in the age group of 45 to 49 for both men and women, with the gap widening with age (MAF – MAP 2013).
- There are more boys than girls in secondary school (the ratio of girls to boys being at 0.84) and fewer literate women than men in the age group of 15 to 24.
- Despite this situation, Malawi ranks among the top countries in the SADC region on the achievement of MDG 2. On one indicator – the Ratio of Girls to Boys in Primary Education currently already at 1.00 Malawi is seen to be making progress.

- The Government of Malawi is taking measures that are likely to raise the level of education success of the adolescent girl as identified through the MDG Acceleration Framework. Providing girls' hostels and school infrastructure with girl –friendly facilities; implementing the re-admission policy; rolling out the Mother-Groups to all schools and training and deploying more female teachers are some of the interventions already on-going and requiring acceleration to support girls' education.

d. Health

- Malawi has one of the highest maternal mortality ratios in the region (675 per 100,000 live births), in spite of skilled attendance at birth increasing from 54% to 73% in 2010.
- Only 2% of pregnant women have access to emergency obstetric care, and access to sexual and reproductive health services are still limited, particularly in rural areas.
- Average life expectancy for Malawi is 52.78 years, with males being 51.95 years and female 53.62 years (2013 est. Malaria, HIV/AIDS and malnutrition are the leading causes of death.
- 58% of the almost 1 million people living with HIV are female, and women bear the burden of the pandemic as caring for sick family members is often placed upon them.

e. Violence against Women and Girls

- 34% of women aged 25-29 have experienced physical violence (and 21% between 15-19 years old),
- 15% of women who have ever had sex, report that their first sexual experience was forced against their will,
- 33% of women aged 25-29 have experienced sexual violence (and 25% of age 15-49: MDHS 2010),
- Overall Violence against Women prevalence rate is at 49% (Pelser et al. 2005)
- 41% of women in Malawi experience physical or sexual violence (GoM 2011)
- 40% of women of age 15-49 have experienced spousal violence (Malawi Population

f. Early Child Marriage

- On average, one out of two girls will be married by their 18th birthday. In 2010, half of the women 20-24 years of age (50%) were married/in union before age 18 (2010 MDHS). Data shows little to no change since 2000 (47%).
- Factors contributing to this relatively high prevalence of early marriage include:
 - Custom, within which attainment of puberty is seen as readiness for marriage, particularly for young girls.
 - Traditional practices, such as the practice known as 'kupimbira' practiced in the northern part of Malawi which is a form of debt repayment where a young daughter may be transferred to the creditor for marriage for failure to pay the debt back.
 - Poverty, where many poor families in rural areas choose to marry their daughters off very young to improve their financial status.
- A key challenge for eliminating early marriage in Malawi is the persistence of attitudes that accept the practice.

3. Capacities within the sector

There are a number of capacity gaps in the sector which include limited capacity for gender mainstreaming and analysis due to limited numbers of trained gender experts. Further, the inadequate human (numbers, qualifications, skills), financial (funding from government and development partners) and physical (transport, infrastructure, ICT equipment) resources at national, district and community levels to implement the sector policies make planning, coordination, implementation, monitoring and evaluation of sector initiatives weak. The national level monitoring and evaluation framework has limited indicators for gender, as a result, most of the gender equality results are not adequately reported on. Furthermore, the weak capacity of Ministry of Gender to provide oversight and coordinate is creating challenges in moving the gender agenda forward.

The ongoing Gender Equality and Women Empowerment Programme supported by the EU is trying to support some of these gaps.

4. Opportunities for Gender in the Country

Despite the myriad challenges faced by Malawi, it must be recognized that Malawi is making positive strides towards the attainment of gender equality and women's empowerment and provides huge opportunities to advance this agenda at both the regional and sub-regional level. The Government of Malawi has indicated their prioritization of gender through the placement of gender as cross cutting in all the themes of the Malawi Growth and Development Strategy (MGDS) II 2011-2016.

The Ministry of Gender, Children and Social Welfare (MoGCSW) is the faction of Government entrusted to lead the coordination of the gender agenda for Malawi. Despite this, the effective coordination in planning, implementation and monitoring of gender activities remains a challenge as the coordination is hardly functional. Various interventions, such as finalization and launch the White Paper on the National Gender Machinery, the MDG Acceleration Framework Action Plan and the Gender and Youth Joint Sector Strategic Plans are expected to create inroads towards the enhanced coordination of gender in Malawi.

A Gender Equality Act was passed by Parliament in March 2013. Among the several elements which this bill safeguards are equal access to education and prohibition of harmful social cultural or religious practices as well as sexual harassment against women. However, corresponding rules and regulations have not yet been developed to date, rendering its implementation questionable. Failures to protect women's and girls' human rights have led to persistence of poverty, inequality and vulnerability in Malawian society. The Domestic Violence Act is also currently being reviewed in order to include emerging issues. A draft Marriage, Divorce and Family Bill (setting legal age for marriage at 18 years) is also prepared and should be presented to the Parliament in the coming months.