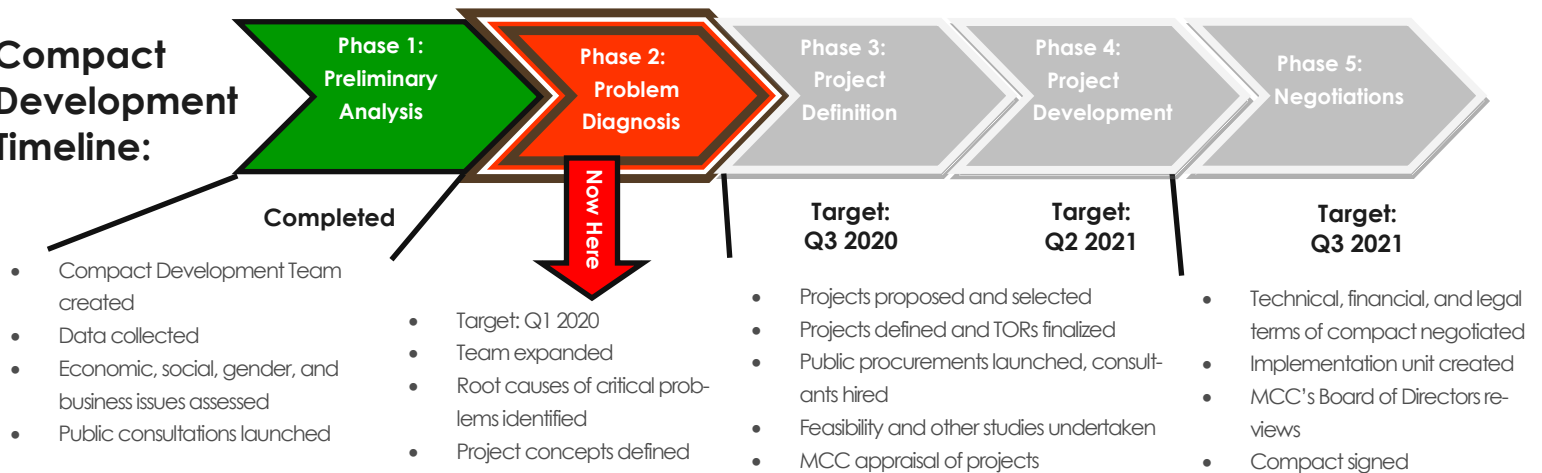


MALAWI II COMPACT DEVELOPMENT

Quarterly Update

October 2019

Compact Development Timeline:



Current Phase: Problem Diagnosis

During the Problem Diagnosis Phase, Malawi is analyzing the root causes that give rise to the identified binding constraints and identifies specific core problems around which to organize potential investments and other activities.

Root Cause Analysis Workshops

The Malawi Millennium Development Trust—in collaboration with the Millennium Challenge Corporation—carried out two root cause analysis workshops in Lilongwe from 22 to 23 August 2019. During these workshops, 35 stakeholders discussed and investigated the root causes of i) high cost of rural freight transport and barriers to farm-to-market linkages; and ii) limited access to land for investment. The workshops further explored the role and underlying factors leading to a lack of stable macroeconomic environment in relation to each of the two binding constraints.



Malawi's Binding Constraints to Economic Growth:

1. High price of road freight transport service and barriers linking farms to markets in rural areas
2. Difficulties with access to land for investment due to mismanagement of the estate sector and unclear/uncertain customary land rights, particularly for women small holders
3. Lack of a stable macroeconomic environment as reflected in high and volatile inflation

COMPLETING COMPACT 1 INVESTMENTS



Progress on Remaining Activities & Reforms

Project	Activity	Update	Next Steps
Infrastructure Development	<ul style="list-style-type: none"> DNP Monitoring 	<ul style="list-style-type: none"> Final DNP mission in progress as at report date. Performance certificates have been issued to Chint (Lot 2B), and Kalpataru for both Lots (1A and 2A) 	<ul style="list-style-type: none"> Lot 1B will be closed after the reconstruction of retaining wall at Phombeya Package 3 Lot 1 DNP is expiring on 20th November 2019.
Power Sector Reform	<ul style="list-style-type: none"> SCADA Single Buyer ESCOM MIS 	<ul style="list-style-type: none"> ESCOM and ABB have signed a SCADA Support and Maintenance Contract. Awaiting staffing of Power Market Limited - Single Buyer ESCOM's 2017/18 Financial statements have been finalized and auditors' final report is awaited. 	<ul style="list-style-type: none"> The 2018/19 audit is planned to commence in mid-October, 2019.
Environment and Natural Resource Management	<ul style="list-style-type: none"> Kapichira Dredged Material Placement Area Shire BEST 	<ul style="list-style-type: none"> 98% progress has been achieved Stream crossing has been completed 1st Shire BEST Board Meeting held in July, 2019 MMD donated assets transferred to Shire BEST 	<ul style="list-style-type: none"> Dredging planned to start by September, 30th 2019.

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