



## The Challenge

Issue 11, April-June, 2015

Reducing Poverty through Economic Growth

By Felix Malamula

**M**illennium Challenge Account – Malawi (MCA – Malawi) in June participated in the Malawi Investment Forum (MIF) in Lilongwe. This was done in support of Government’s Power Sector Reform Agenda which seeks to attract international and local investments in various sectors.

The Minister of Natural Resources, Energy and Mining, Honorable Bright Msaka, SC, applauded the Malawi Compact for its support during the Forum.

The MIF 2015 showcased investment and trade opportunities in Malawi, promoting specific investments like, Mining, Agriculture & Agro-processing, Energy, Infrastructure (Transport, telecommunications and ICT), Tourism and financial services among others.

“Government will only manage to attract more foreign direct investments (FDIs) if the Power Revitalization Program by the Millennium Challenge Account Malawi is successfully completed,” explained the Minister when he stopped over MCA – Malawi’s exhibition booth during the MIF at the Bingu International Conference Centre (BICC).

Msaka further explained that Mala-



MCA-Malawi stand (Middle) at the Malawi Investment Forum

## The Malawi Compact key for attracting FDIs

Malawi has been struggling to attract FDIs because of unreliable power supply which is characterized by power cuts which consistently affect production of goods and services in the country.

“In all the discussions we are having with potential investors, we are able to convince them by introducing MCA-Malawi’s work. What you are doing is therefore very important,” said Hon. Msaka.

The MIF, the first of its kind in Malawi, brought together investors in different sectors from 31 countries.

The Minister commended MCA-

Malawi’s participation to the Forum stating that it had helped to publicize Government’s initiatives aimed at creating a conducive environment for investment in the country.

“It’s good that you decided to have this stand. We are assured that more delegates will get information about the projects and convince them that soon Malawi will have reliable power supply,” Hon. Msaka added.

MCA-Malawi, through the Communication and Outreach and the Power Sector Reform Directorates set up a booth at the MIF 2015 where information regarding the Malawi Compact was shared.

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*By MCA-Malawi Staff*

51 years after attaining independence, Malawians continue to struggle for access to electricity. Constant blackouts continue to be the order of the day thereby affecting social services and business. The unreliable power supply has affected the agriculture sector, formal and informal industries resulting in loss of businesses due to increased low productivity.

To address these challenges, MCA-Malawi has been implementing the Power Sector Reform Project (PSRP) working with ESCOM, the Malawi Regulatory Authority (MERA) and the Department of Energy to increase efficiency in generation, transmission and distribution of electricity in the country.

ESCOM Turnaround and Regulatory strengthening activities are being implemented under the PSRP to build and enhance staff capacity in the energy sector at ESCOM, Malawi Regulatory Authority (MERA) and the Department of Energy.

To date, MCA-Malawi and its project partners, mentioned above, have recorded milestones in the implementation of the PSRP.

### **ESCOM TURNAROUND**

Under ESCOM Turn Around Activity, key milestones recorded include supporting ESCOM as an Institution in building its capacity in developing its Detailed Financial Plan and the Financial Model. ESCOM on a quarterly basis, is updating the model and this is key in sustaining its financial health.

The financial model developed for ESCOM will act as a tool in assisting ES-

# Power sector reforms: for efficiency in the power market

COM and MERA to undertake a diagnostic review of ESCOM performance in relation to Tariff applications.

### **Regulatory Strengthening**

Under Compact funding, ESCOM business staff were supported in building their capacity in tariff development and capacity. A similar training was conducted for MERA.

The trainings were designed based on the gap analysis which informed MCA-Malawi on training needs for both institutions.

“The training assisted the Authority to close the capacity gaps for future tariff setting processes by focusing on best practice regulatory principles and the importance of cost of supply in tariff setting. It also helped consolidate and come up with a more comprehensive tariff setting methodology which will guide both the regulator and utility in structuring and analyzing any tariff applications,” says Mrs. Eunice Potani, MERA’s Director of Economic Regulation.

Tariff Reforms remain key in attracting Independent Power Producers (IPPs) in energy generation. However, investment in generation

in Malawi is currently affected by the laws and regulations that discourage private sector participation.

To address the challenge, the Malawi Compact successfully undertook the Power Market Restructuring (PMR) Study, that also benefited from lessons from within the region and beyond. The study findings are currently supporting Government in restructuring the power market to encourage private sector participation in the sector.

“PMR is in line with Government’s reform agenda and the findings under this study are being taken as recommendations for government to successfully reform the power market and encourage more players in generation,” explained Mrs. Grace Simwaka, Power Sector Reform Director .

The Power Sector Reform Project is complementing the Infrastructure Development Project which is expanding the transmission network backbone and transmission and distribution network in anticipation for increased power generation in the country.



## Meeting The Challenge



Establishment of VRGMCs underway in Nkhata Bay under the 132kV Line

Nkhoma, District Lands Officer for Dedza, who sits on the DRGMC.

MCA-Malawi will through a paying agent, commence compensating the PAPs by September 2015.

“We can only start the compensations when we have verified that all issues have been resolved at village and district level. We don’t want to compensate a PAP who is not satisfied or whose grievances have not been resolved or is yet to be addressed,” Director of Environment and Social Performance, Peter Makwinja, informed traditional leaders and PAPs in Traditional Authority Masasa in Ntcheu district during a grievance verification and resolution meeting.

3339 people have been affected by the project on the 400kV line.

# Locals to handle village level grievances

**31** Village Resettlement and Grievance Management Committees (VRGMC) along the 400kV overhead line from Balaka to Lilongwe have been established. The VRGMCs will address and manage grievances on resettlement and compensation at local level before the Project Affected Persons (PAPs) can take the issues to the district officials.

MCA-Malawi provided financial and technical support to the District Resettlement and Grievance Management (DRGMC) in the establishment of the VRGMCs.

The committees will be trained in grievance management which will include recording and resolving the grievances.

District officials sitting in the DRGMC will facilitate the trainings and provide support to the local committees.

“Our hope is that these committees will work closely with the PAPs to address all issues arising from the resettlement activities and resolve them. We don’t want every grievance or dispute to be referred to the District Council. We will resolve issues that are complex in nature,” said Moffat

### RAP 1 (Balaka—Lilongwe)

- The 3,339 affected people come from:
  - ⇒Balaka:
  - ⇒Ntcheu
  - ⇒Dedza:
  - ⇒Lilongwe
- PAPs to be resettled will be relocated within 25km radius
- 57 PAPS will be compensated for loss of houses
- 67.73 % of the number (37 PAPs) have opted to have their houses replaced
- MCA-Malawi to conduct Financial Literacy Training for PAPs for prudent management of compensation money
- Each PAP to be given tree seedlings for the trees they will lose



Community members consult on who to pick for membership into the VRGMC at Masasa in Mzuzu City

## Quarterly Highlights

### MCC host the US Trade Mission

In June, the Millennium Challenge Corporation (MCC) and the United States Department of Commerce hosted nine American companies in a Trade and Investment Mission on Energy. MCC Vice President for Compact Operations Kamran Khan, led the mission. Apart from interacting with the private sector in the construction industry, the mission met with the State President, Arthur Peter Muntharika at the State House for discussion.

The Millennium Challenge Account—Malawi is making progress in the Power Sector Reform Project to create an enabling environment for Private Sector participation in the power sector. With Compact funding, Government is among others, reviewing the Electricity Act and developing the Independent Power Producers framework.

Top Rt.: The Trade Mission Team Led by MCC VP Kamran Khan (2nd rt) pose with Malawi's State President HE Peter Muntharika at the State House. Bottom Rt.: MCC VP Kamran Khan with the local Press after meeting with the President



### Happy 239th anniversary to the US



L: Margaret Chibwana—MCC Administrator explains the ENRM Project to guests at the Ambassador's Residence. Top R: MCA-Malawi's Communications and Outreach Director Zilani Khonje explaining to a guest how sedimentation at Nkula has reduced the water quorum thereby affecting hydropower generation at Nkula A and B.

Top R: US Service Marine perform during the celebrations commemorating 239 Independence Celebrations for the USA

On July 2, 2015, MCA-Malawi joined US Agencies and other US funded projects to commemorate the 239th independence celebrations for the USA at the Ambassador's residence. MCA-Malawi took the Compact to the guests with both MCA-Malawi and MCC staff taking turns to present the progress in implementation. The US Government through the MCC provided a US\$350.7 million grant for the Power Sector Revitalization Program in Malawi. The grant focuses on Infrastructure Development, Power Sector Reform and Environment and Natural Resources Management Projects. The Compact is also integrating Social and Gender in all its activities.

### ESCOM Mgmt. trained in M & E

During the quarter, MCA Malawi's Monitoring and Evaluation Directorate (MEED) facilitated the Monitoring & Evaluation training for ESCOM Executive Management and Technical teams from 25th to 29th May 2015.

The objective was to equip the team with knowledge in monitoring and evaluation in Power utilities. The training was conducted by CRIS Consultants hired by MCA-Malawi to carry out a data quality audit from April to June 2015.

*Happy 239 Anniversary from MCA-Malawi Team!!!*



## Meeting The Challenge



# A peep into MCA-Mw Sexual Harassment Policy

conduct of sexual behaviour, made by a person to another person of the same or opposite sex, which could be expected to make the other person feel offended, humiliated or intimidated.

Among others the policy lists requests for sex, unwanted or unwelcome sexual advances, offering employment benefits in exchange for sexual favours, commenting about a person's private sexual life, brushing up against someone, touching, fondling, impeding or blocking movement and sending suggestive obscene and sexually explicit emails, text messages or posts on social media sites, as some of the actions that constitute sexual harassment.

Social and Gender Assessment Director, Ms. Olivia Mchaju Liwewe welcomed the development.



"Congratulations Jabbar!! And thanks to all MCA-Malawi staff for being one of the first MCA's to have a Sexual Harassment Policy in place, how exciting," said Ms. Mchaju Liwewe upon receiving the news.

The policy places the responsibility to report any harassment to the victim and not a third party.

"The responsibility of reporting sexual harassment lies solely on the person alleging sexual harassment and not on any third party. Any report made by a third party shall not be entertained," states the policy

The Policy also discourages any form of retaliation against reporting of harassment with termination of employment as the penalty.

The Sexual Harassment Policy was adopted by MCA-Malawi on June 7, 2015.

By MCA-Malawi staff

MCA-Malawi, through its Legal Directorate, has put in place a policy on issues of sexual-related harassment. The policy aims to regulate members of staff including temporary, part-time or casual staff, interns, apprentices, and volunteers on how to treat each other in and outside the office.

MCA-Malawi Legal Director, Mr. Jabbar Alide confirmed the policy is now in force following approval by the MCA-Malawi Board of Trustees.

"I write to advise that the Board of Trustees, at its meeting held today, approved the Sexual Harassment Policy. This means that the policy comes into effect immediately. Kindly note that the approved policy takes into account Staff observations at our consultative meeting," Mr Alide announced.

The policy regards sexual harassment as unwelcome or unwanted sexual advances, or visual, verbal or physical



Mchaju Liwewe: This is exciting news

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