

	digital services		<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Tags: transport		<input type="checkbox"/>	<input type="checkbox"/>
	people2people		<input type="checkbox"/>	<input type="checkbox"/>
	energy		<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity		<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Migration (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities (methodology for marker and tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>13. Amounts concerned</b>	Budget line(s) (article, item): BGUE-B2022-14.020122-C1-INTPA Total estimated cost: EUR 11 500 000 Total amount of EU budget contribution: EUR 10 500 000 This action is co-financed in joint co-financing by: Pillar assessed entity for an amount of EUR 1 000 000			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>14. Type of financing<sup>1</sup></b>	<b>Direct management</b> through: Grants, Twinning grants and Procurement. <b>Indirect management</b> with the entities to be selected in accordance with the criteria set out in section 4.4.3.			

## 1.2. Summary of the Action

The country's long-term development plan, Malawi 2063, sets an ambitious goal of reaching an industrialised upper middle-income status by 2063, a strategy that heavily depends on development of the energy sector. The Government of Malawi has demonstrated commitment to reforming the sector through unbundling the power utility into generation, transmission & distribution, single buyer and an energy regulator. However, with the current low level of access, weak infrastructure and limited generation capacity, the newly formed energy agencies have a challenging task ahead.

To be an enabler of economic growth, the energy sector needs to be well-managed and efficiently regulated, have a forward looking policy framework, build an increasingly diversified energy mix and facilitate a thriving and competitive private sector. The main challenges of the sector include (i) low institutional capacity to fully develop and operationalise the reform process; (ii) lack of investment threatening the reliability of the national grid system; (iii) limited participation of the private sector in developing and diversifying the energy mix; and (iv) limited market development of off-grid solutions in rural areas. While the policy and regulatory environment has been reformed and the sector largely unbundled, the most pressing need is to continue the momentum in implementing the reform process and operationalising these frameworks.

The Action aims to advance Malawi's energy sector, ensuring it is well positioned to support the modernisation and industrialisation of the Malawian economy. It will enhance governance of the Malawi energy sector by ensuring that the reform process is well developed, legal frameworks are operationalised and energy agencies are fulfilling their respective mandates with increased efficiency

<sup>1</sup> Art. 27 NDICI