



# MALAWI II COMPACT DEVELOPMENT

## Quarterly Update

July 2022



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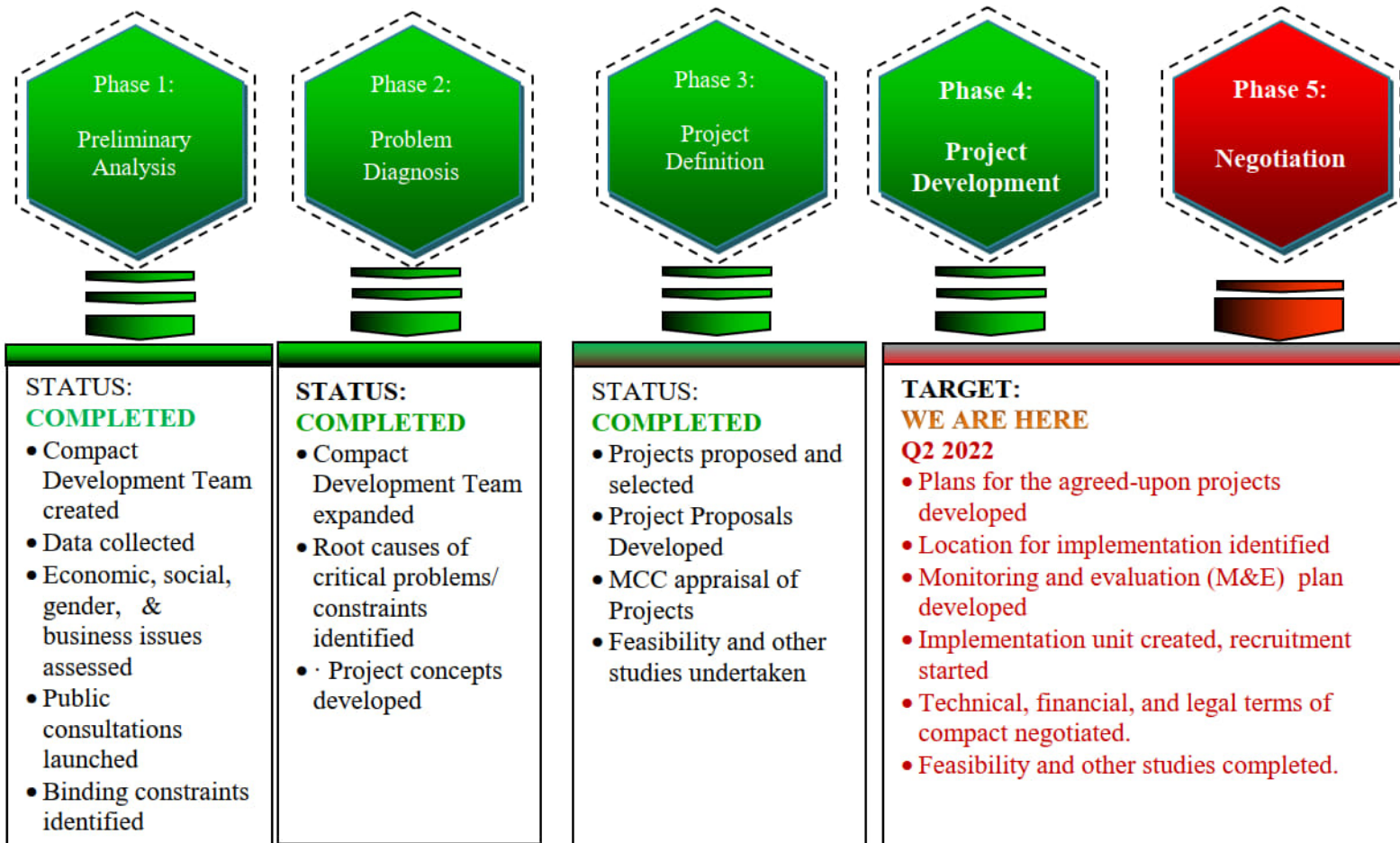
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# COMPACT DEVELOPMENT PROCESS



## Malawi Negotiates Second MCC Compact



# HIGHLIGHTS

A Malawi Government (the Government) delegation led by the Minister of Finance and Economic Affairs, Hon Sosthen Gwengwe, successfully negotiated Malawi's second MCC compact. The negotiations took place from 27<sup>th</sup> June to 1<sup>st</sup> July, 2022. Following these negotiations, MCC needs to get this approved by its Board, which is slated to meet sometime in August and thereafter notice will be sent to the US Congress advising it of MCC's intention to sign the second compact. Equally, the Government will concurrently seek clearance of the negotiated agreement by Cabinet.

The negotiated second compact for Malawi consists of three Projects, which are aligned with the Government's national development priorities, designed to respond to critical constraints to growth in Malawi, and lead to poverty reduction and sustainable economic growth. The three projects are: (i) the Accelerated Growth Corridors Project, (ii) the Increased Land Productivity Project, and (iii) the American Catalyst Facility for Development Project.

## Brief description of the proposed projects:

### » Accelerated Growth Corridors (AGC) Project

AGC's project objective is to reduce costs of transport in rural areas, and intends to take a "corridor approach" as a means of dealing with a dispersed sector that agriculture is by introducing a range of interventions in a targeted area that can form the basis for replication and scaling up to other parts of the country. The AGC Project comprises two main activities:

#### I. Road Corridor Improvement (RCI) Activity

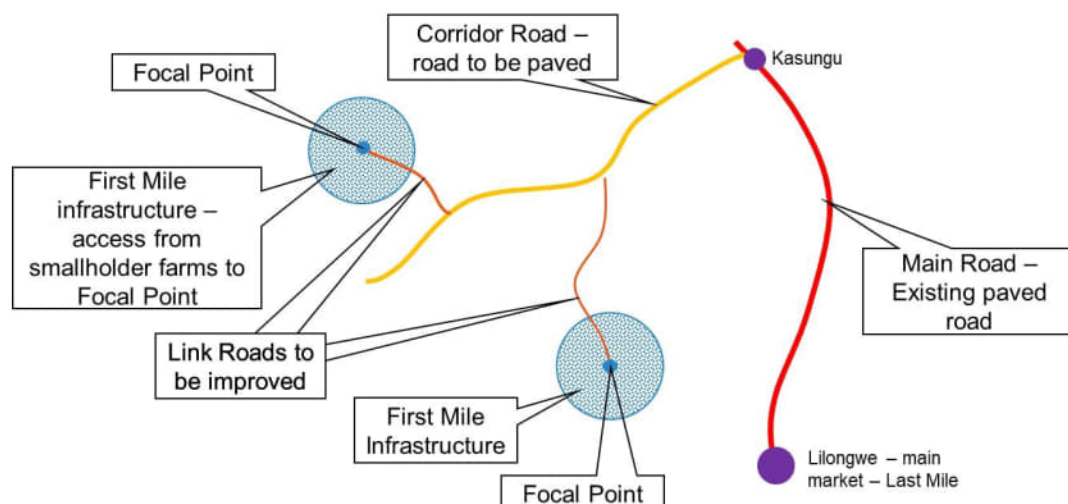
This aims to construct secondary and link roads to facilitate farm to market access. The RCI activity involves investment in road infrastructure in four following selected AGCs:

Road	District/Region	Length (km)
Mkanda - Mwase (S118)	Mchinji, Kasungu/Central	88.0
Chileka – Likuni (T345/S124)	Lilongwe/Central	53.2
Chamtulo – Mkutumula (T381/T383)	Mangochi, Ntcheu/South	77.1
Euthini – Chikwawa (M9, S109)	Mzimba, Rumphi/North	67.0

#### II. Policy and Institution Reform and Capacity Building Activity

This focuses on assistance to the Government to address policy, legislative, institutional, and funding issues to ensure that road transport in the AGCs is well maintained and managed.

Taking one corridor as an example, the AGC Project is graphically illustrated below:



### » **Increased Land Productivity Project**

Its main objective is to improve land services; making land more productive through better functioning land markets and increased investment. The project seeks to achieve this goal by implementing two distinct activities:

- I. *Land administration Resourcing and Institutions Activity:* This Activity aims to support analysis, reform, and implementation of reforms to expand national land-based revenues, address institutional change, and address the land rights records that underpin land institution's work.
- II. *City Council Land-Based Revenue Mobilization Activity:* This Activity aims to expand coverage and collection of land-based revenues, as well as to increase resources for key services and increase investment in land. MCC Funding will support a sequence of related activities in the four cities of Lilongwe, Blantyre, Mzuzu, and Zomba.

### » **American Catalyst Facility for Development (ACFD) Project**

This will support the private sector in undertaking feasibility and other studies prior to the grant recipient organizations investing in their chosen projects. It is hoped that this will help to de-risk their investments and thereby catalyze more private sector investments in various sectors of the economy, particularly in agriculture and energy.

## CROSSCUTTING ISSUES

### ♥ **1.1 Gender and Social Inclusion (GSI)**

» GSI measures will be integrated throughout in all the designs of the compact projects.

### ♥ **1.2 Environment and Social Protection**

» All project designs will need to comply with MCC' guidelines on environment and social protection.

### ♥ **1.3 Monitoring and Evaluation**

» The Compact is designing a monitoring and evaluation plan, consistent with MCC M&E guidelines that will monitor and evaluate the Compact's performance.

## Covid 19

Stay safe; follow all recommended preventive measures: sanitize, mask up, and observe social distancing!

## UPCOMING ACTIVITIES

- ♥ **Procurement** of key **service providers** – Fiscal; and Procurement Agents.
- ♥ **Approval** of the negotiated **Compact** by MCC Board and the Government.
- ♥ **Signing** of the **Compact** expected before end of **September**, 2022.
- ♥ **Incorporation** and standing up of **MCA–Malawi II**.

