

**1. Current situation and major challenges of the sector:**

Malawi has a very limited transport system, and it is one of the weakest transport systems in the Southern African Development Community (SADC) region. As a result of all this, the country faces high transport costs (average cost in the region of US\$ 7 per ton per km and Malawi with a cost of over 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 (GoM) as well as continued expansion of the Road subsector. The COVID-19 Pandemic has also increased transport costs and 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. Recently, there has been a lot of damage to roads and bridges within Malawi due to cyclones that have occurred recently and other periods of heavy rainfall. Along the M1 road between Lilongwe and Blantyre and across the country there has been flooding which has affected the flow of both commercial and domestic traffic.

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 approximately 26% (2,317.7 km) is paved.
- 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. There is no adequate private sector participation in this sub-sector. This has 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, lack of maintenance and investment into the rail sub-sector has led to a collapse of most 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. However, according to Mitsui & Co's website On January 20, 2021, Mitsui and Vale entered into a Heads of Agreement stipulating the main conditions for the transfer of all of Mitsui's interest in the Projects and associated loans to Vale, the operator of the Projects, for the sum of US\$1.00 each'.
- 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. In 2022, the Grant Aid Project for the rehabilitation of the terminal building at Kamuzu International Airport is going to complete. Currently, JICA is in the process of developing a Development Masterplan for Chileka International Airport which it is hoped will be a catalyst to attract investment into the Airport by other development partners. The Masterplan is due to be completed in 2022.

## 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 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 so they can enjoy a life of good quality. The transport sector is falling directly into Pillar number 3 Urbanization which is targeting the erection 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 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 (Government of Malawi) in March 2018, the NTMP was prepared to guide a sustainable integrated multi-modal transport sector for the next 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 and JICA. China as well has contributed to the sector.

- **World Bank** has been supported the production of the National Transport Master Plan over the past few years. The World Bank has an overarching Disaster Risk Management Development Policy Financing with a Catastrophe Deferred Drawdown Option for Malawi in which the transport sector could benefit considering the recent Cyclones that hit Malawi. The committed Amount is US\$ 70 million, and this project is being implemented under the Ministry of Finance and Economic Affairs.
- **African Development Bank** has been assisting the GoM in improving access to international corridors. The Multinational Nacala Road Corridor Development Project Phase V was approved on June 2019 at a total cost of 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. This project is still ongoing and the expected closing date is 30 June 2024.
- **European Investment Bank** is financing a multi-scheme road operation to rehabilitate approximately 347 km of five distinct 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 will be 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.

- **Chinese government** has committed approximately US\$ 30 million to fund the rehabilitation of the M1 road in Lilongwe City from Crossroads Hotel to Kanengo. The objective is to dualize the M1 road in order to reduce traffic within the City of Lilongwe.

#### 4. Budget situation:

For 2022/2023 the GoM has allocated MK 211.74 billion (approximately US\$ 259.2 million<sup>1</sup>) to the Transport Sector, some of which will cater specifically for Information technology and communication. MK 155.44 billion (approximately US\$ 190.3 million) has been allocated to Roads Fund Administration for rehabilitation and maintenance of the road network across the country.

In order for the National Transport Master Plan (NTMP) to be implemented successfully over the next twenty years, the GoM needs to be contributing at least MK 100 billion (approximately US\$ 122.4 million) every year.

#### 5. Dialogue structure for the sector:

The Malawi Government established Sector Working Groups (SWGs) to implement its National Development Strategy (NDS) to ensure domestication of regional and global commitments.. The National Planning Commission has reconstituted the SWGs which were established in 2008 but have been inactive. The total number of SWGs that have been reconstituted is about 16, they will be headed by the relevant Principal Secretary (PS) in the sector with development partners sitting as co-chairpersons but ultimate responsibility of reporting to the president will fall on the PS. Following the launch of MW2063 and MIP-1, pillar and enabler coordination groups have been formed. The agriculture productivity and commercialization coordination group is amongst them and will foster dialogue of various stakeholders in the sector.

### 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.

#### 【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)

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

### 【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 (2020 Sep signed)

### 【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)<sup>2</sup> Data Collection Survey on Nacala Corridor Integrated Development in Southern Africa (2017 Feb - 2017 Oct)

### 2) Major outcomes:

- **The Project for Replacement of Mangochi Bridge** (GA: 1999 Jun 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 Jul, 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.

<sup>2</sup> (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

- **The Project for Capacity Development for Air Navigation Services** (TC: 2014 Apr 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:

- a) The aviation subsector is supposed to be self-financed through user-fees like departure fees and landing fees. However, since this money had gone to the consolidated government account Number 1, very little had been given back to the department responsible to make operations and maintenance possible. To counteract this challenge, in 2017 the GoM passed a law for establishing a civil aviation authority.
- b) In the road sub-sector, it is implied from the completed project that the development of only one road will not solve traffic congestion unless other roads connected in the network are also developed. Therefore, development should be done as a part of appropriate urban planning that includes road networks.

### 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 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 MW2063 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 7 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 prioritizes to support the development of quality infrastructure including key urban facilities to enhance economic activities. 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