

1. Current situation and major challenges of the sector:

Malawi has a very limited transport system and it is one of the lowest in the Southern African Development Community (SADC) region. As a result of all these problems, the country faces high transport costs (average cost in the region of US\$7 per ton per km and Malawi with a cost of US\$7 to US\$10) rendering economic and social development difficult. However, there is an attempt to invest in aviation; rejuvenation of the rail subsector is also a target of the Government of Malawi as well as continued expansion of the roads subsector. The COVID-19 Pandemic is also severely affecting the sector. Many experts from development partners have had to return to their country of origin and the import of crucial materials especially for construction has proved to be more challenging as the movement of goods from country to country has slowed down.

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

- a) **Road sub-sector: According to the Ministry of Transport Joint Sector Review (2018)** The main method of transportation is by road with 90% of goods and 70 % of passengers using this method of transportation for local and international destinations respectively. Classified road network comprises 15,451 km of which only 26% (2,317.7 km) is paved.
- b) **Inland water transport** 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. There is no adequate private sector participation in this sub-sector. This led to slow development of the sub-sector over the years.
- c) **Rail sub-sector:** In the early years of Malawi's independence, the main method of transporting goods was by rail. However, a lack of maintenance and investment into the rail sub-sector has led to a collapse of a lot of the infrastructure that had been there before. However, in 2017 Vale and Mitsui developed Nacala railway line from Moatize in Mozambique to Nacala passing through Malawi. This has led to the rehabilitation of old railway lines, which has made train movements easier. Currently, the section between Nkaya and Mchinji is undergoing rehabilitation with works expected to be completed by 2021. Once completed, a spur will connect to Chipata in Zambia thereby easing the movement of goods and passengers.
- 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: Chileka in Blantyre and Kamuzu in Lilongwe. There are about 31 other airfields scattered across the country.

2. Sector policy, strategic plan, priority areas:

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

- a) The Malawi Growth and Development Strategy (MGDS) III (2017-2022)
The MGDS, launched in March 2018, places transport sector development among the five Key Priority Areas (KPAs). The strategy intends to boost economic development by setting out plans on how transport infrastructure can be expanded in order to shorten transportation of exported and imported goods.
- 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. The policy does not have an expiry date and will likely be used for the next five to ten years.

- c) The National Transport Master Plan (NTMP) 2017-2037
Launched by the GoM in March 2018, the NTMP was prepared in order to guide a sustainable integrated multi-modal transport sector for the next twenty years. It also addresses regulatory issues that need to be tackled in order 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, the Japan International Cooperation Agency. China as well has contributed to the sector as well as the OPEC Fund, BADEA, Saudi Fund and Kuwait Fund.

- a) **World Bank:** Over the past few years, their main involvement has been support to the production of the National Transport Master Plan. As part of the disaster recovery program, the bank is constructing the Thabwa road (59 km) in Chikwawa district at a cost of US\$13.3 million. The Bank is also providing support to the Karonga-Songwe road (46 km) at a cost of US\$20.3 million.
- b) **African Development Bank:** The AfDB has been assisting the GoM in improving access to international corridors. Their recent contribution has been the construction of a 13 km western bypass road in Lilongwe completed in 2014, which forms part of the Nacala corridor, at a cost of US\$7.2 million. Between 2016 and 2018 the bank supported the rehabilitation and widening of a 47 km Mzuzu-Nkhata Bay road on the M5 road, this was completed in March 2018 at a cost of US\$22.9 million. Currently, the bank is financing the rehabilitation of the 81 km M3 road from Liwonde to Mangochi at a cost of US\$40.4 million.
- c) **European Investment Bank:** The bank will finance the rehabilitation of the Lilongwe-Kasungu-Mzimba turn-off road in the central and northern regions; and the Chiweta-Bwengu-Kacheche road in the northern region. The two projects are at an appraisal stage. The EU will provide part of the cost as a loan while the EIB will provide another part as a loan.
- d) **China:** China constructed 102 km Karonga-Chitipa Road at a cost of US\$70 million. The Chinese government through banks will provide loans for the construction of a 97 km bypass road in Blantyre City at a cost of US\$41 million for the first phase of the project (35.6 km) which will pass through a number of trading centres. This project will also have Government of Malawi funding. The Chinese government will also fund the rehabilitation of Lilongwe M1 road from Crossroads to Lumbadzi.
- e) **Kuwait Fund/BADEA/Saudi Fund/OPEC Fund**
This group of donors have been funding the Thyolo-Makwasa-Thekerani-Mkhanga Road project since 2016 for upgrading of 82 km of earth road to bitumen at a cost of MK27.3 billion (US\$37.4 million). This project was expected to be completed August 2019 but as of March 2021 the project was incomplete and all works were halted due to the outbreak of COVID-19. Also the Zomba- Jali-Phalombe-Chitakale Road which commenced in October 2016 and is due to be completed in April 2019 but there were some defects which needed to be resolved during the defects liability period which lasts one year and all was supposed to have been resolved by April 2020. The situation as of now is that the outbreak of COVID 19 led to the suspension of all works as a result the defects found have not been resolved. The project is for upgrading of 102 km of Road from earth to bitumen at an estimated cost of MK8.69 billion (US\$11.9 million).

4. Budget situation:

The GoM on average allocates MK30 billion (approximately US\$41 million) to the transport sector annually most of which goes to the road sector. For FY 2020/21 the GoM has allocated MK150.6 billion to the Transport Sector, some of which will cater specifically for Information technology and communication.

In order for the National Transport Master Plan National Transport Master Plan NTMP to be implemented successfully over the next twenty years the GoM needs to be contributing MK100 billion (approximately US\$137 million).

5. Dialogue structure for the sector:

There are no structures for Technical Working Group (TWG) or Sector Working Group (SWG) meetings in the sector, However, a Joint Development Partner and Government Sector Review which has normally taken place in November each year which has served as a forum for dialogue. There has been a move on the part of the National Planning Commission to revamp the SWG by attempting to realign the Transport Sector working group closely with the SDG 9. Also, it has been agreed that the current lead in the development partner group will serve as the co-chairperson for the new SWG which is in a process of being revamped.

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.

	99~03	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	
Planning				(Expert) Advisor for Road Sector*1														
Civil Aviation							(GA) Air Navigation System at KIA*2				(GA) The Project for Expansion of the Terminal Building at KIA							
										(TC) Air Navigation Services*3			(TC) Radar Air Navigation Services at KIA*4					
Bridge	(GA) Mangochi Bridge*6	(GA) M5 Bridges*7			(GA) South Rukuru Bridge on M1 *8													
City Roads			(GA) Improvement of Blantyre City Roads I, II, III*9													(GA) M1 road in Lilongwe*10		
City Planning					(Study) Development Master Plan for Lilongwe*11			(TC) Urban Plan and Development Management of Lilongwe*12										
Corridor Development						(Study) Sena Corridor*13							(Study) Nacala Corridor*14					

*1 Advisor for Road Sector Policy and Fund Administration

*2 The Project for the Replacement of Air Navigation System at Kamuzu International Airport

- *3 The Project for Capacity Development for Air Navigation Services
- *4 The Capacity Development Project for Radar Air Navigation Services at Kamuzu International Airport
- *5 The Project for Formulation of Development Master Plan for Chileka Airport
- *6 The Project for Replacement of Mangochi Bridge
- *7 The Project for Reconstruction of M5 Bridges between Balaka and Salima
- *8 The Project for Replacement of South Rukuru Bridge on M1
- *9 The Project for Improvement of Blantyre City Roads I, II, III
- *10 The Project for Improvement of Major Roads in the City of Lilongwe (~2027)
- *11 The Study on Urban Development Master Plan for Lilongwe
- *12 The Project for Urban Plan and Development Management of Lilongwe City
- *13 Project for the Study on Development of the Sena Corridor
- *14 Data Collection Survey on Integrated Nacala Corridor Development

2) Major outcomes:

- **The Project for Replacement of Mangochi Bridge** (Grant Aid: 2000-2002): 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** (Grant Aid: 2006 to 2008): helped to strengthen connectivity on the M5 road since it solved frequent closures due to wash ways.
- **The Project for Improvement of Blantyre City Roads** (Grant Aid: 2007 to 2015): helped in easing traffic congestion between Limbe and Blantyre.
- **The Project for Replacement of South Rukuru Bridge on M1** (Grant Aid: 2010 to 2012): helped to ease movement on the M1 road which links Malawi and Tanzania.
- **The Project for Replacement of Air Navigation System at KIA** (Grant Aid: 2011 to 2012): assisted the airport to maintain international requirements for airports and attract more airlines
- **The Project for Expansion of the Terminal Building at KIA** (Grant Aid: 2015 to 2021): will ease congestion at peak hours which is associated with the current state of the airport. It will also improve access into Malawi as a landlocked country.
- **The Project for Capacity Development for Air Navigation Services** (Technical Cooperation: 2014 to 2016): 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** (Technical Cooperation: 2017 to 2021): will help air traffic controllers in Malawi to understand how the radar that will be installed works. It will also help engineers how the radar is maintained in order to ensure its sustainability.

3) Lessons learned:

- a) The aviation sector is supposed to be self-financed through user-fees like departure fees and landing fees. However, since this money goes to the consolidated government account Number 1, very little is given back to the department to make operations and maintenance possible. To counteract this challenge, the GoM has introduced a law for a civil aviation authority to be established this was passed in 2017.
- b) In the road sub-sector, vandalism such as the destroying or theft, can be cited as the main challenge.
- c) Finally, experience has shown that the GoM shows a lot of interest when it comes to implementing new infrastructure projects while it allocates very little resources for maintenance of the existing infrastructure.

4) Cooperation Assets:

To-date JICA has invested about US\$100 million in the aviation subsector since the 1970s (in terms of both loan, grants and technical cooperation). This is the biggest investment in the sector. It is followed by the construction of bridges and finally the 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.

6) TICAD process:

JICA could focus on the following targets:

- a) Assist the GoM in constructing transport infrastructure that ensures economic efficiency
- b) Align JICA's assistance with Malawi Government development strategies in this case the MGDS III and the National Transport Master Plan (2017-2037)
- c) Transfer of expertise and know-how as well as capacity building of Malawi government officials in the transport sector.

These targets are in line with TICAD VII objectives in the sector, which are to provide (a) quality infrastructure, which is (b) aligned with development needs of African countries. (c) Investment in quality infrastructure. (d) Transfer of expertise and know how as well as capacity building

These targets are also in line with Sustainable Development Goal 9.

- 1) Resilient Infrastructure
- 2) Investment in Infrastructure

7) Possible areas of Future Cooperation:

Japan's Country Development Cooperation Policy for Malawi focuses on "Building a foundation for economic growth, taking into account climate change and urbanization", especially it highly prioritized to support the development of quality infrastructure including key urban facilities to enhance economic activities. The other Priority area is "Promoting diversified and market oriented agriculture". Japan will support the development of transport, logistics and other infrastructure to facilitate Malawi's economic transformation. According to the above-mentioned parameters, we therefore would like to focus on:

- a) Civil Aviation
- b) Road Subsector