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ANNEX 3

to the Commission Implementing Decision on the financing of the annual action plan in favour of the Republic of Malawi for 2023

Action Document for the Green Heart of Africa – Tikope Alendo ndi Zachilengdwe m’Malawi (TAZA)

ANNUAL PLAN

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	The Green Heart of Africa – Tikope Alendo ndi Zachilengdwe m’Malawi (TAZA) OPSYS reference: ACT-61629 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	Yes - Team Europe “Green Growth for Malawi”
3. Zone benefiting from the action	The action shall be carried out in Malawi
4. Programming document	Multiannual Indicative Programme for Malawi 2021-2027 ¹
5. Link with relevant MIP(s) objectives / expected results	The Action will contribute to: Specific Objective 1.2: enhancing environmental sustainability Expected result 1.2.1: Conservation and sustainable management and use of natural resources, biodiversity and ecosystems improved Expected result 1.2.2: Development of sustainable ecotourism sector enhanced
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Priority area 1 – Green and resilient economic transformation General environmental protection (410)
7. Sustainable Development Goals (SDGs)	Main SDG: 8 (decent work and economic growth), particularly target 8.9 (promote beneficial and sustainable tourism) Other significant SDGs: 1 (no poverty), 5 (gender equality), 6 (clean water and sanitation), 10 (reduced inequalities), 12 (responsible consumption and production), 13 (climate action) and 15 (life on land)
8 a) DAC code(s)	Tourism (332) 75% General environmental protection (410) 15% Rural development (43040) 10%

¹ Commission Decision adopting a multiannual indicative programme for the Republic of Malawi for the period 2021-2027, C(2021)9116 of 21 December 2021.

8 b) Main Delivery Channel	12000 – Recipient Government 11000 – Donor Government				
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance				
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective	
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	RIO Convention markers	Not targeted	Significant objective	Principal objective	
	Biological diversity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
		Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services		YES <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		
Connectivity @		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
digital connectivity energy transport health education and research		YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>		
Migration @		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Reduction of Inequalities @		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Covid-19		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
BUDGET INFORMATION					
12. Amounts concerned		Budget line(s) (article, item): BGUE-B2023-14.020122-C1-INTPA Total estimated cost: EUR 8 000 000			

	Total amount of EU budget contribution EUR 8 000 000
MANAGEMENT AND IMPLEMENTATION	
13. Type of financing	Direct management through: - Grants - Procurement

1.2 Summary of the Action

The Action builds upon the opportunities offered by Malawi's wide variety of natural resources and the country's need to diversify its agro-based economy. It stems from a recognition that the tourism industry, more specifically nature-based tourism (ecotourism), offers strong potential for economic growth and job creation in rural areas and increase of foreign exchange earnings.

The Action intends to support development of ecotourism in Malawi, making the country a preferred tourist destination on international markets, while using this as an opportunity for preservation of the country's natural and cultural heritage and for the socio-economic development of rural communities.

The Action will support development of ecotourism products, such as lodges, rural accommodations, trails, itineraries, and will attract private sector investments. The Action will empower local communities as providers of ecotourism services and experiences, enhancing inclusive wealth creation (specific objective 1). Furthermore, the Action will strengthen capacity of institutions at national, district and local levels to manage natural and cultural resources for tourism (specific objective 2) and will promote and market Malawi as an ecotourism destination on domestic, regional and international markets (specific objective 3).

The Action is in line with Malawi 2063 priority area (pillar 3) of urbanisation and the enabler of environmental sustainability and private sector dynamism. Malawi 2063 prioritizes tourism amongst the sectors with growth potential for the country, and specifically recognizes the need to apply a sustainable ecosystem approach and empowerment of local communities when developing tourism resources and tourism hubs around secondary cities. The Action also resonates well with Malawi 2063 priority area of agricultural productivity and commercialisation, for hospitality infrastructure will purchase local foods and support local gastronomy. The Action will also align with the sectoral priorities as defined in the Ecotourism Strategy.

The Action contributes to MIP Priority Area 1, Green and resilient economic transformation, in particular Specific Objective 2, enhancing environmental sustainability. It will cover the expected result referring to development of sustainable ecotourism sector as well as the result referring to conservation and sustainable management and use of natural resources and improvement of ecosystems.

This Action is aligned with the European Green Deal, in particular its priorities of protecting ecosystems, halting biodiversity loss and restoring degraded areas. It will also contribute to SDG 1,5,6,8,10,12,13 and 15. Its activities will contribute to preservation and sustainable use of the natural capital of Malawi, hence contributing to biodiversity and adaptation to climate change. Together with conservation efforts, the Action will promote income opportunities for local communities, and it is well inscribed into the NaturAfrica flagship programme of the EU.

The Action will contribute to remove barriers to the full participation of women in economic activities, hence contributing to gender equality and the Gender Action Plan III (2021-2025)².

The Action will allow the EU to become an important partner to the Government of Malawi for the tourism sector, which so far is receiving scant public funding and limited donor support. The Action is a component of the Team Europe Initiative Green Growth, with a contribution to its pillar of action on decentralised natural resource management and ecosystems preservation.

² EU joined communication on the EU Gender Action Plan - an Ambitious Agenda for Gender Equality and Women's Empowerment in EU External Action.

2 RATIONALE

2.1 Context

At present, the country's political and macro stability and its economic recovery hang by a thread. The already unstable economic situation and unsustainable debt levels have been worsened by successive external shocks (COVID, tropical storms and soaring food and energy prices).

Low forex reserves translate into ever longer interruption in the supply of essential goods, such as fuel and medicines. Malawi's economy continues being over reliant on rain-fed and low-productivity agriculture, with a limited export base of raw materials such as tobacco (making up more than half of the export), tea and sugar.

Government's efforts to debt restructuring and fiscal adjustment, including the downscaling of the agricultural input subsidy programme, are increasing the chances for IMF to open an Extended Credit Facility in the second quarter of 2023, and a consequent large Development Policy Operation of the World Bank. EU has recently announced its intentions to explore the possibility of resuming budget support.

However, regardless of the external support in the pipeline, concerted efforts to reform the country's economy are urgently required to reverse Malawi's slow pace of structural transformation and stagnant growth performance.

Not only Malawi will need a more productive and export-oriented agri-food sector, but it will also need to diversify its economy towards alternative sectors. The tourism industry, more specifically nature-based tourism (ecotourism), offers strong potential for diversification and job creation in rural areas and increase of foreign exchange earnings.

Pre-COVID, the tourism sector represented, 6.7% of GDP and employed over 500 000 people. The industry saw steady growth prior to the pandemic with 978,327 international visitors in 2019 (Malawi NSO Inbound Tourism Arrivals 2020). Travel and gathering restriction measures hit hard the sector, reducing its contribution to GDP to 3.2% and losing 167,000 jobs (2020). However, the tourism industry is rebounding and is expected to overtake the pandemic figures.

From every crisis there is also opportunity to rebuild, and ecotourism has long been held as a major potential for Malawi's tourism industry. Lonely Planet named Malawi a top 10 country to visit in 2022, offering a wide variety of natural and cultural tourism opportunities in a relatively small area. International arrivals are expected to grow from 432,999 in 2021 to over a million visitors by 2024 (National Statistics Office).

The Action intends to support development of ecotourism in Malawi, making the country a preferred tourist destination on international markets, while using this as an opportunity for preservation of the country's natural and cultural heritage and for the socio-economic development of rural communities. It will support ecotourism products development and marketing, attraction of private sector investments, dialogue and coordination amongst ecotourism stakeholders and strengthening of the governance of the sector. The Action will empower local communities to participate in the local development agenda and as providers of ecotourism services and experiences, enhancing inclusive wealth creation and self-reliance. It will ultimately contribute to conservation and restoration of Protected Areas/Reserves whose ecologies show potential for development into ecotourism products.

The Action is in line with Malawi 2063 priority area (pillar 3) of urbanisation and the enabler of environmental sustainability and private sector dynamism. Malawi 2063 prioritizes tourism amongst the sectors with growth potential for the country, and specifically recognizes the need to apply a sustainable ecosystem approach and empowerment of local communities when developing tourism resources and tourism hubs around secondary cities. The Action also resonates well with Malawi 2063 priority area of agricultural productivity and commercialisation, for it will promote development of preferential purchasing of local foods and will include gastronomy as part of the ecotourism offer.

In addition to the high level strategic vision, Malawi is well endowed with policies and regulations on tourism, including ecotourism, as well as natural resources management. The Ecotourism Strategy entered into force in 2021, as support to the broader National Tourism Strategy, and aspires at making Malawi a preferred tourist destination with well conserved natural resources and unique cultural heritage. In 2022, President Chakwera launched a detailed and ambitious Tourism Masterplan, including identification of possible tourism hubs and destinations.

Policies and regulations coherently follow and take as priority sustainability (economic, social and environmental) as guiding principle for the growth of the sector. The Action is in line with this framework and will contribute to effective implementation and monitoring of Government's commitments and priorities. It will pay particular attention to strengthen collaboration of different actors (public and private sector investors, civil society and local communities), and to improve the capacities of local communities to become agents of social and economic change and to sustainably harness the potential of Malawi natural and cultural capital.

The proposed Action intends to contribute to MIP Priority Area 1, Green and Resilient Economic Transformation, and in particular to Specific Objective 2, Enhancing environmental sustainability.

This Action contributes to the Global Europe targets on climate change and biodiversity and tallies with the Global Gateway priorities on climate. Of the principles of the EU Green Deal, it resonates well with the Farm-to-Fork and Biodiversity strategies. The Action will contribute to SDG 1 (no poverty), 5 (gender equality), 6 (clean water and sanitation), 8 (decent work and economic growth), particularly target 8.9 (promote beneficial and sustainable tourism), 10 (reduced inequalities), 12 (responsible consumption and production), 13 (climate action) and 15 (life on land).

As part of the TEI Green Growth, the Action will develop synergies with the interventions in support of preservation, restoration and regeneration of Malawi's natural capital, particularly the EU funded UCHI programme (part of AAP 2022) and the ongoing actions in tourism sector funded by Germany. The Action will seek geographical complementarities, offering livelihood alternatives to poor rural communities and breaking the cycle of unsustainable use of natural resources to earn a living.

The Action will allow EU to become an important partner to the Government of Malawi for the tourism sector, which so far is receiving scant public funding and limited donor support. It would strengthen the efforts of the only MS active in the sector and allow to expand the range of institutional interlocutor involved in the sustainable management of Malawi's resources and economic growth.

2.2 Problem Analysis

Short problem analysis:

Malawi has the potential to compete with the other consolidated African tourism destinations. The country is endowed with a rich diversity of flora and fauna and it is an all season tourism destination with several possibilities for tourism products ranging from the fresh water lake and its island, mountains, hills, wildlife and culture. However, this emerging potential for ecotourism is often not transformed into concrete and appealing ecotourism products.

Furthermore, rapid population growth, combined with alarming levels of poverty and the effects of climate change, results in overexploitation of natural resources and loss of biodiversity, that are the basis for a thriving ecotourism sector and products competitiveness on national and international markets.

The Government of Malawi, through the Department of Parks and Wildlife, has largely improved the status of Protected Areas through the public-private partnership model. Though on a small scale, the local communities have been involved in the management of these protected areas. However, this community participation remains often limited and there are very few instances in which communities are able to propose ecotourism products to visitors. This is partly due to lack of awareness and capacity (technical and financial) and concerns more the vulnerable segment of the population, such as women and youth.

The country's ecotourism products are not visible in source markets mainly due to limited marketing by the responsible institutions, who do not have sufficient budget and limited capacities to access potential lucrative international markets. In addition, most ecotourism operators have limited online presence, which makes it difficult for such businesses to attain the required visibility.

While there are already a few properties and sites that can be considered ecotourism destinations, Malawi lacks an officially and internationally recognised certification and grading system. This limits the attractiveness of Malawi for tourists interested in reliable and good quality ecotourism experiences.

Well-known tourism operators are mainly working in protected areas such as Liwonde and Majete National Parks. A number of other areas can transition to become niche destinations, but private sector operators, including from host communities, often lack financial capacities to carry out necessary investments. This includes investments in small scale infrastructure

The development of ecotourism products is often linked to infrastructure development. Whilst large scale infrastructure development is outside the responsibilities of host communities and Department of Tourism, small scale works with locally available materials can be at the reach of communities and private sector investors, but it will require specific technical assistance and sensitization.

Tourism statistics and in particular for ecotourism are not reliable and accurate in Malawi, and this limits the understanding of the sector, its role in the country's economy and in the development of sustainable livelihood opportunities for rural communities. The role of academic research in generating evidence in support of policy decision is also not yet recognised and supported in Malawi.

Finally, ecotourism actions are not fully integrated at all planning levels (central and decentralised) across sectors. This leads to implementation of conflicting policies and priorities. No coordination platforms exist to bring together different public and private stakeholders. Ministries work in silos and often conflicts between mandates and competencies exist.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

The Department of Tourism (Ministry of Tourism, Wildlife and Culture) at the central level is mandated to oversee the policy and legislative direction in ecotourism development. The Action will strengthen the capacities of this Department to ensure a favourable enabling environment for ecotourism, including capacities for intersectoral coordination at central and local level, development of internationally recognised ecotourism certification and standard system, enhanced presence of Malawi ecotourism destinations and products on international markets.

Other relevant government stakeholders are Ministry of Lands, Ministry of Local Government, Ministry of Homeland Security, Ministry of Forestry and Natural Resources, and Ministry of Agriculture. Legislative directions and policy implementation by these Ministries in their sphere of competences impact the ecotourism sector and have the potential for supporting or impeding its development. The Action will strengthen strategic discussions, coordination and joint planning amongst these stakeholders to the benefit of ecotourism development.

As custodian of the natural resources and cultural heritage, local councils, communities and their representatives are key stakeholders. They will be at the forefront of design, implementation and monitoring of the Action. The Action will engage with Traditional Authorities in the targeted areas, as strong local leadership is proven to encourage local public stakeholder participation in the activities. The Action will support communities with technical and financial support.

CSOs and academia will play an important role in the promotion of ecotourism, creation of environmental awareness and fair distribution of information among all stakeholders. The Action will support improved statistics for ecotourism sector as well as academic research.

Finally, ecotourism will not flourish in Malawi without private sector investors. They are partly represented by the Malawi Tourism Council, but they are a very heterogeneous category, in terms of

size and stage of development. The Action will support private sector investments in ecotourism, with a particular, but not exclusive focus, on community-based business initiatives.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective of this action is to contribute to Malawi's sustainable development of the ecotourism sector.

The Specific Objectives of this action are to:

1. Develop diversified and sustainable natural resource-based tourism products with and for rural communities, with a priority for women and youth
2. Institutions at national, district and local levels better manage natural and cultural resources for tourism
3. Promote Malawi as an ecotourism destination on domestic, regional and international markets

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

Output 1.1: Ecotourism investments opportunities identified and promoted

Output 1.2: Capacity of local communities to manage and own ecotourism ventures enhanced, especially for women and youth business owners

Output 1.3: Ecotourism attractions, products and services are certified and graded

Output 2.1: Capacities for coordinating ecotourism developments improved at all levels

Output 2.2: Research in the field of ecotourism strengthened

Output 2.3: Information management systems for ecotourism enhanced

Output 3.1: ICT based market oriented tools for awareness of Malawian tourism brand improved

Output 3.2: Access to key source markets (both local and international) for ecotourism products enhanced

3.2 Indicative Activities

Activities relating to Output 1.1:

Identification of investment opportunities along the ecotourism value chain. Development of guidelines for ecotourism investments and support to the development of products and infrastructure along the ecotourism value chain such as accommodation, tourism circuits (routes), agri-tourism, gastronomy (restaurants), community based tourism including cultural centres, museums, arts and crafts, dances, festivals, tour guiding and interpretation services.

Support to private sector operators, including individuals/MSMEs from hosting communities, in the form of matching grants. Wherever possible, preference will be given to ecotourism businesses owned by women/youth.

Activities relating to Output 1.2:

Activities that will enhance entrepreneurial capacity for local communities, such as: awareness raising on the importance and associated opportunities for ecotourism, awareness raising and training on preservation of natural and cultural assets, as well as adaptation to climate change; trainings in

developing and managing resilient ecotourism/hospitality businesses, study tours/exchanges within and outside Malawi.

Activities relating to Output 1.3:

Development and rolling out of ecotourism certification and grading systems; trainings of stakeholders on pricing, customer care, safety and security and general tourism standards.

Activities relating to Output 2.1:

Creation of national, district and local ecotourism clusters for improved coordination, collaboration and public-private sector dialogue; organisation of annual conferences for the ecotourism sector; capacity building for public officials at national and district level (workshops, seminars, etc...).

Activities relating to Output 2.2:

Conducting research including tourist surveys and dissemination of the findings in collaboration with the academia and the industry for informed decision making.

Activities relating to Output 2.3:

Creation and maintenance of a robust ecotourism database.

Activities relating to Output 3.1:

Design and management of digital and print content of all ecotourism products, development of applications for ecotourism sites and awareness campaigns for locals on the significance of ecotourism and need for conservation.

Activities relating to Output 3.2:

Promote stakeholders participation, including community based operators, at tourism events such as fairs, exhibitions, roadshows, sales calls, trips to improve access to markets.

The commitment of the EU's contribution to the Team Europe Initiative to which this action refers, will be complemented by other contributions from EU Member States and/or EU financial institutions. It is subject to the formal confirmation of each respective member's meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside a TEI framework.

3.3 Mainstreaming

Environmental Protection & Climate Change

Outcomes of the EIA (Environmental Impact Assessment) screening

The EIA (Environment Impact Assessment) screening classified the action as Category B (not requiring an EIA, but for which environment aspects will be addressed during design).

Outcome of the CRA (Climate Risk Assessment) screening

The Climate Risk Assessment (CRA) screening concluded that this action has no or low risk (no need for further assessment). Development of sustainable ecotourism products within communities will go hand-in-hand with natural resources management interventions (sensitisation about the uses of natural resources, preservation and restoration of natural capital) in a context of climate change adaptation.

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the action will contribute to social and economic empowerment of women. The Action

will support women in rural communities, often struggling to make ends meet through subsistence agriculture, to embark in alternative income generation activities along the ecotourism value chain.

Human Rights

The action will apply a human rights-based approach by respecting the 5 working principles: respect to all human rights, participation, non-discrimination, transparency and accountability in every step of the action.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the action will undertake measures to include people with disabilities to the extent possible.

Reduction of inequalities

Women discrimination is deeply embedded into Malawi social and cultural norms. Women lack or have limited access to assets, to basic services, and are less protected from risks.

The Action will empower women living in rural communities by facilitating access to assets that are required for ecotourism business, being it land or financial services for example. The matching grant scheme and the capacity building interventions will support promotion of women's entrepreneurship.

To the extent possible the Action will support labour-intensive forms of investments, where community members will be remunerated to develop/maintain infrastructure needed for ecotourism products (ex. access roads). The nature of the action will trigger endogenous development processes, by putting rural community at the heart of the development of their territory. Through awareness and training, as well as by building synergies with other EU funded interventions, the Action will strengthen community's preservation and restoration of natural resources, which will protect people from climate change risks.

Democracy

N/A

Conflict sensitivity, peace and resilience

N/A

Disaster Risk Reduction

Wherever possible, the Action will include crisis modifiers to ensure sufficient flexibility of activities' implementation vis-à-vis shocks, being them epidemic outbreaks related or natural disasters. Wherever possible, the Action will coordinate with existing ECHO funded disaster risk reduction community-based interventions.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood	Impact	Mitigating measures
External environment	Malawi hit by extreme weather events, whose frequency and intensity is magnified by climate change	High	High	The Action will support improved preservation and restoration of natural resource as a basis for the development of ecotourism products but also as a way to reduce the country's vulnerability to extreme weather events and resilience to climate change. To the extent possible, the Action will take place in the districts targeted by the

				UCHI programme (AAP2022), which has a substantial envelope for interventions to preserve and better manage natural capital at community and district level.
External environment	New waves of epidemic outbreaks pandemic hit Malawi	High	Medium	Training of operators and communities involved in ecotourism projects regarding environmental health . The Action will emphasize how ecotourism experiences carry lower risk relative to mass tourism due to the experiences happening outdoors and with limited number of presences. Furthermore the Action will support expansion of domestic ecotourism, which can cushion the negative effects caused by drop of international arrivals.
Planning, processes and systems	Conflicting interests of policy and economic actors over the use of natural resources	Medium	High	The Action will establish coordination mechanisms, public-private dialogue platforms and it will seek strong engagement of Traditional Authorities. Data collection and analysis supported by the Action will produce evidence on economic and social returns of ecotourism. This will allow informed decision over the use of natural resources.
People and organisation	Limited capacities at central and district level to provide an enabling environment for ecotourism development	High	High	The Action will include a TA component, as well as a grant, in support of the government structures.
People and organisation	Limited awareness and capacities of local communities around the opportunities offered by ecotourism	High	High	The Action will accompany the communities through a TA component
Lessons Learnt: Demographics and poverty levels are exerting unsustainable pressure on natural resources in Malawi. However, communities have capacity to govern natural resources (in particular forests) if they are equipped with knowledge and adequate resources. If a livelihood component is integrated in forestry				

management (such as could be the case for ecotourism products) communities are incentivised to participate in forest management and relieve overdependence on forests as a source of livelihoods. The same approach is valid for other natural resources such as water basins.

At the institutional level, there is need for increased coordination across line ministries and for continuous awareness raising amongst key decision makers outside the Tourism sector of the real value, in economic, social and environmental terms, of ecotourism in Malawi.

Tourism is a major source of foreign currency for Malawi, and currently generates visitor exports worth over USD 40 Million from the approximately 800,000 visitors that it attracts annually. This is about 1.75% of the total exports for Malawi. Almost 80% of foreign visitors come from neighbouring countries (Mozambique, Zimbabwe and Zambia). Eastern and Southern Africa region are valuable markets for Malawi's tourism products. There is also a growing potential for domestic tourism.

3.5 The Intervention Logic

The premise for this action is that no meaningful sustainable economic growth will occur in the country if the economy is not diversified but that tourism can make a substantial contribution to diversification and GDP growth.

Taking into consideration that Malawi's tourist offer is mainly natural and the poverty rates and unemployment in rural areas, ecotourism can become a readily available alternative for socio-economic growth. The rural communities actively involved in ecotourism become a source of products, produce and services for ecotourists. Ecotourism has potential to empower the women and youth so that they can transform the welfare of their communities and support regeneration of degraded natural and cultural heritage. If linked to the key source markets, local ecotourism operators will be able to create employment and business opportunities for their communities.

The main underlying assumptions for the action are that (i) natural resources will remain the backbone of a diversified and competitive tourism product in Malawi as stated in the national tourism policy (ii) active participation of local communities in ecotourism ventures will lead to resilient and sustainable economies (iii) government will strengthen the multi-sectoral institutional framework to support ecotourism development (iv) marketing activities will intensify to create domestic and international demand for the ecotourism products.

The action will be implemented at national, district and community levels. It will aim at strengthening planning and coordinating capacity at national and district levels and management of nature-based business ventures at community level. The intervention will be implemented across the country in the ten nodes outlined in the National Tourism Investment Masterplan with priority given to those districts where EU interventions are ongoing (particularly actions funded under UCHI programme and its natural resource management component).

SO1 will be achieved through identification of ecotourism investment opportunities, that local communities can participate in, and assist them to develop competitive products. The products and services will be graded and certified to meet internationally acceptable standards.

SO2 will be achieved through improved coordination in the implementation of ecotourism activities, networking and building consensus, capacity building at national and district level. The Action will support academia and other institutions to carry out tourism research and surveys as well as development of a robust tourism management database, for informed decision making and policy formulation.

SO3 will be achieved through digital presence and participation of local communities/operators in tourism events where Malawi's uniqueness will be highlighted. Networks created and trade leads identified shall ensure improved market access for the ecotourism products.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action. The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

Results	Results chain (a): Main expected results	Indicators (a): (per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To contribute to Malawi's sustainable development of the ecotourism sector.	1. Share of GDP of the tourism sector (%)	1. 3.2% (2020)	1. 7.5% (2028)	1. NSO tourism reports and World Travel and Tourism Council statistics (WTTC)	<i>Not applicable</i>
Outcome 1	1. Develop diversified and sustainable natural resource-based tourism products with and for rural communities, with a priority for women and youth .	1.1 Number of products developed by the EU-funded intervention, in cooperation with stakeholders 1.2. Number of people earning a living from ecotourism as a result of the support of the EU-funded intervention (disaggregated by sex and age)	1.1 0 (2022) 1.2 0 (2022)	1.1 30 (2028) 1.2 3000 (2028), out of which at least 50% women	1.1 Progress reports for the EU-funded intervention 1.2 Baseline and endline surveys conducted and budgeted by the EU-funded intervention	Local communities are willing to engage in ecotourism as alternative source of income. Local communities are willing to preserve natural resources to the benefit of ecotourism

Outcome 2	2. Institutions at national, district and local levels better manage natural and cultural resources	2.1 Number of ecotourism clusters functioning as a result of the support of the EU funded intervention	2.1 0 (2022)	2.1 311 (2028)	2.1 Progress reports for the EU-funded intervention	Stakeholders are willing to participate in multi-sectoral institutional framework
Outcome 3	3. Promote Malawi as an ecotourism destination on domestic, regional and international markets	3.1 Number of tourists visiting ecotourism products (disaggregated by type – domestic, regional and international)	3.1 431 999 (2021)	3.1 1 000 000 (2028)	3.1 NSO tourism reports	Intensified marketing activities are able to create demand for ecotourism products
Output 1 relating to Outcome 1	1.1: Ecotourism investments opportunities identified and promoted	1.1.1 Number of ecotourism businesses supported financially by the EU-funded intervention, disaggregated by sex of business owner 1.1.2 Volume of financial assistance provided by the EU-funded intervention to private sector operators 1.1.3 Number of beneficiaries with access to financial services with EU support: a) firms (GERF 2.17a) * Number of beneficiaries with access to financial services with EU support: b) people (GERF 2.17b)*	1.1.1 0 (2022) 1.1.2 0 (2022) 1.1.3 0 (2022)	1.1.1 TBD in the inception phase, out of which at least 50% women 1.1.2 TBD in the inception phase 1.1.3 TBD in the inception phase	1.1.1 Progress reports for the EU-funded intervention 1.1.2 Progress reports for the EU-funded intervention 1.1.3 Progress reports for the EU-funded intervention	Private sector operators are interested in investing in ecotourism and can bring the needed contribution to the matching grant scheme
Output 2 relating to Outcome 1	1.2: Capacity of local communities to manage and own ecotourism ventures enhanced especially for women and youth business owners	1.2.1 Number of individuals trained by the EU-funded intervention with increased knowledge and/or skills in ecotourism management, disaggregated by sex	1.2.1 0 (2022)	1.2.1 TBD during inception phase, out of which at least 50% women	1.2.1 Pre- and post-training test reports	Continued interest by community members in ecotourism
Output 3 relating to Outcome 1	1.3: Ecotourism attractions, products and services are certified and graded	1.3.1 Number of ecotourism attractions, products and services certified	1.3.1 0 (2022)	1.3.1 TBD in inception phase	1.3.1 Progress reports for the	Government continued interest in developing ecotourism grading and certification system.

					EU-funded intervention	Stakeholders able to abide to international standards
Output 1 relating to Outcome 2	2.1 Capacities for coordinating ecotourism developments improved at all levels	2.1.1 Number of meetings of ecotourism clusters organised with support of the EU-funded intervention	2.1.1 0 (2022)	2.1.1 TBD in inception phase	2.1.1 Meetings reports and progress reports of the EU funded intervention	Stakeholders participate in multisectoral discussions Government able to bring all stakeholders together and able to hold stakeholders accountable for the decided actions
Output 2 relating to Outcome 2	2.2: Research in the field of ecotourism strengthened	2.2.1 Number of research on ecotourism conducted based on activities funded by the EU-funded intervention 2.2.2 Number of ecotourism survey conducted with support of the EU-funded intervention	2.2.1 0 (2022) 2.2.2 0 (2022)	2.2.1 TBD in inception phase 2.2.2 TBD in inception phase	2.2.1 Research papers produced and published 2.2.2 Surveys reports	Academia interested and capable of conducting research in ecotourism
Output 3 relating to Outcome 2	2.3: Information management systems for ecotourism enhanced	2.3.1 Number of ecotourism database functioning and up to date with support of the EU-funded intervention	2.3.1 0 (2022)	2.3.1 1 database (2028)	2.3.1 Progress reports for the EU-funded intervention. Database platform	Government acquire the capacities to maintain the database
Output 1 relating to Outcome 3	3.1: ICT based market oriented tool increase awareness of Malawian tourism brand	3.1.1 Number of ICT services developed (websites, social media campaigns) with support of the EU-funded intervention 3.1.2 Number of print content developed with support of the EU-funded intervention 3.1.3 Number of possible ecotourism clients reached via social media and print	3.1.1 0 (2022) 3.1.2 0 (2022) 3.1.3 0 (2022)	3.1.1 TBD in inception phase 3.1.2 TBD in inception phase 3.1.3 TBD in inception phase	3.1.1 Progress reports of the EU funded action and web-based monitoring 3.1.2 Progress reports of the EU funded action	Stable internet connectivity in Malawi

		content with support of the EU-funded intervention			3.1.3 Progress reports of the EU funded action	
Output 2 relating to Outcome 3	3.2: Access to key source markets (both local and international) for ecotourism products enhanced	3.2.1. Number of tourism promotional events conducted with support of the EU-funded intervention	3.2.1 0 (2022)	3.2.1 TBD in inception phase	3.2.1 Progress reports of the EU funded action	International tourism events still take place

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the Government of the Republic of Malawi

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement. Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component

N.A.

4.4 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures³.

4.4.1 Direct Management (Grants)

Grants: (direct management)

4.4.1.1

(a) Purpose of the grant(s)

The grant will contribute to achieve Specific Objectives 1, 2 and 3, in particular outputs 1.2 and 1.3; outputs 2.1 to 2.3 and outputs 3.1 and 3.2.

(b) Type of applicants targeted

The Department of Tourism from the Ministry of Tourism, Culture and Wildlife will be the applicant targeted for a grant that contributes to all three Specific Objectives of the Action, as a public body representing the Government of Malawi.

(c) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Department of Tourism, Ministry of Tourism, Culture and Wildlife, Government of Malawi.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because, in line with in Article 195 c) of the Financial Regulation, the beneficiary has a monopoly de jure⁴ to implement, coordinate and operationalise ecotourism policy and regulatory framework matters.

4.4.1.2

(a) Purpose of the grant(s)

⁴ <https://visitmalawi.mw/index.php/departments-of-tourism-2/#>; the Ministry of Culture, Tourism and Wildlife, in particular its Department of Tourism, is competent for planning and development, marketing, standards and safety of the tourism sector in Malawi.

The grants will contribute to achieve Specific Objective 1, output 1.1.

(b) Type of applicants targeted

Applicants targeted will be non-profit organisations and/or specialised international agencies.

4.4.2 Direct Management (Procurement)

The procurement will contribute to the achievement of Specific Objectives 1, 2 and 3 of the Action, more specifically to activities relating to output 1.1, 1.2, 1.3 and 3.1 and 3.2.

In addition to bringing specific expertise and building capacities of stakeholders of the Action, the procurement will support the Department of Tourism in the sound management of EU funding, providing necessary technical and administrative support.

4.4.3 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

Should circumstances outside Commission's control arise, indirect management with an entrusted entity could be used as alternative implementation modality (ies) for the grants whose targeted applicants are non-profit organisations and/or specialised international agencies (grant referred to under 4.4.1.2). The entrusted entity would have to comply with the following criteria: a proven track record of management of matching grant schemes and financial support to entrepreneurs and MSMEs in Malawi.

Should circumstances outside Commission's control arise, indirect management with an entrusted entity could be used as alternative implementation modality (ies) for the procurement referred to in section 4.4.2. The entrusted entity would have to comply with the following criteria: a proven track record of action to promote responsible and sustainable tourism in developing countries, namely experience in ecotourism quality standards and certification, institutional strengthening and public-private partnership, marketing, branding and promotion of ecotourism products, support Governments on tourism statistics and information management systems.

4.5. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Objective 1: Develop diversified and sustainable natural resource-based tourism products with and for rural communities, composed of		
<i>Grants (direct management) – cf. section 4.4.1.2</i>	1 200 000	
<i>Procurement (direct management) – cf. section 4.4.2</i>	3 000 000	
Objective 2: Strengthen capacity of institutions at national, district and local levels to manage natural and cultural resources for tourism, composed of		
<i>Grants (direct management) – cf. section 4.4.1.1</i>	800 000	
<i>Procurement (direct management) – cf. section 4.4.2</i>	500 000	
Objective 3: Promote Malawi as an ecotourism destination at domestic, regional and international markets, composed of		
<i>Grants (direct management) – cf. section 4.4.1.1</i>	300 000	
<i>Procurement (direct management) – cf. section 4.4.2</i>	1 500 000	
Grants – total envelope under section 4.4.1	2 300 000	N.A.
Procurement – total envelope under section 4.4.2	5 000 000	N.A.
Evaluation – cf. section 5.2 Audit – cf. section 5.3	500 000	N.A.
Contingencies	200 000	N.A.
Total	8 000 000	N.A.

4.7 Organisational Set-up and Responsibilities

A Programme Steering Committee (PSC) comprising all key stakeholders shall be established to oversee the implementation of the Action and shall meet at least twice a year. Members of the Steering Committee will be (indicative list): National Planning Commission, because of its mandate to “oversee the implementation of long-term national vision and strategies and the medium development”, the Ministry of Tourism, Culture and Wildlife and other line Ministries involved in the action, District Commissioners (districts targeted by the Action), Malawi Tourism Council as representative of the private sector, the European Union and the implementing partners.

In addition to the PSC, a Programme Technical Committee (PTC) shall be established to provide technical guidance and ensure that timely and appropriate decisions are made relating to challenges or issues emerging during programme implementation. The PTC shall also make recommendations to PSC when necessary.

To the extent possible, existing coordination structures at the District level will be used to plan and monitor activities related to the Action. The information will be relayed to PTC and PSC as necessary.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix.

All monitoring and reporting shall assess how the action is taking into account the human rights-based approach and gender equality.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring: implementing partners will be responsible for data collection on indicators of the logframe matrix. Furthermore, the Action includes specific outputs (2.2 and 2.3) on research and information management systems, and that would entail data collection and analysis that will be useful not only to monitor the performance of ecotourism sector at large, but also will provide evidence on activities implementation.

The Action will also make use of the monitoring system of another EU funded programme (UCHI – Greening and Growing Malawi - NDICI-AFRICA/2022/043-316), as there are substantial synergies and complementarities with regard to actions on natural resource management.

5.2 Evaluation

Having regard to the nature of the action, a mid-term and a final evaluation will be carried out for this action or its components via independent consultants, contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to the financial support to private sector operators and the community involvement in the offer of ecotourism products. The evaluation will also provide an assessment of the partnership with the Department of Tourism and will provide recommendations on scaling up of the Action.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that ecotourism is a new sector of partnership between the Government of Malawi and the EU.

The Commission shall inform the implementing partner at least 15 days in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluations shall also assess to what extent the action is taking into account the human rights-based approach as well as how it contributes to gender equality and women's empowerment.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle adopts a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

In line with the 2022 “Communicating and Raising EU Visibility: Guidance for External Actions”, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union’s support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

A Primary Intervention (project/programme) is a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;

Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);

Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the action document.

The intervention level for the present Action identifies as (tick one of the 4 following options);

Action level (i.e. Budget Support, blending)		
<input type="checkbox"/>	Single action	Present action: all contracts in the present action
Group of actions level (i.e. top-up cases, different phases of a single programme)		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#):
Contract level		
<input checked="" type="checkbox"/>	Single Contract 1	Foreseen individual legal commitment (or contract) – grant – EUR 1 200 000
<input checked="" type="checkbox"/>	Single Contract 2	Foreseen individual legal commitment (or contract) – grant – EUR 1 100 000
<input checked="" type="checkbox"/>	Single Contract	Foreseen individual legal commitment (or contract) – service contract for TA – EUR 5 000 000
Group of contracts level (i.e. series of programme estimates, cases in which an Action includes for example four contracts and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other)		
<input type="checkbox"/>	Group of contracts 1	