

## INTRODUCTION

The Millennium Challenge Corporation (MCC) is an innovative and independent U.S. foreign aid agency that is helping lead the fight against global poverty. MCC provides grants to fund country-led solutions for reducing poverty through sustainable economic growth, while complementing other U.S. and international development programs. Malawi became eligible for MCC's compact funding in December 2007.

The Millennium Challenge Account-Malawi (MCA-M) is a Government of Malawi entity mandated to implement activities that will lead to the development of the Compact. These activities include an analysis of the constraints to economic growth; stakeholder consultations, project development, etc.

The objective of the **Quarterly Newsletter** is to provide our stakeholders, with regular overviews of recent updates on Malawi's Compact Development process. This includes information on current and future activities, outreach events, preliminary study results, updates on donor coordination, and more.



*One of the objectives of the Energy Project is to improve availability and reliability of power*

### Recap – What has happened so far?

The Government of Malawi (GoM) submitted concept papers in the areas of power, transport, and governance in April 2009. After MCC's assessment of the concept papers and further

The proposed investments aim to improve the availability and reliability of power, expand access to peri-urban and rural areas, improve the legal, institutional and regulatory framework of the power sector, and improve service delivery. Furthermore, the projects will also incorporate Natural Resource Management, provision of rural electrification through a public private partnership, and governance activities focused on the power sector.

discussions with the GoM, a decision

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was made to focus the proposed compact on the power sector.

In January 2010, MCC initiated the power feasibility studies as well as the environmental and social impact assessments. Though MCC and Malawi are currently targeting a compact signing in 2010, the timing will ultimately be a function of several key factors, including Malawi's passage of needed policy reforms in the energy sector, and MCC Board approval of the proposed investments.

### Current Activities

ICF International, a consulting firm that provides professional services and technology solutions in the energy sector, was awarded the contract for the Technical Feasibility Study, which is expected to conclude in November 2010. This contract includes technical, economic and financial analyses, environmental and social impact assessments (EIA), and resettlement screening (or resettlement policy framework) for the proposed compact investments in the energy sector.

# THE CHALLENGE



*Power project aims at improving service delivery*

## Featured Milestone

In March 2010 MCA-Malawi and MCC successfully concluded the CAP-Scan process, a short-term, broad, and high-level diagnostic review to identify and prioritize needs in the five central pillars of Managing for Development Results (MfDR): Leadership, Accountability and Partnerships, Monitoring and Evaluation, Planning and Budgeting, and Statistical Capacity. The results of this assessment will be incorporated in Malawi's Compact activities.

## Stakeholder Consultations

MCA-Malawi continues to hold consultations with various stakeholders across the country in order to ensure full participation in the compact development process. The third National Stakeholders' conference was held in Lilongwe in February 2010. During the conference, representatives from the public and private sectors and the donor community were informed on the progress of

the compact development and in turn made their contributions.

In March 2010, the MCA-Malawi team also held consultations with the Technical Working Group in Mzuzu where various stakeholders from the public and private sectors were informed on the compact development process.

In March 2010, MCC and MCA-Malawi held media seminars in Lilongwe, Blantyre and Mzuzu. The



*Consulting the rural masses is an integral part of the compact development process*

seminars were held to update the media on the progress of the compact development process. Fifty seven media representatives attended the media seminars which were held with support from the US Embassy Public Affairs section. Thirty two articles were published and broadcast in the local media and internet following the media seminars. During the seminars, MCC and MCA-Malawi teams interacted with the members of the press and provided more information on the Compact programme.

The media seminars were complemented by the distribution

of sixteen thousand newspaper inserts which summarized the roles and activities of the MCC and MCA-M. The information pack was aimed at reaching all stakeholders, including the general public.

In April, 2010, a team from MCA-Malawi and MCC consulted with fifty five members of the community in Machinga district along the Shire River catchment area. The consultations were held to ensure that voices of the local masses are integrated in the Environmental and Natural Resource Management (ENRM) Action Plan. The team and members of the communities exchanged ideas on land use, alternative sources of income, and weed and silt management.

## Moving Forward

In order to continue defining the projects to be financed by MCC, the following studies are being undertaken:

- Financial & Management Review of ESCOM
- Environmental and Natural Resource Management Action Plan
- Rural Electrification Public Private Partnership Mini-Grid



*Lunyina River in Northern Malawi is a possible hydro power source*