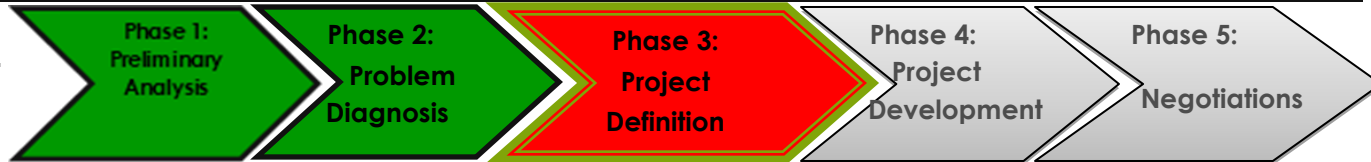


MALAWI II COMPACT DEVELOPMENT

Quarterly Update

December 2019

Compact Development Process:



Status: Completed

- Compact Development Team created
- Data collected
- Economic, social, gender, & business issues assessed
- Public consultations launched
- Binding constraints identified

Status: Completed

- Compact Development Team expanded
- Root causes of critical problems constraints identified
- Project concepts developed

Status: Now Moving Here

– Target Q3 2020

- *Projects proposed and selected*
- *Project Proposals Developed*
- *MCC appraisal of Projects*

Target: Q3 2021

- Public procurements launched, consultants hired
- Terms of Compact negotiated
- Implementation unit created, recruitment started
- MCC's Board of Directors reviews
- Compact signed
- Preparation for Compact implementation

Development of Concept Notes

In October 2019 MMD worked with their colleagues at MCC to prioritize the underlying factors, challenges, or problems that give rise to Malawi's binding constraints to economic growth. Using the resulting 'problem trees', MMD developed and submitted to MCC Concept Notes which gave some background to the underlying root-causes and an overview of the likely strategic interventions that could potentially address the land tenure/land administration constraint, the high cost of road freight transport, and barriers to farm-to-markets linkages in rural areas.

Following receipt of the Concept Notes, MCC is now preparing an 'Opportunity Memo' which is to be submitted to its Investment Committee on 6th February, 2020.

Next Steps

MMD is now moving to Phase III of the compact development process - the Project Definition Phase. During this phase:

- ◊ Working very closely with MCC, MMD will propose selected projects ideas.
- ◊ Only those project proposals that provide a coherent logic for the proposed compact program will move to the next stage of project refinement and development
- ◊ Feasibility studies and other independent studies will be undertaken on those projects that meet MCC's investment criteria.
- ◊ Public procurements will be launched and consultants hired.



MMD Reverse Mission, MCC Washington DC, October 2019

COMPLETING COMPACT 1 INVESTMENTS



MCC CEO, Sean Cairncross visits ESCOM National Control Centre, Malawi

Project	Activity	Update	Next Steps
Infrastructure Development	<ul style="list-style-type: none"> DNP Monitoring 	<ul style="list-style-type: none"> Performance certificates have been issued to Chint (Lot 2B), and Kalpataru for both Lots (1A and 2A), Larsen and Toubro Lots 1b and package 3 lot 2 Package 3 Lot 1 snags and defects have been substantially completed. Contractor is fine –tuning few spots before a performance certificate can be released. Lot 5 SCADA: Contractor has completed all trainings and resolved all defects. MMD is preparing Performance Certificate for this contract. Maintenance service contract is underway. 	<ul style="list-style-type: none"> MMD to issue performance certificates for to Alstom GE and Conco in the New Year.
Power Sector Reform	<ul style="list-style-type: none"> SCADA Single Buyer ESCOM MIS Nkhotakota Solar Project 	<ul style="list-style-type: none"> EMIS-SCADA Integration for both Transmission and Distribution facilities are in their last phases. Government yet to recruit staff to man the Malawi Power Markets Limited (Single Buyer). All capacity building interventions for ESCOM staff completed. The Government of Malawi made the commitments necessary for the Phanes 46 MW solar project to reach financial close. 	<ul style="list-style-type: none"> ESCOM to sign a Support and Maintenance contract with Indra. The contract to run for the next four years.
Environment and Natural Resource Management	<ul style="list-style-type: none"> Kapichira Dredged Material Placement Area (DMPA) 	<ul style="list-style-type: none"> All works related to construction of DMPA completed. The dredger was commissioned by Ellicott and tested using the recently completed pipeline. The dredger is however not yet fully operational due to a faulty cooling system. 	<ul style="list-style-type: none"> The contractor together with Barloworld, the local support company are working to remedy to the cooling system.

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