

The Integrated Framework in Malawi



Malawi is part of the IF since 2003.

The DTIS Validation Workshop was held in September 2003. The Cabinet approved the DTIS in February 2004. The Malawi DTIS identifies a number of priorities for improving the competitiveness of the economy, which include macroeconomic and social stability, improved transportation, sector-specific measures, customs reform and enhancing institutional capacity.

Two **Window II** projects were launched following the validation of the DTIS. These are: (i) Trade Policy Advisory Services and Capacity Building for Trade Integration; and (ii) Standardization, Quality Assurance and Measurement (SQAM) to improve the capacity of the Malawi Bureau of Standards (MBS).

EIF Focal Point: Mr. Harrison J.K. Mandindi, Director of Trade, Ministry of Industry and Trade.

Donor Facilitator: Mr. Alan Munday (**European Commission**).

Malawi in its **2008/2009 Aid for Trade Questionnaire** indicates that the country's top three priorities to benefit from trade expansion and integration to the world economy are infrastructure (transport; power, water and telecom) and export diversification. The main dialogue forum for discussing financing needs for these priorities is the IF NSC. To monitor and evaluate donor-supported programmes, the country relies on quarterly reports presented to the IF NSC. Malawi would like to see Aid for Trade implementation to be more country-led and resources to be more predictable. So far, the areas where Aid for Trade was most effective in creating necessary capacity are trade facilitation, transport infrastructure and trade policy analysis. Regional aspects are key to Malawi's trade development and Aid for Trade implementation strategy; so far the main benefit from regional activities are the infrastructure development and capacity building in trade policy formulation. The self-assessment of Malawi in the Questionnaire is that trade is a key priority in the national development plan/strategy, which includes well-developed trade-related priorities and implementation actions. The DTIS and its accompanying Action Matrix reflect well the country's trade-related needs and the Government's priorities.

The **2006 Malawi Growth and Development Strategy** seeks poverty reduction through sustainable economic growth and infrastructure development. The strategy identifies five key themes, which define the direction of the country towards economic growth. One of these themes is sustainable economic growth with the sub-theme of export-led growth. For the latter, the key goals are:

- increase exports of food-staples;
- increase exports of agro-processed products (tea, tobacco, sugar and cotton); and
- improve performance of the tourism, mining and export manufacturing sectors.

For these goals, steps need to be taken to improve competitiveness of farmers, producers and operators in the industries. To reach these goals, the strategy acknowledges that infrastructure links with the sea need to be improved to facilitate trade and tourism, that trade facilitation and certification needs to be improved and networks for information and knowledge strengthened. Links with other sectors, such as environmental/wildlife protection, training programmes, gender issues, ITC, etc., are also made.

Issues: The Malawi Tier 1 proposal was approved in August 2007 by the in-country TAC1, and the ES, thus, submitted the Malawi proposal as one of the two first proposals ever submitted for the IF iBoard's consideration when the Board indicated readiness to start considering projects in February 2009. The Malawi proposal was approved by the iBoard for implementation pending the incorporation into the project proposal of the Tier 1 Guidelines, which the iBoard set to draft at the meeting where the Malawi project was considered. In the meantime, elements of an NIU set-up by one of the W2 projects (the Trade Policy Advisory Services and Capacity Building for Trade Integration-project) and temporarily supported by the Government and the UNDP Country Office, have dispersed due to the lack of sufficient and predictable funding.