



This action is funded by the European Union

### ANNEX

of the Commission Decision on the individual measure 2017 in favour of the Republic of Malawi to be financed from the 11<sup>th</sup> European Development Fund (EDF)

#### Action Document for: Support Measures for management of EDF Resources

<b>1. Title/basic act/ CRIS number</b>	Support Measures for management of EDF Resources CRIS number: MW/FED/038-882 financed under 11th European Development Fund			
<b>2. Zone benefiting from the action/location</b>	MALAWI. The action shall be carried out at the following location: Malawi at national level.			
<b>3. Programming document</b>	Republic of Malawi -European Union, National Indicative Programme 2014 – 2020			
<b>4. Sector of concentration/ thematic area</b>	Support Measures	DEV. Aid: YES <sup>1</sup>		
<b>5. Amounts concerned</b>	Total estimated cost: EUR 15 000 000 Total amount of EDF contribution: EUR 15 000 000			
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality <ul style="list-style-type: none"> <li>• Direct management (Procurement of services)</li> <li>• Indirect management with the Government of Malawi</li> </ul>			
<b>7. DAC code(s)</b>	15110 Public sector policy and administrative management			
<b>b) Main Delivery Channel</b>	Recipient Government - 12000			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development (good governance)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<sup>1</sup> Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	N/A			
<b>10. Sustainable Development Goals (SDGs)</b>	<p>Main SDG Goal: Goal 1 "End poverty in all its forms everywhere"</p> <p>Secondary SDG Goal(s): Goal 2 "End hunger, achieve food security and improved nutrition and promote sustainable agriculture", Goal 4 "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all" and Goal 16 "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels."</p>			

<b>SUMMARY OF THE ACTION AND ITS OBJECTIVE</b>	
<p>The overall objective of this action is to contribute to sustainable growth and poverty reduction in Malawi. The first specific objective is facilitating and providing support for the smooth implementation of the Malawi – European Union (EU) National Indicative Programme (NIP) under the 11<sup>th</sup> European Development Fund (EDF). The programme will also contribute to the successful preparation, implementation, evaluation and visibility of the development co-operation between the Republic of Malawi and the EU, mainly through strengthening the capacities of the National Authorising Officer Support Unit (NAO SU) and will foster a more coherent and informed approach to policy dialogue and to development cooperation.</p> <p>This action has three components:</p> <ol style="list-style-type: none"> <li>1. The first support measure will directly target and benefit the National Authorising Officer and its services, with a view to assist the Ministry of Finance, Economic Planning and Development in the efficient and effective planning, preparation, implementation and monitoring of EDF programmes and related actions. The resources under this component will also cover training on EDF procedures.</li> <li>2. The Technical Cooperation Facility (TCF) component will remain the main tool for the provision of technical assistance, preparatory missions and assessments, studies, audits, training and capacity building as well as conferences and seminars required for the preparation and implementation of the European Development Fund programmes and other EU funded actions in Malawi. It will also include trade related issues and joint actions with other development partners and activities to intensify dialogue on areas of common interest, including through support for the participation of Malawian representatives in relevant conferences, training, seminars and meetings.</li> <li>3. The Visibility and Communication component will increase the visibility of the EU-Malawi cooperation and will provide greater awareness and understanding among key stakeholders on the EU activities in Malawi, including namely the 3 focal sectors of the NIP, trade and economic issues.</li> </ol>	

## 1 CONTEXT

### 1.1 Country context

Malawi is a landlocked country of about 118,484 square kilometres with a population of almost 17.6 million and a population growth rate of 3.1%<sup>2</sup>. Malawi ranks at 173 out of 188 countries on the Human Development Index<sup>3</sup>. Located in Southern Africa, Malawi is surrounded by Mozambique, Zambia and Tanzania and relies heavily on good relationships with these neighbouring countries in transporting its imports and exports. The economy of Malawi is predominantly agricultural, with about 90% of the population living in rural areas. Over 60% of the population live below the income poverty line (with almost 30% living in severe poverty). Gender

<sup>2</sup> World Statistics Pocketbook 2016 - United Nations Statistics Division

<sup>3</sup> UNDP Human Development Report, 2016.

inequality in the country remains among the worst in the region and globally with government acknowledging that the country has not met the Millennium Development Goals 1, 2, 3 and 5, all of which have a gender component. Around 50% of women are married before the age of 18 and gender-based violence (GBV) continues to be rampant.

The development of the country has been held back by a high population growth rate that continued degradation in natural resources, dwindling education standards, high infant and maternal mortality rates, high levels of malnutrition, diseases and natural disasters, poor economic governance, weak and complex democratic institutions, inequality and very limited access for most of the population to basic services. There is also a big concern on the high level of youth unemployment.

The Government of Malawi has made a commitment to tackle the numerous challenges the country is facing including corruption. Governance remains one of the Government of Malawi's fundamental objectives as recognized in the Malawi Growth and Development Strategy (MGDS II) and echoed in the Democratic Governance Sector Strategy 2013 - 2017 "Building Accountability and Transparency Institutions". After the 2013 corruption scandal, the Government of Malawi took on a number of remedial measures to address the numerous problems in Public Finance Management (PFM) and the management of its public sector, however with limited effects to date.

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

Malawi's overarching policy document is the Malawi Growth and Development Strategy (MGDS II). The MGDS II seeks to transform Malawi from a "predominantly importing and consuming country to a producing and exporting nation". The MGDS II identifies six broad thematic areas, namely: Sustainable Economic Growth, Social Development, Social Support and Disaster Risk Management, Infrastructure Development, Governance, Gender and Capacity Development. The strategy covers a period of five years from 2011 to mid 2016 and Government is currently working on the successive strategy to the MDGS II.

The principles and objectives of the Malawi – EU National Indicative Programme (NIP), signed on 29<sup>th</sup> May 2015 for the period 2014-2020 are aligned and consistent with the MGDS II. This is also in line with the EU development policy; as well as the Paris Declaration, Accra Agenda for Action and the Busan Partnership Agreement. The partnership between Government of Malawi and the EU is within the framework of the Cotonou Partnership Agreement (CPA) which guided the design and implementation of the NIP for the 11<sup>th</sup> European Development Fund. Within this agreement, both the Government of Malawi and the EU took decisive action to strengthen the capacity of the Ministry of Finance Economic Planning and Development to effectively coordinate EU funded projects and programmes. Therefore, the first component of this action offers support to the National Authorising Officer (NAO) in assuming ownership of the identification, formulation, monitoring of implementation, and evaluation and auditing of interventions funded under the European Development Fund (EDF).

The three key development focal sectors which will be supported through the 11<sup>th</sup> EDF in Malawi with an indicative allocation of EUR 560 million are (i) Governance (EUR 120 million), (i) Sustainable Agriculture (EUR 250 million) (iii) Secondary Education and Technical Education and Training (EUR 160 million). The selection of the sectors is in line with the Government of Malawi development agenda and is considered to address some of the challenges the country is facing. The three sectors will be completed by other measures in favour of civil society with an allocation of EUR 15 million besides the support measures to be implemented by this action through support to NAO and Technical Cooperation Facility (EUR 15 million, which represents 2.7% of the A envelope allocated to Malawi).

### ***1.1.2 Stakeholder analysis***

The main stakeholder of the action is the National Authorising Officer (NAO) being the focal actor as regards development cooperation with the European Commission. The NAO plays a key role in relation to the formulation and implementation of the EDF National Indicative Programme. Other stakeholders are ministries involved in the sectors identified in the NIP as well as those concerned with trade and economic related issues, non-state actors comprising the civil society and the private sector. These will be involved in identification,

formulation, monitoring of implementation, and evaluation and auditing of interventions funded under the European Development Fund (EDF) and might benefit from capacity building, training, technical assistance, or participation in conferences and seminars. The target group/beneficiaries are the communities benefiting from EU funded projects, programme implementation units and government ministries and departments as well as other non-state actors that collaborate with government in various development activities.

In the context of the formulation of this action, a number of meetings were held with NAO for the preparation of this Action Document.

The Mid Term Evaluation of the 10<sup>th</sup> EDF Capacity Development of the NAO Support Unit Project which was carried out in November 2014 revealed that the project is relevant in ensuring the commitment of bilateral allocations to Malawi under the 10<sup>th</sup> EDF. However, the evaluation pointed out the need to re-organize the NAO Support Unit (NAO SU) especially under Result Area 1: Effective joint cooperation between Government and EU enhanced; and Result Area 2: Effective partnership between the EU, Government and Non State Actors (NSAs) enhanced. The overall recommendation of the MTR is to re-orientate and restructure the NAO SU in order to improve its delivery of services. The Programme Estimate 6 with commencement date on 1<sup>st</sup> November 2016, under the 10<sup>th</sup> EDF, has been designed to address some of the recommendations of the Mid Term Review to improve the performance of the NAO SU (see below).

### ***1.1.3 Priority areas for support/problem analysis***

Following the results of an Organisational Development and Human Resource Management Systems Review of the NAO SU conducted in 2011 and of the Mid Term Review of the programme, a Change Management study was undertaken in 2015 for the re-orientation of the NAO SU. The overall objective of this assignment was to conduct a comprehensive re-orientation and restructuring of the NAO SU under the supervision of the Reform Task Team with a final goal of significant and measurable improvement and optimization of the NAO SU. The results of this assignment are therefore expected to bring more effective governance and efficient performance of the NAO SU. Prioritisation arising from the referred studies will take into account:

- i) The need to address the capacity gap faced by the NAO to effectively coordinate EU support in Malawi;
- ii) Integration of the NAO SU into the Ministry of Finance Economic Planning and Development, in particular the Debt and Aid Management Division;
- iii) Re-orientation and restructuring of the the NAO SU and reinforcement of its capacity to accomplish its mandate in light of the new needs arising from the introduction of the 11<sup>th</sup> EDF. As a result of this re-structuration, capacity building must be provided to NAO SU new staff and line ministries on EDF rules and procedures to effectively implement and sustain activities of the programmes and projects;
- iv) An expansion of the capacity and roles of the Government of Malawi to benefit from regional programmes in particular those funded with EDF;

The proposed Support Measures will be essential to the successful accomplishment of the above mentioned results. In order to implement the recommendations from the aforementioned studies, a change management plan was implemented to thoroughly revise NAO's organisational setup. The objective of the restructuring and re-orientation process is to turn the NAO SU around from a 'big' organisation with limited agility, effectiveness and efficiency into a 'lean and mean' unit set to accomplish its mandate in light of the new needs arising from the 11th EDF and meet the operational objectives. As a result of these adjustments, the NAO SU organization chart was revised and tailored in size and staff composition to the current and expected workload and new tasks under the 11th EDF. The implementation of the change management plan has brought about a significant change in the NAO SU staff, from 39 employees in January 2016 (32 active staff and 7 vacant positions) to 20 employees in Nov 2016<sup>4</sup>. A revamped NAO team (10 new employees recruited, 2 positions

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<sup>4</sup> After the restructuring, the NAO SU is composed of 1 Head of Unit; 2 Heads of Sections (Operational and Finance/Admin); 7 Programme Managers; 3 Programme Accountants; 1 Audit Manager; 1 HR officer; 1 Archivist; 1 IT officer and 3 assistants/secretaries),

still vacant) took office on 1<sup>st</sup> November 2016. Key staff members were maintained in the new organisational setup and recruitments were done on the basis of pre-defined criteria and clear job descriptions beforehand established. The EU delegation was actively involved in all the stages of the implementation of the change management plan.

Despite efforts to improve work on visibility and significant amounts of aid and investment since the EU Delegation opened its doors 40 years ago, the image of the EU needs to have greater recognition and appreciation, as well as a greater understanding by general public of what the EU does or why it is present in Malawi. Appropriate communication and visibility activities would greatly enhance the positive image of the EU, by raising awareness about its development and cooperation assistance.

Finally, the Government and relevant Non State Actors do not always have the flexibility within their own budget to attend relevant meetings, seminars, conferences or events at short notice. The previous support measures to NAO financed under the 10<sup>th</sup> EDF have proven useful to respond to these kinds of ad hoc and urgent requirements in relation to EU development cooperation objectives.

## 2 RISKS AND ASSUMPTIONS

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Capacity gap faced by the NAO, Ministries and other implementing agencies of the EU projects	M	<ol style="list-style-type: none"> <li>1. Improvements in the establishment of governance structures</li> <li>2. Well defined roles of the NAO in the relevant Financing Agreements</li> <li>3. Increased involvement of key stakeholders in the project identification, implementation, monitoring and evaluation.</li> <li>4. More engagements of the NSAs in implementation of activities</li> </ol>
Lack of proper structures in coordinating the regional programmes	M	<ol style="list-style-type: none"> <li>1. Define clear roles of the National and Regional Authorising Officers</li> <li>2. Proper coordination between the NAO and line ministries</li> </ol>
Absence of archiving infrastructure for safe storing of EU Projects documents for future reference, audits and evaluations	H	<ol style="list-style-type: none"> <li>1. Ensure construction of appropriate infrastructure for storage and archiving documents for EU funded projects</li> </ol>
Political interference in project site selection	M	<ol style="list-style-type: none"> <li>1. Increased involvement of key stakeholders and project design level through to closure of the project</li> </ol>
<b>Assumptions</b>		
<ul style="list-style-type: none"> <li>– The Government of Malawi will remain committed to the implementation of the programmes as contained in the National Indicative Programme (NIP)</li> <li>– Willingness of the government, line ministries and NSAs to participate in the activities funded by the EU</li> <li>– The NAO SU is able to attract and/or retain suitably qualified, dedicated and motivated staff; and acquire the appropriate information, materials and equipment.</li> </ul>		

### **3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

#### **3.1 Lessons learnt**

The proposed project builds on two ongoing actions financed under the 10<sup>th</sup> EDF. The Capacity Development to the NAO Support Unit and the Technical Cooperation Facility (TCF), with an EU contribution of EUR 8 million and EUR 7 million, respectively.

Both actions, the Capacity Development to the NAO Support Unit and the TCF, have proved useful in providing funding for technical assistance, training, events and other activities. Merging the two programmes in one under the 11<sup>th</sup> EDF would allow the Government of Malawi and the Delegation to constructively develop synergies between the different components and avoid any potential duplication.

There are currently two EU visibility and communications budgets under the NAO: one under the Capacity Development to the NAO Support Unit and one under TCF. This usually results in the reallocation of TCF visibility and communication funds for other purposes. Although there has been some progress in the recent years, there is room for improvement in the implementation of NAO's visibility and communications activities. On the other hand, the experience implementing the Technical Cooperation Facility (TCF) has shown that there is high interest on support for attending conferences and seminars abroad.

Other important lessons include:

- The need for continued training and capacity building of NAO SU staff is confirmed.
- Close monitoring and regular dialogue with the EU Delegation remains key.
- The provision of ad hoc short term TA on a needs basis has significantly contributed to the efficiency of the EDF related tasks of the NAO.

#### **3.2 Complementarity, synergy and donor coordination**

This project is complementary to the EDF funded projects in Malawi. It complements Government's projects and policies since it provides an instrument that supports NAO and line ministries in launching the relevant feasibility studies and analysis or to undertake training courses deemed necessary, in areas which are not covered by other donors' activities.

It is expected that, in addition to specific EU activities, these Support Measures will contribute to policy dialogue, donor harmonisation, joined/coordinated donor activities, such as analytical studies. The TCF and NAO support under this programme will also contribute to increase coherency of EU programmes. As such, the framework for consultation and regular exchanges between key stakeholders (government, donors and NSA) will be strengthened for the most effective management and use of the EU aid. TCF can also be mobilised to support analytical activities underpinning EU Joint Programming, such as for instance a Joint EU Assessment of the Malawi Development Plan.

#### **3.3. Cross-cutting issues**

The office of the National Authorising Officer in its role of coordinating EU aid in Malawi intervenes in all cross-cutting areas included in the NIP and RIP. The TCF component of this action provides the means to undertake activities aimed at mainstreaming cross cutting issues such as gender, environment, human rights and the participation of disadvantaged groups such as women and children in EU funded programmes. The EU Delegation will promote gender balance within the structure of the NAO.

### **4 DESCRIPTION OF THE ACTION**

#### **4.1 Objectives/results**

The **overall objective** of this action is to contribute to sustainable growth and poverty reduction in Malawi.

The **specific objectives** are:

- SO1: the effective delivery of EU development cooperation in Malawi
- SO2: a more coherent and informed approach to policy dialogue, development cooperation and trade related issues

To achieve this objective, this action is split into three components:

### ***Component 1 - Support to National Authorising Officer***

Result 1.1: Effectiveness, efficiency and capacities of the NAO SU and line ministries in the implementation, monitoring and evaluation of national and regional EDF resources are enhanced.

Result 1.2: Partnership and policy dialogue among Government, EU, NSAs and development partners in developmental endeavours including regional integration and trade related matters are strengthened.

### ***Component 2 - Technical Cooperation Facility***

Result 2.1: EU funded programmes and projects are properly identified, formulated, implemented, monitored and evaluated with participation of Government, NSAs and development partners.

Result 2.2: Knowledge and participation of Malawi in EU and global dialogue in different areas of mutual interest are developed and continued.

### ***Component 3 – Communication and Visibility***

Result 3.1: Visibility of the EU-Malawi cooperation and greater awareness and understanding among key actors in the public, private and civil society sectors on issues of EU's development and external assistance increased.

This programme is relevant for the Agenda 2030 Agenda for Sustainable Development.. It contributes primarily to the progressive achievement of SDG Goal 1. *End poverty in all its forms everywhere*, but also promotes progress towards Goal 2, *End hunger, achieve food security and improved nutrition and promote sustainable agriculture* and Goal 4, *Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all* and Goal 16, *Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels*. This does not imply a commitment by the Republic of Malawi benefiting from this programme.

## **4.2 Main activities**

For each component, the following main activities will be implemented to achieve the results identified above:

### ***Component 1 - Support to National Authorising Officer***

- The project will support the operations of the NAO and project implementation teams within line ministries to effectively and efficiently implement their activities with full adherence to EDF rules and procedures. It will facilitate policy dialogue and define appropriate capacity development plans through periodic review of progress reports, financial management and monitoring systems for the smooth implementation of all EU interventions. This support will include among other actions the organisation of activities and events to promote dialogue between Government of Malawi, EU and other development partners and actors on issues of mutual interest, the provision of training on EDF rules and procedures, project management skills for aid effectiveness, monitoring and evaluation, policy dialogue and negotiation skills. It will also support the NAO to improve management and archiving of documents for all EU funded programmes and projects.

### ***Component 2 - Technical Cooperation Facility***

- Short/medium term technical assistance to support the NAO, EU Delegation and line ministries with specific tasks related to project identification and formulation, implementation, audits and evaluation of projects and programmes supported by the EU within the identified sectors of the NIP.
- Mobilisation of consultants to support the Government in undertaking studies to assist in the formulation of sector specific government policies and to ensure that aid programmes achieve the desired impact.
- Support the participation of Malawian officials and other stakeholders in conferences, seminars and meetings with the aim of developing a continued EU-Malawi dialogue in different areas of mutual interest.

### ***Component 3 – Communication and Visibility***

- Visibility, communication and awareness rising related activities covering main issues regarding development co-operation, EU-funded projects/programmes, trade and economic related issues (e.g. seminars and conferences, promotional events, press releases, publications, brochures, success stories, production and dissemination of audio-visual materials, visibility and promotional items, printing of reports, etc.) aiming at informing the public at large and key stakeholders of the EU's support to the country's socioeconomic development and related to other issues of mutual interest.

#### **4.3 Intervention logic**

The National Indicative Programme (NIP) for Malawi has been allocated a total amount of EUR 560 million. In line with the Agenda for Change's emphasis on concentration of funding for greater impact, bilateral cooperation between the EU and Malawi in the years 2014-2020 focuses on Governance, Sustainable Agriculture and on the newly introduced sector Secondary Education and Vocational Training. In addition, EUR 15 million have been specifically allocated in the NIP for Support Measures, namely the Technical Cooperation Facility and support to the National Authorising Officer in order to support EDF interventions in the country.

The support measure will contribute to the overall objective of supporting sustainable growth and poverty reduction in a transversal way to the three focal sectors. On the one side it will contribute to the effective delivery of EU development cooperation in Malawi and on the other to a more coherent policy dialogue, visibility and implementation of development cooperation. The final expected outputs should be more effective NAO and line ministries, properly implemented programmes, greater EU visibility,

According to the NIP, the Technical Cooperation Facility is expected to support the successful implementation of Government of Malawi's development strategy through the support of sound development programmes financed from EDF funds and other EU funded initiatives in Malawi including joint actions with other donors. It should also support the fostering of a more coherent and informed approach to development and trade issues.

Moreover, the NIP indicates, as under earlier EDF cycles, that support will be provided to the NAO and its services to be able to assume increased ownership of the identification, formulation, monitoring of implementation, evaluation and auditing of interventions funded under the EDF.

These support measures will complement each other and synergies are expected. The programme will support the NAO discharge the roles outlined in Cotonou Agreement for the effective implementation of the activities of the sectors identified in the NIP, and increasing its capacity to assume full ownership of the Project Cycle Management of EDF interventions in the country. There will be more focus on the line ministries and the implementing teams to support them achieve results and bring impact to national development through economic growth and poverty reduction.

On the other hand, technical cooperation will further be provided to improve the identification, formulation, monitoring of implementation, evaluation and auditing of interventions funded under the EDF, therefore supporting the successful implementation of the Government of Malawi's development strategy. It will also strengthen the partnership and policy dialogue among Government, EU and Non-State Actors in developmental endeavours including regional integration and trade related matters.

In addition, the production and dissemination of information material for communication, awareness, and visibility of EU interventions within the identified sectors of the NIP and other topical issues of common interest will enhance the awareness, visibility and ownership of EU programmes and projects in Malawi.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.



## 5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015/322.

## 5.3 Implementation of the budget support component

Not applicable for this action.

## 5.4 Implementation modalities

### 5.4.1 Procurement (direct management)

Subject in generic terms, if possible	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Short/medium term TA	Services	25	Throughout the 72 months
Communication/visibility	Services	1	First trimester

### 5.4.2. Indirect management with the partner country

A part of this action, with the objective of assisting the NAO SU in the implementation of the 11<sup>th</sup> EDF NIP and strengthening its capacities, may be implemented in indirect management with the Government of Malawi in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of the Regulation (EU) 2015/323 according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts above EUR 100 000 (or lower, based on a risk assessment) and may apply ex post control for procurement contracts up to that threshold. The Commission will control ex ante the grant procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the partner country for ordinary operating costs, direct labour and contracts below EUR 300 000 for procurement and up to EUR 300 000 for grants.

The financial contribution partially covers, for an amount of EUR 6.9 million<sup>5</sup>, the ordinary operating costs incurred under the programme estimates.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012 applicable in accordance with Article 36 of the Regulation (EU) 2015/323 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of the Regulation (EU) 2015/323, will be laid down in the financing agreement concluded with the partner country.

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<sup>5</sup> This amount covers the salary of the NAO support unit staff (EUR 5.9 Million), office operating costs (EUR 0,7 million) and vehicle operating costs (EUR 0.3 million).

## 5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

In accordance with Article 22(1)(a) of Annex IV to the ACP-EU Partnership Agreement, the Commission decides that natural and legal persons from the following countries having traditional economic, trade or geographical links with neighbouring partner countries shall be eligible for participating in procurement and grant award procedures: all EU and ACP countries, and South Africa. The supplies originating there shall also be eligible.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

## 5.6 Indicative budget

Activities	EU contribution (amount in EUR)
<b>Component 1. Support to NAO</b>	
5.4.2 Indirect Management with the partner country - Programme Estimate (R1.1 and R1.2)	8 000 000
<b>Component 2. Technical Cooperation Facility</b>	5 000 000
5.4.1 Direct Management – procurement of services (R2.1)	4 000 000
5. 4.2 Indirect Management with the partner country – Programme Estimate (R2.2) <sup>3</sup>	1 000 000
<b>Component 3. Visibility and Communication</b>	
Direct Management (R3.1)	1 500 000
Audit & Evaluation	300 000
Contingencies	200 000
<b>TOTAL</b>	<b>15 000 000</b>

## 5.7 Organisational set-up and responsibilities

The project will be housed in the Ministry of Finance, Economic Planning and Development under the Debt and Aid Division.

A steering committee comprised of staff of the NAO and the Delegation shall be established to oversee and validate the overall direction of the project. The steering committee shall meet at least twice a year and will be responsible for approval of the programme estimates, work plans, reports and evaluations.

Besides, the NAO and the EU Delegation will meet regularly to ascertain what services and actions need to be contracted and how best to do this to achieve the objectives of these support measures. Because of the mutual dependency of the three components, these meetings have a strong coordinating role.

The NAO and EU Delegation will appoint focal points who will be responsible for the day-to-day management and coordinate where necessary.

## 5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of implementation of this action will be a continuous process and is part of the implementing partner's responsibilities. To this aim the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of

implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **5.9 Evaluation**

Having regard to the nature of the action, a mid-term and a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for an independent assessment of progress and, in case of lack of such progress, evaluation of its causes. The evaluation outcomes could lead as required to adjustments in programme strategy and implementation, applying lessons learnt.

The final evaluation is foreseen for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the impact achieved and in case of a positive assessment of impact, uptake of the successful strategies, approaches and modes of implementation in subsequent EU actions / programmes, by other development partners, Government of Malawi and non-government actors.

The Commission shall inform the implementing partners at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded by 2024.

## **5.10 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, three contracts for audit services shall be concluded by 2024.

## **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

In view of the fact that Component 3 of this action will cover visibility, communication and awareness rising about EU's support to Malawi and given the nature of this programme, communication and visibility activities will be implemented by the same service contract(s) of component 3.



## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) <sup>6</sup>

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	To contribute to sustainable growth and poverty reduction in Malawi	1. Proportion of population living below USD 1.25 per day (PPP) (**)(*)  2. Real Gross domestic product (GDP) Growth	1. 50.7% 2012  2. 2.9% 2015	1. <40% By 2022  2. >5% 2020	1. SDG Monitoring and valuation E reports  2. International Monetary Fund Economic Outlook	
Specific objective(s): Outcome(s)	SO1: the effective delivery of EU development cooperation in Malawi	1.1 % of the amount allocated under the 11 <sup>th</sup> EDF still to be a) committed b) contracted and c) paid         1.2 % of Projects with red	1.1a) 60% (2014-15)  b) 3.5% (2014-15)  c) 17% (2014-15)    1.2	1.1a) 100% (2020)  b) 80% (2020)  c) 80% (of the total contracted has been paid by Dec 2020)  1.2	1.1 a) b) c) External Assistance Management Report and CRIS	Continued commitment on the part of government to implement EU funded actions.

<sup>6</sup> Indicators aligned with the relevant programming document are marked with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

	SO2: a more coherent and informed approach to policy dialogue, development cooperation and trade related issues	<p>traffic lights for Implementation Progress.</p> <p>1.3. % of Projects with red traffic lights for achieving results</p> <p>2.1 Alignment of the national development strategy to the priorities of international framework for sustainable development and poverty eradication</p> <p>2.2 % of indicators of the successor strategy that are aligned with the SDG indicators.</p>	<p>9.38% (2015)</p> <p>1.3 12.50% (2015)</p> <p>2.1 None. The strategy is being currently drafted 2016</p> <p>2.2 None. The strategy is being currently drafted 2016</p>	<p>&lt;5% By 31/12/2020</p> <p>1.3 &lt;5% By 31/12/2020</p> <p>2.1 MDGS III (2017-2021) is in line with the 2030 Agenda for Sustainable Development.</p> <p>2.2 To Be Decided</p>	<p>1.2 Key Performance Indicator 5 in the EAMR</p> <p>1.3. KPI 6 in the EAMR</p> <p>2.1 New National Development Strategy</p> <p>2.2 Text of the successor strategy</p>	
Outputs	Result 1.1: Effectiveness, efficiency and capacities of the NAO SU and line ministries in implementing, monitoring and evaluation of national and regional EDF resources are enhanced.	<p>1.1.1 % of decentralised tenders and calls for proposals that are concluded timely and successfully.</p> <p>1.1.2 % of NAO SU staff dedicated to project monitoring who is trained in EDF procedures</p>	<p>1.1.1 35% 2015</p> <p>1.1.2 40% Sept 2016</p>	<p>1.1.1 &gt;50% By 2022</p> <p>1.1.2 100% by end 2018.</p>	<p>1.1.1 Project reports EAMR</p> <p>1.1.2 Records of training</p>	<p>New contracted staff remain in position. Human resources with the right technical expertise are assigned to the NAO SU and line ministries.</p>
	Result 1.2: Partnership and policy dialogue among Government, EU, NSAs and development partners	1.2.1 Number of dialogue sessions held between	1.2.1 36	1.2.1 >50 2022	1.2.1, 1.2.2 and 1.2.3 EAMR	NSAs are willing to engage with

	(DPs) in developmental endeavours including regional integration and trade related matters are strengthened.	Government, EUDEL and with the participation of NSAs and DPs per year.	2015		Project reports	Government of Malawi in constructive debate
		1.2.2 Number of steering committee meetings per year	1.2.2 None 2015	1.2.2 At least 2 per year 2017		
		1.2.3 Number of coordination meetings between NAO SU and EUDEL per year	1.2.3 2 2016	1.2.3 At least 4 2017		
	Result 2.1: EU funded programmes and projects are properly identified, formulated, implemented, monitored and evaluated with participation of Government, NSAs and development partners.	2.1 Number of 11th EDF Action Documents (ADs) formulated and approved with cross-cutting development objectives mainstreamed where relevant (gender, human rights, civil society, environment, disability...)	2.1 6 ADs approved by end 2016	2.1 All ADs for the entire 11 <sup>th</sup> EDF NIP are formulated and approved by end 2020.	2.1 EAMR CRIS	Government of Malawi remains committed to transparent and accountable management of EU financial support.
	Result 2.2: Knowledge and participation of Malawi in EU and global dialogue in different areas of mutual interest are developed and continued.	2.2.1 Number of Malawian officials and other stakeholders participating in conferences, seminars and meetings in areas of mutual interest per year	2.2.1 45 2015	2.2.1 > 50 2017	2.2.1 TCF Requests, Monitoring Table, Implementation Reports, Evaluation and Audit reports	Key stakeholders willing and able to attend conferences and seminars.
		2.2.2 Number of participants who have indicated in the Evaluation questionnaire being very satisfied with the content of the conference/seminar/meeting attended.	2.2.2 No baseline available	2.2.2 >75%	2.2.2 Evaluation questionnaires	
		2.2.3 Number of Ministries and stakeholders represented in those events with EU support per year	2.2.3 15 2015	2.2.3 >20 2017	2.2.3 Records of events	

	Result 3.1: Visibility of the EU-Malawi cooperation and greater awareness and understanding among key actors in the public, private and civil society sectors on issues of EU's development and external assistance increased.	<p>3.1.1 Average monthly number of articles in national and regional media on EU-Malawi cooperation</p> <p>3.1.2 Average monthly number of visibility events, including project-related ceremonies.</p> <p>3.1.3 Number of followers in Twitter and Facebook.</p>	<p>3.1.1 10 2016</p> <p>3.1.2 2 2016</p> <p>3.1.3 1,000 each 2016</p>	<p>3.1.1 20 2018</p> <p>3.1.2 5 2018</p> <p>3.1.3 Twitter: 1 200 Facebook: 5 000 By end 2020</p>	<p>3.1.1 Press monitoring conducted at the EUDEL</p> <p>3.1.2 Events monitoring conducted at the EUDEL</p> <p>3.1.3 Twitter and Facebook</p>	<p>Conducive environment for communication, visibility and public outreach activities</p> <p>Availability of partners to participate in EU events</p>