



## ANNEX C1: Twinning Fiche

**Project Title:** Strengthening the Institutional and Technical Capacity of the Malawi Energy Regulatory Authority (MERA)

**Beneficiary Administration:** Malawi Energy Regulatory Authority (MERA)

**Twining Reference:** MW 22 NDICI EY 01 22

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**EU funded project**

***TWINNING TOOL***

## Abbreviations

BC	Beneficiary Country
CL	Component Leader
DoEA	Department of Energy Affairs
EGENCO	Electricity Generation Company Limited
EnDev	Energising Development
ESCOM	Electricity Supply Corporation of Malawi Limited
ESC	Energy Steering Committee
GoM	Government of Malawi
MERA	Malawi Energy Regulatory Authority
MoE	Ministry of Energy
NES	National Electrification Strategy
PAO	Programme Administration Office
PL	Project Leader
PML	Power Market Limited
PV	Photovoltaic
RBF	Results Based Finance
SADC	Southern Africa Development Community
SEA	Strategic Environmental Assessment
TAIEX	Technical Assistance and Information Exchange
TSO	Transmission Service Operator

## 1. Basic Information

- 1.1 Programme: NDICI AFRICA/2022/043-234 - Malawi Energy Programme – Wala Malawi, Direct Management.
- 1.2 Twinning Sector: Energy (EY).
- 1.3 EU funded budget: EUR 2 500 000
- 1.4 Sustainable Development Goals (SDGs): Sustainable Development Goal (SDG) 7: Affordable and clean energy.

## 2. Objectives

### 2.1 Overall Objective(s):

The **Overall Objective** is to support the modernisation and industrialisation of the Malawian economy.

### 2.2 Specific objective:

The **Specific Objective** is to enhance governance of the Malawi energy sector.

### 2.3 The elements targeted in strategic documents

Malawi's long-term development plan, Malawi 2063<sup>1</sup>, sets an ambitious goal of reaching an industrialised upper middle-income status by 2063, a strategy that heavily depends on development of the modern energy in the sector.

Sector policy and strategy developments include the Malawi Energy Policy (2018)<sup>2</sup>, Renewable Energy Strategy (2017), draft Regulatory Framework for mini-grids<sup>3</sup> and IPP Framework, all of which strengthen the case for private sector investment in energy generation and distribution. Additionally, the Nationally Determined Contributions (NDC)<sup>4</sup> recognises that investments in alternative and renewable energy sources are key to the development of Malawi. To address power generation needs, the Government developed the Integrated Resource Plan (under review)<sup>5</sup> as a strategic roadmap for Malawi to secure reliable and cost-effective energy resources.

## 3. Description

### 3.1 Background and justification:

In January 2021, the Government of Malawi (GoM) launched its development plan, the Malawi 2063 that aims to transform the country into a wealthy and self-reliant industrialised upper middle-income country. The Malawi 2063 expresses aspirations for modernisation and industrialisation of the economy with energy playing a central role in this development.

However, the country has the lowest national electrification rate of the Southern Africa Development Community (SADC) region with an access to electricity rate of only 18 %.

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<sup>1</sup> Available at: <https://npc.mw/wp-content/uploads/2021/02/MW2063-VISION-FINAL.pdf>

<sup>2</sup> Available at: <https://www.energy.gov.mw/1008-2/#tab-id-2-active>

<sup>3</sup> Available at: <https://www.energy.gov.mw/1008-2/#tab-id-2-active>

<sup>4</sup> Available at: <https://unfccc.int/sites/default/files/NDC/2022-06/Malawi%20Updated%20NDC%20July%202021%20submitted.pdf>

<sup>5</sup> The Government of Malawi engaged a Consultant to prepare an Integrated Resource Plan (IRP) for Malawi in 2016. The Integrated Resource Plan Project covering the period 2015-2035 includes preparation of a reliable load forecast and evaluation of realistic generation and transmission scenarios.

Rural and urban electrification rates are estimated at 4 % and 42 %, respectively. The few households that benefit from modern energy services are usually located in urban and peri-urban zones and in close proximity to the medium voltage distribution network operated by the Electricity Supply Corporation (ESCOM) along the development corridor that is situated roughly along the north-south axis of the country.

At the beginning of 2022, Malawi had an estimated installed generation capacity of 532 MW, with 372 MW hydro power, 80 MW solar photovoltaic (PV), 18.5 MW biomass, 5 MW battery energy storage system, and 53.22 MW other/diesel.

In January 2022, Malawi lost 129.6 MW of firm and flexible hydropower (Kapichira plant) due to damage to its intake dam caused by cyclone Anna (restoration efforts currently underway will only bring the plant to normalcy in December 2022) and in April 2022, the Government decommissioned 78MW of grid-based peaking diesel generators.

Electricity Generation Company Malawi (EGENCO) Limited operates four hydro power plants (HPPs) at Nkula, Tedzani, Kapichira, and Wovwe, and thermal power plants (TPPs) in Lilongwe, Mzuzu, and Mapanga in Blantyre.

While hydro power is the dominant source of electricity and there is high potential for further growth (the GoM has launched a competitive bidding process for the 350 MW Mpatamanga HPP project), hydro power is highly vulnerable to climate risks, as observed after Tropical Storm Ana in January 2022. Low generation capacity has resulted in major supply deficits (load shedding of up to 12-18 hrs per day). The recent investments in solar PV capacity, non-hydro power RE contribution to the generation mix contributes to Malawi the low capacity.

MERA is a corporate body established under the Energy Regulatory Act No. 20 of 2004 as the energy sector wide regulator. Its overall mandate is to regulate the energy sector in a fair, transparent, efficient, and cost-effective manner for the benefit of the consumers and operators.

MERA operates in accordance with the following energy sector-related laws:

- Energy Regulation Act 2004;
- Electricity Act 2004 (reviewed and amended in 2016);
- Rural Electrification Act 2004; and
- Liquid Fuels and Gas (Production and Supply) Act 2004.

In addition, the Grid Code and Market Rules were adopted in July 2020<sup>6</sup>.

#### **Box 1 Responsibilities and Tasks of MERA**

According to the current legislation, the role of MERA covers a remarkable set of functions:

- Receive and process licence applications for energy undertakings
- Grant, revoke or amend licences under the Act and Energy Laws;
- Approve tariffs and prices of energy sales and services;
- Monitor and enforce compliance by licensees with licensing conditions granted under the Act and the Energy Laws;
- Develop and enforce performance and safety standards for energy exploitation, production, transportation and distribution;

<sup>6</sup> Available at: <https://mera.mw/downloads/grid-code-july-2020/>

- Prescribe and collect fees, charges, levies or rates under this Act and Energy Laws;
- Arbitrate commercial disputes under the Act and Energy Laws and do all such things as are necessary or incidental or conducive to the better carrying out of the functions of the Authority provided for in the Act and Energy Laws;
- Promote the interest of consumers of energy with respect to energy prices and charges and the continuity and quality of energy;
- Monitor the efficiency and performance of energy undertakings, having regard to the purpose for which they were established;
- In conjunction with other relevant agencies, monitor the levels and structures of competition within the energy sector in order that competition in and accessibility to the energy sector in Malawi should be promoted;
- Facilitate increasing access to energy supplies;
- Promote energy efficiency and energy savings;
- Promote consumer awareness and education;
- Promote the integrity and sustainability of energy undertakings and seek to ensure that energy undertakings, whilst providing efficient service, are able to finance the carrying on of the activities which they are licensed or authorised to carry on;
- In conjunction with other relevant agencies, formulate measures to minimise the environmental impact of the exploitation, production, transportation, storage, supply and use of energy and enforce such measures by the inclusion of appropriate conditions to licences held by energy undertakings;
- Promote the exploitation of renewable energy resources; and
- Take all such measures as are necessary to fulfil the above purposes through regulations to be made under this Act or the Energy Laws.

MERA was created as an independent public body whose powers extend to all subsectors of the energy sector. The legislation articulates the regulator’s jurisdictional authority, and it gives a robust mandate.

Malawi is committed to broaden the institutional and regulatory framework in the energy sector as well as in the electricity sub-sector in order to promote an environment where both public and private interests are taken into account. For the electricity sub-sector of Malawi, the desired trajectory for the electricity supply industry in the short- to long-term is the penetration of private participation that will stimulate the transformation of ownership and market structure.

The structure of MERA currently comprises five directorates and shows that MERA is a functioning organisation which undertakes the fundamental functions: (a) issues licences and resolves disputes (Directorate of Legal Affairs); (b) regulates tariffs (Directorate of Economic Regulation); (c) develops technical regulations in the areas of quality of supply, codes and standards (Directorate of Electricity and Renewable Energy); collects and disburses levies from energy operators (Directorate of Finance); and regulates fuels and gas energy undertakings (Directorate of Fuels and Gas). Annex C1b illustrates the detailed tasks of the five Directorates.

The focus of the Twinning is on establishing sound arrangements and good managerial practices of MERA as the energy regulator as an essential condition for the improvement of the energy sector performance. Considerable capacity building will accompany the main aim.

### 3.2 Ongoing reforms:

In the last few years, the GoM has demonstrated commitment to reforming the energy sector and the electricity sub-sector:

- In 2016, the **Electricity Amendment Act 2016** liberalised the electricity generation segment of the electricity supply industry, by allowing new entrants/participants in the business<sup>7</sup>;
- In 2018, the GoM updated the **National Energy Policy (NEP)** of 2003 to define the national energy development agenda in relation to the Malawi Growth and Development Strategy (MGDS) III 2017-2022, and the SDGs. The NEP 2018 established a guiding framework including policy and strategic direction for achieving increased access to affordable, reliable, sustainable, efficient, and modern energy for every person in the country. It emphasises the importance of establishing the institutional and regulatory framework to support the achievement of energy access goals. According to the NEP 2018, the GoM currently aspires to reach 80 % of electricity connectivity by 2035 and embodies the following principles: (a) a fast-paced ambitious grid connections rollout programme; (b) enhanced design and reach of an off-grid access rollout programme alongside grid connections; (c) a catalogue of the Technical Assistance activities targeted at strengthening the institutional framework to deliver universal access to electricity<sup>8</sup>; and
- In November 2019, the GoM adopted the **National Electrification Strategy (NES)**. The purpose of the NES 2019 is to provide a coordinated and strategic vision of how the policies of the NEP 2018 will be integrated and how the vision will be realised by the stakeholders responsible for implementation. Its strategic elements are organised in four thematic pillars which - taken together - define the means and processes by which electrification expansion will be implemented. These pillars and the corresponding elements provide a “synergistic approach to accelerate the pace of electrification expansion in Malawi”.

Notable results have been achieved with regard to infrastructure expansion and electricity service delivery.

Electricity connections have grown on average 18 % in the past years (approximately 34,000 final customers have been added per year since 2013), significant progress has been made in developing a robust transmission network, total system losses have seen a major improvement, and the bill collection rate has increased.

But key aspects of the restructuring are still incomplete, reforms are not fully implemented, and the sector has a multitude of challenges. Malawi remains one of the countries with the lowest electricity access rates in the world and the weak financial position of the utility hampers the ability to undertake access expansion and ensure reliable service delivery.

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<sup>7</sup> Malawi 2063 states the following: “*We shall diversify the number of independent power producers , largely focusing on renewable and sustainable energy to reduce the overdependence on hydro-generated power*”.

<sup>8</sup>World Bank Group, Malawi - Electricity Access Project (English), Washington, D.C., 2019, <http://documents.worldbank.org/curated/en/520771561341715792/Malawi-Electricity-Access-Project>

With the current low level of access, weak infrastructure and limited generation capacity, the key energy institutions and entities – the Ministry of Energy (MoE), MERA, EGENCO, ESCOM, and Power Market Limited (PML) – have a challenging task ahead. Their respective mandates and roles are summarised in the Table below.

**Table 1: Key institutions and entities in the energy sector**

Sector	Stakeholder	Mandate
Government	MoE	Policy making, coordination, implementation. The development and implementation of the energy policy in Malawi falls within the remit of the Department of Energy Affairs (DoEA) of MoE.
National Regulatory Authority	MERA	MERA was established in 2008 as an independent electricity regulator whose mandate is set out in the Energy Regulation Act (2004, with subsequent amendments). The role of MERA includes, among others: (a) reviewing tariff applications from ESCOM and recommending tariff changes; (b) granting licences for generation and distribution operators (legislation is silent on transmission licence, although ESCOM acts as Transmission System Operator (TSO); and (c) arbitrating commercial disputes.  To allow for the implementation and management of the new structure of the sector, MERA has adopted a new grid code for Malawi's electricity market.
Public utility	ESCOM	Under the amended Electricity Act of 2016, ESCOM has been unbundled into two entities: the distribution and transmission utility ESCOM and the generation company EGENCO. ESCOM assumed at first the function of the Single Buyer (now transferred to PML) and procures power from EGENCO and from IPPs. Under the supervision of ESCOM's System and Market Operator (SMO), ESCOM Transmission supplies electricity to large and small final customers through ESCOM Distribution.
Parastatal company	EGENCO	EGENCO is registered under the Company Act as a public limited company. It holds four generation licences for its power plants across Malawi.
Parastatal company	PML	PML was incorporated in June 2018 and rolled out in January 2020 as the Single Buyer (independent entity responsible for buying and selling electricity).

The electricity sub-sector unbundling is facing a challenge around the functioning of the Single Buyer, leading to an investment climate that is not sufficiently clear. While PML is the single buyer, not all functions have been transferred from ESCOM and the GoM is expected to take a decision on this in the near future.

The most pressing need is to continue the momentum in implementing the reform process, by ensuring that it is well developed, legal frameworks are operationalised, and energy entities are fulfilling their respective mandates with increased efficiency and transparency.

Active high-level government support should lead to the positive outcome of enhanced governance of Malawi's energy sector as commitment at all levels has been shown to be central. The Twinning project is in line with the GoM's policy in the energy sector and in particular with the provision of the main policy documents.

### 3.3 Linked activities:

The Twinning project will be implemented in close cooperation with ongoing interventions to ensure synergy and no overlaps with ongoing activities/projects. The EU will support Malawi's energy sector under the Annual Action Plan for 2022 through the 'Malawi Energy Programme – Wala Malawi'. The programme has four components as follows:

- Technical assistance for the Ministry of Energy (MoE), Malawi Energy Regulatory Authority (MERA), Electricity Supply Corporation of Malawi Limited (ESCOM), Power Market Limited (PML), and Electricity Generation Company Limited (EGENCO);
- Twinning for MERA (the subject of this Twinning Fiche);
- Results Based Finance (RBF) grant for MoE;
- Productive use of Renewable Energy, a programme to be implemented by EnDEV/GIZ.

The approach of the TA is to support MERA with a specific focus on some activities that will not be covered (or only partially) by the Twinning instrument.

The following actions will complement the programme:

- Technical Assistance and Information Exchange instrument of the European Commission (TAIEX) - It is also planned to complement the programme with short-term inputs from the EU TAIEX instrument.
- Strategic Environmental Assessment (SEA) - The EU's support to the 'Malawi Energy Programme – Wala Malawi' requires that a Strategic Environmental Assessment (SEA) of the Malawi NEP 2018 is undertaken, which will be contracted separately.
- Civil Society – There is currently an ongoing call for CSOs under the EU programme 'Support to Civil Society in Partner Countries', which if awarded will focus on dialogue in the energy sector, raising awareness amongst the general public on the energy reform process and lobbying in the best interests of current and future customers.

Annex C1c provides a list of other development partners who are active in Malawi's energy sector.

#### 3.4 List of applicable *Union acquis*/standards/norms:

Not applicable.

#### 3.5 Components and results per component:

This Project comprises four components related to the specific project purpose. The results to be achieved under this Twinning are detailed below for each of the four Components (Mandatory Results).

- 1: Review and strengthen the governance and the institutional - organisational set-up;
- 2: Strengthen the technical capacity;
- 3: Strengthen the economic regulation and market analysis; and
4. Strengthen the legal capacity, administration and consumer support.

The list of **Sub-Results and Activities is indicative only**. Applicants are requested to develop their own solutions regarding appropriate activities and their content. Applicants are free to propose additional or different activities and are in no way obliged to follow the list of indicative activities mentioned below.



## **Mandatory Result / Component 1: The governance and institutional-organisational set-up reviewed and strengthened**

### ***Sub-Result 1.1: Capacities of MERA for the exercise of each of the activities assigned by the law are assessed.***

The ability of MERA to effectively exercise the functions conferred to it by the law requires the staffing, a set of professional values and a system of general and specific professional categories and careers which can sustain the Authority's institutional capacity. The professional areas to be covered for the exercise of each of the activities to be assigned to the core business areas of MERA include, inter alia:

- technical regulation - the profile of specialists and technical personnel related to electricity, gas, and liquid fuels. The technical regulation is responsible for determining factors required for monitoring the performance of the energy by developing KPI's
- economic regulation - the profile of specialists and personnel involved in the calculation and determination of electricity prices and tariffs, downstream gas prices and liquid fuel prices, analysis of the energy market, definition of accounting standards, definition of indicators of economic, financial, and commercial performance of the sector, and
- legal regulation - the definition of concession contracts and licences, including monitoring of compliance with contractual obligations, advising, issuance of legal opinions and regulatory aspects, consumer affairs.

This sub-result aims at assessing if MERA is equipped with the necessary staff and skills required for the exercise of each of the activities assigned by the law. An indicative list of the activities is given below.

Activity 1.1.a: Report on capacity assessment of MERA employees to identify any shortfalls in the skills required to effectively perform its role.

Activity 1.1.b: Capacity Building Programme based on the results of the staff skills gap analysis.

Activity 1.1.c: Manual with internal procedures to meet the regulatory objectives.

### ***Sub-Result 1.2: Possible overlapping roles between the MoE and MERA mandates are identified and removed***

In principle, the legislative provisions should ensure that there is a clear demarcation between the mandate of policymaking, remaining with the line ministry and MERA as autonomous entity responsible for regulation. A lack of clarity of roles could restrict performance and cause unnecessary duplication or overlap of functions as well as result in conflict.

This sub-result aims at identifying possible overlapping roles between MoE and MERA mandates. An indicative list of the activities is given below.

Activity 1.2.a: Identify possible overlapping roles between MoE and MERA.

Activity 1.2.b: Initiate debate on identifying and removing possible overlapping roles and assigning them to the most appropriate actor.

***Sub-Result 1.3: Application of principles of operational independence is assessed.***

Recent publications<sup>9</sup> summarise the international experience and specify the principles for the governance of energy regulators. An Authority which is responsible for ensuring non-discrimination access to the transmission and distribution networks, effective competition, and efficient functioning of the market, must satisfy at a minimum some requirements of organisational and operational independence to perform its duties in an impartial manner. There are principles / recommendations covering several topics regarding these various organisational and functional aspects. The international model is based on organisational, financial, as well as management independence, targeted towards having an autonomous discretion in every aspect of the decision-making process. The principles of organisational and operational independence are mutually reinforcing and inter-related (vis-à-vis mandate clarity, requisite powers, independence, governing body, integrity, predictability, engagement, accountability, and transparency).

This sub-result aims at assessing the application of these “best-in-class” principles of organisational and operational independence. An indicative activity is given below.

Activity 1.3.a: Report on application of the principles of organisational and operational independence of MERA.

***Sub-Result 1.4: Application of the principle of financial independence is assessed.***

Out of the recommendations covering the topics regarding the various organisational and functional aspects, the principle of funding is the most important. MERA should be provided with autonomous discretion in every aspect of the regulatory decision-making process. Making an impartial, competent regulator that produces predictable and appropriate regulatory decisions a key element for investors. This, in turn, requires that regulators have sufficient operating independence to ensure their decisions are not affected by political considerations. The regulator is not a governmental agency, and it should not receive sources of funding for its activities from the central government budgetary funding. This would not enhance the independence of its decision making.

This sub-result aims at assessing if the regulator is financially independent, and if it relies on levies and fees imposed on the sector companies. An indicative activity is given below.

Activity 1.4.a: Report on application of the principle of financial independence of MERA.

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<sup>9</sup> World Bank. 2019. Governing Infrastructure Regulators in Fragile Environments: Principles and Implementation Manual. International Development in Practice. Washington, DC: World Bank. doi:10.1596/978-1-4648-1434-1 Licence: Creative Commons Attribution CC BY 3.0 IGO

## **Mandatory Result / Component 2: MERA's technical capacity is strengthened**

### ***Sub-Result 2.1: Technical capacity on topics related to Electricity Generation is strengthened.***

It is expected that the Twinning reinforces technical capacity for the further development on topics related to electricity generation, on different technologies such as licensing and monitoring, and supervision<sup>10</sup>. In particular:

- development of a standard methodology of technical performance and licensing process,
- definition of procedures to verify compliance with the provisions required for terms and conditions of the licences,
- definition of methodology to instruct and process requests of transfers of licences, and
- issuance of opinions on the annual reports of licensees.

This sub-result aims at strengthening the technical capacity of MERA. An indicative list of the activities is given below.

Activity 2.1.a: Report on the design of the technical authorisation process to generate electricity, including rules and procedures of licensing evaluation criteria.

Activity 2.1.b: Trainings on licensing of IPPs.

Activity 2.1.c: Seminar on issuance of opinions on the annual reports of licensees.

### ***Sub-Result 2.2: Technical capacity on topics related to electricity transmission and distribution is strengthened.***

It is expected that the Twinning reinforces technical capacity for the further development on topics related to electricity transmission and distribution<sup>11</sup>, such as licensing, quality of service and safety, technical and commercial standards, monitoring, and supervision. In particular:

- definition of procedures to verify compliance with the terms and conditions of the licences,
- assessment of the technical and commercial quality of services provided, including Key Performance Indicators (KPIs) and targets, procedures for data collection, procedures for monitoring, etc.,

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<sup>10</sup> MERA has the responsibility to evaluate and issue any licence application. A separate licence is required for the generation of electricity for sale. Source: Malawi Grid Code. Available at: <https://mera.mw/downloads/grid-code-july-2020/?ind=1634552843311&filename=Grid%20Code%20-%20July%202020.pdf&wpdmdl=2195&refresh=62cff29d5ab531657795229>

<sup>11</sup> MERA has the responsibility to evaluate and issue any licence application. A separate licence is required for the operation of transmission network and the operation of a distribution network. Source: Malawi Grid Code. Available at: <https://mera.mw/downloads/grid-code-july-2020/?ind=1634552843311&filename=Grid%20Code%20-%20July%202020.pdf&wpdmdl=2195&refresh=62cff29d5ab531657795229>

- implementation of the Reliability Standard (developed to provide uniform information on recordings of interruptions, and calculation of system availability and productivity performance on the Malawi Grid),
- assessment of the regulations required to fully operationalise the Grid Code<sup>12</sup>,
- implementation of the mini-grids regulation,
- development of the guidelines for accounting separation, and
- development of procedures for net-metering and net-billing as required by the pertinent provisions.

This sub-result aims at strengthening the technical capacity of MERA. An indicative list of the activities is given below.

Activity 2.2.a: Seminar on compliance with the terms and conditions of the network licences.

Activity 2.2.b: Rules and guidelines for separation of financial accounting for independent business units within ESCOM and EGENCO.

Activity 2.2.c: Trainings on quality of services, Key Performance Indicators (KPIs), procedures for data collection and monitoring.

Activity 2.2.d: Organisation of workshop on the operationalisation of the Grid Code: identification of complementary regulations and standards to be developed.

Activity 2.2.e: Report on implementation of the Mini-grid regulation, with a focus on inspection (compliance with the standards developed and usage of certified installers).

Activity 2.2.f: Seminar on net metering and net billing.

***Sub-Result 2.3: Technical capacity on topics related to liquid fuels is strengthened.***

The Rural Electrification Fund collects levies on energy sales including petroleum products, which is used to partly subsidise electricity tariffs in rural areas. Considering this interaction between electricity and liquid fuels, assistance on liquid fuels is required. It is expected that the Twinning reinforces technical capacity for the further development on topics related to liquid fuels, such as licensing, quality of service and safety, technical and commercial standards, assessment of accidents, monitoring, and supervision. In particular:

- development of a standard methodology of the licensing process,

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<sup>12</sup> The following elements of Malawi's electricity sub-sector structure are relevant to the design and implementation of the Grid Code: a) Generation facilities owned by EGENCO and other Independent Power Producers (Generation Licensees); b) Transmission network owned by the Transmission Licensee; c) Distribution network owned by ESCOM (Distribution Licensee); d) A System and Market Operator, responsible for dispatching generation and controlling the operation of the Malawi grid; e) The Single Buyer responsible for long-term electricity planning and bulk supply customers purchasing. Source: Malawi Grid Code. Available at: <https://mera.mw/downloads/grid-code-july-2020/?ind=1634552843311&filename=Grid%20Code%20-%20July%202020.pdf&wpdmdl=2195&refresh=62cff29d5ab531657795229>

- definition of procedures to verify compliance with the terms and conditions of the licences,
- definition of methodology to instruct and process requests of transfers of licences,
- issuance of opinions on the annual reports of licensees, and
- assessment of the technical and commercial quality of services provided, including KPIs and targets, procedures for data collection, procedures for monitoring, etc.

This sub-result aims at strengthening the technical capacity of MERA. An indicative list of the activities is given below.

Activity 2.3.a: Report on the authorisation process of liquid fuels (rules and procedure of licensing and monitoring).

Activity 2.3.b: Trainings on quality of services, Key Performance Indicators (KPIs), procedures for data collection and monitoring.

***Sub-Result 2.4: Technical capacity on topics related to electrical installations and energy efficiency is strengthened.***

It is expected that the Twinning reinforces technical capacity for the further development on topics related to best practices for electrical wiring installations and energy efficiency in the electricity sub-sector. In particular:

- assess the adherence of electrical installations to the standard (Malawi Wiring and Installation Standard - MWIS),
- promote the dissemination of best practices in safety and selection of electrical equipment,
- development of energy efficiency regulations that allow demand side management and allow to measure, verify, and monitor efficiency gains,
- reduction of technical losses and establishment of energy efficiency indicators and monitor their compliance by operators,
- promote the dissemination of best practices in the rational use of energy, and
- undertake education programmes with a view to raise awareness and alert consumers, agents in the sector and other parts of society about the need to use energy efficiently.

This sub-result aims at strengthening the technical capacity of MERA. An indicative list of the activities is given below.

Activity 2.4.a: On-the job mentoring on authorisation of installers and inspectors (including control mechanisms for qualification of service providers).

Activity 2.4.b: Campaign to raise awareness and alert consumers about the safety of electrical installations and equipment.

Activity 2.4.c: Report on the regulatory strategy and the required secondary legislation to empower MERA to conduct active measures in order to promote energy efficiency.

Activity 2.4.d: Best Practice publication with experience in regulatory treatment of energy efficiency issues.

Activity 2.4.e: Campaign to raise awareness and alert consumers about the need to use energy efficiently.

### **Mandatory Result / Component 3: The economic regulation and market analysis is strengthened**

#### ***Sub-Result 3.1: Capacity on topics related to tariffs and prices is enhanced.***

It is expected that the Twinning reinforces capacity for the further development on topics related to tariffs and prices (for electricity, as well as liquid fuels). In particular:

- establish and approve tariffs and prices of electricity and petroleum products regulated under the law and ensure their application,
- create and keep up to date a database containing statistical information on tariffs,
- develop a wheeling tariff methodology, and
- define analytical accounting rules.

An indicative list of the activities is given below.

Activity 3.1.a: Report on the current tariff and price regulation methodologies used by the MERA.

Activity 3.1.b: Training on tariffs and prices of electricity and petroleum products.

#### ***Sub-Result 3.2: Capacity on topics related to market analysis (regulatory information and statistics, competition, studies, monitoring, etc.) is strengthened.***

It is expected that the Twinning allows to reinforce capacity for the further development on topics related to market analysis and monitoring<sup>13</sup>, such as regulatory information and statistics, competition, studies, etc. In particular:

- develop Third Party Access guidelines and procedures, as regulated by the Grid Code<sup>14</sup>,
- develop guidelines in cases of conflict for Third Party Access to guarantee free and non-discriminatory access,
- conduct studies and investigations for the identification of the critical areas and aspects to maintain competitiveness (competition shall be evaluated for both competition within the market and competition for market entry),

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<sup>13</sup> MERA has the responsibility to evaluate and issue any licence application. A separate licence is required for the import of electricity into Malawi, the export of electricity out of Malawi, the operation of power system and market, long-term planning and power purchase. Source: Malawi Grid Code. Available at: <https://mera.mw/downloads/grid-code-july-2020/?ind=1634552843311&filename=Grid%20Code%20-%20July%202020.pdf&wpdmdl=2195&refresh=62cff29d5ab531657795229>

<sup>14</sup> Currently, Independent Power Producers connected to the grid sell to the Single Buyer, the only authorised buyer of all power and energy within Malawi.

- prevent anti-competitive behaviour and abusive or discriminatory practices, by ensuring transparency in commercial transactions between operators, and
- take necessary steps against the abuse of dominant positions.

An indicative list of the activities is given below.

Activity 3.2.a: Guidelines and procedures for third party access (including minimum technical standards for RE and Waste to Energy).

Activity 3.2.b: Roundtable discussion with market participants about the further evolution of the market.

Activity 3.2.c: Seminar on the Market Monitoring Concept.

Activity 3.2.d: Training on the legal requirements with regard to Market Monitoring.

Activity 3.2.e: Workshop on the Use of Energy Statistics.

Activity 3.2.f: Workshop on the Use of Indicators for Market Analysis and Monitoring.

#### **Mandatory Result / Component 4. The legal capacity, administration, and consumer support is strengthened**

##### ***Sub-Result 4.1: Capacity on topics related to Legal Affairs is strengthened.***

It is expected that the Twinning reinforces capacity for the further development on topics related to legal affairs, such as procurement, legal affairs and regulation advice, opinions and recommendations to MoE concerning legislation related to the energy sector, inspection, etc. In particular:

- apply rules and guidelines for separation of financial accounting,
- prepare a manual for authorisation process of service providers,
- standardise licensing evaluation criteria (including for mini-grids),
- ensure the respect and application of terms and conditions of licences and contracts, and
- support the standardisation of PPA templates by technology.

An indicative list of the activities is given below.

Activity 4.1.a: Report on legal affairs: authorisation of service providers, licensing evaluation criteria (including for mini-grids), application of contracts, procurement

Activity 4.1.b. Creation of a repository of PPA models

##### ***Sub-Result 4.2: Capacity on topics related to dispute resolution is strengthened.***

It is expected that the Twinning reinforces capacity for the further development on topics related to dispute resolution. In particular:

- upgrade and develop clear complaint and dispute resolution framework, transparent procedures for conflict resolution with clear steps, and arbitration procedures,
- harmonise procedures for resolving disputes,
- propose procedures for mediation, conciliation, and arbitration of conflicts,
- implement the sanctioning functions with their consequent procedures, and
- support in solving specific disputes, if any.

An indicative list of the activities is given below.

Activity 4.2.a: Manual of procedures for complaint and dispute resolution (including arbitration procedures, procedures for mediation, sanctions).

***Sub-Result 4.3. Communication and awareness of electricity service consumers is improved.***

It is expected that the Twinning reinforces capacity for the further development on topics related to communication. In particular:

- institutionalise a multi-stakeholder coordination mechanisms, and
- undertake education programmes with a view to raise awareness and alert consumers about the different final uses of energy.

An indicative list of the activities is given below.

Activity 4.3.a: Communication event to raise awareness about the uses of energy.

***Sub-Result 4.4. Management of consumers' complaints is improved.***

It is expected that the Twinning reinforces capacity for the further development on topics related to protection of the rights and interests of consumers. In particular:

- respond to complaints submitted for alleged violations of the quality of service.

An indicative list of the activities is given below.

Activity 4.4.a: Campaign to raise awareness about the protection of the rights of consumers

***Sub-Result 4.5. Administrative capacity to collect, systematise and manage relevant information on operators and energy service providers is strengthened.***

It is expected that the Twinning reinforces capacity for the further development on topics related to data collection. In particular

- establish standardised regulatory information systems, and
- digitalise the documentation system database (including internal reporting).

An indicative list of the activities is given below.

Activity 4.5.a: Report on the existing data collection and analysis system/practice of MERA.



Activity 4.5.b: Training on efficiency and effectiveness of data collection (systematised and multipurpose utilisation of the collected data).

Activity 4.5.c: Creation and setup of a Database aligned with the analytical capacity and computerisation/software supply level of MERA.

### 3.6 Means/input from the EU Member State Partner Administration(s)\*:

The project will be implemented in the form of a Twinning contract between the final beneficiary country and EU Member State(s). The implementation of the project requires one Project Leader (PL) with responsibility for the overall coordination of project activities, one Resident Twinning Adviser (RTA) to manage implementation of project activities, and four Component Leaders (CLs) and pool of short-term experts (STEs) within the limits of the budget.

Proposals submitted by EU Member State(s) shall be concise and focused on the strategy and methodology and an indicative timetable underpinning this, the administrative model suggested, the quality of the expertise to be mobilised, and clearly show the administrative structure and capacity of the EU Member State(s) entity/ies. Proposals shall be detailed enough to respond adequately to the Twinning Fiche. They shall contain enough detail about the strategy and methodology and indicate the sequencing and mention key activities during the implementation of the project to ensure the achievement of overall and specific objectives and mandatory results/outputs.

The set of proposed activities will be further developed with the Twinning partners when drafting the initial work plan and successive rolling work plan every three months, keeping in mind that the final list of activities will be decided in cooperation with the Twinning partner. The components are closely inter-linked and need to be sequenced accordingly.

The interested EU Member State(s) shall include in their proposal the CVs of the designated PL and the RTA, as well as the CVs of the designated CLs.

#### 3.6.1 Profile and tasks of the PL:

The PL will be responsible for the overall planning and implementation of the EU Member State(s) inputs in this Twinning project and will ensure the achievement of the Mandatory Results (Annexes III-VI).

The PL is expected to devote a minimum of 15 working days every three months from his home country to assess the progress of the project.

In cooperation with the Beneficiary Country, the PL will be responsible to coordinate the Project Steering Committee (PSC), which includes the RTA and representative of the Programme Administration Office (PAO) and the Office of the EU Representative.

#### Profile:

List basic skill requirements,

- Minimum three years of specific experience.
- University degree or equivalent professional experience of 8 years.
- Good command of written and spoken English;
- Good inter-personal skills.

The following experience and skills will be considered as assets:

- An experienced civil servant from an EU Member State Energy Regulatory body with experience in a leading position in energy regulation;
- Professional experience in the field of energy policy, management and regulation with a good understanding of the related subjects;
- Experience in the field of project management, institutional issues and organisation of energy regulation to the European requirements;
- Experience in development and implementation of energy regulatory projects in EU and non EU countries;

Tasks:

- Overall coordination, guidance and monitoring of the Project;
- Preparation of project progress reports with support of RTA;
- Timely achievement of the project results;
- Co-Chairing of project steering committees;
- Provision of legal and technical advice and analysis whenever needed.

3.6.2 Profile and tasks of the RTA:

Profile:

List basic skill requirements,

- Minimum three years of specific experience
- University degree or equivalent professional experience of 8 years.
- Good inter-personal skills and good training, public speaking, diplomatic and written communication skills;
- Excellent computer literacy (Word, Excel, Power Point);
- Excellent English communication skills, both spoken and written.

The following experience and skills will be considered as assets:

- Experience in the field of energy regulation;
- Experience in working on similar projects in transition countries (countries where the energy sector was reformed and unbundled);

Tasks:

- Overall supervision of the project implementation and coordination of all activities, as well as management of the project administration;
- Coordination of the activities of the team members in line with the agreed work programmes to enable timely completion of project outputs;
- Provide technical input to the project whenever needed and provision of advice in his/her field of expertise;
- Liaise with MS and BC Project Leaders and daily contacts with BC RTA counterpart;

- Co-preparation of project progress reports with Project Leader;
- Liaison with EU Delegation Programme Manager;
- Liaison with other relevant projects and Malawian institutions.

Note regarding home-based days in a Member State:

The RTA may undertake up to 20 working days in a Member State over a period of one year, subject to the RTA's working regime in the home country and to the approval of the Member State PL and in consultation with the Beneficiary and the EU Delegation. During such periods, the RTA will work full-time on the project and be available for daily online discussions with the beneficiary as necessary.

3.6.3 Profile and tasks of Component Leaders:

The relevant institution of MS will appoint Component Leaders who will be responsible for delivering the mandatory results/outputs for specific components. The Beneficiary organisation will also identify the Component Leader counterparts. The Component leaders, coming from MS administrations or mandated bodies, will have the following profiles:

Profile

- University level education in Economics, Business, Accounting or Energy related studies;
- Minimum 3 years of professional experience in the domain covered by the component;
- Experience in training and mentoring in the fields relevant to the project;
- Strong written, verbal and inter-personal communication skills in English.
- In addition, for each component, it will be considered as an advantage if the CL can demonstrate the following skills and experience:
  - Component 1- Experience in the energy sector environment and knowledge of its fundamental policy, economic and technological concepts.
  - Component 2 - Key skills to manage energy transition and tackle any challenges related to electricity distribution and transmission.
  - Component 3 - Key skills to manage energy transition and tackle any challenges related to cost of electricity service.
  - Component 4 - Experience in development and implementation of legal and administrative strategies to address major issues in energy regulation.

Tasks:

- Component coordination, guidance and monitoring;
- Conducting analysis of the area relevant to the component;
- Preparing and conducting training programmes;
- Timely proposals for any corrective measures;
- Liaise with MS and BC PLs and daily contacts with RTA and BC counterpart.

3.6.4 Profile and tasks of other short-term experts:

Profile:

- University degree in a relevant subject;
- Minimum of 3 years of professional experience in the field of energy;

- Excellent knowledge of energy, energy regulation systems, renewable energy, energy efficiency, gas and electricity or respective field ;
- Experience in drafting legislation and preparation of regulatory framework, and its implementation, taking into account the role of energy regulator;
- Demonstrated good report writing and communication skills;
- Good training and facilitation skills;
- Excellent coaching and mentoring skills;
- Excellent coordination and management skills of the activities;
- Experience in preparing regulatory and fiscal impact assessments would be an asset;
- Good command of written and spoken English.

#### Tasks

- Contributing to the sustainability of the project by ensuring that aspects of the project related to their field of expertise are implemented timely;
- Supervision and on-site coordination of all activities related to their field of expertise and performed under this project;
- Timely proposals for any corrective measures;
- Assistance with drafting of strategic documents and preparation of trainings, study tours, workshops, seminars, etc;
- Liaise with RTA and BC counterparts.

#### **4. Budget**

Maximum Budget available for the Grant is 2 500 000 EUR.

#### **5. Implementation Arrangements**

##### 5.1 Implementing Agency responsible for tendering, contracting and accounting.

The European Union Delegation to Malawi will be responsible for tendering, contracting, payments and financial reporting, and will work in close cooperation with the Beneficiary.

The person in charge of this Project is:

Odran Hayes  
 Programme Manager  
 Economic Cooperation and Public Sector  
 Delegation of the European Union to Malawi  
 Email: [odran.hayes@eeas.europa.eu](mailto:odran.hayes@eeas.europa.eu)

For issues of tendering, contracting, payments and financial reporting:

Ana Coimbra  
 Head of Finance and Contracts  
 Delegation of the European Union to Malawi  
 Email: [ana.coimbra@eeas.europa.eu](mailto:ana.coimbra@eeas.europa.eu)

## 5.2 Institutional framework

The Twinning project will support MERA, who will coordinate and collaborate closely to ensure effective and efficient implementation of the project and achievement of results.

## 5.3 Counterparts in the Beneficiary administration:

*The PL and RTA counterparts will be staff of the Beneficiary administration and will be actively involved in the management and coordination of the project.*

### 5.3.1 Contact person:

*Mr Henry Kachaje, Chief Executive Officer, Malawi Energy Regulatory Authority, (MERA), Private Bag B-496, Capital City, Lilongwe 3.*

### 5.3.2 PL counterpart

*Mr Chimwemwe Dunkalo, Director, Economic Regulation, Malawi Energy Regulatory Authority, (MERA), Private Bag B-496, Capital City, Lilongwe 3.*

### 5.3.3 RTA counterpart

*Mr Wilfred Kasakula, Senior Renewable Energy Specialist, Malawi Energy Regulatory Authority, (MERA), Private Bag B-496, Capital City, Lilongwe 3.*

## 6. Duration of the project

The overall execution period of the Twinning project is 30 months.

## 7. Management and reporting<sup>15</sup>

### 7.1 Language

The official language of the project is the one used as contract language under the instrument (English). All formal communications regarding the project, including interim and final reports, shall be produced in the language of the contract.

### 7.2 Project Steering Committee

A project steering committee (PSC) shall oversee the implementation of the project. The main duties of the PSC include verification of the progress and achievements via-à-vis the mandatory results/outputs chain (from mandatory results/outputs per component to impact), ensuring good coordination among the actors, finalising the interim reports and discuss the updated work plan. Other details concerning the establishment and functioning of the PSC are described in the Twinning Manual.

The EU Energy Programme will have four separate management teams for the Twinning, Technical Assistance, Grant with the MoE, and Grant for productive use. To ensure proper coordination between the four projects and beneficiaries, an EU Energy Steering Committee (ESC) will be established and meet on a 6-monthly basis. The ESC will be composed of representatives from the MoE, MERA, PML, EGENCO, ESCOM, the Twinning project, the Technical Assistance, the Malawi Renewable Energy Association (private sector), and the EUD to Malawi.

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<sup>15</sup> Sections 7.1-7.3 are to be kept without changes in all Twinning fiches.

Furthermore to ensure proper implementation and to reinforce activities, coordination and contract management, a smaller Energy Project Coordination Unit (EPCU) composed of the MoE, the Twinning project, the Technical, the Productive Use project, and the EUD will meet on a bi-monthly basis to review project management, progress, implementation issues, challenges, etc.

### **7.3 Reporting**

All reports shall have a narrative section and a financial section. They shall include as a minimum the information detailed in section 5.5.2 (interim reports) and 5.5.3 (final report) of the Twinning Manual. Reports need to go beyond activities and inputs. Two types of reports are foreseen in the framework of Twinning: interim quarterly reports and final report. An interim quarterly report shall be presented for discussion at each meeting of the PSC. The narrative part shall primarily take stock of the progress and achievements via-à-vis the mandatory results and provide precise recommendations and corrective measures to be decided by in order to ensure the further progress.

## **8. Sustainability**

Understanding and commitment to ensure that progress is made in the process of reform, modernisation and updating of the Malawian energy sector is necessary.

The Twinning project will work closely with MERA, in cooperation with the institutions' management and staff and necessary market players to ensure that the beneficiaries obtain a clear sense of ownership of the project. This will help ensure the sustainability of the results. The Twinning project will also develop know how and very specific capacities at staff level in MERA's departments. Dissemination of this knowledge with a philosophy of "train the trainer" will help ensuring the sustainability of the results.

The project will tackle sustainability by promoting the transfer of knowhow between the beneficiaries, while all manuals, technical documents, and reports will be prepared in partnership with MERA officials and will continue to be used after the project's completion.

## **9. Crosscutting issues (*equal opportunity, environment, climate etc...*)**

Several aspects of the Twinning project will have a positive environmental impact with actions mitigating climate change and will be contributing towards securing access to reliable, affordable, and sustainable energy in Malawi. This is central to improving the lives of Malawians and to creating the conditions under which economic growth can be realised. All these actions and respective results not only have a clear and positive environmental impact but also will result in a measurable impact towards security of energy supply and reduction in the cost of energy to the benefit of end users.

The principle of equal opportunity will be integrated into all stages of the project implementation. The Twinning project will promote equal treatment to male, female, and disabled staff at MERA, in particular by providing for indicators disaggregated by gender.

## **10. Conditionality and sequencing**

Components and mandatory results to be implemented in this Twinning project are strongly related to current activities of the beneficiaries. The Twinning project will fill in knowledge gaps and provide practical and timely support.

No external conditions, including other technical assistance projects, preventing the achievement of the results of the Twinning project currently exist or are foreseen to exist during the implementation of the project activities. Similarly, there is no need to sequence the implementation of the components as they can be implemented in parallel, without interfering with one another. Detailed time schedule will be discussed at the beginning of the project.

## **11. Indicators for performance measurement**

*Definition of project specific, realistic, verifiable targets and indicators complementing point 10. Please list the indicators by components, in line with the mandatory results/sub-results enumerated under 3.5 and the Annex C1a Simplified Logical framework.*

Refer to Annex C1a Simplified Logical framework for a definition of project specific, realistic, verifiable targets and indicators.

## **12. Facilities available**

The beneficiary shall make available the necessary infrastructure for the EU Member State(s) experts to carry out their tasks. The beneficiaries should provide equipped office space for the RTA, RTA assistant and STEs. The beneficiaries are expected to set up an office unit dedicated to the implementation of the project and to make available, free of charge, meeting rooms and space for training for the implementation of project activities and conference facilities, unless otherwise justified to use rented premises.

In the specific, for the purposes of the Twinning project, MERA will allocate an office each for the use of 2-3 Twinning team members located at their headquarters in Lilongwe. The office will be equipped with all necessary equipment (printer, phone, internet access, etc.). Detailed hardware and software requirements will be discussed at the beginning of the project. Trainings and presentations will take place in conference rooms, equipped with projector and computer.

## **ANNEXES TO PROJECT FICHE**

1. Annex C1a: Simplified Logical Framework
2. Annex C1b: Figure 1: Responsibilities and Tasks of the five Directorates of MERA (Source: MERA website)
4. Annex C1c: Stakeholders' mapping and level of influence on the development of the energy sector

## **Annex C1a: Simplified Logical Framework**

	<b>Description</b>	<b>Indicators (with relevant baseline and target data)</b>	<b>Sources of verification</b>	<b>Risks</b>	<b>Assumptions (external to project)</b>
<b>Overall Objective</b>	To support the modernisation and industrialisation of the Malawian economy.	<p>Index of Industry Production 126.6 (2019) 138.3 (2030)</p> <p>Share of manufacturing of GDP (% of GDP) 11.5% (2020) 12.6% (2030)</p> <p>Employment in industry (% of total employment) (disaggregated by sex) 13.8% (2019) 16.1% (2030)</p>	<p>Malawi 2063 progress report (National Statistics Office)</p> <p>Malawi 2063 progress report Ministry responsible for Economic Planning &amp; Development)</p> <p>Malawi 2063 progress report (National Statistics Office)</p>	<p>Unstable political-economic situation</p> <p>Non-adoption of changes in regulations Lack of staff availability</p>	<p>MERA high level personnel have continue the sense of ownership in this Twinning project.</p> <p>The RTA will maintain the commitment of the MERA team to the project.</p> <p>The EU Delegation will support the Twinning team on important issues through political dialogue.</p>
<b>Specific (Project) Objective(s)</b>	Enhanced governance of the Malawi energy sector.	<p>Overall national RISE score</p> <p>Status of MERA fulfilling their mandate</p>	<p>53 (2020) 60 (2025)</p> <p>Partially Fully</p>	Non-adoption of changes in regulations and laws	The EU Delegation will support further reforms through political dialogue.



<b>Mandatory results/outputs by components</b>	<p>Component 1: The governance and institutional-organisational set-up reviewed and strengthened.</p>	<p>MERA effectively exercises its functions under a clear mandate and within principles of organisational and operational independence.</p>	<p>Project reports and recommendations.</p>	<p>Skilled personnel are not made available for technical sub-results.</p>	<p>The Twinning is endorsed by MERA at all levels and responsible staff are made available. Continuous political endorsement and support of MERA</p>
	<p>Component 2: MERA's technical capacity is strengthened.</p>	<p>MERA has the internal technical capacity on topics related to electricity generation, transmission and distribution, liquid fuels and energy efficiency.</p>	<p>Project Documentation (Training Materials, pre-test and post – test reports, list of participants, project reports)</p>	<p>Lack of MERA commitment to the Twinning objectives</p> <p>Limited participation of MERA personnel to the Twinning project (lack of time invested).</p>	<p>MERA personnel remain committed to the project and interact actively with the RTA and the project teams</p>
	<p>Component 3: The economic regulation and market analysis is strengthened.</p>	<p>MERA has the internal technical capacity on tariffs and prices, market analysis and monitoring.</p>	<p>Project Documentation Methodologies, regulatory strategies and tariff application templates.</p>		<p>Competent MERA personnel is assigned to the task including younger personnel to ensure continuity and diffusion of knowledge.</p>
	<p>Component 4. The legal capacity, administration, and consumer support is strengthened.</p>	<p>MERA has the internal technical capacity on topics related to legal affairs, dispute resolution, communication and awareness, consumer protection, and data collection.</p>	<p>Project Documentation (Training Materials, pre-test and post – test reports, list of participants, project reports, communication, consumer &amp; data protection strategies/guidelines)</p>		<p>MERA collaborates with the Twinning team towards defining a specific path (with targets) for performance improvements.</p>

## **Annex C1b: Figure 1: Responsibilities and Tasks of the five Directorates of MERA** **(Source: MERA website)**

### Directorate of Legal Affairs

- Review and recommend legislation in line with the National Energy Policy.
- Issue licences which stipulate conditions to enable operators conduct business in the sector.
- Interpret and enforce energy laws, regulations and by-laws.
- Arbitration, mediation and coordination of hearings to resolve disputes.
- Represent MERA in civil and criminal proceedings by or against MERA in the Malawi Courts.

### Directorate of Economic Regulation

- Price regulation (tariff setting).
- Financial and economic analysis of energy operators.
- Develop regulatory thinking on the economics of the energy systems by focusing mainly on the cost of services, the principles of charging for the energy services and cost recovery.
- Provide inputs in the price control reviews, involving analysis and modelling of the costs and incomes of energy licensees, assumptions for external costs and cost drivers and income requirements.

### Directorate of Electricity and Renewable Energy

- Develop and enforce technical aspects for both electricity and renewable energy components and systems with particular emphasis on safety, security quality of supply, technical rules, codes and standards.
- Develop, monitor and review electricity and renewable energy systems, regulations, standards and procedures.
- Enforce electricity and renewable energy regulations, standards and procedures.

### Directorate of Finance

- Collect and disburse levies from energy operators.
- Provide financial advice for the prudent management of resources by processing and managing payroll, maintaining books of accounts, and preparing financial reports and annual budgets.
- Regulatory audits, explore and advise on investment opportunities for the cash realised through levies and collecting and disbursing levies to various recipients.
- Manage revenue account and expenditure account.

### Directorate of Fuels and Gas

- Regulate fuels and gas energy undertakings (Downstream: transportation, wholesaling, retailing, fuel prices, storage and distribution).
- Monitor the proliferation of substandard fuel and gas dispensing and storage sites which pose environmental, health and safety risks.
- Open tender for fuel importation.
- Minimum fuel operation stocks.

**Annex C1c: Stakeholders’ mapping and level of influence on the development of the energy sector**

	Organisation	Area of intervention	Level of influence (1 ‘low’ to 5 ‘strong’)	Potential partnership with the EU programme
<b>Development partners</b>				
Multilateral	World Bank	<p>Malawi Electricity Access Project - US\$ 150 million credit/grants – energy access strategy (mostly grid expansion) – 95 % of the people are within 10 km of grid in Malawi</p> <p>Supporting ESCOM in expansion (double current customer connections over 5 years from 11 to 24 % – 500,000 both on- and off grid)</p> <p>Just in time technical support to ESCOM/MoE – project implementation support</p> <p>Design and supervision engineer to assist with optimising project design and implementing grid roll-out strategy</p> <p>Financing of the interconnector with Tanzania, Zambia, and Mozambique</p> <p>350 MW Mpatamanga Hydro project, as a Public-Private Partnership (PPP)</p>	4	Partnership through co-financing of activities
	Kreditanstalt für Wiederaufbau (KfW)	Channelled EU funds for the financing of the interconnector with Mozambique (EUR 23 million)	2	Channelling funds for the rehabilitation and transmission lines

	Organisation	Area of intervention	Level of influence (1 'low' to 5 'strong')	Potential partnership with the EU programme
				Support with feasibility studies
	Agence Française de Développement (AFD)	No energy programme in Malawi	1	
	ElectriFI	Limited involvement in Malawi as there is currently no window in the country, but interest expressed to support private sector operation for a minimum of EUR 1 million per project	2	Blended finance with the EUD
	US Agency for International Development (USAID)	In the period 2013-2018, Millennium Challenge Corporation (MCC) played an active and central role in the unbundling of ESCOM and the production of a comprehensive policy framework for the energy sector	4	<p>Technical guidance and partnership on IPP support activities</p> <p>Power Africa is facilitating investments in three projects totalling 470 MW, including 120 MW of new solar PV generation. Construction of the 60 MW Salima Solar project started in March 2020. Power Africa is also supporting the development of the 350 MW Mpatamanga Hydro project, which is a PPP.</p>
	US African Development Foundation (USADF)	<p>From 2019, the USAID-funded Southern Africa Energy Program (SAEP), a Power Africa initiative, is working with the GoM and the private sector in restructuring the nation's electricity market to enable the use of untapped capacity</p> <p>In addition, the programme is supporting the GoM, MERA, and utilities in Malawi to create an enabling environment for public and private sector investment in the electricity supply industry</p>	3	
	Irish Aid	Focused on the clean cooking sector and	3	Partnership options with the EUD for

	Organisation	Area of intervention	Level of influence (1 'low' to 5 'strong')	Potential partnership with the EU programme
		supporting the production of briquettes and clean charcoal		clean cooking schemes in urban and peri-urban areas
	Japanese Embassy / Japan International Cooperation Agency (JICA)	Present in the energy sector since the late 1990s Support EGENCO with the development of an RE portfolio	3	Partnership with the EUD on coordination of support to IPPs and the RE incubator
<b>Implementing bilateral and multilateral agencies</b>				
Bilateral	Energising Development (EnDev)	Finances small scale energy access and gender-based initiatives in the RE sector Expressed interest in exploring partnership options with the EUD	4	Will implement and co-fund the EU-funded PU_RE project with a Results Based Finance (RBF) approach
	Energy and Environment Partnership Trust Fund (EEP)	Finances small scale energy access and gender-based initiatives in the RE sector Expressed interest in exploring partnership options with the EUD	3	Finances small scale energy access and gender-based initiatives in the RE sector Expressed interest in exploring partnership options with the EUD
Multilateral	United Nations Children's Fund (UNICEF)	Active in the electrification of schools and health centres	2	No area of collaboration was identified as the EUD programme focused on productive use and industrial development
	United Nations Development Programme (UNDP)	Technical Assistance to MoE on SE4All action plan, and investment prospectus (currently under development)	3	

(Source: TAF, Malawi Stocktaking and Pre-Programming in the Energy Sector in Malawi - Final report (Deliverable 4), GTAF Mission GT044.)