

A. Sector Analysis

1. Current situation and major challenges of the sector:

Malawi's transport system is overwhelmingly reliant on roads, the classified public road network covers approximately 15,451 km, of which only about 28% is paved. According to the Ministry of Transport's Strategic Plan, road transport handles about 99 % of all passenger traffic, around 70 % of domestic freight, and 90 % of international freight. The rail network is about 933 km of single gauge mainline, with some lines currently non-operational. On the infrastructure quality front, only about 36 % of paved roads are rated to be in good condition as of 2024. These figures underline major challenges. The poorly paved roads, high dependence on road transportation, and weak rail and water alternatives lead to elevated transport costs. According to the Roads Authority, transport costs absorb up to 55 % of prices of goods in Malawi versus about 17% in many other developing countries. These conditions put together make Malawi's transport system less competitive, slower and less safe, particularly in rural areas where feeder roads are often impassable in the wet season and non-motorised road users (pedestrians, cyclists) account for a very high share of traffic-fatalities estimated at 70 % of all fatal accidents. Malawi's transport sector is defined by its dependence on regional transport corridors to access international markets. While the Nacala, Beira, and Dar es salaam corridors remain essential lifelines, they also face challenges related to infrastructure, climate vulnerability, and border inefficiencies. On the other hand, Durban corridor which is not used much because of its long distance has more efficient port services. Strengthening corridor connectivity, improving border procedures, and diversifying transport modes remain top priorities for enhancing trade and economic resilience.

Malawi's transport sector comprises of the following sub-sectors:

- a) **Road sub-sector:** This is the main method of transportation for passengers as well as for the import and export of goods.
- b) **Inland water transport** on Lake Malawi extends from the northern to the southern region passing through the centre. Main ship ports are Monkey Bay in the south, which is also a ship assembling dock, Chipoka and Nkhota-kota in the central region, Nkhata Bay and Chilumba in the northern region. This sub-sector faces slow development due to lack of adequate funding. The sub-sector is operated with significant private-sector involvement through concession arrangements. It provides both passenger and freight transport on Lake Malawi, including links to Tanzania and Mozambique. Opportunities exist for additional concessions, particularly in tourism, cargo ferrying, and port operations.
- c) **Rail sub-sector:** Railway development has been a priority of the Government of Malawi (GoM) and this has been demonstrated by the rehabilitation of the railway network from Mozambique to Malawi. The rehabilitated lines are the one from Nacala passing through Limbe and Liwonde in Malawi connecting to Moatize coal belt in Mozambique and the Marka-Bangula going up to Mchinji. They are operated by a consortium of Nacala Logistics.
- d) **Civil Aviation sub-sector** is very important for Malawi due to its landlocked nature but is still not well developed. There are only two international airports: Bakili Muluzi airport (formerly known as Chileka) in Blantyre and Kamuzu International Airport in Lilongwe. Airport Developments Limited (ADL), a state-owned company mandated to handle airport development, renovated Chileka Airport in 2024. It also rehabilitated the terminal building, the runway and landing strip at Mzuzu Airport in 2025.

2. Sector policy, strategic plan, priority areas:

The GoM has placed transportation at the top of its development agenda through the following:

a) The Malawi 2063 (MW2063)

Under the theme of "inclusive wealth creation and self-reliance" the MW2063 aims to lift Malawi to the status of an industrialised upper middle-income country with an inclusive income status for all citizens. The transport sector falls directly under Pillar number 3 of Urbanization which targets the establishment of world class urban centres and tourism hubs across Malawi with modern buildings. Apart from Pillar 3, Enabler 6 "Economic Infrastructure" is also related to the Transport sector as it involves the increase of infrastructure development that promotes economic activities such as the construction/rehabilitation of roads. The MW2063 is supposed to be implemented in 4 ten-year phases called Medium Term Implementation Plans (MIPs).

b) The National Transport Policy (April 2015)

The policy provides objectives, strategies and monitoring and evaluation framework for all modes of transport and crosscutting issues in the sector.

c) The National Transport Master Plan (NTMP) 2017-2037

Launched by the GoM in March 2018, the NTMP was prepared to guide a sustainable integrated multi-modal transport sector for twenty years. It also addresses regulatory issues that need to be tackled to have smooth operations.

3. Donor activities and commitments:

The major development partners in the transport sector in Malawi are the World Bank, the African Development Bank, the European Investment Bank/EU, China and JICA.

World Bank

- is supporting the Southern Africa Trade and Transport Facilitation Program which improves infrastructure along the North-South corridor and at border crossings. Malawi had an original credit of approximately US\$28 million and an additional finance of US\$31.5 million.
- In September 2025, the Bank committed US\$65 million for the Malawi Resilient and Strategic Transport Operational Enhancement Project (RESTORE) to make roads in the Lower Shire region which were damaged by cyclones in 2019 and 2023.
- The Southern Africa Trade and Connectivity Project (SATCP) is supported by the World Bank and aims to improve regional trade, reduce trade costs, strengthen value chains, and enhance infrastructure connectivity between Malawi and Mozambique along major corridors, including the Nacala and Beira Corridors. In Malawi, the SATCP is a roughly 6-year, \$150 million project (2021–2027) focusing on increased private sector activity.

• African Development Bank (AfDB)

has been assisting the GoM in improving access to international corridors. The Multinational Nacala Road Corridor Development Project Phase V was approved in June 2019 at a total cost of Unit of Accounts (UA) 26,600,000 (approximately US\$ 36.6 million). This project has two objectives (i) to improve road transportation and trade along the Nacala Transport Corridor (ii) to contribute to the reduction of transport costs along the Lilongwe-Blantyre and Liwonde-Mangochi road corridors. The AfDB is contributing to the rehabilitation of the M1 road specifically the Nsipe to Chingeni section and the Mzuzu to Rumphi section.

The AfDB has supported Malawi's development of One-Stop Border Posts (OSBPs) mainly through its Multinational Nacala Road Corridor Development Project: for Phase IV, which includes establishing OSBPs at Mwami–Mchinji (Malawi–Zambia) and Chiponde (Malawi–Mozambique), the total project cost for Malawi was about UA 45.39 million (~US \$60 million), with the Bank providing roughly UA 42.97 million (~95 % of the cost) as an African Development Fund (ADF) loan (UA 42.36 million) and a small ADF grant (UA 0.61 million), alongside Malawi's counterpart contribution. The larger Multinational Nacala Corridor programme across multiple phases has seen AfDB and partners commit over UA 413 million (~US \$576 million) to road infrastructure and OSBP development in Malawi, Mozambique, and Zambia, and for Phase V (including the Chiponde–Mandimba OSBP and related road works). The AfDB contributes about UA 26.6 million out of a UA 45.289 million total, with co-financing from the EU and the GoM.

- **European Investment Bank (EIB)/European Union**

is financing a multi-scheme road operation to rehabilitate approximately 347 km of five road sections as follows: Karonga-Songwe (46 km), Kacheche-Chiweta (66 km), Jenda-Mzimba (47 km) Kasungu-Jenda (86 km), Kamuzu International Airport-Kasungu (102 km) and in addition to this, there are two technical assistance components which are included for project implementation and monitoring during the project cycle. The common objective is to improve food security, access to trade and essential services along the M1 road in respect to the North-South Corridor. The EIB committed EUR 95 million in respect of the M1 road rehabilitation.

The EIB has supported Malawi's aviation sector mainly through a €21 million loan for the Essential Aviation Safety Upgrade Project, aimed at improving safety and security at Kamuzu and Bakili Muluzi international airports. The project finances modern fire-fighting vehicles, upgraded airfield lighting, security and screening systems, and other infrastructure to help Malawi meet International Civil Aviation Organization (ICAO) standards, complemented by technical assistance to strengthen procurement and project management capacity within the Department of Civil Aviation. This remains the EIB's primary aviation investment in Malawi and is central to enhancing air transport safety, reliability, and international compliance.

- **The Chinese government** has completed the rehabilitation of the M1 road in Lilongwe City Crossroads Roundabout Hotel to Kanengo with loan assistance of approximately US\$ 30 Million.

4. Budget situation:

For FY2025/2026 the GoM has allocated MK 422.3 billion (approximately US\$ 244 million¹) to the Transport Sector. The Roads Fund Administration (RFA) and the Ministry of Information and Digitalisation will also benefit from these resources. MK144.8 billion has been earmarked for the roads subsector for the implementation of various projects. The RFA will receive about MK101 billion, largely financed through fuel levies and toll gate collections from sites such as Chingeni and Kalinyeke. Over K11–12 billion has been collected from toll gates to date. The Mid-year budget review showed that overall road-sector revenues, including levies collected through Road

¹Note: 1\$=MK817.00 (as of 1st April 2022, Standard bank Malawi)

Funds Administration, Malawi Energy Regulatory Authority and the Malawi Revenue Authority, have been affected by domestic revenue underperformance. The Ministry of Finance and the National Planning Commission (NPC) documents show increasing pressure on road maintenance financing. There is growing public concerns over transparency in the use of fuel levy and toll revenues, slow improvements on key corridors like the M1, and governance issues linked to toll operations. These issues underscore the need for stronger reporting, accountability, and alignment of RFA revenue flows with national planning and budget execution.

5. Dialogue structure for the sector:

Following the launch of MW2063 and MIP-1, Pillar and Enabler Coordination Groups have been formed. Economic Infrastructure Coordination Group is one of them and aims to foster dialogue between various stakeholders in the sector and the GoM.

B. JICA's Position

1) History of JICA's cooperation:

JICA has been assisting the Transport Sector in the aviation and road sub-sectors through infrastructure projects. JICA has also assisted the sector through technical studies. JICA assistance has been provided in form of Grant Aid (GA) and Technical Cooperation (TC) projects.

【Civil Aviation】

- (GA) The Project for the Replacement of Air Navigation System at Kamuzu International Airport (2011 Jan signed)
- (GA) The Project for Expansion of the Terminal Building at Kamuzu International Airport (2015 Nov signed)
- (TC) The Project for Capacity Development for Air Navigation Services (2014 Apr - 2016 May)
- (TC) The Project for Capacity Development of Radar Control Services at Kamuzu International Airport (2017 Jun - 2021 Nov).
- The Project for the Formulation of Development Master Plan for Chileka International Airport in Blantyre (2022)
- (TC) The Project for Capacity Development in Airport Maintenance Services (2023 Aug-March 2026

【Bridges】

- (GA) The Project for Replacement of South Rukuru Bridge on the Main Road M001 (2010 Feb signed)
- (GA) The Project for Replacement of South Rukuru Bridge on the Main Road M001 (Phase 2) (2012 Mar signed)

【City Roads】

- (GA) The Project for Improvement of Blantyre City Roads (2007 Jul signed)
- (GA) The Project for Improvement of Blantyre City Roads (Phase 2) (2010 Jun signed)
- (GA) The Project for Improvement of Blantyre City Roads (Phase 3) (2013 Dec signed)

- (GA) The Project for the Improvement of Main Roads in the City of Lilongwe (2022 Jun -2026 Mar).

【City Planning】

- (Exp) Advisor for Road Sector Policy and Fund Administration (2008 Nov - 2010 Apr)
- (Study) The Study on Urban Development Master Plan for Lilongwe (2009 Feb - 2010 Sep)
- (TC) The Project for Urban Plan and Development Management (2012 Nov - 2015 Mar)

【Corridor Development】

- (Study) The Study on Development of the Sena Corridor (2010 Oct - 2012 Mar)
- (Regional Study)² Data Collection Survey on Nacala Corridor Integrated Development in Southern Africa (2017 Feb - 2017 Oct) Na
- Nacala Port and International Corridor Development Promotion Regional Study 2024

2) Major outcomes:

- **The Project for Replacement of Mangochi Bridge (Bakili Muluzi Bridge)** (GA: 1999 June signed): helped to ease connection between Malawi and Mozambique using the Chiponde border. This is part of the Nacala corridor.
- **The Project for Reconstruction of M5 Bridges between Balaka and Salima** (GA: 2005 Aug signed): helped to strengthen connectivity on the M5 road since it solved frequent closures due to wash aways.
- **The Project for Improvement of Blantyre City Roads** (GA: 2007 July, 2010 Jun and 2013 Dec signed): helped in easing traffic congestion between Limbe and Blantyre.
- **The Project for Replacement of South Rukuru Bridge on M1** (GA: 2010 Feb and 2012 Mar signed): helped to ease movement on the M1 road which links Malawi and Tanzania.
- **The Project for Replacement of Air Navigation System at KIA** (GA: 2011 Jan signed): assisted the airport to maintain international requirements for airports and attract more airlines
- **The Project for Expansion of the Terminal Building at KIA** (GA: 2015 Nov signed): has eased congestion at peak hours which was associated with the old Terminal Building.
- **The Project for Capacity Development for Air Navigation Services** (TC: 2014 April to 2016 May): assisted Air Navigation system in Malawi by improving curriculum, introduction of training manuals and training some Malawians in air navigation field.
- **The Capacity Development Project for Radar Air Navigation Services at KIA** (TC: 2017 Jun to 2021 Nov): has helped air traffic controllers in Malawi to understand how the radar works. It has also helped engineers learn how radar is maintained in order to ensure its sustainability.

3) Lessons learned:

One of the major problems with infrastructure is vandalism. The problem did not spare JICA projects. To counter this

² (Exp) Expert, (GA) Grant Aid Project, (Regional) Regional Cooperation Project, (Study) Technical Cooperation for Development Planning, Private Sector Partnership, Data Collection Survey, (TC) Technical Cooperation Project

In Malawi JICA has counteracted placard vandalism primarily through community engagement, robust technical specifications, strategic siting, routine monitoring, and coordination with local authorities. By involving local committees in the management of project assets, installing durable and properly mounted signage within secured compounds, and conducting regular site visits to repair or replace damaged placards, JICA reduces opportunities for theft or vandalism while fostering local ownership and accountability.

4) Cooperation Assets:

To-date JICA has invested over US\$ 100 million in the aviation subsector since the 1970s (in terms of loans, grants and technical cooperation). This is the biggest investment in the transport sector followed by urban road construction.

5) Comparative advantage of JICA:

- a) The first comparative advantage of JICA is that although its ceilings per project are lower compared to other donors, the assistance comes with no obligation for the GoM to repay. This is a strong positive point of assistance to a country that struggles to implement infrastructure projects.
- b) The second comparative advantage is that JICA has earned a reputation of constructing good quality, durable infrastructure through its projects.
- c) Finally, the third comparative advantage is the long period of cooperation that has enabled JICA to understand the history of the sector and can better understand the way the GoM works. Furthermore, JICA supports infrastructure development according to the development stage of countries based on the knowledge and experiences from JICA's past projects all over the world. For instance, JICA focuses on supporting improvement of basic infrastructure, and economic corridor and gateway infrastructure in Malawi in order to respond to the global economy and to strengthen international competitiveness.
- d) KCCP capacity building in the sector

6) TICAD process:

TICAD 9's transport objectives focus on improving aviation connectivity and regional integration in Africa by strengthening cooperation with Japan on safety, efficiency, and training. Key goals include enhancing regional air transport through modernizing airport infrastructure, creating harmonized maintenance certifications, and developing strategic air corridors, particularly in Central Africa. Overall, TICAD 9 aims to support African-led solutions to develop sustainable, resilient, and integrated transport systems, aligning with the African Continental Free Trade Area (AfCFTA) and Agenda 2063.