



**AFRICAN DEVELOPMENT BANK  
AFRICAN DEVELOPMENT FUND**



**MALAWI**

**PORTFOLIO REVIEW REPORT**

**COUNTRY OPERATIONS DEPARTMENT  
NORTH, EAST AND SOUTH REGION**

**ONCF  
DECEMBER 2002**

## TABLE OF CONTENTS

	<b>Page</b>
<b>EXECUTIVE SUMMARY</b>	<b>i-v</b>
<b>I. INTRODUCTION</b>	<b>1</b>
1.1 Objectives, Coverage and Structure of the Report	1
1.2 Size and Composition of the Cumulative Portfolio	1
<b>II. REVIEW OF ON-GOING PROJECTS</b>	<b>2</b>
2.1 General Assessment of Portfolio Performance	2
2.2 Aging, Potentially Problematic and Problem Projects	3
2.3 Assessment of Supervision Frequency and Quality	4
2.4 Cross-Cutting Issues	4
2.5 Disbursements	5
2.6 Brief Review of Each On-Going Operation	5
<b>III. ASSESSMENT OF MANAGEMENT IMPLEMENTATION CAPACITY</b>	<b>32</b>
3.1 Government's Performance	32
3.2 Bank's Performance	33
<b>IV. COORDINATION WITH OTHER DONORS</b>	<b>34</b>
4.1 Assessment of Government Capacity to Co-ordinate Donor Assistance	34
4.2 Assessment of the Bank Group's Coordination with Other Donors	34
4.3 Assessment of Co-financiers in Co-financed Projects	34
<b>V. LOAN REPAYMENTS AND ARREARS</b>	<b>34</b>
<b>VI. PROACTIVE MANAGEMENT OF PORTFOLIO</b>	<b>35</b>
6.1 Potential Future Problems and Solutions	35
6.2 Summary of CPIP / Action Plan	35
6.3 Lessons Learned for Future CSPs and Portfolio Management	35
<b>VII. CONCLUSION AND RECOMMENDATIONS</b>	<b>37</b>

This report has been prepared by the Country Team for Malawi led by M. W.T. Oshikoya, Country Program Manager, ONCF. Mr. F. Bakoup, Principal Country Economist ONCF, coordinated the overall preparation of the report. The portfolio review mission, which was undertaken to Malawi in January 2002 was led by Mr. M.A.T. Elkhafif, then Senior Country Economist in ONCF. Other contributors to this report include Messrs/Mmes. P. Agboma, Senior Agronomist, ONAR; A. Oumarou, Senior Transport Engineer, ONIN; T. Adeniji, Principal Financial Analyst, ONIN; A. Younis, Education Analyst, ONSD; D. Lekoetje, Public Utilities Economist, ONIN; M. Youssouf, Chief Health Expert, ONSD, A. Yahie, Principal Socio-Economist, ONSD; H.A. Lam, Principal Agronomist, ONAR; U. Lawal, Senior Livestock Officer, ONAR, M. Anglow, Principal Agricultural Economist, ONAR; C. Omoluabi, Senior Forestry Officer, ONAR, and E.H.J Schrotten, Principal Sanitary Engineer. Questions on this report may be directed to either Mr. A.D. Mtegha, Director, ONCF, Mr. W.T. Oshikoya, or F. Bakoup.

## **LIST OF ANNEXES**

### **Number of pages**

#### **Annexes**

1.	Summary of Bank Group Operations in Malawi	4
2.	Summary of Performance Rating by Sector and Project	2
3.	Project Rating Summary (includes Previous and Current Ratings)	24
4.	Matrix of Common Problems	3
5.	Matrix of Cross-Cutting Issues	1
6.	Summary of Actions Required on On-Going Projects	2
7.	Actions Plan to Improve the Performance of the Portfolio	2

## LIST OF ACRONYMS

ASP	:	Agriculture Services Project
ADD	:	Agricultural Development Division
AMTA:		Agricultural Management Training fir Africa
APPR	:	Annual Portfolio Performance Review
CIDA	:	Canada International development Agency
CPRR	:	Country Portfolio Review Report
CSP	:	Country Strategy Paper
DO	:	Development Objective
DFO	:	District Forestry Officer
FAO	:	Food and Agriculture Organization
GDP	:	Gross Domestic Product
GOM	:	Government of Malawi
HIV/AIDS:		Acquired Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
IAPSO:		United-Nations Inter-Agency Procurement Service Office
ICB	:	International Competitive Bidding
IP	:	Implementation Progress
LOC	:	Line of Credit
MOAI	:	Ministry of Agriculture and Irrigation
MOFEP:		Ministry of Finance and Economic Planning
N.A	:	Not Applicable
NCB	:	National Competitive Bidding
NRA	:	National Roads Authority
PAR	:	Project-at-Risk
PP	:	Problematic Project
PPP	:	Potentially Problematic Project
PIUs	:	Project Implementation Unit
RDP	:	Rural Development Division
SPFSS:		Special Programme for Food Security
UA	:	Unit of Account
N.A	:	Not available
TOR	:	Terms of Reference
UNDP:		United-Nations Development Programme
UNICEF:		United-Nations Children Fund

## **EXECUTIVE SUMMARY**

1. The objective of this Country Portfolio Review Report (CPRR) is to assess the performance of Bank Group-financed projects in Malawi, from the point of view of implementation progress and achievement of development objectives. The report also aims at drawing lessons towards improving both the design and the implementation of future Bank Group interventions in the country. This report is based on the findings of the portfolio review missions undertaken to Malawi in January 2002 (Agriculture, Transport and Multisector), February 2002 (Water and Sanitation Sector), and March-April 2002 (Social Sector), and of the various supervisions undertaken between January and October 2002.

2. The report reviews on-going projects as at 31 October 2002. In line with the Bank's 2000 Annual Portfolio Performance Review (APPR), these are approved projects with a positive balance and whose deadline for disbursement expires after that date. The projects reviewed are in the public sector. The Bank Group has not yet approved a project in the private sector in Malawi.

2. A Financial Management Review Report, which seeks to assess the adequacy of the financial management arrangements in place in Bank-financed projects in Malawi, is being prepared, concurrently with this report, by the Operations Policy Department (POPR).

4. The Bank Group commenced operations in Malawi in December 1969 and has, as at 31 October 2002, approved a total of 71 operations consisting of 47 project loans, 15 studies, 3 Lines of Credit, 3 institutional support projects, and 3 structural adjustment operations. The total amount of funds (net of cancellations) committed to finance these 71 operations is UA 490.35 million. Approximately 85.09 percent (UA 417.26 million) of the committed resources were from the concessionary ADF resources (including grants amounting to UA 20.45 million), and the balance (UA 73.1 million) from ADB resources. The Bank has not yet approved an operation in the private sector. The largest share of total net commitments (25.2%) went to transport sector followed by the agricultural sector (21.8%), the social sector (20.8%), the water and sanitation sector (13.1%), the multisector (7%), the communication sector (6.8%), the power sector (3.6%), the financial sector (1.3%), and the industrial sector (0.3%). Total disbursements as at 31 October amount to UA 341.34 million, which gives a total disbursement rate of 69.6%.

5. There are currently 24 operations on-going of which 11 are in agricultural sector, 2 in the transport sector, 3 in the water and sanitation sector, 6 in social sector, 1 in the financial sector, and 1 in the multisector. Total commitments on on-going projects amounts to UA 171.54 million. The agricultural sector has the largest share of commitments on on-going projects (35%), followed by the social sector (32.9%), transport sector (14.9%), the water and sanitation sector (13.6%), the financial sector (2.9%), and multisector (0.6%). The average age of the portfolio is about five years.

6. Total disbursements on on-going projects amount to UA 36.77 million as at October 2002, yielding a disbursement rate of 21.4%. This rate can be considered low and indicative of implementation problems considering that the average age of the on-going portfolio is about five years. Disbursement rates by sector on on-going projects stand at 26.5% for the agricultural sector, 44% for the multisector, 19.6% for the Financial Sector, 17.0% for the social sector, 22.1% for the transport sector, and 18.7% for the water and sanitation sector.

7. This portfolio review reveals that the performance of on-going projects is rated satisfactory with a rating of 2. However, and despite this overall satisfactory performance, it

should be noted that several problems continue to affect the performance of Bank-financed projects in Malawi. These relate to long delays in projects start-up, continuing cases of non-compliance with the Bank Group's rules of procedure in respect of procurement and disbursement, weak capacity of the Project Implementation Units (PIU), especially in the agricultural sector. This overall satisfactory performance also marks a stable performance in comparison to the last portfolio review when the performance was also judged satisfactory with a rating of 2.

8. From a sectoral standpoint, this portfolio review also shows that performance is overall satisfactory in the multisector with a rating of 2.0, in the social sector with a rating of 2.3 and in the water and sanitation sector with rating of 2.1, while it is unsatisfactory in the agricultural sector with a rating of 1.9, the financial sector with a rating of 1.8 and in the transport sector with a rating of 1.7.

9. The overall satisfactory performance is mainly driven by satisfactory performance in respect of financial performance and impact on development. Performance in respect of procurement, activities and outputs, and project progress respectively is unsatisfactory. This mainly reflects difficulties experienced by the PIUs in the treatment of procurement matters, delays in fulfilling loans' conditions and, protracted period of project implementation in comparison with implementation schedules set at appraisal. It is, therefore, apparent that more efforts are needed to strengthen the capacity of PIUs, especially with respect to procurement and timely fulfillment of loans' conditions.

10. The Implementation Progress (IP) by sector indicates that the IP is unsatisfactory in the agriculture, financial, multisector, and transport sectors. The Development Objective (DO) is satisfactory in all the sectors apart from the financial sector. These results suggest that on-going Bank-financed projects in Malawi are generally expected to achieve their development objectives. The main problem is implementation. Projects continue to be implemented over periods of time extending substantially beyond what was envisaged at appraisal.

11. There are currently three Problematic Projects (PP) and two Potentially Problematic Projects (PPP) in the Portfolio. This brings the proportion of Projects-at-risk (PAR) in the portfolio to 21%, which, as per the Bank's Annual Portfolio Performance Review (APPR), is within the PAR range representative of satisfactory performance of a country's portfolio.

12. This third portfolio review exercise has shown, as already indicated, that the performance of the Bank Group Portfolio in Malawi is overall satisfactory despite the persistence of some recurrent problems relating mainly to the continued weak capacity of the PIUs. As demonstrated in this report, it is slow implementation, which continues to weight on the performance of the portfolio while indications that projects will achieve their intended development objectives continue to be satisfactory. Thus the IP and DO indicators for the portfolio are unsatisfactory and satisfactory with ratings of 1.9 and 2.1 respectively.

13. Critical factors of portfolio performance include the GOM's implementation management capacity. In this respect, the setting up of PIUs for each Bank-financed project and inclusion of capacity building in projects has helped to improve the GOMs implementation capacity, which can now be regarded as generally satisfactory in the social and water and sanitation sectors. In the agriculture sector, however, GOM's implementation capacity continues to be weak as a result of inadequate staffing of the PIUs and low salaries, and of the large number of on-going projects scattered on the National territory with little coordination capacity. In the transport sector, the GOM has made significant progress in the management and implementation of road sector projects since the establishment of a NRA

and of the Road activities Fund in 1997. The NRA is now fully staffed and its performance on implementing on-going projects is now satisfactory.

14. The area where GOM's performance needs to be substantially improved concerns the preparation of projects' audit reports. At the time of this review, 5 projects out of twenty-four on-going projects (21% of the Portfolio) have outstanding audit reports. These projects are the Mwanza Rural Development Project, National Livestock Development Project, the LOC to Indebank, the Msulira-Nkhotakota Road Project, and the Macadamia Smallholder Development Project. The GOM should take the necessary steps to clear all these outstanding audits. Submission of quarterly progress reports must also be improved. Three projects (13% of the portfolio), the Agriculture Services Project, the Special Programme for Food Security, and the LOC to Indebank, are not submitting these reports regularly.

15. The Bank's implementation management capacity is satisfactory. Training activities have been implemented by the Bank to familiarize PIUs with the Bank's rules of procedure concerning procurement and disbursements and more trainings will be organized under the Institutional Support Project for Aid and Debt Management and Governance. Also, the Bank carried out two sector reviews in the agriculture and transport sectors to assess the sectoral constraints and outline strategies to improve future interventions. One issue, which requires further effort on the part of the Bank, appears to be improving communication with PIUs on procurement and disbursements matters.

16. Going forward, the main development with potential to affect the implementation of Bank-financed projects is related to the on-going decentralization policy, which involves devolution of responsibility for projects and programmes implementation at the sector level to districts and local assemblies where implementation capacity is not yet adequate. There is also the large arrears owed to the Water Boards by the Government. These arrears may constraints the capacity of these Water Boards to implement and adequately maintain Bank-financed investments in the Water sector.

17. There are two sets of lessons, which can be drawn from this portfolio review. Firstly, for future Country Strategy Papers (CSPs) preparation, the Bank Group should continue to align its interventions with the priority areas identified in the Bank's Vision. With respect to Agriculture and Rural Development, although it will continue to remain important sector for Bank Group's support to Malawi's poverty reduction efforts, future Bank Group's interventions in this sector should put strong emphasis on strengthening implementation capacity, preferably at the sector level, and where it is not feasible at the project level, given the unsatisfactory IP indicator for this sector. There is the need, in all sectors of Bank intervention, to increase the size of operations in order to reduce transactions costs and improve development effectiveness.

18. Secondly, with respect to portfolio management, the main lessons centre around the need to streamline loans conditions, ensure adequate staffing of PIUs, specially in the agricultural sector, improve quality-at-entry and continuously improving the Bank's capacity building activities generally and targeted at the PIU more specifically.

19. This review has also suggested that much can be achieved towards improving the implementation of Bank-financed projects in Malawi. In this context, it is incumbent on the GOM, with assistance from the Bank Group, to ensure that the PIUs of Bank-financed interventions observe and implement the measures discussed in this report.

20. Towards this end, the following recommendations, which are additional to the project-specific recommendations made in Annex VI, can be made towards improving the performance of the Bank's portfolio in Malawi:

### Recommendations

21. In order to improve the performance and development impact of Bank-financed projects, it is recommended that GOM should:

- (i) Engage major efforts to improve the performance of the Bank Group portfolio in the Agricultural sector. These efforts should aim to strengthen the capacity of the Ministry of Agriculture and Irrigation in project implementation through ensuring adequate staffing of the PIU under its responsibility, closing all aging projects and, reforming the current system for seconding civil servants to PIUs;
- (ii) The Ministry of Finance and Economic Planning should keep records of loans conditions in order to follow up on their timely implementation;
- (iii) Improve timeliness of fulfilment of loans conditions;
- (iv) Strengthen the capacity of the NAO in order to enable it carry out audits of all Bank-financed projects timely. The Bank should give a deadline to the GOM to carry out all outstanding audits. After the deadline, disbursements to projects with outstanding audits will be suspended;
- (v) Take all necessary measures to ensure that relevant staff of the line ministries and of PIUs fully take advantage of the Bank-financed Institutional Support Project for Aid and Debt Management and Governance;
- (i) Speed-Up the process of loans authorizations bills through Parliament. This will reduce delays in project start-up and implementation;
- (vii) Step up efforts towards strengthening capacity at the districts and local assembly level in the wake of the implementation of the decentralization policy. This is necessary if all the benefits of the decentralization policy are to be realized.

22. In order to improve the performance and development impact of Bank-financed projects, it is recommended that the Bank should:

- (i) Improve the design of loans conditions, to bring them in line with the GOM's capacity to implement them timely, without diluting their primary role as technical tools to achieve project quality; This will significantly contribute towards reducing delays in project start up and implementation;
- (ii) Continue capacity-building training activities targeted at PIUs and relevant staff of line ministries in Malawi to continuously familiarize them with Bank rules relating to procurement, disbursement and auditing;
- (iii) The Agriculture and Rural Development Department of the Bank should prepare a portfolio improvement plan for the Bank's agricultural sector portfolio in Malawi;

- (iv) Improve the design of Bank projects, which should take into account as much as possible conditions prevailing in the sectors, in order to facilitate their future implementation.
- (v) Consider establishing a representation in the country in order to assist the PIUs in project implementation and enhance coordination with other donors. As recent experience with field offices has demonstrated, this representation will significantly contribute towards enhanced dialogue with the country, improved coordination with the other development partners, and improved portfolio management. It will also facilitate the implementation of the participatory approach in the design of Bank interventions and Bank missions to the country.

## **I. INTRODUCTION**

### **1.1 Objectives, Coverage and Structure of the Report**

1.1.1 The objective of this Country Portfolio Review Report (CPRR) is to assess the performance of Bank Group-financed projects in Malawi, from the point of view of implementation progress and achievement of development objectives. The report also aims at drawing lessons towards the design of future Bank Group interventions in the country. It is prepared in fulfilment of the requirements of the Bank Group policy on portfolio reviews. The previous CPRR for Malawi was prepared in 1997.

1.1.2 The report reviews on-going projects as at 31 October 2002. In line with the Bank's Annual Portfolio Performance Review (APPR), these are approved projects with a positive balance and whose deadline for disbursement expires after that date. The projects reviewed are in the public sector. The Bank Group has not yet approved a project in the private sector in Malawi.

1.1.3 The rest of this report is organized as follows. Section II reviews the performance of each on-going project, assesses the quality of Bank supervision, and the ability of projects to address cross-cutting issues. Section III assesses the Government and the Bank management implementation capacity. Section IV assesses the Government, the Bank capacity to coordinate donor assistance, and the performance of the co-financiers. Section V assesses Malawi's repayment performance towards the Bank Group. Section VI discusses issues relating to proactive management of the portfolio, which include potential future problems of the portfolio and solutions, the portfolio improvement action plan and, the lessons to be learned for future Country Strategy Papers (CSPs).

### **1.2 Size and Composition of the Cumulative Portfolio**

1.2.1 The Bank Group commenced operations in Malawi in December 1969 and has, as at 31 October 2002, approved a total of 71 operations consisting of 47 project loans, 15 studies, 3 Lines of Credit, 3 institutional support projects, and 3 structural adjustment operations. The total amount of funds (net of cancellations) committed to finance these 71 operations is UA 490.35 million. Approximately 85.09 percent (UA 417.26 million) of the committed resources were from the concessionary ADF resources (including grants amounting to UA 20.45 million), and the balance (UA 73.1 million) from ADB resources. The Bank has not yet approved an operation in the private sector.

1.2.2 The largest share of total net commitments (25.2%) went to transport sector followed by the agricultural sector (21.8%), the social sector (20.8), the water and sanitation sector (13.1%), the multisector (7%), the communication sector (6.8%), the power sector (3.6%), the financial sector (1.3%), and the industrial sector (0.3%). Table 1.1 shows the distribution of Bank Group approvals by window.

**Table 1: Summary of Bank Group Approvals, by Window, in Malawi  
(Amounts in UA million)**

Commencement of Operations: December 1969			
Number of Bank Group Operations			
<u>Approved</u> : 71 operations 47 project loans 15 studies 3 Lines of Credit 3 Institutional Support Projects 3 Structural Adjustment Operations		<u>On-going</u> : 24 operations 20 Project loans 1 study 2 Institutional Support Projects 1 Line of Credit	
Source of Financing	Net Commitments	Amount Disbursed	Percentage Disbursed
ADB	73.09	73.22	100.2
ADF	396.81	254.90	64.24
TAA/TAF	20.45	13.22	64.64
<b>Total</b>	<b>490.35</b>	<b>341.34</b>	<b>69.6</b>

1.2.3 Out of the 71 approved operations, 46 operations (64.7%), consisting of 28 project loans, 13 studies, 2 Lines of Credits, 1 institutional support projects, and 3 structural adjustment operations have been completed. This leaves 24 operations on-going of which 11 are in agricultural sector, 2 in transport, 3 in the water and sanitation sector, 6 in social sector, 1 in the financial sector, and 1 in the multi sector. Total commitments on on-going projects amounts to UA 171.54 million. The agricultural sector has the largest share of commitments on on-going projects (35%), followed by the social sector (32.9%), transport sector (14.9%), the water and sanitation sector (13.6%), the financial sector (2.9%), and multisector (0.6%).

## **II. REVIEW OF ON-GOING PROJECTS**

### **2.1 General Assessment of Portfolio Performance**

2.1.1 This portfolio review reveals that the performance of on-going projects is rated satisfactory with a rating of 2. However, and despite this overall satisfactory performance, it should be noted that several problems continue to affect the performance of Bank-financed projects in Malawi. These relate to long delays in projects start-up, continuing cases of non-compliance with the Bank Group's rules of procedure in respect of procurement and disbursement, weak capacity of the Project Implementation Units (PIU), especially in the agricultural sector. This overall satisfactory performance also marks a stable performance in comparison to the last portfolio review when the performance was also judged satisfactory with a rating of 2.

2.1.2 As can be seen from the Table 3.1 below, the overall satisfactory performance is mainly driven by satisfactory performance in respect of financial performance and impact on development. Performance in respect of procurement, activities and outputs, and project progress respectively is unsatisfactory. This mainly reflects difficulties experienced by the PIU in the treatment of procurement matters, delays in fulfilling loans' conditions and, protracted period of project implementation in comparison with implementation schedules set at appraisal. It is, therefore, apparent that more efforts are needed to strengthen the capacity of EA, especially with respect to procurement and timely fulfillment of loans' conditions.

Table 3.1 Performance of the Overall Portfolio

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
1.8	1.9	2.4	1.7	2.1	2.0

2.1.3 From a sectoral standpoint, this portfolio review also shows that performance is overall unsatisfactory in the agricultural (1.9), financial (1.8) and transport sectors (1.7), while it is satisfactory in the multisector (2.0), social (2.3) and water and sanitation sectors (2.1). It should also be noted, towards better understanding these sectoral ratings, that only one project (the LOC) was rated in the financial sector, while the unsatisfactory performance of the transport sector is mainly driven by one project, the Karonga-Chitipa Road Project, which three years after approval has not been declared effective due to difficulties being experienced by the GOM to fulfill a condition relating to the identification of a co-financier. This project is amongst the problematic projects of the portfolio.

2.1.4 Table 3.2 below, which shows the IP and DO indicators by sector, indicates that the IP is unsatisfactory in the agriculture, financial, multisector, and transport sectors. DO is satisfactory in all the sectors apart from the financial sector. This result suggests that on-going Bank-financed projects in Malawi are generally expected to achieve their development objectives. The main problem is implementation. Projects continue to be implemented over protracted periods of time, extending substantially beyond the timeframes envisaged at appraisal.

Table 3.2: IP and DO Indicators by Sector

Sectors	Agriculture	Financial Sector	Multisector	Social Sector	Transport Sector	Water and Sanitation Sector	Overall Portfolio
IP	1.9	1.9	1.8	2.2	1.9	2.0	1.9
DO	2.0	1.3	2.0	2.4	2.3	2.2	2.1

2.1.5 The overall picture emerging from the above analysis is that Bank-financed projects in the social and in the water and sanitation sectors tend to perform better than projects in the agricultural, financial, and transport sectors.

2.1.6 Generic problems impeding satisfactory implementation of Bank-financed projects in Malawi center around long delays in the fulfillment of loans conditions and in project execution, weak capacity of the PIUs, and frequent changes in PIUs management. Annex IV indicates the generic problems affecting each on-going project.

## **2.2 Aging, Potentially Problematic and Problematic Projects**

2.2.1 *Aging projects*: The average age of all on-going projects in Malawi is about 5 years, which is less than 10 years, the threshold for aging projects. This indicates that, on average, aging is not a portfolio issue. There are, however, three projects in the agricultural sector and one project in the transport sector, which have become aged projects, since they were approved more than 10 years ago. These are the National Livestock Development Project, the Lilongwe Forestry Project and, the Mwanza Rural Development Project in the agricultural sector and the Msulira-Nkhotakota road project in the transport sector. In order to improve the

performance of the portfolio, these projects should be closed when their disbursement deadlines expires.

2.2.2 Looking across sectors, it appears that the transport sector portfolio is the oldest with an average age of 7 years, followed by the agricultural and the industrial sectors' portfolio, aged 6 years each, the social sector with an average age of 3 years, and the multisector with an average age of 2 years. Considering that the disbursement rate on on-going projects in the agricultural sector is only about 24%, this point to implementation bottlenecks in the agricultural sector, which need to be resolved by the GOM in collaboration with the Bank.

2.2.3 *Problematic projects (PP)*: Based on the criteria for problematic projects, there are three problematic projects in the portfolio. These projects are the Special Program for Food Security in the agricultural sector, the Line of Credit to Indebank in the financial sector and, the Karonga-Chitipa road project in the transport sector. The SPFS has a low Implementation Progress (IP) indicator of 1.2 and a low Development Objective (DO) indicator of 1. The LOC to Indebank has low DO of 1.3. The Karonga-Chitipa road is rated 1.4 on the IP indicator.

2.2.4 *Potentially Problematic Projects (PPP)*: There are also two Potentially Problematic Projects in the agricultural sector: The Smallholder Irrigation Project (SIP) and the Agriculture Services Project (ASP). The Smallholder Irrigation Project is a PPP because it is currently experiencing management problems and, also, the availability of GOM's counterpart funds is not regular. The ASP is a PPP because the availability of GOM's contribution is not regular and the project experienced long delays, which were due to late fulfillment of effectiveness conditions, before starting up.

2.2.5 *Projects-at-Risk (PAR)*: Based on the number of PP and of PPP, the proportion of PAR in the portfolio is 21%, which denotes a satisfactory portfolio performance as it is within the 10%-30% range indicative of satisfactory performance.

## 2.3 Assessment of Supervision Frequency and Quality

The quality of Bank supervision in Malawi has been satisfactory. In line with the Bank's policy, each projects has been supervised at least 1.5 times per year. In the Water and Sanitation Sector, the frequency of supervisions has tended to exceed the 1.5 times per year requirement. The composition of supervision missions in terms of skills mix has also been adequate.

## 2.4 Cross-Cutting Issues

2.4.1 *Poverty reduction*: The cross-cutting issues, which the Bank seeks to mainstream in its operations are poverty reduction, gender, environment, population, regional integration, participation, HIV/AIDS and core labour standards. Of these, poverty reduction is the one, which all Bank projects in Malawi address. All on-going Bank projects in Malawi are designed to contribute to poverty reduction. In effect, projects in the agricultural sector aim at increasing the incomes of the poor. Projects in the social and water and sanitation sectors contribute towards poverty reduction through improving the delivery of social services to the poor. The institutional support project for Aid and Debt Management and Governance in the multisector strengthens the economic management capabilities of the Government towards improving the management of national resources for poverty reduction. The two on-going projects in the transport sector also contribute towards poverty reduction by improving the

quality of transport services in the project's areas, which is a necessary condition to improve agricultural productivity.

2.4.2 *Gender*: Gender is the second cross-cutting issues most addressed by Bank projects in Malawi. All the eleven on-going projects in the agricultural sector incorporate features designed to strengthen the participation of women in the achievement of the project's objectives. The recently approved integrated rural water supply and sanitation project will also improve the conditions of women considerably by reducing the time they spent on fetching water.

2.4.3 *Environment, HIV/AIDS, Participation, and Regional Integration*: Two project, the Lilongwe Forestry Project and the recently approved Integrated Water Supply and Sanitation Project contributes towards improving environmental management. Three projects, the Smallholder Out-grower Sugarcane Production, the Support to the National Aids Control Program and, the Integrated Rural Water Supply and Sanitation Project support the Government's efforts towards fighting the HIV/AIDS pandemic. The Integrated Rural Water Supply and Sanitation Project is also designed to encourage the participation of local communities in the provision of water and sanitation services. The two road construction projects in the transport sector will enhance the prospects for increased regional integration between Malawi and Zambia.

2.4.4 *Core Labor Standards*: This is the cross-cutting issue, which is not addressed by any of the Bank's on-going projects in Malawi. The Bank should, therefore ensure that future operations attempt to also address this important cross-cutting issue. A matrix of cross-cutting issue is presented in Annex V.

## **2.5 Disbursements**

Total disbursements on Bank Group on-going projects amount to UA 36.77 million as at 31 October 2002, yielding a disbursement rate of 21.43%. This rate can be considered low and indicative of implementation problems considering that the average age of the on-going portfolio is about five years, as discussed above. Disbursement rates by sector on on-going projects stand at 26.5% for the agricultural sector, 24% for the multisector, 19.6% for the Financial Sector, 17.0% for the social sector, 22.1% for the transport sector, and 18.7% for the water and sanitation sector.

## **2.6 Brief Review of Each On-Going Operation**

### Agriculture sector

2.6.1 The Bank Group has approved 20 operations (including 5 studies and 1 institutional support) in the agriculture sector, with total commitments (net of cancellation) of UA 108.31 million. Of the 20 approved operations, 9 have already been completed. This leaves 11 on-going operations with un-disbursed balance of UA 48.12 million, or 55.6% disbursement rate. A brief review of each agricultural sector project is presented below.

Agriculture Services Project

<u>Amount Net of Cancellation:</u> ADF: UA 9.21	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 5.76 million <u>Disbursement Rate:</u> 62.5%
Date of Approval: 21/09/93	Date of Signature: 01/10/93	Date of Effectiveness: 05/10/94
Disbursement deadline: 31/12/02	Project Implementation Unit:	
Project Audit: Not audit reports outstanding	Submission of Quarterly Progress Report: Not submitted because of suspension.	
Date of Last Supervision: May 2002		
<u>Project Objective and Description:</u> The project's overall objective are to (i) support institutional and management reforms in research, extension and input supply, with the aim of providing cost-effective and sustainable technologies for different types of smallholders and agro-ecological zones; (ii) enhance farm incomes and household food security by increasing productivity in smallholder agriculture, with special emphasis on female and resources poor farmers; and (iii) support the livestock component, land resources and conservation, small scale irrigation and institutional strengthening in the Department of irrigation and (iv) input supply.		

**2.6.2 Project Progress:** The project did not experience major delays in commencement of activities. Effectiveness conditions were fulfilled satisfactorily within 12 months. Audit reports and quarterly progress have been submitted with delays.

**2.6.3 Procurement performance:** There has been no significant procurement since 1998 when the first suspension of disbursement was imposed. However, during the short period that the suspension was lifted in 2001, disbursement of about US\$30,000 was made to a supplier whose payments had been outstanding since 1998.

**2.6.4 Financial Performance:** The project to date has disbursed UA 5,755,929.06 or 62.49%. Disbursements to the project were suspended in November 2000 because of inappropriate use of the project's fertilizer. The suspension of disbursement was lifted in July 2001. However, with effect from 5 November 2001 further disbursements to the ASP were suspended until all financial records were reconstituted, consolidated, audited by an independent accounting firm and presented to the satisfaction of the Bank because the external financial audit for the year ended 30 June 1999 revealed various flaws in the accounting system. Availability of GOM's contribution has not been adequate. Financial performance is judged generally unsatisfactory.

**2.6.5 Activities and Outputs:** The overall progress of the project implementation has not changed since November 2000 when disbursements were suspended. The Bank approved a revision of the List of Goods and Services and extended the last date for final disbursement for the project till 31 December 2002 in order to enable the project effect outstanding payments, procure equipment, vehicles and pursue a vigorous training programme that could enhance disbursement rate and sustainability of project objectives. Three persons were admitted for M.Sc. degree training in Natural Resource Management in the Netherlands.

**2.6.6 Impact on Development:** Although the Government used project fertilizer in the Starter Pack Scheme (SPS) without Bank approval, which led to the first suspension of disbursement, a Beneficiary Impact Assessment Audit carried out by an independent consultant in 2000 found that from the standpoint of food security, the benefits and impact of the use of the fertiliser in the SPS outweighed the benefits that could have been achieved in the ASP, bearing in mind the

socio-politico-economic changes that occurred during project implementation. The training activities of the project will likely increase the country's institutional capacity.

2.6.7 The project's performance rating is summarized in the Table below.

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
1	2	1.8	1.7	1.7	1.6

*Horticulture and Food Crops Development Project*

<u>Amount Net of Cancellation:</u> ADF: UA 6.65 million TAF: UA0.84 million	<u>Window:</u> ADF, TAF	<u>Amount disbursed:</u> ADF: UA 0.16 million TAF: 0.00 <u>Disbursement Rate ADF:</u> 2.37% <u>Disbursement Rate TAF:</u> 0%
<u>Date of Approval:</u> 15/12/98	<u>Date of Signature:</u> 24/05/99	<u>Date of Effectiveness:</u> 01/02/00
<u>Disbursement deadline:</u> 30/06/05	Project Implementation Unit: Established and operating	
<u>Project Audit:</u> New project. Audit not yet due	Submission of Quarterly Progress Report: Regular submission.	
<u>Date of Last Supervision:</u> 30/06 - 18/07/02		
<u>Project Objective and Description:</u> The project objective is to contribute to food security by increasing agriculture productivity and farm income of the smallholder target group through better access to small-scale irrigation, horticulture and marketing development. To achieve the aforementioned objective, the design has taken into consideration five main components namely i) Capacity Building of the Irrigation, Crop Production and Research Departments of the Ministry of Agriculture and Irrigation; ii) Establishment of a Micro-Finance Credit System; iii) Establishment of Small-scale Irrigation Schemes; iv) Establishment of a Marketing Structure; and –v) Support to Project Management Unit.		

2.6.8 *Project Progress:* The project was approved on 15<sup>th</sup> December 1998 and was to be signed in February 1999 as per the Appraisal schedule but it was signed in May 1999 i.e. 3 months delay. Similarly loan effectiveness was scheduled for June 1999 but the loan became effective only in February 2000 i.e. 8 months delay. The PIU has been regular in submitting the quarterly progress reports for the project using the Bank' format. The last report received was for the quarter ending June 2002 – this was received by the Bank on July 15, 2002. The project activities started only in January 2002 when the first disbursement of UA 93,683.58 for the Revolving Fund was released. Auditing of the project's account is due by June 2002. All the other conditions have been fulfilled by December 2002.

2.6.9 *Procurement performance:* Apart from initial problems encountered with the preparation of tender documents and adherence to the Bank's procurement procedure, the PIU has been submitting tender documents using the Bank's standard bidding documents for procurement of goods, outputs and services. Review of evaluation reports has been done according to the Bank's procurement rules and guidelines.

2.6.10 *Financial Performance:* The project received its first disbursement of UA 93,683.58 in January 2002. i.e. 1.4 % of the loan amount of UA 6.65 million. The Technical Assistance Grant of UA 0.84 million has not yet been disbursed. The Government has also contributed

UA 54,000 (MKW 5.26 million) or 5.4% of its total commitment of UA 1.00 million. The Government's contribution is higher than its scheduled contribution of UA 32,000 which is 3.2% of the total Government contribution. So far financial performance for the project is satisfactory.

**2.6.11 *Activities and Outputs:*** Implementation of project activities is behind the Appraisal schedule by 2 years due to initial delays in fulfilment of conditions for loan effectiveness. Implementation of project activities has increased since the first disbursement for the Revolving Fund was effected. The EA has submitted the Special Procurement Notice for the procurement of vehicles and office equipment and this was published in the UN Development Business in and in local papers on July 31 2002. Procurement of Small Irrigation equipment (1738 treadle pumps) is on-going. The tender was launched for NCB in June 2002 and bid opening took place on August 9, 2002. The evaluation report has not yet been submitted. The EA also submitted the draft TORs for the recruitment of the Micro-Finance Intermediary and the NGO for group formation and training as well as the requests for proposals on August 31, 2002. These were reviewed and sent to the EA on September 5, 2002 to amend and resubmit for Bank's no objection. The TORs for the recruitment of the International Marketing Manager, Assistant Marketing Manager, Accountant Secretary and 2 Drivers were received on August 15, 2002. This was reviewed and send to the EA on August 20, 2002 to proceed with the short-listing of the Consultants. The Project Management is satisfactory in fulfilling the TOR.

**2.6.12 *Impact on Development:*** Once the implementation of project activities begins it is envisaged that there will be increased agricultural production and productivity particularly of the smallholders.

**2.6.13** The project's performance rating is summarized in the Table below.

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
2	2	2.8	2	2	2.1

***Lilongwe Forestry Project***

<u>Amount Net of Cancellation:</u> UA 3.87 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 2.42 million <u>Disbursement Rate:</u> 62.5%
<u>Date of Approval:</u> 29/10/92	<u>Date of Signature:</u> 05/03/93	<u>Date of Effectiveness:</u> 24/02/95
<u>Disbursement deadline:</u> 31/12/03	<u>Project Implementation Unit:</u> The Project Manager, Lilongwe Forestry Project, P. O. Box 1269, Lilongwe, E-mail: liforproj@Malawi.net	
<u>Project Audit:</u> None outstanding <u>Date of Last Supervision:</u> 26 August – 05 September 2002	<u>Submission of Quarterly Progress Report:</u> None pending	
<u>Project Objective and Description:</u> The project addresses the high rate of deforestation in the Lilongwe district due to pressure on forests for fuel wood and the demand for agricultural land for food production. An ADF loan was signed on 5 March 1993 for an amount of UA 3.868 million to fund the project over an implementation period of six years. The loan was declared effective on 24 February 1995. The project is composed of 4 components: Community Forestry Development, Forestry protection and management, Infrastructure and Project Management and Institutional building.		

*2.6.14 Project Progress:* Physical achievements have been satisfactory. The project has supplied over 18.6 million seedlings to individuals and communities for planting. Appraisal target for seedlings production of 9.3 million has thus been far exceeded. A new target of 20 million seedlings has been set. Area now covered by woodlots is given as 2500 ha. In addition, some 7000 farmers have received on the average, 4 fruit trees each for planting on their farms to improve family nutrition and income. Farmers have been trained in forest nurseries techniques including budding and grafting to ensure sustainability. The 50 village forest areas earmarked for survey under the Forest Management Component have been surveyed. Inventory has also been carried out in 10 village forest areas as planned. The project has also produced 9 draft forest management plans for village forest areas. A total area of 80 ha (out of the planned 200 ha) has been rehabilitated in the poorly stocked areas of Katete and Dzalayama plantations. All activities under infrastructure have been completed except the construction of the District Forestry Officer's (DFO) office. Training has been going on as planned under Project Management and Institutional Development. The project has also succeeded in producing audit and quarterly reports on time, and in making the Steering Committee functional. On the whole, physical achievement can be rated 75%.

*2.6.15 Procurement Performance:* The major implementation problem of the project has been procurement. The tenders in November 2000 did not receive the approval of the Bank due to the inability of the PIU to adequately prepare bid documents and evaluate bids. However, the five remaining contracts were successfully re-tendered in June 2002. The bids were opened on the 30 August 2002 and are now being evaluated by Government. The contracts include the DFO's Building. The other 4 packages are: Tender No. 47/01 for Motor Vehicles under ICB; Tender No. 47/02 for Audio and Visual Equipment under ICB; Tender No. 47/03 for Motor Cycles and Bicycles under NCB; and Tender No. 47/04 for Office Equipment under NS. The last Bank Mission (26 August – 05 September 2002) was in agreement with the Project Management that the evaluation reports on these bids would reach the Bank by 25 September 2002 and that the Bank would react before 03 October 2002. So far, procurement performance can only be rated 25%.

*2.6.16 Financial Performance:* Government has fully met its expected financial contribution to the project (10.6% of total project cost). While the disbursement rate is currently low (about 62.62% for ADF fund), it should shoot-up to about 70% by December 2002 when payments would have been made for commitments on contracts currently being processed. The suspension of disbursement between February and June 2001, because of GOM's non-compliance with the Bank's rules of disbursements, contributed to the low level of disbursement.

*2.6.17 Activities and Outputs:* The project is performing very well in spite of the two years it lost between loan approval and disbursement effectiveness. The project has been able to effectively mobilise communities, particularly women to participate in tree planting. Though 10 years old (loan approved 28 October 1992 and declared effective 24 February 1995), the project has only been under implementation for some 7 years. Management Staff retention has been a problem. The current project Manager is the third Project Manager. At the Bank, the current Task Manager is about the fourth Task Manager for the project. While the field achievements have been satisfactory the project would have benefited more from a more stable supervision staff position. However, The major outstanding work is the contract that would soon be signed on the construction of the DFO's office.

*2.6.18 Impact on Development:* The community Forestry Component is already contributing to the reduction of environmental degradation in Lilongwe district. Current reforestation activities will also ease the workload of women through shorter distances to fuelwood sources. The boreholes that have been provided can minimise waterborne diseases to the benefit of children in particular. In addition, the rural roads that have been opened can improve rural market opportunities. While the project has been well conceptualized for high development impact, the financial resource provided is a limiting factor to noticeable development impact.

2.6.19 The project's performance rating is summarized in the Table below.

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
1.7	1.5	2.5	1.7	2	1.88

**Macadamia Smallholder Development Project**

<u>Amount Net of Cancellation:</u> UA 6.85 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 0.84 million <u>Disbursement Rate:</u> 11.19%
<u>Date of Approval:</u> 15/07/98	<u>Date of Signature:</u> 13/01/99	<u>Date of Effectiveness:</u> 07/11/ 00
<u>Disbursement deadline:</u> 31/12/04	Project Implementation Unit: No PIU. Ministry of Agriculture and Irrigation handles project Management	
<u>Project Audit:</u> Date of Last Supervision: December 2001. Follow up in May 2002	Submission of Quarterly Progress Report: regular	
<u>Project Objective and Description:</u> The project aims at improving the livelihood of the project target group through promotion of macadamia nuts production along with food crops. The components of the projects are (i) nursery development (ii) Crop Development (iii) Research (iv) Extension support and (v) Capacity Building.		

2.6.20 Project Progress: the project was approved in July 1998 but became effective only in November 2000, a period of over two years. This delay was due to prolonged delay in fulfillment of loan conditions.

2.6.21 Procurement performance: The tender for the procurement of vehicles is in progress and that for equipment is yet to be prepared. The provision of these goods will greatly enhance the rapid implementation of the project. The service of the credit expert is yet to be employed in the project. Although the credit component is a big component in the project the recruitment exercise for credit expert is yet to commence. It has been proposed that a Project Manager and Project Financial Controller will be recruited to enhance the running and rapid implementation of the project activities. This is yet to commence.

2.6.22 Financial Performance: Generally satisfactory. The first disbursement to the Special Account was made to the project in September 2001. Total disbursement to date is UA 557, 944.70 thus the status of disbursement to-date is only 8.15%. The project has no financial constraints from both the ADF and GOM so far.

2.6.23 Activities and Outputs: All project activities have commenced fully except the Infrastructure component, which is to be implemented by the MOAI directly. This is for the construction of staff houses, offices and stores, rehabilitation of roads and sinking of boreholes. The Technical Assistant team from MASDAR is in place, the inception report has been prepared by the consultants and submitted for review and implementation of the recommendations. The project offices and accounts have been established in Kasungu and Mzuzu ADDs. The steering committee has been established and meets periodically to review the implementation of the project and provide its guidance. As per the appraisal report the Project Management Information System (MIS) has been established. Consultation meetings with the stakeholders in the Macadamia industry was held and will be repeated to ensure the involvement of all stakeholders in the implementation of the project. Baseline survey indicated that so far there are 57 macadamia farmers with 1128 macadamia trees in Kasungu and Mzuzu ADDs. 93 of the planned 100 macadamia production groups have been established and mobilized. More groups will be formed because the interest in the macadamia in the area is rising. Farmers in the area

have planted over 4000 macadamia trees between December 2001 and January 2002. All training activities are going on as planned and progress is envisaged in the near future. Research and Extension support is in progress and will be strengthened to ensure that farmers get adequate support in macadamia production.

**2.6.24 *Impact on Development:*** This a project aimed at improving livelihood of the project areas and from all indication this will be achieved. It is already obvious that there is a lot of interest in the macadamia production in the project sites and the projected achievement may be far greater than the set target by the time the project is fully implemented. The impact on development will be good and achievable.

2.6.25 The performance rating of the project is summarized in the Table below.

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
2	2	2.3	1.5	2	1.9

***Mwanza Rural Development Project***

<u>Amount Net of Cancellation:</u> 8.01 million	<u>Window:</u> ADF	<u>Amount Disbursed:</u> UA 3.55 million <u>Disbursement Rate:</u> 44.3%
<u>Date of Approval:</u> 27/08/91	<u>Date of Signature:</u> 13/05/92	<u>Date of Effectiveness:</u> 11/03/93
<u>Disbursement deadline:</u> 30/06/03	Project Implementation Unit: Established and Operating	
<u>Project Audit:</u> 2001 report outstanding <u>Date of Last Supervision:</u> July 2002	Submission of Quarterly Progress Report: Regular	
<u>Project Objective and Description:</u> The project seeks to increase the incomes and to improve the welfare of the smallholder population of the Mwanza District, protect the land resources and maintain and raise long term productivity of the land and improve the nation's balance of payments by increasing production of export and import substitution agricultural commodities. The project comprises six components: i) Extension, Research & Training; ii) Credit & Marketing; iii) Land Resource Management; iv) Livestock Development; v) Infrastructure Development; and vi) Support to Project Management.		

**2.6.26 *Project Progress:*** The project was approved on August 27<sup>th</sup> 1991 and loan signature took place on May 13, 1992. i.e. 9 months after Board approval. The project became effective on March 11, 1993, i.e. 10 months delay after loan signature. The project audit reports and quarterly progress reports have been regularly prepared and submitted to the Bank For the year 2002 audit, arrangements are being made with the Auditor General to audit the account before end of December 2002. The quarterly progress report for the 3<sup>rd</sup> Quarter of 2002 has been finalized and will be submitted to the Bank in due course. All other conditions have been fulfilled by the Executing Agency. The deadline for final disbursement has been extended to June 30, 2003.

**2.6.27 *Procurement Performance:*** Procurement process has been going on satisfactorily. The EA adheres to the Bank procurement rules and procedures for the procurement of goods outputs and services.

**2.6.28 *Financial Performance:*** The flow of funds particularly to the project has been unsatisfactory. As at September 3, 2002 total disbursement is UA 3.5 million (44%) out of the loan amount of UA 8.01 million. The Government's contribution to the project stands at MWK

23,307,535. From July 2002 to June 2003 the Government has set aside MWK 51,138,949 to finance agricultural and operational costs of the project.

**2.6.29 *Activities and Outputs:*** The project implementation is behind schedule. Initially the deadline for project completion was scheduled December 31, 1998. This date has been extended to June 30, 2003. Performance of Consultants and Contractors has been satisfactory; however, due to the suspension of loan disbursement for 8 months and none payment of contractors. In this context some contractors stopped since December 1999. The EA is in the process of preparing the bidding documents for the completion of the civil outputs, which will be split into three lots with maximum duration not beyond June 30, 2003. The high staff turn-over in project management has also impacted adversely on project follow-up and non adherence in some cases to Bank rules and procedure.

**2.6.30 *Impact on Development:*** This project has direct impact in the rural areas of Mwanza district and particularly in respect of the application by farmers of improved farming techniques advocated under the project.

**2.6.31 *Overall Assessment:*** The performance rating of the project is summarized in the Table below.

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
2.3	1.5	2.3	1.5	2.3	1.9

*National Livestock Development Project*

<u>Amount Net of Cancellation:</u> UA 10.98 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 6.33 million <u>Disbursement Rate:</u> 57.68%
<u>Date of Approval:</u> 18/01/88	<u>Date of Signature:</u> 22/02/89	<u>Date of Effectiveness:</u> 10/05/90
<u>Disbursement deadline:</u> 30/09/02	<u>Project Implementation Unit:</u> PIU for National Livestock Project	
<u>Project Audit:</u> Audit reports for 2000, 2001 and 2002 outstanding	<u>Submission of Quarterly Progress Report:</u> Submitted regularly	
<u>Date of Last Supervision:</u> June 2002		
<u>Project Objective and Description:</u> The project aims at enhancing national self-sufficiency in nutritional animal proteins, through national production and at improving incomes and welfare of smallholder producers. To achieve these objectives the project is to provide assistance to the poultry and beef production sub-sectors as well as institutional support to the Department of Animal Health and Industry and the livestock services in the Agricultural Development Divisions. It has the following components (i) Development of Dzalanyama Ranch; (ii) Development of the Mikolongwe Dairy Complex; (iii) Bwemba Hatchery (Expansion of the Black Australorp Village Poultry Upgrading Programme). (iv) Mzuzu Hatchery (Expansion of the Black Australorp Village Poultry Upgrading Programme). (v) Mikolongwe Hatchery (Expansion of the Black Australorp Village Poultry Upgrading Programme). (vi) Institutional Support to the Livestock Extension/Field Services of the Agricultural Development Divisions (ADDs); (vii) Development of the Livestock Sector in the Northern Region; (viii) Institutional Support to the Project Management Unit within the Department of Animal Health; (ix) Training; and (x) Technical Assistance.		

**2.6.32 *Project Description:*** The project aims at enhancing national self-sufficiency in nutritional animal proteins, through national production and at improving incomes and welfare of smallholder producers. To achieve these objectives the project is to provide assistance to the

poultry and beef production sub-sectors as well as institutional support to the Department of Animal Health and Industry and the livestock services in the Agricultural Development Divisions. It has the following components (i) Development of Dzalanyama Ranch; (ii) Development of the Mikolongwe Dairy Complex; (iii) Bwemba Hatchery (Expansion of the Black Australorp Village Poultry Upgrading Programme). (iv) Mzuzu Hatchery (Expansion of the Black Australorp Village Poultry Upgrading Programme). (v) Mikolongwe Hatchery (Expansion of the Black Australorp Village Poultry Upgrading Programme). (vi) Institutional Support to the Livestock Extension/Field Services of the Agricultural Development Divisions (ADDs); (vii) Development of the Livestock Sector in the Northern Region; (viii) Institutional Support to the Project Management Unit within the Department of Animal Health; (ix) Training; and (x) Technical Assistance.

**2.6.33** *Project Progress:* The project suffered delay in fulfilment of loan conditions and had several suspensions due to non compliance with loan agreement. This has resulted in extended periods of implementation.

**2.6.34** *Procurement performance:* Satisfactory. The project management received training in procurement and disbursement and this has resulted in timely preparation, evaluation of bids and negotiation of contracts. The project generally observes the rules and procedure of procurement of goods and services of the Bank.

**2.6.35** *Financial Performance:* Progress has been achieved in terms of disbursement and financial reporting and auditing. The Bank has met the requirement of the borrower in terms of foreign exchange and the government has fulfilled its pledge in providing its own contribution to the project. The disbursement status is 55%. This is expected to increase by the end of the project period. There is no cost over run.

**2.6.36** *Activities and Outputs:* The project's physical implementation is estimated at 65% completed. The major outstanding activities are civil outputs, and training. The deadline for final disbursement is 30<sup>th</sup> September 2002. The GOM anticipating that the remaining activities will not be completed by the deadline. This may be due to poor adherence to implementation schedule. Considerable progress in the implementation of the project has been achieved from 1999 to date after the lifting of suspension on the project and the establishment of a Project Management unit as prescribed in the reformulated project. The performance of the contractors has been satisfactory. It is expected that more efforts will be put in completing the remaining activities to achieve the objectives of the project.

**2.6.37** *Impact on Development:* The project is directed at all the aspect of livestock development in Malawi. Successful implementation of the project will result in enhancing livestock development of the country. The developmental impact of the project so far is satisfactory. Training is going on as per the training programme and schedule as a necessary requirement of the GOM for capacity building. This will strengthen middleman power development in the country. The government is in the process of putting in place a mechanism of commercializing the operations of the production units. This is to ensure sustainability and effective management of the production units. The project is likely to achieve its development objectives because it still will remain a major source of breeding animals in the country and is providing income generation for the smallholder livestock producers in the country.

**2.6.38** *Overall Assessment:* The performance rating of the project is summarized in the Table below.

Project Progress	Procurement Performance	Financial Management	Activities and Outputs	Impact on Development	Overall Assessment
2.2	3.0	2.4	2.1	2.0	2.3

Rural Income Enhancement Project

<u>Amount Net of Cancellation:</u> UA 7.06 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 1.09 million <u>Disbursement Rate:</u> 15.44%
<u>Date of Approval:</u> 10/12/97	<u>Date of Signature:</u> 27/05/98	<u>Date of Effectiveness:</u> 01/02/00
<u>Disbursement deadline:</u> 30/06/04	<u>Project Implementation Unit:</u>	
<u>Project Audit:</u> Not yet due  <u>Date of Last Supervision:</u> June 2002.	<u>Submission of Quarterly Progress Report:</u> Submitted regularly.	
<u>Project Objective and Description:</u> The ADF Board of Directors approved the project in September 1997 and the loan became effective in February 2000. The objective of the project is to increase the incomes of the smallholder and women farmers, who are presently classified as ultra poor, and to alleviate poverty. This will be achieved through participatory approach, access of participants to improved farming technology, credit and markets. The project has three main components: (i) Agricultural Development, including training and extension, improved seed and planting materials, soil and water conservation, small ruminant livestock, and smallscale irrigation through diversion weirs and dug wells with indigenous treadle pumps; (ii) Rural Infrastructure including construction and rehabilitation of rural and access roads and provision of potable water supply; and (iii) Project Implementation and Management, including poverty monitoring.		

2.6.39 Project Description: The ADF Board of Directors approved the project in September 1997 and the loan became effective in February 2000. The objective of the project is to increase the incomes of the smallholder and women farmers, who are presently classified as ultra poor, and to alleviate poverty. This will be achieved through participatory approach, access of participants to improved farming technology, credit and markets. The project has three main components: (i) Agricultural Development, including training and extension, improved seed and planting materials, soil and water conservation, small ruminant livestock, and smallscale irrigation through diversion weirs and dug wells with indigenous treadle pumps; (ii) Rural Infrastructure including construction and rehabilitation of rural and access roads and provision of potable water supply; and (iii) Project Implementation and Management, including poverty monitoring.

2.6.40 Project Progress: The Project Implementation Unit (PIU) was established in March 2001 after a delay in fulfillment of loan conditions and other conditions. The delay was for about 23 months.

2.6.41 Procurement performance: The project management has received training in procurement and disbursement and are now conversant with preparation, evaluation of bids. They are also conversant with contracts preparations and negotiation. Consultancy services will be procured later in the project and its performance will be monitored.

2.6.42 Financial Performance: Generally satisfactory. The provision of foreign exchange has been met by the Bank and government contribution has also been met. Disbursement into the Special account has been effected and it is expected that this will help in the immediate commencement of the project activities. The project is timely in submitting its progress reports. It is not yet due for auditing, but already a firm has been selected to audit the project as and when due.

2.6.43 Activities and Outputs: The PMU has been established, few sensitization outputshops have been done and other activities will commence in earnest. The implementation schedule of the project is adhered to in project execution. The technical assistants project management is performing satisfactorily.

**2.6.44 *Impact on Development:*** The impact on development of this project is expected to be high since it is directed at the ultra-poor of the society for poverty alleviation. This will be monitored once the project activities commence. It is expected that the development objectives will be achieved and the benefits will be realized at the end of the project.

**2.6.45 *Overall Assessment:*** The performance rating of the project is summarized in the Table below.

Project Progress	Procurement Performance	Financial Management	Activities and Outputs	Impact on Development	Overall Assessment
2.5	2.5	3	2.5	2	2..5

*Special Programme for Food Security*

<u>Amount Net of Cancellation:</u> UA 0.73 million	<u>Window:</u> TAF	<u>Amount disbursed:</u> UA 0.73 million <u>Disbursement Rate:</u> 100%
<u>Date of Approval:</u> 19/06/00	<u>Date of Signature:</u> 21/12/00	<u>Date of Effectiveness:</u> 17/4/2001
<u>Disbursement deadline:</u> 30/06/04	<u>Project Implementation Unit:</u> FAO with Ministry of Agriculture and Irrigation.	
<u>Project Audit:</u> Due to be submitted by end December 2002	<u>Submission of Quarterly Progress Report:</u> No reports have been submitted to the Bank by FAO, which is the project's executing agency.	
<u>Date of Last Supervision:</u> Has not yet been supervised		
<u>Project Objective and Description:</u> This is a pilot programme which seeks to contribute to the improvement of household and national food security. This will be achieved through identifying and test applying appropriate technologies for improving agricultural productivity and production and to define strategies, including institutions for enabling the food insecure smallholders to access these technologies and to apply them on a sustainable basis. The project has three components namely (i) Water Control and Management (ii) Intensification and Diversification and (iii) Constraints Analysis, Monitoring and Evaluation, and Project Coordination.		

**2.6.46 *Project Progress:*** The SPFS was approved on 19<sup>th</sup> June 2000 and first and final disbursement was made on 23<sup>rd</sup> October 2001. The conditions precedent to first disbursement of the grant were met after a period of about one year, which delayed commencement of project activities. The GOM has made all the necessary accommodation arrangements for the 4 Technical Experts and the 32 technicians in the ADDs and RDPs as per the South-South agreement.

**2.6.47 *Procurement Performance:*** All procurement will be done according to FAO's rules of procedure. The FAO has so far provided a vehicle for the project coordination unit and acquired one pick-up van for the Technical Experts. FAO is also in the process of procuring motorcycles for the technicians.

**2.6.48 *Financial Performance:*** The programme of disbursement as per the appraisal document is by single disbursement of UA 730,000.00 (100%) directly to FAO who will implement the project. This disbursement was effected on 23<sup>rd</sup> October 2001. The Bank has therefore fulfilled its obligation in terms of provision of funds towards the implementation of the project.

**2.6.49 *Activities and Outputs:*** The initial commencement date was June 2001 for a period of three years that is to end in May 2004. Four of the project's experts arrived for duty in Malawi at the end of July 2002. The Government has provided them with office accommodation and

furnished housing and they have since been deployed to their respective departments – crops, livestock, irrigation and fisheries. Project vehicles have also been bought and assigned to each of them. The experts are currently undertaking country-wide familiarization visits and reviewing relevant sub-sector policies and papers. Some eight of the project’s irrigation technicians are expected to arrive in Malawi by end September 2002. They would subsequently be assigned to the Rural Development Divisions (RDPs). The Government has acquired housing for them and motor bikes have been procured using project funds. The Government has not yet submitted the project’s revised implementation programme to the Bank. A reminder has been sent to the Government in this regard. A co-coordinator has been appointed. The implementation and execution of the programme is directly under the FAO.

*2.6.50 Impact on Development:* SPFS is a pilot programme. The success of this pilot programme will result in expanding the programme to cover more areas nation-wide.

*2.6.51 Overall Assessment:* The performance rating of the project is summarized in the Table below.

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
1	1	2.4	1	1	1.4

*Small Scale Irrigation Development Study*

<u>Amount Net of Cancellation:</u> UA 1.12 million	<u>Window:</u> TAF	<u>Amount disbursed:</u> UA 0.29 million <u>Disbursement rate:</u> 26.4%
<u>Date of Approval:</u> 26/11/98	<u>Date of Signature:</u> 13/01/99	<u>Date of Effectiveness:</u> 19/11/99
<u>Disbursement deadline:</u> 30/09/02	<u>Project Implementation Unit:</u>	
<u>Project Audit:</u> n.a <u>Date of Last Supervision:</u> Follow up in May 2002	<u>Submission of Quarterly Progress Report:</u> Regular	
<u>Project Objective and Description:</u> The study forms an integral part of the concerted efforts of the donor community to develop small-scale irrigation projects in Malawi. The study will provide a benchmark database for future Bank Group interventions. The specific objective of the study is to identify and prepare viable small-scale irrigation development projects that will be technically, economically and financially feasible as well as socially and environmentally desirable. The study basically comprises three sequentially related phases and requires a multi-disciplinary approach in its execution to cover all issues related to irrigation for agricultural and rural development.		

*2.6.52 Project Progress:* The study took about one year to become effective, which delayed the commencement of the study’s activities.

*2.6.53 Procurement Performance:* The two vehicles for the Study were procured without delay and Government promptly provided the required tax exemption for its importation.

*2.6.54 Financial Performance:* Payment to the Consulting Firm carrying out the assignment was made according to schedule and on time. The second disbursement to the consultants will be made when the first phase report is found satisfactory and the Bank receives a request for disbursement. The Government made available relevant counterpart staff and allocated a suitably furnished building for the Study team as its contribution to the Study.

**2.6.55 *Activities and Outputs:*** The consultants have carried out activities as envisaged for the Study by covering the country during the first phase and collecting data. A sensitization outputshop was held for stakeholders on the objectives of, and methodology for the study before the commencement of Study activities. The consulting firm concluded its inception report that was reviewed by both the Government and Bank and found satisfactory in August 2001. The first phase report was submitted by the consultant to the Government in January 2002 and is being reviewed by Government after which a National Outputshop will be held on its findings.

**2.6.56 *Impact on Development:*** Five potential projects have been identified and will be fully prepared during the second phase of the study. Also, the project will contribute towards strengthening national capacity as there are local counterpart staff, who work with the consultants.

**2.6.57 *Overall Assessment:*** The performance rating of the project is summarized in the Table below.

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
2	2	2.8	2	2	2.2

#### *Smallholder Irrigation Project*

<u>Amount Net of Cancellation:</u> UA 5.02 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 0.13 million <u>Disbursement Rate:</u> 2.65%
<u>Date of Approval:</u> 26/11/98	<u>Date of Signature:</u> 24/05/99	<u>Date of Effectiveness:</u> 13/4/00
<u>Disbursement deadline:</u> 31/07/05	<u>Project Implementation Unit:</u> Project Management Office in the Ministry of Agriculture and Irrigation	
<u>Project Audit:</u> not due yet <u>Date of Last Supervision:</u> Follow up in May 2002	<u>Submission of Quarterly Progress Report:</u> regular submission	
<u>Project Objective and Description:</u> The project will contribute to the Malawi Government's efforts to build technical capacity of the Department of Irrigation, University of Malawi, Natural Resources College, selected NGOs and microfinance intermediary and develop smallscale irrigation schemes. The project will contribute to poverty reduction by promoting broad based accelerated agricultural development. Specifically, the project will contribute to food security by increasing the irrigated land area by 4, 600 ha, and increasing agricultural productivity of about 10,000 smallholder farmers.		

**2.6.58 *Project Progress:*** The project was only recently declared effective.

**2.6.59 *Procurement Performance:*** Specific Procurement Notices for the engagement of NGOs and MFIs to train beneficiaries and manage credit, respectively, have been approved by the Bank. The notices will be advertised in the national dailies by mid-February 2002. The Bank deemed the evaluation report for the supply of vehicles and office equipment satisfactory and contracts have just been signed with the supplier.

**2.6.60 *Financial Performance:*** Satisfactory. First disbursement into the Special Account was made in December 2001.

**2.6.61 *Activities and Outputs:*** Sensitization outputshops for the farmers and local leaders are being carried out in the Extension Planning Areas (EPAs). The TOR and The Baseline Survey

scheduled for January 2002 has not taken off although Government had selected the consultant for the assignment and contract signed. The Bank requested amendments to the Terms of Reference (TOR) to include mid-term and final evaluations. The updated contract including the TOR were sent to the Bank in end January 2002; response is awaited from the Bank. Has been delayed for the Baseline Survey because of the request of the Bank to increase the scope of the assignment.

**2.6.62 *Impact on Development:*** Once implementation of project activities begins it is envisaged that there will be increased agricultural production and income particularly for the beneficiaries.

**2.6.63 *Overall Assessment:*** The performance rating of the project is summarized in the Table below.

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
1.5	1.5	2	1.3	2	1.7

***Smallholder Outgrower Sugarcane Production Project***

<u>Amount Net of Cancellation:</u> UA 8.93 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 1.11 million <u>Disbursement Rate:</u> 12.5%
<u>Date of Approval:</u> 15/12/99	<u>Date of Signature:</u> 10/02/00	<u>Date of Effectiveness:</u> 08/11/00
<u>Disbursement deadline:</u> 30/06/06	<u>Project Implementation Unit:</u>	
<u>Project Audit:</u> Not yet due	<u>Submission of Quarterly Progress Report:</u> Regular	
<u>Date of Last Supervision:</u> Follow up in May 2002		
<u>Project Objective and Description:</u> The specific objective of the project is to increase sugar-cane production by small-holder outgrower farmers around Dwangwa through better access to irrigation, advisory services and other physical inputs. The project will pump the waters of Lake Malawi and River Mkoma to supply centre-pivot/surface irrigation systems for land planted to sugar-cane. The project will also improve institutional and human resource capacity in overhead irrigation technology and cane husbandry for project beneficiaries and staff, establish and efficiently manage an input credit system, and provide potable water supply and sanitation improvements.		

**2.6.64 *Project Progress:*** The project took about one year to become effective, which delayed the commencement of project activities.

**2.6.65 *Procurement Performance:*** The project has procured sugarcane handling equipment while the delivery of field machinery is scheduled for February 2002. The Technical Assistance (TA) team (comprising a Financial Expert, a Project Co-ordinator, a procurement officer has been selected. The evaluation report for the supply of vehicles, office equipment and field radio system, as well as the Terms of Reference for the design of the irrigation system have been deemed satisfactory by the Bank.

**2.6.66 *Financial Performance:*** Generally satisfactory. Disbursement into the Special account has been effected and it is expected that this will help in the commencement of the project activities. The initial payment to the consulting firm providing the TA has been made. The request for payment to the supplier of the cane hauling equipment has also been made.

**2.6.67 *Activities and Outputs:*** the project has established a 75-hectare seed cane field for the next planting season and about 175 hectares have been planted to commercial sugarcane for the 2001/2002 cropping season. With the receipt of funds activities will accelerate. The project co-

ordinator assumed duty in December 2001. The remaining officers will resume duties according to schedule in February and April 2002.

*2.6.68 Impact on Development:* The impact on development of this project is expected to be high since it is in the export-oriented sector of the economy. This will be monitored once the project activities commence.

*2.6.69 Overall Assessment:* Satisfactory.

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
1	2	2.4	2	2	1.9

### Industrial Sector

2.6.70 In the Industrial Sector, the Bank Group approved two studies and two lines of credit. Three operations have been completed. Total commitments, net of cancellation, reached UA 7.8 million. Out of this amount, approximately UA 3.3 million has been disbursed, representing 42.6% disbursement rate.

*2.6.71 Line of Credit to INDEBANK*

<u>Amount Net of Cancellation:</u> UA 5.00 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 0.98 million <u>Disbursement Rate:</u> 19.69%
<u>Date of Approval:</u> 12/12/96	<u>Date of Signature:</u> 08/01/98	<u>Date of Effectiveness:</u> 31/03/99
<u>Disbursement deadline:</u> 30/06/03	<u>Project Implementation Unit:</u>	
<u>Project Audit: Outstanding</u> <u>Date of Last Supervision:</u> 8-12 July 2002	<u>Submission of Quarterly Progress Report:</u> not regular	
<u>Project Objective and Description:</u> : An ADF Line of Credit (LOC) of UA 5.0 million to the Investment and Development Bank of Malawi (INDEbank) was approved in December 1996. The objective of the LOC is to provide foreign currency denominated financial resources to INDEBANK to enable the institution to extend term lending to private sector small and medium scale enterprises. The project also aims at promoting micro-enterprises in Malawi, through the establishment of a fund to finance local micro-finance intermediaries.		

*2.6.72 Project Progress:* Due to a delay in the parliament approval of the loan, it was signed in January 1998, 13 months after Bank's approval. The loan became effective more than a year in March 1999, after its signature, due to delay in the fulfilment of the conditions prior to entry into force. Furthermore, the overall unfavourable macro economic conditions, characterized by high inflation, high interest rate and the devaluation of the Malawi Kwacha, as well as the institutional uncertainty of the INDEBANK resulted in further delay in the commencement of the use of the LOC to finance sub-projects. In 2001, the LOC has financed two sub-projects and is presently in process of financing the third.

*2.6.73 Procurement Performance:* Not applicable.

*2.6.74 Financial Performance:* The financial performance of the project is satisfactory as all the sub-projects financed by the LOC are servicing their loans on time.

**2.6.75 *Activities and Outputs:*** In June 2000 the Board of INDEBANK ended the institutional uncertainty, with the merger of the INDEBANK and INDEFINANCE (an investment bank which was wholly owned by the former). Following the merger, INDEBANK started submitting requests for financing sub-projects. So far the ADB has received requests for five sub-projects, of which four have been approved by ADF, of which three are fully implemented and one is awaiting disbursement.

**2.6.76 *Impact on Development:*** The sub-projects financed by the LOC will generate employment, earn or save foreign exchange, facilitate the transfer of technology and help to improve the skills of the labour force in Malawi. The sub-projects will exploit local resources and increase the value-added for both local and external markets, they will also contribute to the alleviation of poverty through utilization of local raw materials, which are produced in the rural areas, especially agricultural produce. The allocation of part of the line of credit income to micro-financing schemes will directly target poverty and assist the poor population in raising their income generation abilities.

**2.6.77 *Overall Assessment:*** The rate of implementation of the LOC has been very slow since inception. Furthermore, the institutional restructuring of Indebank has transformed the institution from a development bank into a commercial bank with new core investors. The operational focus of the new investors is not yet clear. In view of these, the overall assessment of the LOC is unsatisfactory.

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
2	2	2	1.5	1.3	1.75

### Social Sector

#### **Rural Health Care Project III**

<u>Amount Net of Cancellation:</u> UA 10.00 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 0.552 million <u>Disbursement Rate:</u> 0.55%
<u>Date of Approval:</u> 08/11/00	<u>Date of Signature:</u> 26/03/01	<u>Date of Effectiveness:</u> 02/10/01
<u>Disbursement deadline:</u> 31/12/05	<u>Project Implementation Unit:</u> Ministry of Health	
<u>Project Audit:</u> N.A	<u>Submission of Quarterly Progress Report:</u> Regular	
<u>Date of Last Supervision:</u> March 2002		
<u>Project Objective and Description:</u> The project was approved on 08.11.2000 for an ADF loan of UA 10.00 million. The loan was signed on 26.03.01 and entered into force on 14.12.01. The objective of the project is to enhance access to health care and improve quality of care for rural communities through improved primary health care infrastructure, support to the human resources development programme, control of infectious diseases (e.g. HIV/AIDS) and management capacity building both at the central and district levels. Attainment of this objective will contribute to Government's effort to improve the general health status of the population, and to increase access to health care facilities and basic health care services.		

**2.6.78 *Project Progress:*** Borrower's performance in the fulfillment of loan conditions has been satisfactory. The loan was signed 4 months after it was approved and the conditions precedent to

entry into force were fulfilled after a lapse of 9 months. The fulfillment of the other conditions is experiencing some delays.

*2.6.79 Procurement Performance:* Given the recent establishment of the project coordination unit (PCU) in the MOH, to date the procurement of goods and services has been satisfactory and is being carried out in line with the Bank's rules of procedure. The procurement process for the recruitment of the staff of the PCU and the purchase of project vehicles and office equipment has been successfully completed. The procurement of laboratory equipment for district and central hospitals is close to completion. The procurement for the items under the components is currently on-going.

*2.6.80 Financial Performance:* The availability of both foreign exchange and local currency has not been a problem. To date the Bank has disbursed UA 552,142.39 (5.52%). The Government has commenced disbursing to the local account as part of the counterpart contribution to the project financing.

*2.6.81 Activities and Outputs:* Adherence to the implementation schedule has been satisfactory. The procurement process for all the components is going. The recruitment of the staff for the PIU under the project management component is completed. The office equipment and vehicles have been satisfactorily supplied. The performance of project management is satisfactory according to the agreed Terms of reference.

*2.6.82 Impact on Development:* It is too early to assess the impact of the project on development. However, upon completion, it is anticipated that the provision of primary health services will be improved; the skills of the staff will be enhanced; the laboratory services for the control of HIV/AIDS will be strengthened and management capacity of the Ministry of Health will be strengthened. The project will contribute to goals and objectives of the National Health Plan.

*2.6.83 Overall Assessment:* The performance rating of the project is summarized in the Table below.

<b>Project Progress</b>	<b>Procurement Performance</b>	<b>Financial Performance</b>	<b>Activities and Outputs</b>	<b>Impact on Development</b>	<b>Overall Assessment</b>
2.0	2.5	2.0	2.0	2.0	2.1

Support to the National Aids Control Programme

<u>Amount Net of Cancellation:</u> UA 1.00 million	<u>Window:</u> TAF	<u>Amount disbursed:</u> UA 0.64 million Disbursement rate: 64%
<u>Date of Approval:</u> 15/12/99	<u>Date of Signature:</u> 10/02/00	<u>Date of Effectiveness:</u> 20/12/00
<u>Disbursement deadline:</u> 30/11/03	<u>Project Implementation Unit:</u> National AIDS Commission	
<u>Project Audit:</u> No reports outstanding.	<u>Submission of Quarterly Progress Report:</u> Regular	
<u>Date of Last Supervision:</u> March 2002		
<u>Project Objective and Description:</u> The project was approved on 14.12.99 for a TAF grant of UA 1.00 million. The grant was signed on 10.02.00 and became effectively immediately. The objective of the project is to strengthen the capacity of the National AIDS Secretariat to coordinate the implementation of the Plan in order to reduce the spread of the epidemic. Attainment of this objective will contribute to Government's effort to improve the health status of the population by reducing the incidence of HIV/AIDS. In order to achieve this objective, the project focuses on the provision of technical assistance, consultancy services, training, equipment and supplies, and operating costs.		

**2.6.84 Project Progress:** Grant recipient's performance in the fulfillment of grant conditions has been satisfactory. The grant was signed after 2 months, and the conditions precedent to first disbursement were fulfilled on 20.12.00. The fulfillment of other conditions is satisfactory.

**2.6.85 Procurement Performance:** The procurement of goods and services has been satisfactory and is being carried out in line with the Bank's rules of procedure. The bidding process of some of the items is on-going, while others (technical assistance, equipment, vehicles) is completed.

**2.6.86 Financial Performance:** The availability of both foreign exchange and local currency is not a problem. About UA 640,108.96 (64.02%) of the grant has been disbursed.

**2.6.87 Activities and Outputs:** The recruitment of the project coordinator is completed, while the procurement of the activities of all the categories is on-going. The interviews for the recruitment of technical experts for National AIDS Council are on-going. The initial disbursement to the Special Account is effected.

**2.6.88 Impact on Development:** The project has strengthened the capacity of the National AIDS Secretariat to coordinate the implementation of the National HIV/AIDS Strategic Framework. It has provided technical expertise, training, equipment, and operating costs.

**2.6.89 Overall Assessment:** The performance rating of the project is summarized in the Table below.

<b>Project Progress</b>	<b>Procurement Performance</b>	<b>Financial Performance</b>	<b>Activities and Outputs</b>	<b>Impact on Development</b>	<b>Overall Assessment</b>
2.3	2.5	2.5	2.0	2.5	2.3

Education III Project

<u>Amount Net of Cancellation:</u> UA 12.00 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 7.72 million <u>Disbursement Rate:</u> 64.32%
Date of Approval: 05/05/97	Date of Signature: 29/05/97	Date of Effectiveness: 05/08/98
Disbursement deadline: 31/12/03	Project Implementation Unit: ADF Project Implementation Unit.	
Project Audit: No report outstanding  Date of Last Supervision: Mid-term review in April 2002.	Submission of Quarterly Progress Report: Regular	
<u>Project Objective and Description:</u> The project was approved on 5/5/97 for an ADF loan amount of UA 12.00 million. The loan was signed on 29/5/97 and entered into force on 5/8/98. The objective of the project is to increase access to, and improve the quality of, primary education in ten districts and secondary education in three districts through the establishment of 10 primary schools, 3 day secondary schools and 2 district education offices; and provide institutional support to the Planning Unit and in-service training to primary school teachers.		

2.6.90 Project Progress: Borrower performance in the fulfillment of loan conditions has been satisfactory. The loan was signed 3 weeks after it was approved, but the conditions precedent to entry into force were fulfilled 13 months after the loan was signed.

2.6.91 Procurement Performance: The procurement of goods and services has been satisfactory and is being carried out in line with the Bank's rules of procedure. However, recent changes in the review process of tender evaluation reports by the government resulted in the delay of awards of some contracts.

2.6.92 Financial Performance: The availability of both foreign exchange and local currency has not been a problem. About 65% of the loan has been disbursed.

2.6.93 Activities and outputs: Adherence to the implementation schedule has been satisfactory, although poor performance of some contractors slowed work at some of the sites. The management of the project is very satisfactory.

2.6.94 Impact on Development: The project is contributing to the expansion and improvement of primary and secondary education. Six of the 10 primary schools that the project aimed to established are complete, providing 5,000 school places. And, the establishment of the other 4 primary schools, 3 secondary schools and 2 district education offices is underway. Primary school teachers received short-term in-service teacher training and the capacity for educational planning has been strengthened.

2.6.95 *Overall Assessment:* The performance rating of the project is summarized in the Table below

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
2.3	2	2.5	2.25	3	2.4

*Poverty Reduction Project*

<u>Amount Net of Cancellation:</u> ADF: UA 7.00 million TAF: UA 2.00 million	<u>Window:</u> ADF, TAF	<u>Amount disbursed:</u> ADF: UA 0.58 million TAF: UA 0.53 million  <u>Disbursement rate:</u> ADF: 8.3% TAF: 26.6%
Date of Approval: 10/12/98	Date of Signature: 24/05/99	Date of Effectiveness: 12/05/00
Disbursement deadline: ADF: 31/12/06 TAF: 31/3/05	Project Implementation Unit:	
Project Audit: No outstanding reports Date of Last Supervision: 26/8 – 13/9/02	Submission of Quarterly Progress Report: Regularly submitted	
<u>Project Objective and Description:</u> The main objective of the project is to strengthen the poverty monitoring systems; promote the formulation and implementation of community initiated sub-project that are in line with the District Development Plan; Build districts and community-level capacity to implement and monitor sub-projects; and Support micro-finance operations in five districts over five years. The project consists of the following four main components: Capacity Building for Poverty Reduction Activities; District Development Fund; Micro-finance Operations; and Project Management.		

2.6.96 The project was approved in 18.12.98 for a loan amount of UA 7 million from ADF and UA 2 million from TAF. The loan was signed on 24.5.99 and entered into force on 12.5.00. The project is being parallel financed with the UNDP's Local Governance Development Management Programme (LGDMP). UNDCDF funding will provide the initial allocations to the district Development Funds in twenty districts, five of which fall under the project, US\$12,750 million, out of the LGDMP credit of (US\$ 13,307 million for five years from 1997 to 2001).

2.6.97 *Project Progress:* Borrower performance in the fulfillment of loan conditions took about sixteen months after the after signing. However, significant progress has been made in the implementation of the project.

2.6.98 *Procurement Performance:* Delays in the recruitment of the procurement officer slowed down the procurement process. Ultimately, all goods and services foreseen in the annual procurement plan were acquired. Hence the procurement performance is rated as satisfactory.

2.6.99 *Financial Performance:* The availability of both foreign exchange and local currency has not been a problem. 30% of the loan has been disbursed.

**2.6.100 *Activities and outputs:*** Adherence to the implementation schedule has not been satisfactory. This is due to poor understanding of Government rules of procedure by the district Assembly staff, which has resulted in the slow implementation of the community sub-projects under the district development plans. The procurement of goods and services defined at appraisal, development of an integrated National Poverty Monitoring System and capacity building of the district and community level structures to support the decentralization are now underway. Study fellowships for the five long-term training and 8 short-term training have been awarded to staff of the National Economic Council and Local Government and District Administration for the development of relevant skills for the establishment of an integrated Poverty Monitoring System and execution of the decentralization programme.

**2.6.101 *Impact on Development:*** The project is contributing to the implementation of the Government Poverty Strategy through the support to the decentralization programme. This is promoting greater participation in the formulation of development plans and implementation of the related interventions at the local level through the district assemblies. The project supports the development of an integrated Poverty Monitoring database that is to ensure the generation of the required data on the situation of poverty in Malawi for planning purposes. Furthermore, the project is supporting Government efforts to expand and improve access to micro-credit services for the economic empowerment of the poor in rural Malawi.

**2.6.102 *Overall Assessment:*** The performance rating of the project is summarized in the Table below.

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
2	2	2.5	1.7	2	2.0

*Education IV Project:* Not yet effective

<u>Amount Net of Cancellation:</u> UA 15 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> 0.00 million
Date of Approval: 21/11/01	Date of Signature: 5/8/2002	Date of Effectiveness: Not yet
Disbursement deadline: 31/12/06	Project Implementation Unit: ADF Project Implementation Unit.	
Project Audit: n.a Date of Last Supervision: n.a	Submission of Quarterly Progress Report: n.a	
<u>Project Objective and Description:</u>		

### Transport Sector

2.6.103 In the transport sector, the Bank Group has approved 15 operations (including 2 studies or TAs). The total net commitments in the sector reached UA125.2 million, of which UA 95.2 million has already been disbursed, implying a disbursement rate of 76%. Out of the 15 approved operations, 13 have been completed. A brief review of each on-going transport project is presented below.

Msulira - Nkhotakota Road Project

<u>Amount Net of Cancellation:</u> UA 12.06 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 8.15 <u>Disbursement Rate:</u> 67.6%.
<u>Date of Approval:</u> 25/11/91	<u>Date of Signature:</u> 13/5/92	<u>Date of Effectiveness:</u> 08/9/94
<u>Disbursement deadline:</u> 31/12/2003	<u>Project Implementation Unit:</u> National Roads Authority.	
<u>Project Audit:</u> No audit report submitted since 1997.	<u>Submission of Quarterly Progress Report:</u> Regular	
<u>Date of Last Supervision:</u> July 2002.		
<u>Project Objective and Description:</u> The project aims to increase the transport service levels and road safety by improving road surface conditions so as to reduce vehicle operating costs. The project consists of (i) the improvement of the existing gravel road to a bitumen standard road of 6.7 carriageway width with 2x1.5 meter shoulders over a total length of 75 km; and (ii) provision of consultancy service for pre-construction contract services and the supervision of construction. The total estimated project cost was U.A. 15.25 million. The ADF loan was for U.A. 12.065 million while the GOM contribution was U.A. 3.185 million.		

*2.6.104 Project Progress:* The project road suffered initial delays in implementation. The loan was approved in November 1991 and made effective in September 1993, a lapse of about two years. The supervision consultant was appointed in 1994. But the award of civil outputs contract was delayed till July 2000; mainly because of the delays in design review and re-tendering of the contract for civil outputs due to limited available funds. The civil outputs are scheduled for completion by November 2002 and currently the progress of the project is satisfactory.

*2.6.105 Procurement Performance:* The procurement delays had to do first with the consultancy services. The period of resolving the procurement impasse ranged from 12-18 months and this has significantly affected the implementation of the project. The above issue has been resolved and a consultant was appointed in 1994. Further, the civil outputs contract was re-tendered with reduced scope of the civil outputs in order to match the available funds. The civil outputs contract for reduced scope of outputs was awarded in June 2000. Overall the procurement performance is unsatisfactory.

*2.6.106 Financial Performance:* The foreign exchange requirements of the project are paid out by the Bank Group loan. The counterpart's funding to cover the local cost component of the project has so far been adequate. At present the rating is satisfactory. The project audit report submitted up to March 1997 and the GOM has been requested to submit the report for the period after March 1997, by end of August 2002. The consultant budget has been exhausted due mainly to the long delay in project implementation. The GOM will pay the extra cost for supervision work.

*2.6.107 Activities and Outputs:* After prolonged initial delays, physical civil outputs commenced in July 2000. Now the construction outputs are scheduled for completion by May 2003 and the outputs are progressing satisfactorily. The current rating is satisfactory. The original scope of outputs was reduced at re-tender stage to match the available funds. The alternative adopted covered 47 km of paved road and regraveling of the existing 33 km of road within the game reserve. The existing alignment in the game reserve has several bottlenecks on the escarpment, which would constrain future traffic flows. The design provides for a new alignment that significantly improves the geometrics and provides for a wider road with standards similar to the paved road section. The Executing Agency, which is the National Roads Authority (NRA),

approved a change in order to adopt the new alignment within the game reserve. The Bank gave its no objection.

*2.6.108 Impact on Development:* The benefits that will accrue, once the road project is completed, are likely to be sustained.

*2.6.109 Overall Assessment:* The performance rating of the project is summarized in the Table below

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
1.7	1	2.5	2.25	2	1.89

*Karonga - Chitipa (Lifulya-Chitipa Section) Road Project*

<u>Amount Net of Cancellation:</u> UA 13.54 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 0.00 million
<u>Date of Approval:</u> 15/12/99	<u>Date of Signature:</u> 10/02/00	<u>Date of Effectiveness:</u> 16/11/00
<u>Disbursement deadline:</u> 21/01/05	<u>Project Implementation Unit:</u> National Roads Authority (NRA)	
<u>Project Audit:</u> N/A <u>Date of Last Supervision:</u> 07/2002	<u>Submission of Quarterly Progress Report:</u> N/A	
<u>Project Objective and Description:</u> The objective of the project aim is to improve road transport services in the project area and to contribute to the promotion of regional integration, in particular between Malawi and Zambia. The project consists of (i) upgrading of the existing gravel road to a bitumen standard road of 6.7 carriageway width with 2x1.5 meter shoulders over a total length of 47.3 km; (ii) provision of consultancy service for pre-construction contract services and the supervision of construction; (iii) project audit services. The total estimated project cost was U.A. 16.04 million. The ADF loan is for U.A. 13.54 million while the GOM contribution is U.A. 2.50 million.		

*2.6.110 Project Progress:* The ADF loan for the project was approved in December 1999; and signed in February 2000. However, the GOM is yet to fulfil one of the loan conditions precedent to first disbursement. The outstanding loan condition relate to the provision of evidence by the GOM that funds have been secured for upgrading the Karonga-Lifulya road section. Because of this, to avoid commitments that would require immediate disbursements, all the procurement activities have been put on hold. This resulted in an implementation delay of about 24 months in relation to appraisal schedule. Currently the progress of the project is unsatisfactory due to the inability of the GOM to secure donor funds to fulfil the loan condition. The GOM is making efforts to secure funds from multilateral/bilateral donors for upgrading Karonga-Lifulya road section. A grant of US\$ 4.50 million has been secured from China for the construction of two bridges and 8 km road stretch linking the two bridges. This, however, leaves about 45 km of the section for which funds are required. Recently the ADB is also contemplating the possibility of financing the remaining Karonga-Lufilya section under ADF IX and the possibility of waiving the loan condition on co-financing.

*2.6.111 Procurement Performance:* The NRA has already initiated procurement activities. A consultant for project supervision has been selected following the Bank's procurement guidelines. Further, contractors have been pre-qualified for civil outputs contract. However, in view of the outstanding loan condition, the Bank advised the NRA to put on hold all the procurement activities. Overall, the procurement performance is satisfactory.

**2.6.112 *Financial Performance:*** According the appraisal, 100% of the foreign cost and 40% of the local cost of the project are paid out by the Bank Group loan. The counterpart's funding would cover the 60% of the local cost component of the project. However no disbursement has been effected so far because the loan is not yet effective.

**2.6.113 *Activities and Outputs:*** For the reasons mentioned above, there is already a delay of about 24 months.

**2.6.114 *Impact on Development:*** In spite of the current delays, once the project is completed it is anticipated that the project outputs at appraisal will eventually be realized and sustained.

**2.6.115 *Overall Assessment:*** The performance rating of the project is summarized in the Table below.

<b>Project Progress</b>	<b>Procurement Performance</b>	<b>Financial Performance</b>	<b>Activities and Outputs</b>	<b>Impact on Development</b>	<b>Overall Assessment</b>
1	3	n.a	1	2.75	2.0

### Multisector

2.6.116 The Bank Group approved a total commitment of UA 39 million to finance three Policy Based loans (Balance of Payments Support) and one institutional support grant. Out of the total commitment, UA 5 million was cancelled (the second tranche of the Structural Adjustment Loan). The three policy based loans were completed. This leaves only one on-going operation in the multi-sector, which is the institutional support project. Out of the total commitments, net of cancellation, UA 33 million was disbursed, resulting in 97.2% disbursement rate.

### *Institutional Support for Aid and Debt Management and Governance*

<u>Amount Net of Cancellation:</u> UA 1.00 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 0.24 million <u>Disbursement Rate:</u> 24%
<u>Date of Approval:</u> 18/10/00	<u>Date of Signature:</u> 26/03/01	<u>Date of Effectiveness:</u> 26/03/01
<u>Disbursement deadline:</u> 31/12/03	<u>Project Implementation Unit:</u> PIU in the Ministry of Finance	
<u>Project Audit:</u> Not yet due	<u>Submission of Quarterly Progress Report:</u> Regular	
<u>Date of Last Supervision:</u> August 2002		
<u>Project Objective and Description:</u> The UA 1.0 million ADF grant was approved in October 2000. The aim of the project is to reduce poverty, create employment opportunities, and achieve greater economic and social development through enhancing the co-ordination, allocation and utilization of external aid. The project also aims at promoting good governance, in the area of accountability, transparency and decentralization. These objectives will be realized by assisting the Government in formulating a comprehensive national aid and debt policy, and strengthening the capacities of all its ministries and agencies involved in aid and debt management. The project component include capacity building through training, technical assistance, equipment and vehicles, and operating cost. This project is co-financed by the UNDP (US \$ 300,000).		

**2.6.117 *Project Progress:*** All the conditions precedent to first disbursement have been satisfactorily fulfilled. With respect to the other conditions, four of them have been fulfilled. The two other conditions, which remain to be fulfilled, are related to (i) the recruitment of the training expert, and (ii) the submission, to the AfDB, of the training program prepared by the training expert. The authorities have indicated their intention to request the Bank to waive these two 'other conditions' in order to reallocate the funds earmarked for the training needs analysis to other training courses already identified in the Appraisal Report where budget shortfalls are anticipated. This was prompted by the fact that adverse price variances have been experienced in the activities implemented so far.

**2.6.118 *Procurement Performance:*** Procurement of vehicles is being carried out in conformity with Bank's rules of procedure. Following the Bank's no-objection to the quotations received by the PIU from IAPSO, the PIU has ordered the vehicles from IAPSO. The vehicles will be delivered in November 2002. IT equipment is also being procured through IAPSO. The PIU has, however, procured two cellular phones, office equipment and some stationary without following the Bank's rules of procedure. The PIU has also paid allowances to the evaluation team, which evaluated the proposals for the recruitment of the training expert, without Bank approval. These allowances are not provided for in the project's budget. The Bank's objection to these procurements have been communicated to the PIU.

**2.6.119 *Financial Performance:*** The Bank and UNDP finance the foreign exchange component of the project cost. UNDP's contribution has not yet been released. A disbursement was made to the special account in March 2002. A request for replenishment has been received by the Bank and is currently under processing. The flow of funds to the project is satisfactory at present. Release of GOM's contribution is satisfactory.

**2.6.120 *Activities and Outputs:*** in the course of 2001, the steering committee was formed, and all the required undertakings were submitted to the Bank. The Project Manager and the Project Accountant have been recruited and have assumed duty. Despite some delays, implementation of project activities is currently on course. Office equipment, vehicles are being procured. ADB desk staff in the MOFEP and the Project manager undertook a training visit at the Bank Headquarters. A workshop on Bank procurement and disbursement rules, governance and gender will be organized in Malawi in October by AMTA.

**2.6.121 *Impact on Development:*** The project will increase the efficiency of the allocation and utilization of external aid, and improve the accountability and transparency in the projects funded by the donors. It is also contributing towards strengthening institutional capacity through the training activities being implemented. Therefore, it is having a direct positive impact on the fight against poverty and the social and economic development in Malawi.

**2.6.122 *Overall Assessment:*** The performance rating of the project is summarized in the Table below.

<b>Project Progress</b>	<b>Procurement Performance</b>	<b>Financial Performance</b>	<b>Activities and Outputs</b>	<b>Impact on Development</b>	<b>Overall Assessment</b>
2.0	1.5	2.4	1.5	2	2.0

## Water and Sanitation Portfolio

### District Water Supply III Project

<u>Amount Net of Cancellation:</u> UA 12.42 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 3.61 million <u>Disbursement Rate:</u> 29.1%
<u>Date of Approval:</u> 03/12/97	<u>Date of Signature:</u> 27/05/98	<u>Date of Effectiveness:</u> 23/12/99
<u>Disbursement deadline:</u> 31/12/03	<u>Project Implementation Unit:</u> Project Liaison Unit in the Ministry of Water	
<u>Project Audit:</u> regular audits <u>Date of Last Supervision:</u> February 2002	<u>Submission of Quarterly Progress Report:</u> regular reports	
<u>Project Objective and Description:</u> The project comprises a) rehabilitation and augmentation of water supply schemes, six in the Northern Region, one in the Central Region and six in the Southern Region, and b) improvement of sanitation in the thirteen District Centers.		

*2.6.123 Project Progress:* The main conditions required for loan effectiveness were fulfilled within reasonable time period. However the condition related to the execution of management agreements between the Ministry of Water Development and each of the Regional Water Boards proved difficult to fulfil. This was tied to the World Bank financed National Water Development Program, hence the delay of twelve month from date of approval to date of effectiveness. These activities were realized long after the project approval; signature and date of effectiveness of the loan. Part of the delays is attributed to the delay in identifying the contractors as the result of the misunderstanding of the Bank rules and procedures on procurement by the consultant and the treatment of proposed discount of the one of the bidding firms. The design review is 100% completed. Good progress was made on the sanitation component for the Southern and Northern regions and the finalization of the modalities for undertaking the component in the Central Region is underway.

*2.6.124 Procurement Performance:* Procurement of Consultants' services was done timely using ICB. The contract between EA and Design Review and Outputs Supervision Consultant was signed on the 30 December 1999. The procurement of PIU staff was done based on a short list of individuals. PIU staff contracts were signed on 3 May 2000. The outputs contracts are procured through ICB. The outputs contracts were re-tendered on 9 November 2001 and bid evaluation report was completed on 23 February 2002. These had to be re-tendered due to problems associated with mi-procurement generally attributed to the transparency of the procurement process.

*2.6.125 Financial Performance:* To date only about 29.07% has been disbursed on the project. Initially there were some problems concerning the operation and management of special accounts, which were due to the fact that the Government of Malawi was not following the Bank disbursements rules. These problems led to the Bank's suspension of all disbursement to special accounts in Malawi between February and June 2001. The direct payment did not encounter problems. The audit reports have so far been regular, except for few delays in the issuing of the management letter.

*2.6.126 Activities and Outputs:* The design work is 100% completed. The activities associated with the Sanitation and Health Education Component has reported good progress with community mobilization and formation of committees. Work is still to commence in the Central Region pending the finalization of the work program. The quarterly reports of the Sanitation and Health Education Component have been irregular and late. The Management

has raised concerns about the performance of the Design Review and Supervision Consultant especially reporting delays and incomplete design review.

*2.6.127 Impact on development:* The project has had a positive impact on development as communities have been mobilized and will be provided with adequate quantity of water of improved quality. The welfare and health situation of affected communities will be enhanced with clean water and undertaking of the sanitation and health education training and capacity building programs.

*2.6.128 Overall Assessment:* The performance rating of the project is summarized in the Table below.

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
1.8	1.5	2.3	1.7	2.5	2

### District Centers Sanitation Study

<u>Amount Net of Cancellation:</u> UA 1.28 million	<u>Window:</u> ADF	<u>Amount disbursed:</u> UA 0.74 million <u>Disbursement Rate:</u> 57.5%
<u>Date of Approval:</u> 18/11/98	<u>Date of Signature:</u> 13/01/99	<u>Date of Effectiveness:</u> 01/08/00
<u>Disbursement deadline:</u> 31/12/02	<u>Project Implementation Unit:</u> same PIU as for DWSIII Project	
<u>Project Audit:</u> regular audits <u>Date of Last Supervision:</u> February 2002	<u>Submission of Quarterly Progress Report:</u> regular reports	
<u>Project Objective and Description:</u> The project entails the identification of appropriate means and ways of providing suitable sanitation services for the population in the seven district centers.		

*2.6.129 Project Progress:* All the relevant conditions were fulfilled timely following an agreement reached about the appropriate supervision mechanism for the study. The coordination was transferred from the Regional Water Boards to the PIU established under the District Water Supply III Project. Study started well and will be completed in time in fourth quarter of 2002. The study reports were presented late. The draft master plan has been presented and is being commented upon by all concerned parties.

*2.6.130 Procurement Performance:* The procurement of the study consultant was done timely using ICB. The advertisement for pre-qualification of consults was done in April 1999 and the letters of invitation for pre qualification of consultants were sent in January 2000 and Negotiations were done and contracts signed on November 2000 and it is therefore considered satisfactory.

*2.6.131 Financial Performance:* The financial performance is good.

*2.6.132 Activities and Outputs:* Despite initial teething problems, the quarterly reports have been regular due to close supervision by the Project Steering Committee.

*2.6.133 Impact on Development:* The results of the study will impact positively on the ongoing sanitation development, on the national sanitation policy formulation, and on the associated decentralization and institutional arrangement.

2.6.134 *Overall Assessment*: The performance rating of the project is summarized in the Table below.

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
1.8	2.6	2.6	1.8	2.0	2.2

*Integrated Rural Water Supply and Sanitation Project*

<u>Amount Net of Cancellation</u> : ADF: UA 8.49 million TAF: UA 1.1 million	<u>Window</u> : ADF, TAF	<u>Amount disbursed</u> : ADF: UA 0.00 TAF: UA0.0
Date of Approval: 05/12/01	Date of Signature: 05/08/02	Date of Effectiveness: not yet
Disbursement deadline: 31/12/2007	Project Implementation Unit: not yet	
Project Audit: n.a. Date of Last Supervision: February 2002	Submission of Quarterly Progress Report: n.a.	
<u>Project Objective and Description</u> : The project comprises the development of infrastructure, social and environmental support and institutional and project implementation support.		

2.6.135 *Project Progress*: The Bank approved the project on 5<sup>th</sup> December 2001. The loan and grant were signed on 5<sup>th</sup> August 2002. The fulfilment of Loan and Grant Protocol conditions are expected soon.

2.6.136 *Procurement Performance*: The procurement of outputs, goods and services are still to be realized.

2.6.137 *Financial Performance*: Too early to be reviewed.

2.6.138 *Activities and Outputs*: Too early to be reviewed.

2.6.139 *Impact on Development*: The project is expected to impact on development in line with the PRSP for Malawi as outlined in the project document.

2.6.140 *Overall Assessment*: The performance rating of the project is summarized in the Table below.

Project Progress	Procurement Performance	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
2.0	n.a	n.a	n.a	2.5	2.4

### III. ASSESSMENT OF MANAGEMENT IMPLEMENTATION CAPACITY

#### 3.1 Government's Performance

3.1.1 The setting up of Project Implementation Units for each Bank-financed project has helped to improve Government implementation capacity, which can now be regarded as generally satisfactory in the social and water and sanitation sectors. In addition the fact that,

Bank projects have tended to include components designed to strengthen GOM's capacity in sector planning and project management has also contributed positively towards strengthening GOM's capacity. In the agriculture sector, however, Government implementation capacity continues to be weak as a result of inadequate staffing of the PIUs and low salaries, and of the large number of on-going projects scattered on the National territory with little coordination capacity. In the transport sector, the GOM has made significant progress in the management and implementation of road sector projects since the establishment of a NRA and of the Road activities Fund in 1997. The NRA is now fully staffed and its performance on implementing on-going projects is now satisfactory. There have been, however, considerable delays in submitting project audit reports

3.1.2 The area where GOM's performance need to be substantially improved concerns the preparation of projects' audit reports. At the time of this review, 5 projects out of twenty-four on-going projects (21% of the Portfolio) have outstanding audit reports. These projects are the Mwanza Rural Development Project, National Development Project, the LOC to Indebank, the Msulira-Nkhotakota Road Project, and the Macadamia Smallholder Development Project. The GOM should take the necessary steps to clear all these outstanding audits. Submission of quarterly progress reports must also be improved. Three projects, the Agriculture Services Project, the Special Programme for Food Security, and the LOC to Indebank, are not submitting these reports regularly.

### **3.2 Bank's Performance**

The Bank's implementation management capacity is satisfactory. Training activities have been implemented by the Bank to familiarize PIUs with the Bank's rules of procedure concerning procurement and disbursements. It is in this context that the Bank organized a project implementation workshop in Malawi in March 2002. More training will be organized under the Institutional Support Project for Aid and Debt Management and Governance. Also, the Bank carried out two sector reviews in the agriculture and transport sectors to assess the sectoral constraints and outline strategies to improve future interventions. One issue, which requires further effort on the part of the Bank, appears to be improving communication with PIUs on procurement and disbursements matters.

## **IV. COORDINATION WITH OTHER DONORS**

### **4.1 Assessment of Government Capacity to Co-ordinate Donors' Assistance**

Overall, Government capacity to coordinate donor assistance is improving as a result of donors' efforts to strengthen Government capacity in this area. These efforts have led to the preparation of Sector Investment Programmes (SIP) in the Education, Health, Agriculture, Forestry, and Transport sectors. In the Education sector, for example, there are monthly donor coordination meetings chaired by the Ministry of Education. Also, the Government carried out an Education Sector review in 2000 and 2001, which was a useful contribution to the GOM-donor dialogue in the sector. In the Water and Sanitation Sector, the Government is also becoming more active in the coordination of donor's assistance through the establishment of various donor committees with UNICEF, UNDP, CIDA and the World Bank playing key roles in the organization of regular meetings under the chairmanship of the Ministry of Water Development. In the Agriculture and Transport Sectors, however, GOM's coordination efforts continue to require strengthening.

### **4.2 Assessment of the Bank Group's Coordination with Other Donors**

4.2.1 The principal mechanisms through which donors coordinate their assistance to Malawi include the Consultative Group meetings, the Paris Club meetings and, Round Tables. National Workshops are also frequently organized to discuss sectoral and thematic policy issues. There are also regular meetings held by donors resident in Malawi. These mechanisms have proved useful in providing frameworks in which donors can coordinate their development assistance to Malawi. They were, for example, very useful in the preparation of SIPs in the agriculture, education, forestry, health, and transport sectors. Strong donors' coordination also takes place to support the overall reform program at the macroeconomic level. In this respect, the Bank coordinates its policy-based operations with the Bretton-Woods Institutions and the other development partners. Donors have also established thematic and sector working groups such as the one on economic management, which meet regularly to discuss issues in respect of the PRSP, expenditure management and other macroeconomic issues. The Bank Group participates in this coordination process and current Bank-financed projects supports the above-mentioned SIPs.

4.2.2 The Bank's coordination efforts would, however, be further enhanced and would become more effective if the Bank strengthens its local presence through the establishment of a representation in the country. At present, the Bank's coordination efforts are weakened by the fact that Bank missions do not always coincide with donors coordination meetings, which are regularly held in the country.

### **4.3 Assessment of Co-financiers in Co-financed Projects**

None of the Bank's projects in the social sectors, and water and sanitation sector are co-financed with other donors. With respect to the institutional support project for Debt and Aid Management and Governance, UNDP has not yet made available the resources to finance its share of the project's costs. The SPFS is co-financed with the FAO. FAO performance in sending progress reports to the Bank has not been satisfactory.

## **V. LOAN REPAYMENTS AND ARREARS**

Malawi is current on its loans repayment obligations to the Bank Group. The Bank Group has not imposed sanctions on Malawi because of arrears on loan repayments.

## **VI. PROACTIVE MANAGEMENT OF THE PORTFOLIO**

### **6.1 Potential Future Problems and Solutions**

6.1.1 Looking forward, the on-going decentralization policy, which involves devolution of responsibility for projects and programmes implementation at the sector level to districts and local assemblies where implementation capacity is not yet adequate, may generate conditions, which may further weaken the implementation capacity for Bank-financed projects. The authorities should; therefore, with the assistance of their development partners, and of the Bank in particular, step up their efforts towards strengthening capacity at the districts and local assembly level. This is necessary if all the benefits of the decentralization policy are to be realized.

6.1.2 Another development, which has the potential to affect the implementation of the Bank's portfolio in the future, is related to the large arrears owed to the Water Boards by the Government. These arrears may constraints the capacity of these Water Boards to implement and adequately maintain Bank-financed investments in the Water sector.

### **6.2 Summary of Action Plan to Improve the Performance of the Portfolio**

Apart from the developments, discussed above, which have the potential to affect the implementation of the Bank's portfolio in the future, a number of problems currently affect the performance of the portfolio. These problems are summarized in Annex VII. In order to resolve them and improve the performance of the portfolio, the portfolio improvement plan should focus on reducing delays in fulfilment of loan conditions and in project execution, strengthening the capacity of the PIU, and streamlining and improving the agricultural sector portfolio. The actions required in respect of each on-going project are presented in Annex VI while the detailed action plan to improve the performance of the portfolio is presented in Annex VII. Implementation of this action plan will also strengthen service delivery by Bank-financed projects.

### **6.3 Lessons Learned for Future CSPs and Portfolio Management**

#### Lessons for Future CSPs

6.3.1 *Sectoral Priorities*: Looking across sectors, it appears that the performance of Bank-financed projects in the Social and Water and Sanitation Sectors is higher than in the Agricultural, Transport and Financial sectors. This notwithstanding, the satisfactory performance of the portfolio in respect of the DO indicator suggests that the Bank Group should continue to align its interventions with the priority areas identified in the Bank's Vision. This is necessary for the Bank Group to continue making a contribution towards the objective of poverty reduction. Although Agriculture and Rural Development will continue to remain an important sector for Bank Group's support to Malawi's poverty reduction efforts, future Bank Group's interventions in this sector should put strong emphasis on strengthening implementation capacity, preferably at the sector level, and where it is not feasible at the project level, given the unsatisfactory IP indicator for this sector (see Paragraph 2.1.4).

6.3.2 *Size of Operations*: In order to reduce transaction costs and increase the development impact, the Bank should also consider increasing the size of its interventions. At present, the average size of a loan is about UA 8.1 million. 7 projects or 26% of the portfolio are less than

UA 5 million and there are projects involving resources of less than UA 1 million. This situation significantly increases transaction costs on the Government and the Bank.

6.3.3 *Capacity Building*: The Bank should also continue to pay close attention to strengthening national capacity generally and at the level of the PIUs.

#### Lessons for Portfolio Management

6.3.4 *Streamline Loan's Conditions*: While recognizing the need for loans' conditions, both effectiveness conditions and conditions precedent to first disbursement, to retain their primary role as technical tools to achieve project quality, it is also important to note that their design should increasingly take into account the GOM's capacity to implement them in a timely fashion. As amply documented in this report, delays in the fulfillment of loans conditions has been a factor in project execution delays, which impact on project performance. In the Agricultural Sector, all the seven operations approved in the last four years became active after a long delay of an average of 2.5 years. In the Transport sector, the Karonga-Chitipa Road project, which was approved in 1999, is not yet effective as the GOM is unable to fulfill one loan condition related to identifying funds from another to finance the remaining section of the road.

6.3.5 *Ensure Adequate Staffing of PIUs*: Several projects, especially in the agricultural sector, are experiencing staffing problems at the level of the PIUs. This is mainly because these PIUs do not have the full complement of essential staff. The project being implemented by the Ministry of Agriculture and Irrigation itself are those, which are high on the list of suffering from staffing problems. It, therefore, seems that the implementation capacity constraint of the Ministry of Agriculture and Irrigation is a factor that should be addressed to reverse the weaknesses presently affecting the Bank's Portfolio in the agricultural sector. Towards this end, the GOM should, with assistance from the Bank, reform the present practice of requesting officers to resign their posts in Government before being seconded to PIUs.

6.3.6 *Improve Quality-at-Entry*: Improving the design of projects should also help to improve future implementation. Although this is a cross-sectoral issue, the agricultural sector better illustrates its relevance. Several agricultural sector projects, by their nature, require credit administration. It has been observed that the beneficiaries are not utilizing the significant amounts of credit, which are provided in such projects, leading to low disbursement rates on most agricultural sector projects. This is due to the inability of projects to identify Micro-Finance Institutions (MFIs) that could handle credit delivery and recovery efficiently. It is, therefore, of paramount importance that the design of future agricultural sector interventions, with micro-credit components, should take this constraint into account. A recently concluded Credit Study made an in-depth analysis of the credit situation in Malawi and evaluated MFIs. It also produced a ranking of the MFIs based on criteria such as efficiency and capacity to administer credits. The shortlist is now being used by the projects to select MFIs for credit administration.

6.3.7 *Continue Improving Bank Capacity Building Activities*: The Bank should continue to improve on its supervision activities and provide training in the various facets of Bank's operations as they relate to financial management, procurement and auditing, accounting and disbursement requirements. These activities would strengthen the capacity of the PIUs towards improved implementation of Bank-financed projects. Furthermore, in order to improve donor co-ordination and co-operation with the Bank, the establishment of a country

office that would coordinate with other donors and improve the quality of Bank Group's portfolio in Malawi is imperative.

## **VII. CONCLUSION AND RECOMMENDATIONS**

### Conclusion

7.1 This third portfolio review exercise has shown that the performance of the Bank Group Portfolio in Malawi is overall satisfactory despite the persistence of some recurrent problems relating mainly to the continued weak capacity of the EA. As demonstrated in this report, it is slow implementation, which continues to weight on the performance of the portfolio while indications that projects will achieve their development objective continue to be satisfactory. Thus the IP and DO indicators for the portfolio are unsatisfactory and satisfactory with ratings of 1.9 and 2.2 respectively. This review also suggests that much can be achieved towards improving the implementation of Bank-financed projects in Malawi. In this context, it is incumbent on the GOM, with assistance from the Bank Group, to ensure that the EA of Bank-financed interventions observe and implement the measures discussed in this report.

7.2 Towards this end, the following recommendations, which are additional to the project-specific recommendations made in Annex VI, can be made towards improving the performance of the Bank's portfolio in Malawi:

### Recommendations

7.3 In order to improve the performance and development impact of Bank-financed projects, it is recommended that GOM should:

- (i) Engage major efforts to improve the performance of the Bank Group portfolio in the Agricultural sector. These efforts should aim to strengthen the capacity of the Ministry of Agriculture and Irrigation in project implementation through ensuring adequate staffing of the PIUs under its responsibility, closing all aging projects, and reforming the current system for seconding civil servants to PIUs;
- (ii) The Ministry of Finance and Economic Planning should keep records of loans conditions in order to follow up on their timely implementation;
- (iii) Improve timeliness of fulfilment of loans conditions;
- (iv) Strengthen the capacity of the NAO in order to enable it carry out audits of all Bank-financed projects timely. The Bank should give a deadline to the GOM to carry out all outstanding audits. After the deadline, disbursements to projects with outstanding audits will be suspended;
- (v) Take all necessary measures to ensure that relevant staff of the line ministries and of PIUs fully take advantage of the Ban-financed Institutional Support Project for Aid and Debt Management and Governance;
- (vi) Speed-Up the process of loans authorizations bills through Parliament. This will reduce delays in project start-up and implementation;

- (vii) Step up efforts towards strengthening capacity at the districts and local assembly level in the wake of the implementation of the decentralization policy. This is necessary if all the benefits of the decentralization policy are to be realized.

7.4 In order to improve the performance and development impact of Bank-financed projects, it is recommended that the Bank should:

- (i) Improve the design of loans conditions, to bring them in line with the GOM's capacity to implement them timely, without diluting their primary role as technical tools to achieve project quality; This will significantly contribute towards reducing delays in project start up and implementation.
- (ii) Continue capacity-building training activities targeted at PIUs and relevant staff of line ministries in Malawi to continuously familiarize them with Bank rules relating to procurement, disbursement and auditing.
- (iii) The Agriculture and Rural Development Department should prepare a portfolio improvement plan for the Bank's agricultural sector portfolio in Malawi;
- (iv) Improve the design of Bank projects, which should take into account as much as possible conditions prevailing in the sectors, in order to facilitate their future implementation.
- (v) Consider establishing a representation in the country in order to assist the PIUs in project implementation and enhance coordination with other donors. As recent experience with field offices has demonstrated, this representation will significantly contribute towards enhanced dialogue with the country, improved coordination with the other development partners, and improved portfolio management. It will also facilitate the implementation of the participatory approach in the design of Bank interventions and Bank missions to the country.

**Summary of AfDB Group operations in Malawi (in UA million)**

Projects	Date approved	Date signed	Date Entry in Force	Disbursement Deadline	Amount net of Cancellation	Amount Disbursed	Amount Not Disbursed	Disbursement Rate	Remarks
<b>Agriculture Sector</b>									
1. Namwera Rural Dev. (ADF)	26/10/76	10/12/76	10/10/77	31/12/82	4.60	4.60	0.00	100.00%	Completed
2. Blantyre-Shire Rural Dev. (ADF)	16/12/83	09/05/84	23/03/85	31/12/96	9.62	9.62	0.00	100.00%	Completed
3. Zomba Rural Dev. Proj. (ADF)	25/11/87	22/02/88	25/09/89	30/06/99	6.21	5.7	0.52	91.79%	Completed
4. National Livestock Dev. (ADF)	18/01/88	22/02/89	10/05/90	30/09/02	1098	6.33	4.65	57.65%	On-Going
5. Institutional Support to SDA (TAF)	28/08/90	01/02/91	10/02/93	31/12/96	0.54	0.54	0.00	100.00%	Completed
6. Macadamia Nuts Study (TAF)	18/12/90	01/03/91	18/06/91	30/06/95	0.46	0.46	0.00	100.00%	Completed
7. Agriculture Sector Study (TAF)	18/03/91	31/01/92	20/11/92	31/12/97	1.44	1.41	0.03	97.92%	Completed
8. Mwanza Rural Dev. Proj. (ADF)	27/08/91	13/05/92	11/03/93	30/06/03	8.01	3.55	4.46	44.3%	On-Going
9. Lilongwe Forestry Proj. (ADF)	29/10/92	05/03/93	24/02/95	31/12/03	3.87	2.42	1.45	62.5%	On-Going
10. Lower Shire Irrig. Study (TAF)	29/10/92	15/01/93	10/03/93	28/02/98	0.68	0.68	0.00	100.00%	Completed
11. Agric. Sector Adj. Prog. (ADF)	03/09/93	01/10/93	19/05/94	31/12/97	15.29	15.29	0.00	100.00%	Completed
12. Agric. Services Proj. (ADF)	03/09/93	01/10/93	05/10/94	31/12/01	9.21	5.76	3.45	62.54%	On-going
13. Smallholder Sugar Cane Study (TAF)	19/12/90	01/02/91	19/06/91	31/12/94	0.20	0.20	0.00	100.00%	Completed
14. Rural Income Enhancement Proj. (ADF)	10/12/97	27/05/98	01/02/00	30/06/04	7.06	1.09	5.97	15.44%	On-Going
15. Macadamia Smallholder Dev. Proj. (ADF)	15/07/98	13/01/99	07/11/00	31/12/04	6.85	0.84	6.01	11.26%	On-Going
16. Smallholder Irrig. Proj. (ADF)	26/11/98	24/05/99	01/02/00	31/07/05	5.02	0.13	4.89	2.65%	On-Going
17. Small Scale Irrig. Study (TAF)	26/11/98	13/01/99	19/11/99	30/09/02	1.12	0.29	0.83	26.4%	On-Going
18. Horticulture & Food Crops Dev. (ADF)	15/12/98	24/05/99	01/02/00	30/06/05	6.65	0.16	6.49	2.41%	On-Going
19. Horticulture & Food Dev. (TAF)	15/12/98	24/05/99	01/02/00	30/06/05	0.84	0.00	0.84	0.00%	On-Going
20. Smallholder Outgrower Sugar Prod. (ADF VII)	15/12/99	10/02/00	11/08/00	30/06/04	8.93	1.11	7.82	12.5%	On-Going
21. Special program for Food security (TAF)	19/06/00	21/12/00	08/03/01	30/06/04	0.73	0.73	0.00	100.00%	On-Going
<b>Total Agricultural Sector</b>					<b>108.31</b>	<b>60.19</b>	<b>48.12</b>	<b>55.57%</b>	
<b>Share Agricultural Sector in Portfolio (%)</b>					<b>22.09</b>	<b>17.63</b>	<b>32.29</b>		
<b>Transport Sector</b>									
1. John-Mzumara-Ekwendi Road (ADF)	28/02/79	17/05/79	22/08/79	31/12/82	7.37	7.37	0.00	100.00%	Completed
2. Road Maintenance and Construction (ADB)	25/01/84	09/05/84	20/09/84	30/06/89	11.24	11.24	0.00	100.00%	Completed
3. Champoyo-Mbowe Road (ADF)	24/10/85	24/03/86	12/07/86	31/12/94	11.79	11.79	0.00	100.00%	Completed
4. Road mainten. & Construct. Institut. Strengthening	15/02/90	29/05/90	23/05/91	31/12/98	2.39	1.97	0.43	82.43%	Completed
5. Road maintenance & Construction Project II (ADF)	15/02/90	30/11/90	23/10/90	31/12/99	18.42	12.00	6.42	65.15%	Completed
6. Mchinji-Kasungu-Msulira Road (ADF)	18/02/90	31/01/91	28/02/91	31/12/01	15.10	14.75	0.34	97.68%	Completed
7. Msulira-Nkhotakota Road (ADF)	25/11/91	13/05/92	22/09/93	31/12/03	12.07	8.15	3.91	67.6%	On-Going
8. Mchinji-Kasungu Road Study (TAF)	23/09/86	17/03/87	21/10/87	31/12/96	1.31	1.31	0.00	100.00%	Completed
9. Mchinji-Kasungu Supplementary Loan (ADF)	02/10/97	25/03/98	05/05/98	31/12/99	6.60	4.66	1.94	70.61M	Completed

**Summary of AfDB Group operations in Malawi (in UA million)**

Projects	Date approved	Date signed	Date Entry in Force	Disbursement Deadline	Amount net of Cancellation	Amount Disbursed	Amount Not Disbursed	Disbursement Rate	Remarks
10. Karonga-Chitipa Road (ADF)	15/12/99	10/02/00	16/11/00	21/01/05	13.54	0.00	13.54	0.00%	On-Going
11. Lilongwe International Airport I (ADB)	23/02/77	23/03/77	23/11/77	31/12/80	4.98	4.98	0.00	100.00%	Completed
12. Lilongwe International Airport II (ADB)	28/12/77	25/01/78	30/06/78	31/12/81	4.96	4.96	0.00	100.00%	Completed
13. Kamuzu International Airport III (ADB)	09/11/82	31/01/83	02/08/83	31/12/94	14.78	14.78	0.00	100.00%	Completed
14. Engineering Serv. Lilongwe Airport Study (ADB)	08/05/74	01/07/74	14/12/74	30/06/76	0.50	0.50	0.00	100.00%	Completed
15. Mazuzu-Muhuju Road Studies (ADF)	30/04/75	19/08/75	21/06/76	31/07/87	0.28	0.28	0.00	100.00%	Completed
<b>Total Transport</b>					125.20	96.24	28.96	76.87%	
<b>Share Transport Sector in Portfolio (%)</b>					25.53	28.19	19.43		
<b>Industry/Mining/Quarrying Sector</b>									
1. Industrial Sector Opportunities (TAF)	19/11/90	31/01/91	04/07/91	31/12/97	0.69	0.53	0.16	76.81%	Completed
2. Mulanje Bauxite Study (TAF)	25/11/92	15/01/93	21/10/93	31/12/95	0.64	0.64	0.00	100.00%	Completed
<b>Total Industry/Mining/Quarrying Sector</b>					1.33	1.17	0.16	87.9%	
<b>Share Indust./Mining/Quarrying Sector in Portfolio (%)</b>					0.27	0.34	0.11		
<b>Financial Sector</b>									
1. Line of Credit to MDC (ADB)	22/11/72	11/12/72	16/04/73	31/12/78	1.49	1.49	0.00	100.00%	Completed
2. Line of Credit to INDEBANK (ADF)	12/12/96	08/01/98	31/03/99	30/06/03	5.00	0.98	4.02	19.60%	On-going
3. Industrial Line of Credit	19/10/82		31/03/99		5.00	0.00	0.00	0.00%	Cancelled
<b>Total Financial Sector</b>					6.49	2.47	4.02	38.064%	
<b>Share Financial Sector in Portfolio (%)</b>					1.31	0.72	2780		
<b>Power Sector</b>									
1. Tedzane Falls Hydro power (ADB)	15/12/69	09/03/70	23/09/71	30/09/73	3.11	3.11	0.00	100.00%	Completed
2. Nkula Lilongwe Electricity Line (ADB)	24/06/75	08/08/75	22/05/76	31/12/79	5.00	5.00	0.00	100.00%	Completed
3. Nkula Falls "B" Hydro Electricity Power (ADB)	07/06/77	16/07/77	02/08/77	31/12/85	4.23	4.23	0.00	100.00%	Completed
4. Kapichira Hydroelectric Project	15/12/93		17/02/81		33.56	0.00	0.00	100.00%	Cancelled
5. Rural Electrifications (ADF)	17/06/80	24/06/80	17/02/81	30/04/97	5.49	5.49	0.00	100.00%	Completed
<b>Total Power Sector</b>					17.83	17.83	0.00	100%	
<b>Share Power Sector Portfolio (%)</b>					3.64	5.22	0.00		

## Summary of AfDB Group operations in Malawi (in UA million)

Projects	Date approved	Date signed	Date Entry in Force	Disbursement Deadline	Amount net of Cancellation	Amount Disbursed	Amount Not Disbursed	Disbursement Rate	Remarks
<b>Water Supply and Sanitation Sector</b>									
1. Malawi District Water Supply (ADF)	14/12/76	07/02/77	07/07/77	31/12/81	4.61	4.61	0.00	100.00%	Completed
2. Blantyre Water Supply	19/09/77	07/10/77	02/02/78	31/12/82	4.60	4.60	0.00	100.00%	Completed
3. Study of District Water Supply (TAF)	25/08/83	09/05/84	08/11/84	31/12/93	0.48	0.48	0.00	100.00%	Completed
4. Maira Balaka Water Supply (ADF)	19/11/84	01/07/85	10/09/86	31/12/99	11.59	11.59	0.00	100.00%	Completed
5. District Water II (ADF)	12/06/90	01/02/91	26/05/92	30/06/99	13.31	13.31	0.00	100.00%	Completed
6. District Water Supply and Sanitation II Study (TAF)	12/06/90	31/01/91	26/05/92	30/06/99	0.87	0.84	0.02	100.00%	Completed
7. Integrated Rural Water Supply & Sanitation (ADF)	05/12/01	05/08/02	15/10/02	31/12/07	8.49	0.00	0.00	0.00%	On-Going
8. Integrated Rural Water Supply & Sanitation (TAF)	05/12/01	05/08/02	15/10/02	31/12/07	1.10	0.00	0.00	0.00%	On-Going
9. Blantyre Sanitation Masterplan Study (TAF)	21/04/92	05/03/93	13/02/95	31/96	0.68	0.68	0.00	100.00%	Completed
10. District Water Supply III (ADF)	03/12/97	27/05/98	23/12/99	31/12/03	12.42	3.61	8.81	29.06%	On-Going
11. District Centres Sanitation Study (ADF)	18/11/98	13/01/99	01/08/00	31/12/02	1.28	0.74	0.54	57.8%	On-Going
12. Blantyre Water Supply II Phase VII (ADF)	21/04/92	05/03/93	30/12/93	31/12/01	7.64	7.20	0.44	94.24%	Completed
<b>Total Water &amp; Sanitation Sector</b>					<b>65.11</b>	<b>47.66</b>	<b>17.45</b>	<b>73.20%</b>	
<b>Share Water &amp; Sanitation Sector in Portfolio (%)</b>					<b>13.28</b>	<b>13.96</b>	<b>11.71</b>		
<b>Communications Sector</b>									
1. Telecommunications I (ADB)	08/11/83	09/05/84	08/11/84	30/06/94	7.3	7.93	0.00	100.00%	Completed
2. Telecommunications II (ADB)	22/05/91	02/08/91	10/02/94	31/07/01	15.00	15.00	0.00	100.00%	Completed
3. Telecommunications II (ADF)	22/05/91	13/05/92	10/02/94	31/07/01	11.05	11.01	0.00	99.64%	Completed
<b>Total Telecommunications Sector</b>					<b>33.98</b>	<b>33.94</b>	<b>0.04</b>	<b>99.9%</b>	
<b>Share Telecommunications Sector in Portfolio (%)</b>					<b>6.93</b>	<b>9.94</b>	<b>0.03</b>		
<b>Social Sector</b>									
1. Primary and Tertiary Education (ADF)	24/04/80	24/06/80	16/01/81	30/06/98	7.32	7.32	0.00	100.00%	Completed
2. Rural Health (ADF)	04/12/81	12/02/82	24/09/82	31/12/99	7.35	7.35	0.00	100.00%	Completed
3. Second Rural Health (ADF)	17/12/84	01/07/85	24/04/86	31/06/00	10.13	8.00	2.13	78.97%	Completed
4. Primary and Secondary Education (ADF)	23/09/86	17/03/93	10/08/87	31/12/00	15.66	15.59	0.07	99.55%	Completed
5. Women in Development (ADF)	29/10/93	05/03/93	08/07/94	30/06/01	5.00	5.00	0.00	100.00%	Completed
6. Education III (ADF)	05/05/97	29/05/97	05/08/98	31/12/03	12.00	7.72	4.28	64.33%	On-going
7. Health Study (TAF)	20/11/97	27/05/98	13/11/98	01/05/02	1.00	0.66	0.34	66.00%	Completed
8. Poverty Reduction & Institutional Support (ADF)	10/12/98	24/05/99	08/05/00	31/03/06	7.00	0.58	6.42	8.29%	On-Going
9. Poverty Reduction & Institutional Support (-TAF)	10/12/98	24/05/99	08/05/00	31/03/05	2.00	0.53	1.47	26.6%	On-going
10. Support to the National AIDS Control Program (TAF)	15/12/99	10/02/00	20/12/00	30/11/03	1.00	0.64	0.36	64.00%	On-Going
11. Rural Health Care Project III (ADF)	08/11/00	26/03/01	02/10/01	31/12/05	10.00	0.55	9.45	0.55%	On-Going
12. Education IV (ADF)	21/11/01	05/08/02	Not yet effective	31/12/06	15.00	0.00	0.00	0.00%	On-Going
13. Skills Develop.& Income Generation Project (ADFI)	16/01/02	05/08/02	Not yet effective		9.58	0.00	0.00	0.00%	On-Going
<b>Total Social Sector</b>					<b>103.04</b>	<b>53.54</b>	<b>49.50</b>	<b>51.96%</b>	
<b>Share Social Sector in Portfolio (%)</b>					<b>21.01</b>	<b>15.69</b>	<b>33.22</b>		

**Summary of AfDB Group operations in Malawi (in UA million)**

Projects	Date approved	Date signed	Date Entry in Force	Disbursement Deadline	Amount net of Cancellation	Amount Disbursed	Amount Not Disbursed	Disbursement Rate	Remarks
<b>Multisector</b>									
1. Industry-Trade Policy Adjustment Program (ADF)	23/02/89	22/09/89	16/11/89	30/06/94	13.85	13.85	0.00	100.00%	Completed
2. Entrepreneurship-Capital Markets Adjust. Prog.(ADF)	31/10/91	31/01/92	23/11/92	30/06/94	9.21	9.21	0.00	100.00%	Completed
3. Structural Adjustment Loan (ADF)	15/12/98	13/01/99	16/02/99	31/12/00	5.00	5.00	0.00	100.00%	Completed
4. Instit. Support Aid-Debt Manag. & Governance (TAF)	18/10/00	26/03/01	26/03/01	31/12/03	1.00	0.24	0.76	24.00%	On-Going
					<b>29.06</b>	<b>28.30</b>	<b>076</b>	<b>97.38%</b>	
									<b>Total Multisector</b>
<i>Share Multisector in Portfolio (%)</i>					<b>5.93</b>	<b>8.29</b>	<b>0.51</b>		
<b>TOTAL PORTFOLIO</b>					<b>490.35</b>	<b>341.34</b>	<b>149.01</b>	<b>69.61%</b>	

Summary of Performance Ratings by Sector and Project

<u>Project</u>	<u>Performance Rating</u>
<b><u>Overall Portfolio</u></b>	<b><u>2.0</u></b>
<b><u>Agricultural Sector</u></b>	<b><u>1.9</u></b>
1. <i>Agriculture Services Project</i>	1.6
2. <i>Horticulture and Food Crops Development Project</i>	2.2
3. <i>Lilongwe Forestry Project</i>	1.8
4. <i>Macadamia Smallholder Development Project</i>	1.9
5. <i>Mwanza Rural Development Project</i>	1.9
6. <i>National Livestock Development Project</i>	2.4
7. <i>Rural Income Enhancement Project</i>	2.5
8. <i>Special Programme for Food Security</i>	1.0
9. <i>Small Scale Irrigation Development Study</i>	2.2
10. <i>Smallholder Irrigation Project</i>	1.7
11. <i>Smallholder Outgrower Sugarcane Production Project</i>	1.9
<b>B. <u>Financial Sector</u></b>	<b><u>1.8</u></b>
12. <i>Line of Credit to INDEBANK</i>	1.8
<b>C. <u>Social Sector</u></b>	<b><u>2.2</u></b>
13. <i>Rural Health Care Project III</i>	2.4
14. <i>Support to the National Aids Control Programme</i>	2.3
15. <i>Education III Project</i>	2.4
16. <i>Poverty Reduction Project</i>	2.0
17. <i>Education IV</i>	n.a
18. <i>Skills Development and Income Generation Project</i>	n.a
<b>D. <u>Transport Sector</u></b>	<b><u>1.7</u></b>
19. <i>Msulira – Nkhotakota Road Project</i>	1.9
20. <i>Karonga – Chitipa (Lifulya – Chitipa Section) Road Project</i>	1.5

**Annex II**  
**(Continued)**

**Summary of Performance Ratings by Sector and Project**

<b><u>Project</u></b>	<b><u>Performance Rating</u></b>
<b>E. <u>Multisector</u></b>	<b><u>2.0</u></b>
21. <i>Institutional Support for Aid and Debt Management and Governance</i>	2.0
<b>F. <u>Water and Sanitation Sector</u></b>	<b><u>2.1</u></b>
22. <i>District Centers Sanitation Study</i>	2.2
23. <i>District Water Supply III Project</i>	2.1
24. <i>Integrated Rural Water Supply and Sanitation Project</i>	n.a

Agriculture Services Project

<b>PERFORMANCE INDICATORS</b>				
<b><u>Indicators</u></b>			<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
<b>A. Project Progress</b>				
1	Compliance with Conditions Precedent to Loan Effectiveness		2	1
2	Compliance with General Conditions		2	1
3	Compliance with other Conditions		2	1
<b>B Procurement Performance</b>				
1	Procurement of Consultancy Services		2	n.a
2	Procurement of Goods and Outputs		2	2
<b>C. Financial Performance</b>				
1	Availability of Foreign Exchange		3	3
2	Availability of Local Currency		3	1
3	Disbursement Flows		2	1
4	Cost Management / Recovery		3	2
5	Performance of Co-financier (s)		n.a	2
<b>D Activities and Outputs</b>				
1	Adherence to Implementation Schedule		1	1
2	Performance of Consultants and Technical Assistants		2	2
3	Performances of Contractors		2	n.a
4	Performance of Project Management		2	2
<b>E Impact on Development</b>				
1	Likelihood of Achieving Project Objectives		2	2
2	Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project		2	1
3	Likely Contribution of the Project towards an Increase in Institutional Capacity		2	2
4	Expected Rate of Return		n.a	n.a
<b>F Overall Assessment</b>				
1	At Present		2	1.6
2	Trend over time		1	1.9
<b>Legend:</b>				
<b>3 = Highly satisfactory.</b>				
<b>2 = Satisfactory. Occasional problems, Bank should monitor.</b>				
<b>1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>				
<b>0 = Highly unsatisfactory. Serious problems. Action required.</b>				

Horticulture and Food Crops Development Project

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CPRR</u></b>	<b><u>This CPRR</u></b>
A.	Project Progress		
1	Compliance with Conditions Precedent to Loan Effectiveness	n.a	1
2	Compliance with General Conditions	n.a	2
3	Compliance with other Conditions	n.a	2
B	Procurement Performance		
1	Procurement of Consultancy Services	n.a	2
2	Procurement of Goods and Outputs	n.a	2
C.	<b>Financial Performance</b>		
1	Availability of Foreign Exchange	n.a	3
2	Availability of Local Currency	n.a	3
3	Disbursement Flows	n.a	3
4	Cost Management / Recovery	n.a	2
5	Performance of Co-financier (s)	n.a	n.a
D	<b>Activities and Outputs</b>		
1	Adherence to Implementation Schedule	n.a	1
2	Performance of Consultants and Technical Assistants	n.a	2
3	Performances of Contractors	n.a	n.a
4	Performance of Project Management	n.a	3
E	<b>Impact on Development</b>		
1	Likelihood of Achieving Project Objectives	n.a	2
2	Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	2
3	Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	n.a
4	Expected Rate of Return	n.a	n.a
F	Overall Assessment		
1	At Present	n.a	2.1
2	Trend over time	n.a	2.2
<b>Legend:</b>			
3 = <b>Highly satisfactory.</b>			
2 = <b>Satisfactory. Occasional problems, Bank should monitor.</b>			
1 = <b>Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
0 = <b>Highly unsatisfactory. Serious problems. Action required.</b>			

Lilongwe Forestry Project

<b>PERFORMANCE INDICATORS</b>		<b>Previous CPRR</b>	<b>This CPRR</b>
<b>Indicators</b>		<b>Previous CPRR</b>	<b>This CPRR</b>
A.	<b>Project Progress</b>		
1	Compliance with Conditions Precedent to Loan Effectiveness	3	3
2	Compliance with General Conditions	2	1
3	Compliance with other Conditions	1	1
B	<b>Procurement Performance</b>		
1	Procurement of Consultancy Services	3	2
2	Procurement of Goods and Outputs	2	1
C.	<b>Financial Performance</b>		
1	Availability of Foreign Exchange	3	3
2	Availability of Local Currency	2	3
3	Disbursement Flows	2	2
4	Cost Management / Recovery	2	2
5	Performance of Co-financier (s)	n.a	n.a
D	<b>Activities and Outputs</b>		
1	Adherence to Implementation Schedule	2	1
2	Performance of Consultants and Technical Assistants	3	2
3	Performances of Contractors	3	2
4	Performance of Project Management	n.a	2
E	<b>Impact on Development</b>		
1	Likelihood of Achieving Project Objectives	3	2
2	Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	2	2
3	Likely Contribution of the Project towards an Increase in Institutional Capacity	2	2
4	Expected Rate of Return	2	2
F	<b>Overall Assessment</b>		
1	At Present	2.4	1.88
2.	Trend over time	2	2.1
<b>Legend:</b>			
<b>3 = Highly satisfactory.</b>			
<b>2 = Satisfactory. Occasional problems, Bank should monitor.</b>			
<b>1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
<b>0 = Highly unsatisfactory. Serious problems. Action required.</b>			

Macadamia Smallholder Development Project

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	Project Progress		
1.	Compliance with Conditions Precedent to Loan Effectiveness	n.a	2
2.	Compliance with General Conditions	n.a	2
3.	Compliance with other Conditions	n.a	2
B.	Procurement Performance		
1.	Procurement of Consultancy Services	n.a	2
2.	Procurement of Goods and Outputs	n.a	-
C.	<b>Financial Performance</b>		
1.	Availability of Foreign Exchange	n.a	3
2.	Availability of Local Currency	n.a	2
3.	Disbursement Flows	n.a	2
4.	Cost Management / Recovery	n.a	2
5.	Performance of Co-financier (s)		n.a
D.	<b>Activities and Outputs</b>		
1.	Adherence to Implementation Schedule	n.a	1
2.	Performance of Consultants and Technical Assistants	n.a	2
3.	Performances of Contractors	n.a	n/a
4.	Performance of Project Management	n.a	2
E.	<b>Impact on Development</b>		
1.	Likelihood of Achieving Project Objectives	n.a	2
2.	Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	2
3.	Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	2
4.	Expected Rate of Return	n.a	n.a
F.	Overall Assessment		
1.	At Present	n.a	1.9
2.	Trend over time	n.a	1.9
<b>Legend:</b>			
<b>3 = Highly satisfactory.</b>			
<b>2 = Satisfactory. Occasional problems, Bank should monitor.</b>			
<b>1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
<b>0 = Highly unsatisfactory. Serious problems. Action required.</b>			

Mwanza Rural Development Project

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	Project Progress		
1.	Compliance with Conditions Precedent to Loan Effectiveness	1	2
2.	Compliance with General Conditions	1	3
3.	Compliance with other Conditions	1	2
B.	Procurement Performance		
1.	Procurement of Consultancy Services	2	2
2.	Procurement of Goods and Outputs	2	1
C.	Financial Performance		
1.	Availability of Foreign Exchange	2	3
2.	Availability of Local Currency	2	2
3.	Disbursement Flows	2	2
4.	Cost Management / Recovery	2	2
5.	Performance of Co-financier (s)	n.a	n.a
D.	Activities and Outputs		
1.	Adherence to Implementation Schedule	1	1
2.	Performance of Consultants and Technical Assistants	1	2
3.	Performances of Contractors	2	1
4.	Performance of Project Management	1	2
E.	Impact on Development		
1.	Likelihood of Achieving Project Objectives	2	2
2.	Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	2	3
3.	Likely Contribution of the Project towards an Increase in Institutional Capacity	2	2
4.	Expected Rate of Return	2	n.a.
F.	Overall Assessment		
1.	At Present	1.6	2.0
2.	Trend over time	1	2.5
<b>Legend:</b>			
<b>3 = Highly satisfactory.</b>			
<b>2 = Satisfactory. Occasional problems, Bank should monitor.</b>			
<b>1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
<b>0 = Highly unsatisfactory. Serious problems. Action required.</b>			

National Livestock Development Project

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	<b>Project Progress</b>		
	1. Compliance with Conditions Precedent to Loan Effectiveness	2	2
	2. Compliance with General Conditions	2	2
	3. Compliance with other Conditions	2	2
B	<b>Procurement Performance</b>		
	1. Procurement of Consultancy Services	1	2
	2. Procurement of Goods and Outputs	1	3
C.	<b>Financial Performance</b>		
	1. Availability of Foreign Exchange	1	3
	2. Availability of Local Currency	1	2
	3. Disbursement Flows	0	3
	4. Cost Management / Recovery	0	3
	5. Performance of Co-financier (s)		n.a
D	<b>Activities and Outputs</b>		
	1. Adherence to Implementation Schedule	0	2
	2. Performance of Consultants and Technical Assistants	2	2
	3. Performances of Contractors	2	3
	4. Performance of Project Management	0	3
E	<b>Impact on Development</b>		
	1. Likelihood of Achieving Project Objectives	2	2
	2. Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	1	2
	3. Likely Contribution of the Project towards an Increase in Institutional Capacity	1	2
	4. Expected Rate of Return	1	2
F	<b>Overall Assessment</b>		
	1. At Present	1	2.4
	2. Trend over time	1	1.7
<b>Legend:</b>			
3 = <b>Highly satisfactory.</b>			
2 = <b>Satisfactory. Occasional problems, Bank should monitor.</b>			
1 = <b>Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
0 = <b>Highly unsatisfactory. Serious problems. Action required.</b>			

Rural Income Enhancement Project

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CPRR</u></b>	<b><u>This CPRR</u></b>
A.	Project Progress		
1.	Compliance with Conditions Precedent to Loan Effectiveness	n.a	1
2	Compliance with General Conditions	n.a	2
3	Compliance with other Conditions	n.a	2
B	Procurement Performance		
1	Procurement of Consultancy Services	n.a	3
2	Procurement of Goods and Outputs	n.a	3
C.	Financial <b>Performance</b>		
1	Availability of Foreign Exchange	n.a	3
2	Availability of Local Currency	n.a	3
3	Disbursement Flows	n.a	3
4	Cost Management / Recovery	n.a	2
5	Performance of Co-financier (s)		n.a
D	<b>Activities and Outputs</b>		
1	Adherence to Implementation Schedule	n.a	2
2	Performance of Consultants and Technical Assistants	n.a	2
3	Performances of Contractors	n.a	3
4	Performance of Project Management	n.a	2
E	<b>Impact on Development</b>		
1	Likelihood of Achieving Project Objectives	n.a	3
2	Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	3
3	Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	3
4	Expected Rate of Return	n.a	3
F	Overall Assessment		
1	At Present	n.a	2.5
2	Trend over time	n.a	2.5
<b>Legend:</b>			
3 =	<b>Highly satisfactory.</b>		
2 =	<b>Satisfactory. Occasional problems, Bank should monitor.</b>		
1 =	<b>Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>		
0 =	<b>Highly unsatisfactory. Serious problems. Action required.</b>		

Special Programme for Food Security

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	<b>Project Progress</b> 1. Compliance with Conditions Precedent to Loan Effectiveness 2. Compliance with General Conditions 3. Compliance with other Conditions	n.a n.a n.a	1 1 1
B	<b>Procurement Performance</b> 1 Procurement of Consultancy Services 2 Procurement of Goods and Outputs	n.a n.a	1 n.a
C.	<b>Financial Performance</b> 1 Availability of Foreign Exchange 2 Availability of Local Currency 3 Disbursement Flows 4 Cost Management / Recovery 5 Performance of Co-financier (s)	n.a n.a n.a n.a	3 2 3 2 1
D	<b>Activities and Outputs</b> 1 Adherence to Implementation Schedule 2 Performance of Consultants and Technical Assistants 3 Performances of Contractors 4 Performance of Project Management	n.a n.a n.a n.a	1 n.a n.a 1
E	<b>Impact on Development</b> 1 Likelihood of Achieving Project Objectives 2 Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project 3 Likely Contribution of the Project towards an Increase in Institutional Capacity 4 Expected Rate of Return	n.a n.a n.a n.a	1 1 1 n.a
F	<b>Overall Assessment</b> 1 At Present 2 Trend over time	n.a n.a	1.4 1.3
<b>Legend:</b> <b>3 = Highly satisfactory.</b> <b>2 = Satisfactory. Occasional problems, Bank should monitor.</b> <b>1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b> <b>0 = Highly unsatisfactory. Serious problems. Action required.</b>			

Small Scale Irrigation Development Study

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	Project Progress		
1.	Compliance with Conditions Precedent to Loan Effectiveness	n.a	2
2.	Compliance with General Conditions	n.a	2
3.	Compliance with other Conditions	n.a	2
B.	Procurement Performance		
1.	Procurement of Consultancy Services	n.a	2
2.	Procurement of Goods and Outputs	n.a	2
C.	<b>Financial Performance</b>		
1.	Availability of Foreign Exchange	n.a	3
2.	Availability of Local Currency	n.a	3
3.	Disbursement Flows	n.a	3
4.	Cost Management / Recovery	n.a	2
5.	Performance of Co-financier (s)		n.a
D.	<b>Activities and Outputs</b>		
1.	Adherence to Implementation Schedule	n.a	2
2.	Performance of Consultants and Technical Assistants	n.a	2
3.	Performances of Contractors	n.a	n.a
4.	Performance of Project Management	n.a	2
E.	<b>Impact on Development</b>		
1.	Likelihood of Achieving Project Objectives	n.a	2
2.	Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	2
3.	Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	2
4.	Expected Rate of Return	n.a	n.a
F.	Overall Assessment		
1.	At Present	n.a	2.2
2.	Trend over time	n.a	2.2
<b>Legend:</b>			
<b>3 = Highly satisfactory.</b>			
<b>2 = Satisfactory. Occasional problems, Bank should monitor.</b>			
<b>1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
<b>0 = Highly unsatisfactory. Serious problems. Action required.</b>			

Smallholder Irrigation Project

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CPRR</u></b>	<b><u>This CPRR</u></b>
A.	Project Progress		
1.	Compliance with Conditions Precedent to Loan Effectiveness	n.a	2
2	Compliance with General Conditions	n.a	n.a
3	Compliance with other Conditions	n.a	1
B	Procurement Performance		
1	Procurement of Consultancy Services	n.a	1
2	Procurement of Goods and Outputs	n.a	2
C.	Financial Performance		
1	Availability of Foreign Exchange	n.a	3
2	Availability of Local Currency	n.a	1
3	Disbursement Flows	n.a	2
4	Cost Management / Recovery	n.a	2
5	Performance of Co-financier (s)		n.a
D	Activities and Outputs		
1	Adherence to Implementation Schedule	n.a	1
2	Performance of Consultants and Technical Assistants	n.a	n.a
3	Performances of Contractors	n.a	2
4	Performance of Project Management	n.a	1
E	Impact on Development		
1	Likelihood of Achieving Project Objectives	n.a	2
2	Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	2
3	Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	2
4	Expected Rate of Return	n.a	n.a
F	Overall Assessment		
1	At Present	n.a	1.7
2.	Trend over time	n.a	1.7
<b>Legend:</b>			
3 =	<b>Highly satisfactory.</b>		
2 =	<b>Satisfactory. Occasional problems, Bank should monitor.</b>		
1 =	<b>Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>		
0 =	<b>Highly unsatisfactory. Serious problems. Action required.</b>		

Smallholder Outgrower Sugarcane Production Project

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	<b>Project Progress</b>		
	1. Compliance with Conditions Precedent to Loan Effectiveness	n.a	1
	2. Compliance with General Conditions	n.a	1
	3. Compliance with other Conditions	n.a	...
B	<b>Procurement Performance</b>		
	1. Procurement of Consultancy Services	n.a	2
	2. Procurement of Goods and Outputs	n.a	2
C.	<b>Financial Performance</b>		
	1. Availability of Foreign Exchange	n.a	3
	2. Availability of Local Currency	n.a	2
	3. Disbursement Flows	n.a	3
	4. Cost Management / Recovery	n.a	2
	5. Performance of Co-financier (s)		2
D	<b>Activities and Outputs</b>		
	1. Adherence to Implementation Schedule	n.a	2
	2. Performance of Consultants and Technical Assistants	n.a	2
	3. Performances of Contractors	n.a	2
	4. Performance of Project Management	n.a	2
E	<b>Impact on Development</b>		
	1. Likelihood of Achieving Project Objectives	n.a	2
	2. Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	2
	3. Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	2
	4. Expected Rate of Return	n.a	n.a
F	<b>Overall Assessment</b>		
	1. At Present	n.a	1.9
	2. Trend over time	n.a	1.7
<b>Legend:</b>			
3 = <b>Highly satisfactory.</b>			
2 = <b>Satisfactory. Occasional problems, Bank should monitor.</b>			
1 = <b>Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
0 = <b>Highly unsatisfactory. Serious problems. Action required.</b>			

Line of Credit to INDEBANK

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CPRR</u></b>	<b><u>This CPRR</u></b>
A.	Project Progress		
1.	Compliance with Conditions Precedent to Loan Effectiveness	...	2
2.	Compliance with General Conditions	...	2
3.	Compliance with other Conditions	...	...
B.	Procurement Performance		
1.	Procurement of Consultancy Services	...	n.a
2.	Procurement of Goods and Outputs	...	2
C.	<b>Financial Performance</b>		
1.	Availability of Foreign Exchange	...	2
2.	Availability of Local Currency	...	3
3.	Disbursement Flows	...	1
4.	Cost Management / Recovery	...	n.a
5.	Performance of Co-financier (s)		n.a
D.	<b>Activities and Outputs</b>		
1.	Adherence to Implementation Schedule	...	1
2.	Performance of Consultants and Technical Assistants	...	n.a
3.	Performances of Contractors	...	n.a
4.	Performance of Project Management	...	2
E.	<b>Impact on Development</b>		
1.	Likelihood of Achieving Project Objectives	...	1
2.	Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	...	2
3.	Likely Contribution of the Project towards an Increase in Institutional Capacity	...	1
4.	Expected Rate of Return	...	n.a
F.	Overall Assessment		
1.	At Present	...	1.75
2.	Trend over time	...	1.52
<b>Legend:</b>			
3 = <b>Highly satisfactory.</b>			
2 = <b>Satisfactory. Occasional problems, Bank should monitor.</b>			
1 = <b>Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
0 = <b>Highly unsatisfactory. Serious problems. Action required.</b>			

Rural Healthcare Project III

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	Project Progress		
1	Compliance with Conditions Precedent to Loan Effectiveness	n.a	2
2	Compliance with General Conditions	n.a	2
3	Compliance with other Conditions	n.a	n.a
B	Procurement Performance		
1	Procurement of Consultancy Services	n.a	2
2	Procurement of Goods and Outputs	n.a	3
C.	<b>Financial Performance</b>		
1	Availability of Foreign Exchange	n.a	2
2	Availability of Local Currency	n.a	2
3	Disbursement Flows	n.a	2
4	Cost Management / Recovery	n.a	2
5	Performance of Co-financier (s)		2
D	<b>Activities and Outputs</b>		
1	Adherence to Implementation Schedule	n.a	2
2	Performance of Consultants and Technical Assistants	n.a	2
3	Performances of Contractors	n.a	n.a
4	Performance of Project Management	n.a	2
E	<b>Impact on Development</b>		
1	Likelihood of Achieving Project Objectives	n.a	2
2	Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	2
3	Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	2
4	Expected Rate of Return	n.a	n.a
F	Overall Assessment		
1	At Present	n.a	2.00
2	Trend over time	n.a	2.00
<b>Legend:</b>			
<b>3 = Highly satisfactory.</b>			
<b>2 = Satisfactory. Occasional problems, Bank should monitor.</b>			
<b>1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
<b>0 = Highly unsatisfactory. Serious problems. Action required.</b>			

Support to the National Aids Control Program

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	Project Progress		
1.	Compliance with Conditions Precedent to Loan Effectiveness	n.a	2
2.	Compliance with General Conditions	n.a	3
3.	Compliance with other Conditions	n.a	2
B	Procurement Performance		
1	Procurement of Consultancy Services	n.a	2
2	Procurement of Goods and Outputs	n.a	3
C.	Financial Performance		
1	Availability of Foreign Exchange	n.a	3
2	Availability of Local Currency	n.a	3
3	Disbursement Flows	n.a	2
4	Cost Management / Recovery	n.a	2
5	Performance of Co-financier (s)		n.a
D	Activities and Outputs		
1	Adherence to Implementation Schedule	n.a	2
2	Performance of Consultants and Technical Assistants	n.a	2
3	Performances of Contractors	n.a	2
4	Performance of Project Management	n.a	2
E	Impact on Development		
1	Likelihood of Achieving Project Objectives	n.a	3
2	Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	2
3	Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	3
4	Expected Rate of Return	n.a	2
F	Overall Assessment		
1	At Present	n.a	2.4
2	Trend over time	n.a	2.4
<b>Legend:</b>			
<b>3 = Highly satisfactory.</b>			
<b>2 = Satisfactory. Occasional problems, Bank should monitor.</b>			
<b>1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
<b>0 = Highly unsatisfactory. Serious problems. Action required.</b>			

Education III Project

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	Project Progress		
1.	Compliance with Conditions Precedent to Loan Effectiveness	n.a	3
2.	Compliance with General Conditions	n.a	2
3.	Compliance with other Conditions	n.a	...
B	Procurement Performance		
1	Procurement of Consultancy Services	n.a	3
2	Procurement of Goods and Outputs	n.a	3
C.	<b>Financial Performance</b>		
1	Availability of Foreign Exchange	n.a	3
2	Availability of Local Currency	n.a	3
3	Disbursement Flows	n.a	2
4	Cost Management / Recovery	n.a	3
5	Performance of Co-financier (s)		n.a
D	<b>Activities and Outputs</b>		
1	Adherence to Implementation Schedule	n.a	2
2	Performance of Consultants and Technical Assistants	n.a	2
3	Performances of Contractors	n.a	2
4	Performance of Project Management	n.a	3
E	<b>Impact on Development</b>		
1	Likelihood of Achieving Project Objectives	n.a	3
2	Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	3
3	Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	3
4	Expected Rate of Return	n.a	n.a
F	Overall Assessment		
1	At Present	n.a	2.63
2	Trend over time	n.a	2.60
<b>Legend:</b>			
<b>3 = Highly satisfactory.</b>			
<b>2 = Satisfactory. Occasional problems, Bank should monitor.</b>			
<b>1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
<b>0 = Highly unsatisfactory. Serious problems. Action required.</b>			

Poverty Reduction Project

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	Project Progress		
	1. Compliance with Conditions Precedent to Loan Effectiveness	n.a	2
	2. Compliance with General Conditions	n.a	2
	3. Compliance with other Conditions	n.a	...
B	Procurement Performance		
	1 Procurement of Consultancy Services	n.a	2
	2 Procurement of Goods and Outputs	n.a	2
C.	<b>Financial Performance</b>		
	1 Availability of Foreign Exchange	n.a	3
	2 Availability of Local Currency	n.a	3
	3 Disbursement Flows	n.a	2
	4 Cost Management / Recovery	n.a	2
	5 Performance of Co-financier (s)		n.a
D	<b>Activities and Outputs</b>		
	1 Adherence to Implementation Schedule	n.a	1
	2 Performance of Consultants and Technical Assistants	n.a	2
	3 Performances of Contractors	n.a	n.a
	4 Performance of Project Management	n.a	2
E	<b>Impact on Development</b>		
	1 Likelihood of Achieving Project Objectives	n.a	2
	2 Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	3
	3 Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	2
	4 Expected Rate of Return	n.a	2
F	Overall Assessment		
	1 At Present	n.a	2.06
	2 Trend over time	n.a	2.06
<b>Legend:</b>			
3 = <b>Highly satisfactory.</b>			
2 = <b>Satisfactory. Occasional problems, Bank should monitor.</b>			
1 = <b>Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
0 = <b>Highly unsatisfactory. Serious problems. Action required.</b>			

Education IV Project

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	<b>Project Progress</b> 1. Compliance with Conditions Precedent to Loan Effectiveness 2. Compliance with General Conditions 3. Compliance with other Conditions	n.a n.a n.a	n.a n.a n.a
B	<b>Procurement Performance</b> 1 Procurement of Consultancy Services 2 Procurement of Goods and Outputs	n.a n.a	n.a n.a
C.	<b>Financial Performance</b> 1 Availability of Foreign Exchange 2 Availability of Local Currency 3 Disbursement Flows 4 Cost Management / Recovery 5 Performance of Co-financier (s)	n.a n.a n.a n.a n.a	n.a n.a n.a n.a n.a
D	<b>Activities and Outputs</b> 1 Adherence to Implementation Schedule 2 Performance of Consultants and Technical Assistants 3 Performances of Contractors 4 Performance of Project Management	n.a n.a n.a n.a	n.a n.a n.a n.a
E	<b>Impact on Development</b> 1 Likelihood of Achieving Project Objectives 2 Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project 3 Likely Contribution of the Project towards an Increase in Institutional Capacity 4 Expected Rate of Return	n.a n.a n.a n.a	n.a n.a n.a n.a
F	<b>Overall Assessment</b> 1 At Present 2 Trend over time	n.a n.a	n.a n.a
<b>Legend:</b> <b>3 = Highly satisfactory.</b> <b>2 = Satisfactory. Occasional problems, Bank should monitor.</b> <b>1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b> <b>0 = Highly unsatisfactory. Serious problems. Action required.</b>			

Skills Development and Income Generation Project

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CPRR</u></b>	<b><u>This CPRR</u></b>
<b>A.</b>	<b>Project Progress</b>		
	1. Compliance with Conditions Precedent to Loan Effectiveness	n.a	n.a
	2. Compliance with General Conditions	n.a	n.a
	3. Compliance with other Conditions	n.a	n.a
<b>B</b>	<b>Procurement Performance</b>		
	1. Procurement of Consultancy Services	n.a	n.a
	2. Procurement of Goods and Outputs	n.a	n.a
<b>C.</b>	<b>Financial Performance</b>		
	1. Availability of Foreign Exchange	n.a	n.a
	2. Availability of Local Currency	n.a	n.a
	3. Disbursement Flows	n.a	n.a
	4. Cost Management / Recovery	n.a	n.a
	5. Performance of Co-financier (s)	n.a	n.a
<b>D</b>	<b>Activities and Outputs</b>		
	1. Adherence to Implementation Schedule	n.a	n.a
	2. Performance of Consultants and Technical Assistants	n.a	n.a
	3. Performances of Contractors	n.a	n.a
	4. Performance of Project Management	n.a	n.a
<b>E</b>	<b>Impact on Development</b>		
	1. Likelihood of Achieving Project Objectives	n.a	n.a
	2. Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	n.a
	3. Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	n.a
	4. Expected Rate of Return	n.a	n.a
<b>F</b>	<b>Overall Assessment</b>		
	1. At Present	n.a	n.a
	2. Trend over time	n.a	n.a
<b>Legend:</b>			
<b>3 =</b>	<b>Highly satisfactory.</b>		
<b>2 =</b>	<b>Satisfactory. Occasional problems, Bank should monitor.</b>		
<b>1 =</b>	<b>Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>		
<b>0 =</b>	<b>Highly unsatisfactory. Serious problems. Action required.</b>		

Msulira-Nkhotakota Road project

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	<b>Project Progress</b>		
1.	Compliance with Conditions Precedent to Loan Effectiveness	2	2
2.	Compliance with General Conditions	1	2
3.	Compliance with other Conditions	1	1
B.	<b>Procurement Performance</b>		
1.	Procurement of Consultancy Services	2	1
2.	Procurement of Goods and Outputs	1	1
C.	<b>Financial Performance</b>		
1.	Availability of Foreign Exchange	2	3
2.	Availability of Local Currency	2	3
3.	Disbursement Flows	1	3
4.	Cost Management / Recovery	n.a	1
5.	Performance of Co-financier (s)	n.a	n.a
D.	<b>Activities and Outputs</b>		
1.	Adherence to Implementation Schedule	1	2
2.	Performance of Consultants and Technical Assistants	2	2
3.	Performances of Contractors	n.a	3
4.	Performance of Project Management	1	2
E.	<b>Impact on Development</b>		
1.	Likelihood of Achieving Project Objectives	2	2
2.	Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	1	2
3.	Likely Contribution of the Project towards an Increase in Institutional Capacity	2	2
4.	Expected Rate of Return	1	2
F.	<b>Overall Assessment</b>		
1.	At Present	1	2.0
2.	Trend over time	1	1.5
<b>Legend:</b>			
<b>3 = Highly satisfactory.</b>			
<b>2 = Satisfactory. Occasional problems, Bank should monitor.</b>			
<b>1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
<b>0 = Highly unsatisfactory. Serious problems. Action required.</b>			

Karonga-Chitipa (Lifulya-Chitipa Section) Road Project

<b>PERFORMANCE INDICATORS</b>			
<b>Indicators</b>		<b>Previous CPRR</b>	<b>This CPRR</b>
A.	Project Progress		
	1. Compliance with Conditions Precedent to Loan Effectiveness	n.a	1
	2. Compliance with General Conditions	n.a	1
	3. Compliance with other Conditions	n.a	1
B	Procurement Performance		
	1. Procurement of Consultancy Services	n.a	3
	2. Procurement of Goods and Outputs	n.a	n.a
C.	<b>Financial Performance</b>		
	1. Availability of Foreign Exchange	n.a	n.a
	2. Availability of Local Currency	n.a	n.a
	3. Disbursement Flows	n.a	n.a
	4. Cost Management / Recovery	n.a	n.a
	5. Performance of Co-financier (s)	n.a	n.a
D	<b>Activities and Outputs</b>		
	1. Adherence to Implementation Schedule	n.a	1
	2. Performance of Consultants and Technical Assistants	n.a	n.a
	3. Performances of Contractors	n.a	n.a
	4. Performance of Project Management	n.a	n.a
E	<b>Impact on Development</b>		
	1. Likelihood of Achieving Project Objectives	n.a	3
	2. Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	3
	3. Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	2
	4. Expected Rate of Return	n.a	3
F	Overall Assessment		
	1. At Present	n.a	2.0
	2. Trend over time	n.a	2.0
<b>Legend:</b>			
3 = <b>Highly satisfactory.</b>			
2 = <b>Satisfactory. Occasional problems, Bank should monitor.</b>			
1 = <b>Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
0 = <b>Highly unsatisfactory. Serious problems. Action required.</b>			

Institutional Support for Aid and Debt management and Governance

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CPRR</u></b>	<b><u>This CPRR</u></b>
A.	Project Progress		
1.	Compliance with Conditions Precedent to Loan Effectiveness	n.a	2
2.	Compliance with General Conditions	n.a	2
3.	Compliance with other Conditions	n.a	2
B	Procurement Performance		
1	Procurement of Consultancy Services	n.a	n.a
2.	Procurement of Goods and Outputs	n.a	1.5
C.	Financial Performance		
1	Availability of Foreign Exchange	n.a	3
2	Availability of Local Currency	n.a	3
3	Disbursement Flows	n.a	3
4	Cost Management / Recovery	n.a	2
5	Performance of Co-financier (s)	n.a	1
D	Activities and Outputs		
1	Adherence to Implementation Schedule	n.a	1
2	Performance of Consultants and Technical Assistants	n.a	n.a
3	Performances of Contractors	n.a	n.a
4	Performance of Project Management	n.a	2
E	Impact on Development		
1	Likelihood of Achieving Project Objectives	n.a	2
2	Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	2
3	Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	2
4	Expected Rate of Return	n.a	n.a
F	Overall Assessment		
1	At Present	n.a	2.0
2	Trend over time	n.a	2.3
<b>Legend:</b>			
<b>3 =</b>	<b>Highly satisfactory.</b>		
<b>2 =</b>	<b>Satisfactory. Occasional problems, Bank should monitor.</b>		
<b>1 =</b>	<b>Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>		
<b>0 =</b>	<b>Highly unsatisfactory. Serious problems. Action required.</b>		

Districts Centers Sanitation Study

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	Project Progress		
	1. Compliance with Conditions Precedent to Loan Effectiveness	n.a	2
	2. Compliance with General Conditions	n.a	2
	3. Compliance with other Conditions	n.a	...
B	Procurement Performance		
	1. Procurement of Consultancy Services	n.a	2
	2. Procurement of Goods and Outputs	n.a	2
C.	Financial Performance		
	1. Availability of Foreign Exchange	n.a	3
	2. Availability of Local Currency	n.a	3
	3. Disbursement Flows	n.a	3
	4. Cost Management / Recovery	n.a	2
	5. Performance of Co-financier (s)	n.a	2
D	Activities and Outputs		
	1. Adherence to Implementation Schedule	n.a	2
	2. Performance of Consultants and Technical Assistants	n.a	2
	3. Performances of Contractors	n.a	2
	4. Performance of Project Management	n.a	2
E	<b>Impact on Development</b>		
	1. Likelihood of Achieving Project Objectives	n.a	3
	2. Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	2
	3. Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	2
	4. Expected Rate of Return	n.a	2
F	Overall Assessment		
	1. At Present	n.a	2.22
	2. Trend over time	n.a	2.17
<b>Legend:</b>			
3 = <b>Highly satisfactory.</b>			
2 = <b>Satisfactory. Occasional problems, Bank should monitor.</b>			
1 = <b>Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
0 = <b>Highly unsatisfactory. Serious problems. Action required.</b>			

Integrated Rural Water Supply Sanitation Project

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	Project Progress		
	1. Compliance with Conditions Precedent to Loan Effectiveness	n.a	n.a
	2. Compliance with General Conditions	n.a	n.a
	3. Compliance with other Conditions	n.a	n.a
B	Procurement Performance		
	1 Procurement of Consultancy Services	n.a	n.a
	2 Procurement of Goods and Outputs	n.a	n.a
C.	Financial Performance		
	1 Availability of Foreign Exchange	n.a	n.a
	2 Availability of Local Currency	n.a	n.a
	3 Disbursement Flows	n.a	n.a
	4 Cost Management / Recovery	n.a	n.a
	5 Performance of Co-financier (s)	n.a	n.a
D	Activities and Outputs		
	1 Adherence to Implementation Schedule	n.a	n.a
	2 Performance of Consultants and Technical Assistants	n.a	n.a
	3 Performances of Contractors	n.a	n.a
	4 Performance of Project Management	n.a	n.a
E	Impact on Development		
	1 Likelihood of Achieving Project Objectives	n.a	n.a
	2 Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	n.a
	3 Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	n.a
	4 Expected Rate of Return	n.a	n.a
F	Overall Assessment		
	1 At Present	n.a	n.a
	2 Trend over time	n.a	n.a
<b>Legend:</b>			
<b>3 = Highly satisfactory.</b>			
<b>2 = Satisfactory. Occasional problems, Bank should monitor.</b>			
<b>1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
<b>0 = Highly unsatisfactory. Serious problems. Action required.</b>			

District Water Supply III Project

<b>PERFORMANCE INDICATORS</b>			
<b><u>Indicators</u></b>		<b><u>Previous CRR</u></b>	<b><u>This CRR</u></b>
A.	Project Progress		
	1. Compliance with Conditions Precedent to Loan Effectiveness	n.a	2
	2. Compliance with General Conditions	n.a	2
	3. Compliance with other Conditions	n.a	...
B	Procurement Performance		
	1 Procurement of Consultancy Services	n.a	2
	2 Procurement of Goods and Outputs	n.a	1
C.	Financial Performance		
	1 Availability of Foreign Exchange	n.a	2
	2 Availability of Local Currency	n.a	2
	3 Disbursement Flows	n.a	2
	4 Cost Management / Recovery	n.a	2
	5 Performance of Co-financier (s)		2
D	Activities and Outputs		
	1 Adherence to Implementation Schedule	n.a	2
	2 Performance of Consultants and Technical Assistants	n.a	2
	3 Performances of Contractors	n.a	2
	4 Performance of Project Management	n.a	2
E	Impact on Development		
	1 Likelihood of Achieving Project Objectives	n.a	3
	2 Likelihood that Benefits will be Realized and Sustained Beyond the Investment Stage of the Project	n.a	2
	3 Likely Contribution of the Project towards an Increase in Institutional Capacity	n.a	3
	4 Expected Rate of Return	n.a	2
F	Overall Assessment		
	1 At Present	n.a	2.06
	2 Trend over time	n.a	2.04
<b>Legend:</b>			
<b>3 = Highly satisfactory.</b>			
<b>2 = Satisfactory. Occasional problems, Bank should monitor.</b>			
<b>1 = Unsatisfactory. Problems. Bank should monitor closely, but no immediate action is required.</b>			
<b>0 = Highly unsatisfactory. Serious problems. Action required.</b>			

**Matrix of Common Problems**

Problems	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Weak technical and management capacities of the PIU	x		X	x	x					X														
Frequent changes in PMU management			X		X					X														
Lengthy communication channels between the Bank and the PIU	X		X										x											
Long delays in fulfilment of loan conditions	X	x	X		X		x		X	x	x				x									
Long delays in Project Execution	x	X	x		x	x			X					x										

**1:** Agriculture Services Project. **2:** Horticulture and Food Crops Development project. **3:** Lilongwe Forestry Project. **4:** Macadamia Smallholder Development Project. **5:** Mwanza Rural Development Project. **6:** national Livestock Development Project. **7:** Rural Income Enhancement Project. **8:** Special Programme for Food security. **9:** Small Scale Irrigation Development Study. **10:** Smallholder Irrigation project. **11:** Smallholder Outgrower Sugarcane Production Project. **12:** Line of Credit to INDEBANK. **13:** Rural Health Care Project III. **14:** Support to the National Aids Control Programme. **15:** Education III Project. **16:** Poverty Reduction Project. **17:** Education IV Project. **18:** Skills Development and Income Generation project. **19:** Msulira-Nkhotakota Road Project. **20:** Karonga-Chitipa (Lifulya-Chitipa Section) Road Project. **21:** Institutional Support for Aid and Debt Management and Governance. **22:** District Center Sanitation Study. **23:** Integrated Rural Water Supply and Sanitation Project. **24:** District Water Supply III Project.

**Matrix of Common Problems**

Problems	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Non-compliance with Bank procurement and disbursement procedures			X																					
Frequent complaints by suppliers and bidders as regards the results of examination of tenders																								
Poor performance when the contracts are awarded to local firms and public entities																								
Inadequate Government contributions to projects	x	x																						

**1:** Agriculture Services Project. **2:** Horticulture and Food Crops Development project. **3:** Lilongwe Forestry Project. **4:** Macadamia Smallholder Development Project. **5:** Mwanza Rural Development Project. **6:** national Livestock Development Project. **7:** Rural Income Enhancement Project. **8:** Special Programme for Food security. **9:** Small Scale Irrigation Development Project. **10:** Smallholder Irrigation project. **11:** Smallholder Outgrower Sugarcane Production Project. **12:** Line of Credit to INDEBANK. **13:** Rural Health Care Project III. **14:** Support to the National Aids Control Programme. **15:** Education III Project. **16:** Poverty Reduction Project. **17:** Education IV Project. **18:** Skills Development and Income Generation Project. **19:** Msulira-Nkhotakota Road Project. **20:** Karonga-Chitipa (Lifulya-Chitipa Section) Road Project. **21:** Institutional Support for Aid and Debt Management and Governance. **22:** District Center Sanitation Study. **23:** Integrated Rural Water Supply and Sanitation Project. **24:** District Water Supply III Project.

**Matrix of Common Problems**

Problems	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Inefficient use of Technical Assistance																								
Lack of observance Bank requirements as regards progress and audit reports	x					x																		
Lack of adequate supervision			x																					
Lack of adequate preparation																								
Un-disbursed loan balance																								
Frequent sanctions as a result of loan arrears																								
Political instability and unusual economic situation																								
Inadequate Bank Role																								

**1:** Agriculture Services Project. **2:** Horticulture and Food Crops Development project. **3:** Lilongwe Forestry Project. **4:** Macadamia Smallholder Development Project. **5:** Mwanza Rural Development Project. **6:** national Livestock Development Project. **7:** Rural Income Enhancement Project. **8:** Special Programme for Food security. **9:** Small Scale Irrigation Development Project. **10:** Smallholder Irrigation project. **11:** Smallholder Outgrower Sugarcane Production Project. **12:** Line of Credit to INDEBANK. **13:** Rural Health Care Project III. **14:** Support to the National Aids Control Programme. **15:** Education III Project. **16:** Poverty Reduction Project. **17:** Education IV Project. **18:** Skills Development and Income Generation Project. **19:** Msulira-Nkhotakota Road Project. **20:** Karonga-Chitipa (Lifulya-Chitipa Section) Road Project. **21:** Institutional Support for Aid and Debt Management and Governance. **22:** District Center Sanitation Study. **23:** Integrated Rural Water Supply and Sanitation Project. **24:** District Water Supply III Project.

**Matrix of Cross-Cutting Issues**

Cross-Cutting Issue	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Poverty Reduction	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	X	x	x	x	X	x
Gender		X	x	x	x		x		x	x	X												X	
Population																								
Environment			X																				X	
Governance																							X	
Regional Integration																			X	X				
Private sector Development		x									X								x	X				
HIV/AIDS											x												x	
Core Labour Standards																								

**1:** Agriculture Services Project. **2:** Horticulture and Food Crops Development project. **3:** Lilongwe Forestry Project. **4:** Macadamia Smallholder Development Project. **5:** Mwanza Rural Development Project. **6:** national Livestock Development Project. **7:** Rural Income Enhancement Project. **8:** Special Programme for Food security. **9:** Small Scale Irrigation Development Project. **10:** Smallholder Irrigation project. **11:** Smallholder Outgrower Sugarcane Production Project. **12:** Line of Credit to INDEBANK. **13:** Rural Health Care Project III. **14:** Support to the National Aids Control Programme. **15:** Education III Project. **16:** Poverty Reduction Project. **17:** Education IV Project. **18:** Skills Development and Income Generation Project. **19:** Msulira-Nkhotakota Road Project. **20:** Karonga-Chitipa (Lifulya-Chitipa Section) Road Project. **21:** Institutional Support for Aid and Debt Management and Governance. **22:** District Center Sanitation Study. **23:** Integrated Rural Water Supply and Sanitation Project. **24:** District Water Supply III Project.

**Summary of Actions Required on On-Going Projects**

<b>Name of Project</b>	<b>Approval Date</b>	<b>Major Issues</b>	<b>Actions Taken or to be Taken</b>	<b>Dated actions to be Taken</b>
<b><u>AGRICULTURE SECTOR</u></b>				
1. Agricultural Services Project		Auditing	Audit reports received. Comments on audit reports received from AUDT and conveyed to GOM. Suspension lifted. List of Goods and Services to be revised	By mid-December 2002.
2. Horticulture And Food Crops Development Project	12/1998	The project requested for first disbursement to the Special Account in July 2001 and to date it has not received the funds. This makes it difficult to implement the project activities.	The Bank should be contacted and reminded of all outstanding disbursements to ensure prompt action.	30 <sup>th</sup> September 2002.
3. Lilongwe Rural Forestry Project	11/1992	Evaluation and award of tenders for the District Office Building and the procurement of vehicles.	Bids opened on 30 <sup>th</sup> August 2002.	Urgently evaluate the bids and forward the report the Bank before end of September 2002.
4. Macadamia Smallholder Development Project	07/1998	1. The procurement of vehicles and equipment is yet to be finalized and this is making it difficult for the project to effectively implement activities. 2. The Infrastructure component, the recruitment of credit specialist is yet to commence.	1. The tendering process for the vehicles is in progress. As soon as it is finalized the vehicles will be supplied. 2. These activities are to be implemented by the MOAI as per the appraisal report.	1. 30th March 2002. 2. The MOAI should commence the implementation of these activities by 30th March 2002.
5. Mwanza Rural Development Project	08/1991	1. The construction of the Mwanza RDP headquarters by Lusitania suspended due to withdrawal of the contractor (non payment of interests on delayed payments).	1. The contact for Lusitania has been broken down into 3 lots and will be re-tendered since the total contact amount for the extension of Lusitania's contact is more than 15% of the initial contact due to price escalations.	The Executing Agency to submit the draft tender document for re-tendering of the civil outputs by mid-October 2002.
6. National Livestock Development Project	01/1988	The GOM has requested for 33 months extension of the project.	The Bank is in the process of reviewing the request. More information was requested from the PIU.	The GOM will be communicated on this issue by 28th February 2002.
7. Rural Income Enhancement Project	12/1997	None		
8. Small Scale Irrigation Development Study	11/1998	Preparation report.	Preparation report to be submitted to the Bank for review.	Report to be submitted by Mid-December 2002
9. Smallholder Irrigation Project	11/1998	Staffing problems for the Project Management Office	GOM to provide full staff complement by end August 2002.	Action being taken.
10. Smallholder Outgrower Sugar Production Project	12/1999	Delay in physical implementation linked to irrigation design not completed.	Detailed irrigation design done.	Documents expected by end of mid-December 2002.
11. Special Programme For Food Security	06/2000	Delay in submitting the revised implementation programme to the Bank	Bank to undertake a follow up mission to facilitate commencement of project activities.	Mission to be undertaken urgently.
<b><u>TRANSPORT SECTOR</u></b>				
1. Msulira-Nkhotakota Road Project	11/1991	1. Submission of project audit reports for the period from March 1997.	1. GOM requested to submit project audit reports on several occasions.	1. The GOM should submit the audit report by 30/6/2002. Failure to comply would result in suspension of disbursements.
4. Karonga-Chitipa Road Project	12/1999	Delay in fulfillment of one of the loan conditions precedent to first disbursement.	GOM is making efforts to secure the funds required for the upgrading the Karonga-Lifulya road section under 9 <sup>th</sup> ADF. In addition, the Bank is looking at the possibility of waiving the loan condition.	1. Waiving of condition by 31 <sup>st</sup> March 2003. 1. Finance of the Karonga-Lifulya section under ADF-IX.

Name of Project	Approval Date	Major Issues	Actions Taken or to be Taken	Dated actions to be Taken
<p><b><u>INDUSTRIAL SECTOR</u></b></p> <p>1. Line of Credit to INDEBANK</p>		<p>1. Weak pipeline of projects to be finance by the LOC</p> <p>2. Delay in the utilization of the fund allocated for micro-financing</p> <p>3. Following the new institutional structure of the INDEBANK, the operational focus of the new shareholders is not yet known.</p>	<p>1. The management of the INDEBANK to increase the effort to expand the pipeline</p> <p>2. The Bank has now approved the operational guidelines of the micro-finance fund, and it is now operational.</p> <p>3. The new investors are to advise the Bank of their operational priorities especially as it affects the LOC.</p>	<p>1. On-going</p> <p>2. The Bank, on 23 July 2002, approved the GOM's request in respect of the operational guidelines for the micro-finance fund.</p>
<p><b><u>MULTI SECTOR</u></b></p> <p>1. Institutional Support: Aid-Debt Management &amp; Governance</p>	10/2000	Inadequate knowledge of the Bank's procurement and disbursement rules.	<p>Training organised for the Project manager at bank Headquarters.</p> <p>PM to attend other trainings on Bank's procurement and disbursement rules to be organized.</p>	On-going.

**Action Plan to Improve the Performance of the Portfolio**

<b><u>Objectives</u></b>	<b><u>Strategy and Measures</u></b>	<b><u>Timing / Status</u></b>	<b><u>Responsible Party</u></b>
Reduce delays in Project Execution	<ul style="list-style-type: none"> <li>• Speed up the approval process of the projects' authorizations bills through Parliament</li> <li>• Improve timeliness of fulfillment of loans' conditions</li> <li>• Bring loans conditions in line with the GOM's administrative capacity</li> <li>• MOFEP should keep records of loan conditions in order to ensure their timely implementation</li> <li>• The Bank should undertake missions to assist the implementing agencies in the fulfillment of loan conditions</li> <li>• The Bank should ensure prompt responses to all correspondences submitted by the Government and PIU.</li> </ul>	<p>Continuous</p> <p>Continuous</p> <p>Continuous</p> <p>Continuous</p> <p>Continuous</p> <p>Continuous</p>	<p>GOM</p> <p>GOM</p> <p>Bank</p> <p>GOM</p> <p>Bank</p> <p>Bank</p>
Strengthen the Capacity of the Project's PIU	<ul style="list-style-type: none"> <li>• The Bank should increase the frequency of outputshops on Procurement and Disbursement procedure of the Bank Group in Malawi. It is expected in the next two years four outputshops will be conducted under the Bank's new Institutional Support grant.</li> <li>• Reduce turn-over rate of projects' staff</li> <li>• The staff of the Debt and Aid Division in the MOFEP and of line ministries and PIU should take full advantage of the Bank's new capacity building grant "Institutional Support: Aid-Debt Management &amp; Governance" to strengthen their capacity.</li> </ul>	<p>Continuous</p> <p>Continuous</p> <p>Continuous</p>	<p>Bank</p> <p>GOM</p> <p>GOM</p>

