

AFRICAN DEVELOPMENT BANK

BANQUE AFRICAINE DE DEVELOPPEMENT



PROJECT COMPLETION REPORT

POVERTY REDUCTION PROJECT

REPUBLIC OF MALAWI

(LOAN No 2100150000682)

(GRANT No 2100155000228)

HUMAN DEVELOPMENT DEPARTMENT

JUNE 2008

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This report was prepared on the basis of the findings of a Project Completion Report (PCR) Mission that visited the Republic of Malawi in June 2008. The Mission comprised Mr. Yero Baldeh, Senior Socio-Economist (OSHD.2), Ms. Namawu Alhassan Aलो, Senior Analyst (OSHD.2) and a Consultant. Enquiries should be addressed to Mr. Sibry Tapsoba, Manager, OSHD.2 (Ext. 3120) or Mr. Tom Hurley, Director, OSHD (Ext. 2046).

LIST OF ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
ADF	African Development Fund
ADC	Area Development committee
AEC	Area Executive Committee
AMINA	ADF Micro-Finance Initiative
CSP	Country Strategy Paper
DAs	District Assemblies
DDF	District Development Fund
DDO	District Development Officer
DDP	District Development Plan
DEC	District Executive Committee
DLGDA	Department of Local Government and District Administration
DS	Decentralisation Secretariat
GoM	Government of Malawi
FINCA	Foundation for International Community Assistance
FITSE	Finance Trust for the Self Employed
IEC	Information Education and Communication
ITCD	Inter-ministerial Technical Committee on Decentralization
LGDMP	Local Government Development and Management Program
MDG	Millennium Development Goals
MGDS	Malawi Growth Development Strategy
MFI	Micro Finance Institution
MoEP&D	Ministry of Economic Planning and Development
MoLG&RD	Ministry of Local Government and Rural Development
MPC	Management Procurement Committee
MRFC	Malawi Rural Finance Company
NGO	Non Governmental Organisation
PAP	Poverty Alleviation Program
PCR	Project Completion Report
PIU	Project Implementation Unit
PMS	Poverty Monitoring Systems
PRP	Poverty Reduction Project
PSC	Project steering committee
SDA	Social Dimensions of Adjustment Program
SEP	Socio-economic Profile
TAs	Traditional Authorities
UA	Units of Account
UNDP	United Nations Development Program
VAP	Village Action Plan
WID	Women in Development Project

BASIC COUNTRY DATA *	2006
	REPUBLIC OF MALAWI
Capital	Lilongwe
Population	13.6 million
Population growth (annual %)	2.6%
GDP (US dollars)	3.16
GDP Growth (annual %)	7.4
Teacher/pupil ratio	1:84
Under 5 mortality (per 1,000)	118
Mortality rate per 1,000 live births	103
Life expectancy	48 years
HIV/AIDS prevalence % (15-49)	14.1

GoM FISCAL YEAR

1st July – 30th June

GoM ACADEMIC YEAR

January – December

BASIC PROJECT DATA

2.1 The project basic data are the following:

1. Loan Number : 2100150000682
2. Grant Number : 2100155000228
3. Borrower : The Government of Malawi
4. Executing Agency : Ministry of Local Government and Rural Development

A. LOAN AND GRANT

Loan

1. Loan Amount : UA 7.00 million
2. Service Charge : 0.75% per annum on the amount disbursed and outstanding
3. Repayment Conditions : 1% of the loan payable annually from the 11th through the 20th year and 3% per annum thereafter
4. Repayment Period : 50 years (including grace period)
5. Grace Period : 10 years
6. Loan Negotiation Date : November 1998
7. Loan Approval Date : December 1998
8. Loan Signature Date : May 1999
9. Date of Entry into Force: May 1999
10. Loan Effectiveness : May 2000

* World Development Indicators Database, 2007

Grant

1. Grant Amount : UA 2.00 million
2. Grant Approval Date : December 1998
3. Grant Signature Date : May 1999
4. Date of Entry into Force : August 1999

B. PROJECT DATA

	<i>Appraisal Estimate</i>			<i>Actual Cost at PCR</i>		
	<u>FE</u>	<u>LC</u>	<u>Total</u>	<u>FE</u>	<u>LC</u>	<u>Total</u>
1. Total Cost (UA million)	1,139	9,509	10,648	1,130	9,434	10,564
2. Financing Plan (UA million)	<u>Appraisal Estimate</u>			<u>Actual Financing at PCR</u>		
	<u>FE</u>	<u>LC</u>	<u>Total</u>	<u>FE</u>	<u>LC</u>	<u>Total</u>
ADF Loan	882	6,118	7,000	877	6,086	6,963
TAF	257	1,743	2,000	250	1,703	1,953
GoM	0,00	1,648	1,648	0,00	1,648	1,648
Total	1,139	9,509	10,648	1,127	9,437	10,564
3. Actual Date of First Disbursement						
Loan	: 1 st November 2000					
Grant	: 8 th November 2000					
4. Date of Last Disbursement	: 31 st December 2007					
5. Original Date of Last Disbursement	: 31 st March 2006					
6. Final Date of Project Completion:	: 31 st December 2007					

C. PERFORMANCE INDICATORS

- 1a. Undisbursed Balance ADF : UA 37,482
- 1b. Undisbursed Balance TAF : UA 47,360
- 1c. Undisbursed Balance GoM : Nil
2. Time Over-run: :
 - Slippage of Effectiveness : 11 months
 - Slippage of Completion Date : 24 months
 - Slippage of Last Disbursement : 20 months
 - Number of Extensions to Last Disbursement : 2
3. Project Implementation Status : complete
4. Verifiable Indicators:
 - (a) Technical Assistance : complete
 - (b) Training : complete
 - (c) District Development Fund : complete
 - (d) Micro Finance Fund : complete
 - (e) Monitoring and Evaluation : complete
5. Institutional Performance (Unsatisfactory/Fair/Satisfactory):
 - The Bank Group : Satisfactory
 - The Government : Satisfactory
 - Contractors : Fair
 - Suppliers : Satisfactory
 - Consultants : Satisfactory

D. MISSIONS

Mission Type	Date	No. of Persons	Composition
Identification	February 1998	NA	NA
Preparation	June 1998	NA	NA
Appraisal	9 th -24 th August 1998	3	Health Expert, Poverty Specialist, Financial Analyst,
Project Launch	16 th -21 st June 1999	2	Socio-economist, Health Expert
Supervision	3 rd - 15 th September 2000	1	Socio-economist
Supervision	19 th November-3 rd Dec. 2001	1	Socio-economist
Supervision	26 th August -13 th September 2002	2	Socio-economist, Consultant Micro Finance Specialist
MTR	7 th -18 th July 2003	4	Social Development Finance Officer, Socio-economist Governance Expert, Procurement Specialist
Financial Sup.	18 th -23 rd July 2004	1	Disbursement Officer
Supervision	1 st -12 th November 2004	2	Socio-economists
Supervision	10 th -24 th June 2005	1	Socio-economist
Supervision	1 st -14 th February 2006	3	2 socio-economists, 1 Architect
Supervision	30 th October-10 th Nov. 2006	1	Socio-economist
Supervision	28 th May -8 th June 2007	2	Socio-economist, Architect
Financial Sup.	26 th May – 6 th June 2008	1	Disbursement Officer
PCR- ADB	2 nd -13 th June 2008	3	Consultant, Socio-economist, Program Analyst

DISBURSEMENT (in '000 UA)ADF/TAF/GoM:

Year	Appraisal Total	Estimate Loan	Actual Loan (1)	Estimate TAF	Actual TAF (2)	Estimate GoM	Actual GoM(3)	Total 1,2,3
2000	1,314	652	553	416	341	246	97	991
2001	2,164	1,436	22	396	23	331	219	264
2002	3,290	2,365	706	577	443	348	278	1,427
2003	2,362	1,913	1,680	109	836	340	216	2,732
2004	1,519	633	325	502	190	383	311	826
2005			989		-		446	1,435
2006			1,782		-		57	1,839
2007			906		120		24	1,050
Total	10,648	7,000	6,963 (1)	2,000	1,953 (2)	1,648	1,648(3)	10,564

E. Financing**Financing at Appraisal and Actual by Source and Category of Expenditure (in UA '000)**

CATEGORIES	ADF LOAN (UA '000)			ADF GRANT (UA '000)			GoM (UA '000)		
	ALLOCATED AMOUNT AT APPRAISAL	ACTUAL FINANCING	%	ALLOCATED AT APPRAISAL	ACTUAL FINANCING	%	ALLOCATED AMOUNT AT APPRAISAL	ACTUAL FINANCING	%
A. Technical Assistance		190		772	536			-	
B. Training	1,226	387		886	1,375		234		
C. Furniture & Equipment	127	267							
D. Vehicles & Motor Cycles	416	308							
E. DDF	3,159	3,754						28	
F. Micro Finance Fund	1,354	987							
G. Auditing	56	67			24				
H. Operating Expenses	249	866			11		1,116	1,620	
I. Monitoring & Evaluation	0	136			6				
Total Base Cost	6,587			1,658			1,350		
Physical Contingency	208	-		166			136		
Price Contingency	205	-		176			162		
TOTAL	7,000	6,962		2,000	1,952		1,648	1,648(PIU)	

F. Disbursement (UA)**Loan and Grant - Actual Disbursements per year and by Category of Expenditure - BANK (in UA)**

CATEGORY	2000	2001	2002	2003	2004	2005	2006	2007	TOTAL
A. Technical Assistance	115,371			64,300	182,319		138,800	194,262	695,052
B. Training	220,345	23,321	429,139	769,624	9,055	84,630	338,460		1,874,573
C. Furniture & Equipment	145,875			52,254		120,066			318,135
D. Vehicles & Motor Cycles		21,874		205,104		59,054			286,033
E. DDF	326,935		623,743	813,853		370,056	915,798	642,719	3,693,103
F. Micro Finance Fund				526,822	322,087	289,198	135,094		1,273,201
G. Auditing	7,784					9,842		16,267	33,893
H. Operating Expenses	77,571		96,704	83,998		42,250	192,911	131,964	625,398
I. Monitoring & Evaluation						18,235	60,737	39,402	118,374
TOTAL	893,881	45,195	1,149,586	2,515,955	513,461	990,665	1,781,800	1,024,614	8,915,161

**REPUBLIC OF MALAWI – POVERTY REDUCTION PROJECT - PCR
RETROSPECTIVE PROJECT LOGICAL FRAMEWORK MATRIX**

1. SECTOR GOAL	The targets were: <u>By the year 2004</u>	<u>Actual</u> <u>By the year 2007</u>	Means of verification	Important Assumptions and Risks
<p>1.1 Contribute to poverty reduction in Malawi</p>	<p>1.1.1 Improved quality of life through better health, lower morbidity and mortality rates, higher life expectancy rates</p> <p>1.1.2 Household incomes in the poorest quintiles improved</p> <p>1.1.3 Self-targeting community sub-projects implemented and maintained</p>	<p>Under 5 mortality in 2000 and 2007 are respectively 155 and 120 per 1000 Life expectancy in 2000 and 2007 are respectively 46 and 48 years</p> <p>Household incomes improved Increased by 50% from MK 4,840 p.a. (from the lowest quintiles) in 2005.</p> <p>635 projects implemented Including 35 agriculture projects for better food security, 150 potable water project and sanitation projects</p>	<p>1. Poverty monitoring surveys in target areas</p> <p>2. NEC annual reports</p> <p>3. Central Statistical Office surveys</p>	<p>1. Poverty reduction remains top priority GoM policy</p> <p>2. Basic social services investments sustained with more efficient resource allocations</p> <p>3. Land policy reforms effective</p>
<p>2. PROJECT OBJECTIVES</p>				
<p>2.1 To strengthen poverty monitoring system</p>	<p>2.1.1 Operational poverty monitoring system expanded to 5 districts</p>	<p>District poverty profiles and micro-finance needs assessment studies carried out in 7 districts and poverty data bank officers appointed</p>	<p>1. Project files and records</p> <p>2. NEC annual reports</p>	<p>1. Commitment to decentralized administrative policies translated into improved institutional linkages at both national and regional levels</p>
<p>2.2 To promote the formulation and implementation of community initiated subprojects that are in line with District Development Plan decentralized funding resources</p>	<p>2.2.1 Capacity built for community development through participatory processes</p>	<p>856 persons were trained in participatory methodologies District Executive Committee members mobilised extension workers who trained 12,052 village development committee members in the village action plan process</p>	<p>3. Micro-finance institution reports and audits</p> <p>4. Project impact assessments of training and capacity building activities</p> <p>5. Participatory project impact evaluations following mandatory village/community meetings with required numbers of women participating</p>	<p>2. Continued GoM, IEC awareness-building for communities to have a greater sense of ownership, willingness to pay for maintenance, and broader participation in demand-driven selection processes</p>
<p>2.3 To build district and community level capacity</p>	<p>2.3.1 District planning institutions strengthened</p>	<p>The village and area development committees in association with the District Executive committees prepared 12 District Development</p>		<p>3. Fund recipients have continued access to nutritional and essential input requirements for human capital development</p> <p>4. Public support and conducive legal framework for accredited NGOs developed and sustained</p>

2.4 To support micro finance operations in five (5) districts over five (5) years	2.4. 1 Micro-enterprise activities increased for client groups	Plans 17,460 clients in 7 districts benefited from training in group formation, business and credit management		
3. OUTPUTS				
3.1 Socioeconomic studies	3.1.1 5 socioeconomic profiles prepared	12 socioeconomic studies were prepared	1. Sub-project records, decentralized monitoring reports and participatory impact evaluations	1. Effective, sustained community participation
3.2 Micro-finance needs assessments	3.2.1 micro-finance operations funded for assessed target groups	Studies on microfinance needs assessment carried out. MK 450 million disbursed	2. DEC financial reports and audits	2. Financial reform policies push down interest rates
3.3 Credit and savings services	3.3.1 Credit and savings services provided by MFIs to communities	A total of MK 70,666,407 was realized as clients savings	3. Project monitoring and evaluation reports	3. Maintenance culture developed in Malawi
3.4 Community subprojects	3.4.1 5 community subprojects funded for 56 area development committees	56 ADCs subprojects equivalent to 1704 village action plans were implemented in 7 districts	5. Micro-finance quarterly monitoring reports	
	3.4.2 Community participation, project management and micro-enterprise training for 1,575 community representatives completed	856 persons were trained in participatory methodologies and 1,139 community representatives were trained in micro-enterprise management and development	6. Mid-term review	
3.5 Outreach and monitoring	3.5.1 Ten (10) poverty monitoring workshops for decision-makers completed	The poverty monitoring workshops were implemented through the preparation of district socioeconomic profiles and village action plans	7. Borrower's Completion report	
	3.5.2 Five (5) monitoring and evaluation workshops held for 300 poverty professionals	Monitoring and evaluation workshops assigned to the Ministry of Economic Planning and Development were never implemented.	8. Project Completion reports	

<p>3.6 Capacity Building</p> <p>3.7 Project Implementation Unit</p>	<p>3.6.1 240 District Executive Committee members trained in financial management</p> <p>3.6.2 Three (3) fellowships and 26 short-term courses in social analysis and poverty monitoring completed</p> <p>3.7.1 Three (3) review workshops held</p>	<p>483 DEC members, MPs, chiefs and AEC members trained in microenterprise management and development training</p> <p>Short term courses in social analysis and poverty monitoring completed</p> <p>One (1) review workshop at mid-term review</p>																																																	
4. ACTIVITIES																																																			
<p>4.1 Technical Assistance</p> <p>4.2 District Development Funding</p> <p>4.3 Micro-finance operations</p> <p>4.4 Training</p> <p>4.5 Provision of Equipment/Furniture</p> <p>4.6 Provision Vehicles/Motorcycles</p> <p>4.7 Project Management</p>	<p>Planned implementation period: May 1999 to 2004 (60months)</p> <p>Project budget (UA millions)</p> <table border="0" data-bbox="470 812 1234 1055"> <tr> <td>A. Technical Assistance</td> <td>0,932</td> <td>A. Technical Assistance</td> <td>0,695</td> </tr> <tr> <td>B. Training</td> <td>2,874</td> <td>B. Training</td> <td>1,874</td> </tr> <tr> <td>C. Equipment/ Furniture</td> <td>0,140</td> <td>C. Equipment/ Furniture</td> <td>0,318</td> </tr> <tr> <td>D. Vehicles/Motorcycles</td> <td>1,458</td> <td>D. Vehicles/Motorcycles</td> <td>0,286</td> </tr> <tr> <td>E. DDF</td> <td>3,159</td> <td>E. DDF</td> <td>3,721</td> </tr> <tr> <td>F. Micro-finance</td> <td>1,354</td> <td>F. Micro-finance</td> <td>1,273</td> </tr> <tr> <td>G. Audit</td> <td>0,072</td> <td>G. Audit</td> <td>0,034</td> </tr> <tr> <td>H. Operating Costs</td> <td><u>1,660</u></td> <td>H. Operating Costs</td> <td>2,245</td> </tr> <tr> <td>Total</td> <td>10,648</td> <td>I. M&E</td> <td><u>0,118</u></td> </tr> <tr> <td></td> <td></td> <td>Total</td> <td>10,564</td> </tr> </table> <p>Sources of Financing (UA millions)</p> <table border="0" data-bbox="470 1120 1234 1218"> <tr> <td>ADF</td> <td>7,000</td> </tr> <tr> <td>TAF</td> <td>2,000</td> </tr> <tr> <td>GoM</td> <td><u>1,648</u></td> </tr> <tr> <td>Total</td> <td>10,648</td> </tr> </table>	A. Technical Assistance	0,932	A. Technical Assistance	0,695	B. Training	2,874	B. Training	1,874	C. Equipment/ Furniture	0,140	C. Equipment/ Furniture	0,318	D. Vehicles/Motorcycles	1,458	D. Vehicles/Motorcycles	0,286	E. DDF	3,159	E. DDF	3,721	F. Micro-finance	1,354	F. Micro-finance	1,273	G. Audit	0,072	G. Audit	0,034	H. Operating Costs	<u>1,660</u>	H. Operating Costs	2,245	Total	10,648	I. M&E	<u>0,118</u>			Total	10,564	ADF	7,000	TAF	2,000	GoM	<u>1,648</u>	Total	10,648	<p>1. ADF/TAF Disbursement records</p> <p>2. GoM Disbursement Records</p> <p>3. Project Accounts</p> <p>4. Annual audit reports</p> <p>5. Procurement reports</p> <p>6. Quarterly Reports</p> <p>7. Supervision mission reports</p>	<p>1. Community contribution available on time</p> <p>2. Tenders prepared and evaluated on time</p> <p>3. Sub-project guidelines respected</p> <p>4. Project activities implemented on schedule</p> <p>5. Timely GoM counterpart fund disbursements</p>
A. Technical Assistance	0,932	A. Technical Assistance	0,695																																																
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EXECUTIVE SUMMARY

1. Project Sector goal and objectives: The project's primary objective as set in the appraisal report was to reduce poverty in urban and rural Malawi within the context of the Poverty Alleviation Program (PAP) which was the guiding development strategy of GoM between 1995 and 2001. The specific objectives were to: (i) strengthen poverty monitoring systems, (ii) increase decentralized funding resources, (iii) build district and community-level capacity, and (iv) support micro-finance operations, in seven districts over five years.

2. Implementation: The project loan and grant were approved in December 1998 and signed in May 1999. There was a start-up delay of 2 years largely caused by GoM's slow fulfillment of loan conditions. The first disbursements for both the loan and the grant were in November 2000. Due to the delay in project start-up, the last date of disbursement was first extended to 31st December 2006 and later to 31st December 2007. After the loan agreement was signed, decisions were made resulting in the use of the Decentralisation Secretariat (DS) as the Project Implementation Unit (PIU) from the year 2000 to 2005. A PIU was established in January 2006 following the dissolution of the DS. The project covered five (5) districts at appraisal (Chitipa, Salima, Lilongwe, Mwanza and Mulanje) but was expanded to include two (2) more districts, Neno and Phalombe, split from Mwanza and Mulanje respectively during implementation. Owing to the commencement of procurement processes towards the end of the project, some of the project activities in the districts did not start until December 2007. As a result, the implementation of some of the activities spilled over into the year 2008. The districts have therefore been instructed to provide all the necessary justifications for the remaining activities so that the project can be closed on 30th June 2008.

3. Project Performance: Despite the initial delays in the startup of the project, significant progress has been achieved in the last five years. The project has attained its objectives in the building of capacity for poverty reduction activities, implementation of sub-projects in the districts and micro-finance operations. In addition to the strengthening of local governance structures, 635 sub-projects in various sectors including education, health, water and forestry were implemented in the 7 districts, and some 30,000 clients received loans amounting to MK 450 million through micro-finance operations. The disbursement rates of the loan and the grant were 99.5% and 97.6% respectively.

4. Achievements: The implementation of the Project has made a significant impact on the infrastructural development of the beneficiary districts. The capacity building component consisted of institutional strengthening for the implementation of poverty reduction activities. Under the District Development Fund (DDF) component, an amount of MK 612,780,756 (US\$ 4,345,962) supported a total of 635 sub-projects. The highest number of sub-projects (276) was implemented in the education sector because of the high demand for schools and teachers' houses as a result of the introduction of the Universal Free Primary Education policy. Other projects implemented included police posts and postal agencies, dams and boreholes for water supply, pit latrines, roads and bridges, irrigation, fish farming, reforestation and poultry farming. Lilongwe which had the most population had the highest budget and implemented 183 projects as opposed to Neno (created from Mwanza) which implemented 27 projects. The operations of the micro-finance institutions (MFIs) have made a difference in the lives of the poor who otherwise would have had no access to loans. The beneficiaries of loans from the MFIs have been able to expand their businesses. Others benefited from the training in business and credit management and have been able to set up their own businesses as well as acquired assets. The loans have also created a livelihood for many female-headed households who are now able to send their children to school, and are now enjoying food security. The MFIs placed emphasis on mobilizing group savings and beneficiaries were encouraged to save with the commercial banks. The savings culture has as a result been inculcated in the business management of MFI clients.

5. Conclusion: Although the project was planned for 5 years, it became operational 2 years after the loan agreement was signed. These 2 years were however spent on socio-economic studies which preceded project implementation. Other challenges faced by the project at inception were delays in fulfilling loan conditions and the fact that the PIU was subsumed into the already overburdened

Decentralisation Secretariat resulting in a lack of focus in project implementation. All the project activities under the various components of capacity building, district development funding and micro-finance operations were executed satisfactorily. The remaining activities concerning especially sub-projects at the district level will be closed on 30th June 2008. The targeted communities benefited from infrastructural facilities through DDF funding and loans provided by MFIs as evidenced by high repayment rates. The MFI component would have achieved greater success if loan conditions had been softened to accommodate more poor clients.

6. Lessons learnt: Among the lessons learnt from the implementation of the project, the following are the most notable:

- (i) Community participation through effective, intensive and extensive outreach work was positive to the implementation of the project. Stakeholder consultation and involvement from the initial project design through to implementation ensured continuous community support, commitment and ownership and was a key factor in the success of the project activities and enabled sustainable maintenance mechanisms for community infrastructure;
- (ii) The micro-finance operations helped to mobilise communities through group formation, built their capacity through training and provided access to microfinance for sustainable employment and entrepreneurship development. In this sense, the micro finance approach is seen to be more sustainable and wide reaching if combined with training and business advisory services; and
- (iii) Since there is a shortage of artisans or people with knowledge in civil works in the communities, the few who are available should be screened and be made to go through a training and certification process before being allowed to work on sub project construction sites. Such an approach, apart from building capacity at the local level in construction trades, will also help the local artisans improve on their skills resulting in better constructed community sub projects.

1. INTRODUCTION

1.1.1 In February 1998, following a Bank identification mission, the Government of Malawi (GoM) made an official request to the Bank group to support poverty reduction activities within the context of the Poverty Alleviation Program (PAP) which was the guiding development strategy between 1995 and 2001. The preparation and appraisal missions which followed in June and August 1998 respectively further refined the Bank's assistance strategy in conformity with the Country Strategy Paper (CSP).

1.1.2 Prior to the appraisal of this project in August 1998, the Bank group portfolio in the sector of poverty reduction comprised the Social Dimensions of Adjustment Program (SDA) in 1990 and the Women in Development Project (WID) approved in 1992 which targeted the poor through credit and training for income generation.

1.1.3 Since the last decade, the Government of Malawi has sought to re-align its objectives in the poverty sector with its overall national development agenda. The Malawi Poverty Reduction Strategy (MPRS) which was introduced in 2002 supported programs which sought to reduce poverty by: (i) increasing economic growth; (ii) strengthening the responsiveness of public institutions and policies to the needs of the poor; and (iii) reducing the vulnerability of the poor to shocks by providing effective safety nets.

1.1.4 The present report presents a summary of the project implementation, the performance of the different actors involved and lessons learned that can be useful for future operations. The Project Completion Report (PCR) is based on the findings of the draft Borrower PCR and the Bank PCR mission which visited Malawi in June 2008. It is also based on various documents related to the project; mainly, the appraisal report, the quarterly progress reports, audit reports and Bank supervisions reports.

2. PROJECT OBJECTIVE AND FORMULATION

2.1 Sector Goal

The sector goal from the Appraisal Report was to contribute to poverty reduction in rural and urban Malawi. It aimed at (i) improving the quality of life through better health, lower morbidity and mortality rates and higher life expectancy rates; (ii) sustaining and improving household incomes in the poorest quintiles; and (iii) implementing and maintaining demand driven and community designed sub-projects.

2.2 Project Objectives

The project's aim was to contribute to poverty reduction in urban and rural Malawi. Within the framework of the GoM's Poverty Alleviation Program, specific project objectives were to: (i) strengthen poverty monitoring systems; (ii) promote the formulation and implementation of community initiated sub-projects that are in line with the District Development Plan; (iii) build district and community-level capacity; and (iv) support micro-finance operations in five (5) districts over five (5) years.

2.3 Project Formulation

2.3.1 Malawi's economy is highly dependent on the agricultural sector. However, agricultural output is low and lacks diversification. As a result, most of the population generates very low levels of income, which means that poverty is widespread throughout the country. In addition to the limited opportunities for economic growth, economic insecurity resulting from frequent occurrences of drought and floods are also a major cause of poverty in Malawi. By the beginning of 2002, 65% of the population lived below the poverty line. Poverty was also more prevalent in rural areas where 66% of the population lived below the poverty line than in the urban areas, where the incidence of poverty was estimated at around 55%. The incidence of poverty among female-headed households was 29% while it was 26% amongst male-headed households.

2.3.2 According to the World Bank Poverty Profile for Malawi, 1995, the five districts (later expanded to seven), namely Mwanza, Neno, Mulanje and Phalombe in the Southern Region, Salima and Lilongwe in the Central Region and Chitipa in the Northern Region which were selected by GoM as project target areas had the highest prevalence of poorest households with an average of 45% of the households below the poverty line. The categories of people most affected by poverty in these districts were: rural smallholder farmers; rural female-headed households with heads of households without education; with a high dependence ratio and no resources for generating on farm and off-farm incomes; rural youth; child-headed households (3% of all households) as a result of the 14% HIV/AIDS prevalence rate; people with disabilities, rural and urban households whose heads have low level or no skills; and rural and urban households keeping orphans.

2.3.3 The formulation of the Poverty Reduction Project resulted from the conclusions drawn after consultations between GoM, the donor community, NGOs and the private sector. As part of its 'grassroots to summit' approach, this project incorporated participatory methodologies into its design to ensure that sub-projects originated from the communities (demand-driven) and that implementation arrangements were consistent with the Decentralisation Policy of 1997.

2.4 Project Appraisal, Negotiation and Approval

The appraisal report was prepared after a mission to Malawi in August 1998. The loan was approved in December 1998: signed on 24th May 1999; and became effective in August 1999. During loan negotiations, the project completion date of May 2004 at appraisal was changed to March 2006.

2.5 Project Description

2.5.1 The project consisted mainly of four components: (i) Capacity Building for Poverty Reduction activities; (ii) District Development Funding; (iii) Micro-finance Operations; (iv) Project Management.

Component I: Capacity Building for Poverty Reduction Activities

2.5.2 This component consisted of skills development for poverty reduction activities at three levels: (i) the communities; (ii) the districts; and (iii) central government. At the community level, the focus was on participatory activities and increasing target groups'

ability to identify, implement and evaluate sustainable community sub-projects. A needs assessment was carried out in the target areas and the results of these studies were used to design training programs and inform micro-enterprise group formation and the selection of MFIs. At the district level, studies were carried out for the formulation of district development plans and procedures and support systems established for continuous data collection, analysis and feedback. The project's central government activities involved training in poverty monitoring and related social sciences to provide the necessary technical support for decentralized information gathering, the establishment of a poverty monitoring database and the development of district poverty profiles.

Component II: District Development Funding

2.5.3 The District Development Fund (DDF) was the main funding channel for the District Development Plans. The main objective of the DDF was to foster a transparent system of allocation of funds which was supposed to encourage planning of expenditures, develop capacity and promote greater accountability of local authorities to their constituencies. The component's activities involved the channeling of financial resources to development planning at the decentralized level; training of district finance officers; allocation of resources for and execution of community sub-projects; and monitoring of DDF-financed development activities. Based on district poverty profiles and study findings, the project provided funding for community sub-projects. Each project had to be approved by an Area Development Committee (ADC) for incorporation into the District Development Plan. Eligibility for ADF resources from the DDF was prioritized on the basis of community ability to provide contributions and effectively maintain the desired facilities. Community sub-projects included health posts, schools, bore-holes, tree nurseries, roads and small bridges.

Component III: Micro-Finance Operations

2.5.4 The goal of the component was to finance productive and income generating activities to be guided by the Micro-Finance Operations Manual. The clients numbering about 30,000 benefitted from agricultural and business loans ranging from MK15,000 to MK100,000. The contribution of about 20% to sub-project implementation by the communities encouraged the ethic of self-financing of projects and led to organizing preliminary groups of savers along the lines of Savings and Credit Co-operatives (SACCO). Three (3) micro-financing institutions were identified through competitive bidding and were used in conformity with national micro-finance guidelines, based on their prior selection for ADF Micro-finance Initiative for Africa (AMINA). Other criteria for the selection of MFIs were based on proposals submitted by the MFIs themselves and specialized non-governmental organizations (NGOs) that had high recovery rates, were sustainable and had the required outreach and technical capacity. The Micro-finance institutions (MFIs) have been reimbursing the PIU with interest, on terms specified in the protocol of agreement between the PIU and each MFI.

3. PROJECT EXECUTION

3.1 Effectiveness and Start-Up

3.1.1 The Loan and Grant agreements were signed on 24 May 1999 and entered into force in August 1999. In addition to the General Conditions precedent to entry into force, the Borrower was to fulfill the following conditions precedent to first disbursement:

- (i) Provide evidence of the establishment of a Project Implementation Unit (PIU) with six (6) professional staff (project manager, financial controller, procurement specialist, community development officer, training officer) to be employed in the PIU whose qualifications and experience are acceptable to the fund; and
- (ii) Provide evidence of start-up funding allocations to the District Development funds in the target districts from the Government of Malawi and the United Nations Capital Development Fund (UNCDF) as budgeted under the Local Governance and District Management Program (LGDMP).

3.1.2 These conditions were fulfilled in November 2000. However a PIU was not set-up at the beginning because the GOM in consultation with the Bank agreed to use the Decentralisation Secretariat (DS) as the Implementation agency in order to ensure harmonization with other similar projects being implemented by the Department of Local Government and District Administration. This role was performed by the Decentralisation Secretariat until December 2005 when it was dissolved and its functions mainstreamed within the Department of Local Government. A PIU as envisaged at appraisal was then established in January 2006 to continue the implementation of the project.

3.1.3 In addition to these conditions precedent to first disbursement, the Borrower fulfilled the following undertakings: (i) carried out the initial training in decentralisation accounting and management procedures for the District Development Officers; (ii) maintained District Development Offices with adequate technical and administrative staff and resources in the target in the target districts as national counterparts for the project; (iii) made recurrent budget allocations to the District Development Funds, based on recurrent budget figures in the district development plans; and (iv) opened two special accounts in foreign exchange and 3 local currency accounts in a Bank acceptable to the Fund.

3.2 Modifications

3.2.1 According to the appraisal report, the project was to be managed by a Project Implementation Unit headed by a project manager. However, after the loan and grant agreements had been signed, the Executing Agency, the erstwhile Department of Local Government and District Administration (DLGDA), now a Ministry, decided in consultation with the Bank that in order to integrate the management of all district and local government initiatives it would be more appropriate for the Decentralisation Secretariat to be the project's implementation agency. This arrangement seemed appropriate at the time in view of the project's own focus on development in the beneficiary districts and the high priority attached to issues of governance and socio-economic advancement in the districts by the government.

3.2.2 The Inter-Ministerial Technical Committee on Decentralisation (ITCD), which was supposed to be the project's steering committee (PSC), never met and was therefore replaced by a reconstituted project steering committee in 2003.

3.2.3 The revision of the project's budget was initiated in November 2004 and the process was completed in June 2005. This revision was necessitated by the need to have the implementation of the project completed by 31st December 2006 and also the decision to establish an autonomous PIU to facilitate the completion of the project following Government's decision to dissolve the Decentralisation Secretariat (DS) and mainstream its activities into the Ministry of Local Government and Lands.

3.2.4 The budgetary allocations for categories of expenditure were revised in November 2005. Operating Costs were increased from UA 1,365,152 to UA 2,414,045 owing to the extension of the closing date of the project to 31st December 2006 and also salary revisions recommended by Government. Additional funds equivalent to UA 155,960 were allocated to the Equipment & Furniture category for the procurement of office equipment and furniture for the new project districts of Neno and Phalombe. A new category, Monitoring and Evaluation, was added with a budget of UA 263,669 to enhance the monitoring dimension of the project.

3.3 Implementation Schedule: Appraisal and Actual

3.3.1 Most of the project activities have been completed and its related loan and grant closed on 31/12/2007. However, the implementation of some of the approved sub-projects under the DDF continued up to June 2008. A comparison between implementation dates at appraisal and the actual implementation date is shown in Table 1 below:

Table 1: Implementation Schedule

Activity	Target Date at Appraisal	Actual Date	Slippage
Board Approval	November 1998	December 1998	1 month
Loan/Grant Signature	February 1999	May 1999	3 months
Loan/Grant Effectiveness	April 1999	August 1999	4 months
Project Launching	May 1999	August 1999	3 month
DDF Operations Manual	February 2000	October 2001	20 months
Micro-finance Operations Manual	May 2000	September 2002	28 months
District Poverty Profiles	April-July 1999		
Mid Term Review	December 2002	July 2003	7 months
Activity: Fulfilment of loan conditions	Target Date at Inception	Actual Date	Slippage
District Social Economic Profiles	2001	2002 (Mwanza 2001)	12 months
District Development Funding	August 2000	October 2001	16 months
Micro Finance Operations	September 2000	September 2002	24 months
District Development Plans	2001	May 2002	12 months
Establishment of PIU	Before May 1999	April 2001	23 months

3.3.2 The Project was originally due for completion in December 2005. Upon GoM's request the deadline for last disbursement was first extended to December 2006 and later

extended to 31st December 2007. Slippage on completion of the Project activities was thus 24 months.

3.4 Reporting

3.4.1 Since the beginning of implementation, 20 Quarterly Progress Reports (QPRs) have been compiled and transmitted to the Bank. The QPRs covered the period up to December 2007. These reports followed the prescribed format of the Bank and are satisfactory.

3.4.2 The project has been audited and 8 audit reports with their management letters issued. Since 2003, the project has been audited by external auditors. There were delays in the submission of some of the audit reports during project implementation. Some of the audit findings related to the misapplication of DDF funds for renovation of District Assembly's staff houses, financing recurrent expenditure of the assemblies including fuel for non project vehicles and payment of sitting allowances. These amounts were later recovered. Other shortcomings were under-estimation of project costs leading to over-expenditure. According to a memorandum of understanding signed between the PIU and the MFIs, the MFIs were supposed to pay back loans within a period of 12 months including a grace period of 6 months. In case of default, the loan was supposed to have attracted an interest of 20% per annum for an initial period of 3 months. However, when Finance Trust for the Self-Employed (FITSE) defaulted, the project charged 10% interest instead of 20% contrary to the memorandum of understanding. The PIU was asked to abide by the relevant clause of the memorandum of understanding by an audit report. The PIU took the necessary steps to rectify the anomaly.

3.5 Procurement

3.5.1 Overall, the procurement of goods and services was carried out as specified in the Project Appraisal Report and the Loan Agreement.

3.5.2 During project implementation, procurement activities have been carried out in accordance with the relevant Bank's procedures. All procurement activities have generally been executed. The main activities under the various categories are itemised in Table 2.

3.5.3 A procurement audit was carried out to determine whether the procedures, processes and documentation for procurement and contracting were in accordance with the District Development Fund Financial Management and Accounting Procedures Manual, and that procurement carried out achieved the expected economy and efficiency. The audit involved specific analysis of value for money at all levels of procurement of materials, labour, goods and equipment and confirmed that civil works, equipment and services have been procured at prices comparable to locally accepted standards. The audit recommended that: (i) the District Assemblies were to ensure that the requisite approvals were obtained before a procurement method was used and that the Management Procurement Committees (MPC) was composed of qualified members. The Assemblies were to ensure that MPC meetings were only convened when there was a quorum and that procurement by national shopping was to be undertaken only when the values did not exceed MK 400,000; and (ii) all the District Assemblies needed to have Procurement Plans and a Procurement Monitoring System comprising regular reports that compare

planned and actual milestones. The consequences of this failure to maintain procurement plans and a good procurement monitoring system included delays in processing procurement and inappropriate contract packaging.

Table 2: Procurement Status

Activity	Contract Amount	Mode	Status
GOODS			
Office Furniture	US\$ 29,920	National Competitive Bidding	Supplied and delivered
Office Furniture	MK 1,407,662	National Shopping	Supplied and delivered
Office furniture for District Assemblies	MK 2,320,855	National Competitive Bidding	Contract for first supplier was cancelled, due to poor quality and re-awarded to second lowest evaluated bidder. Eventually delivered in October 2006
Computer Equipment	US\$ 131,535	National Competitive Bidding	Supplied and delivered
Digital Photocopiers and fax	US\$ 108,221	National Competitive Bidding	Supplied and delivered
Fans	US\$ 1,155.00	National Competitive Bidding	Supplied and delivered
Motor vehicles and cycles	JPY 37,240,862	National Competitive Bidding	Supplied and delivered
Motor vehicles	US\$ 64,500	National Competitive Bidding	Supplied and delivered
SERVICES			
Micro-finance needs study	US\$ 69,790.00	Shortlisting	Report completed
Training of Stakeholders in Business Management	MK 15,831,686	Shortlisting	Completed
Credit Monitoring Training	MK 2,773,529	Shortlisting	Completed
Mid Term Review	US\$ 17,650	Shortlisting	Completed
Audit of Financial Accounts	MK 848,250 MK 1,600,500 MK 2,051,585 MK 1,930,000	Shortlisting	Completed
End of Project Evaluation	MK 3,177,00	Shortlisting	Completed
Environmental Audit of DDF Projects	MK 3,784,087	Shortlisting	Completed
Procurement Audit of DDF Projects	US\$ 27,560.00	Shortlisting	Completed
Micro Finance Framework	MK 2,497,000	Shortlisting	Completed

3.5.4 A major finding of the procurement audit was that contracts were sometimes awarded to bidders who were non-responsive. In other cases contracts were awarded using criteria other than those prescribed in the Financial Management and Accounting Manual and formulated only after opening the tenders at the tender evaluation stage. In some cases, contracts were sub-divided after tender opening at tender evaluation stage resulting in several awards out of a single tender. The audit recommended that the DS/PIU should have taken appropriate action to ensure that all the seven District Assemblies complied with the stipulations of the Manual as well as those of the Malawi Procurement Act. This could have been done by instituting regular supervision missions by the DS/PIU, submission of periodic procurement monitoring reports by the Assemblies, periodic procurement audits and the imposition of sanctions for non compliance. The DS/PIU subsequently took the necessary steps to enforce the relevant clauses in the manual including the recovery of mis-procured funds from concerned staff.

3.6 Financial Sources and Disbursement

3.6.1 *ADF Loan:* The Bank has made total disbursements on the loan amounting to UA 6,963,000 representing 99.46%, with a balance of UA 37,481.91 which has now been cancelled. A disbursement mission was undertaken almost concurrently with the PCR Mission. The mission made reference to the payment of suppliers and contractors (to complete the implementation of approved sub-projects) after the closing date in contravention of the Bank's rules and recommended that district assemblies complete all outstanding activities and submit justification to the project no later than 30 June 2008 to enable the project to prepare the final accounts for the audit covering the period July 2007-June 2008 and not July – December 2007 as previously arranged. This audit exercise is currently ongoing and the final audit report is expected before the end of September 2008.

3.6.2 *ADF Grant:* The amount disbursed on the grant resources stands at UA1,952,640 (97.60%) with an uncommitted amount of UA 47,359.88 which has now been cancelled.

3.6.3 *GOM Financing:* Government counterpart funds amounting to UA 1,648 or 100 % have been disbursed.

3.7 Borrower's PCR

3.7.1 In conformity with the loan and grant agreement, the Borrower prepared a project completion report, which was submitted to the Bank in December 2007. The report concluded that overall, all four components of the project were successfully implemented. At the district and community levels, capacity was built in the formulation and implementation of poverty reduction projects.

3.7.2 The Borrower's PCR also draws a number of lessons and makes recommendations for future operations. A key issue from the Borrower PCR is that the Monitoring and Evaluation of the project was not well defined and its implementation was not well organized. For example, the Ministry of Economic Planning and Development (MoEP&D) was assigned the role of developing a national Monitoring and Evaluation system. Since the MoEP&D's assignment was a national one, the volume of work was enormous and the Ministry could not therefore focus specifically on the monitoring and evaluation activities of the project. Under the circumstances, the Ministry of Local Government and Rural Development (MoLG&RD) and the PIU could not articulate their

own role of M&E or enforce compliance by EP&D. However the Project carried out regular supervisory visits to the sub-project sites and also conducted performance assessment and monitoring of MFIs, and also a Beneficiary Impact Assessment towards the end of the project.

4. PROJECT PERFORMANCE

4.1 Overall Assessment

4.1.1 The overall achievement and performance of the project was satisfactory. The capacity building component which consisted of institutional strengthening for implementation of poverty reduction activities at the community, district and central government levels were successfully executed and has improved on capacity especially in the districts for the implementation of future projects. A wide variety of projects were executed from the district development funds (DDF). The poor in the project area received training in group formation, and business and credit management before accessing loans. The training has helped some of them to set up their own businesses and promote the culture of savings.

4.1.2 The implementation of the Project has made a significant impact on the infrastructural development of the beneficiary districts. An amount of MK 612,780,756 (US\$ 4,345,962) supported a total of 635 sub-projects. The highest number of sub-projects (276) was implemented in the education sector because of the high demand for schools and teachers' houses as a result of the introduction of the Universal Free Primary Education policy in 1995. Other projects implemented included police posts and postal agencies, dams and boreholes for water supply, pit latrines, roads and bridges, irrigation, fish farming, reforestation and poultry farming. Lilongwe which has the greatest population had the highest budget and implemented 183 projects as opposed to Neno (created from Mwanza) which implemented 27 projects. The late submission of justifications for expenditure from the districts resulted in late applications from the PIU to the Bank for replenishment of the Special Account resulting in project implementation delays.

4.1.3 The operations of the MFIs have made a difference in the lives of the poor who otherwise would have had no access to loans. The beneficiaries of loans from the MFIs have been able to expand their businesses. Others benefited from the training in business and credit management and have been able to set up their own businesses as well as acquired assets. The loans have also created a livelihood for many female-headed households who are now able to send their children to school, and are now enjoying food security. The MFIs placed emphasis on mobilizing group savings and beneficiaries were encouraged to save with the commercial banks. A savings culture has as a result been inculcated in the business management of MFI clients.

4.2 Operating Results

Component 1: Capacity Building for Poverty Reduction Activities

4.2.1 Among the specific objectives of the project was the building of a national, district and community capacity for poverty reduction activities. Training in poverty monitoring and related social sciences was provided at the national level in social development, financial management and monitoring and evaluation to provide technical support for the

poverty monitoring database and district poverty profiles. Relevant socio-economic data were collected at the community level to form the basis for district data banks for poverty monitoring and the formulation of district development plans (DDP) for funding by the DDF. The absence of M&E officers in the districts contributed to the delay in the institutionalization of the databank system in the project districts. Participatory training was provided for 48 lead trainers who were allocated to the 7 districts to train 249 District Executive Committee (DEC) members. The DEC members trained 46 Area Executive Committees (AEC) with a total membership of 856 extension workers. The extension workers trained 12,052 Village Development Committee (VDC) members in Village Action Plans (VAP) process. At the community level, VAPs were produced for 46 Area Development Committees from which the socio-economic profiles were prepared. The plans indicated the priorities identified by the community and these were later consolidated into the DDPs. All the project districts have developed DDPs. The IEC intervention involved radio and television talk shows to sensitise the local populations on the project. With respect to MFIs, almost 30,000 MFI clients were trained in group formation and business and credit management.

Component 2: District Development Funding

4.2.2 The project released a total of MK 612,780,756 District Development Funds to the seven beneficiary districts. This amount supported a total of 635 sub-projects. The detailed breakdown of sub-projects and allocations per district is shown in Annex 3.

4.2.3 The districts did not submit their justifications for 50% expenditure on time to the PIU, leading to late applications for replenishment of the special account resulting in delays in project implementation. The quality of most of the sub-projects was not of good quality because in most of the District Assemblies, Directors who had been assigned the responsibility of supervising or monitoring civil works contracts (i.e. Directors of Public Works or Directors of Planning and Development) did not have construction backgrounds. In most cases one building or civil works supervisor had the responsibility of supervising all the ongoing sub-projects in the district.

4.2.4 One aspect of community participation was the contribution of sand or locally produced burnt bricks towards the construction effort. On the other hand, every so often the contractors discovered that these locally produced burnt bricks or sand were not of good quality but went ahead to use them for fear of discouraging or dampening the communal participatory spirit of the community. The sub-projects executed under such circumstances were not of high quality.

Component 3: Micro-Finance Operations

4.2.5 The purpose of micro-finance operations was to finance productive and income generating activities in all the seven (7) project districts. The micro-finance operation aimed at (i) boosting household income, (ii) boosting agricultural production, (iii) enlightening people on the importance of saving, (iv) creation of employment and (v) capacity building of micro-finance institutions. The micro-finance operation was a success because all these objectives were largely attained. The three micro-finance institutions were identified through competitive bidding and operated within the national micro-finance guidelines. The three MFIs were Malawi Rural Finance Company (MRFC) assigned to Lilongwe and Salima districts, Foundation for International Community

Assistance (FINCA) assigned to Mulanje, Phalombe, Mwanza and Neno and a subsidiary of World Vision International, Finance Trust for the Self Employed (FITSE), assigned to Chitipa. The selected MFIs were given loans by the PIU at 40% of the Reserve Bank base rate. The project disbursed a total of MK 449,824,678. Initially, FINCA was allocated MK 195,304,975, MRFC received MK 136,863,166 and FITSE received MK 61,631,791. A supplementary amount of MK 189,033,746 was later disbursed to FINCA and MRFC. The recovery rates from clients by the MFIs were very good. FINCA's rate was 98%, MRFC's rate was 95% and FITSE's rate was 96%. These rates were good despite of the fact that the interest rates being charged on their loans to their clients were high; 32% for MRFC, 60% for FINCA and 66% for FITSE. The contract for FITSE has not been renewed for defaulting on loan repayments. The outstanding amount to be recovered from FITSE is MK 10,121,930. The current working contracts signed between the PIU and MRFC and FINCA will expire on 31st October 2008. However loan repayments will continue till the due date in 2009. Outstanding loan payments to be recovered from FINCA are MK 60,544,133 and MRFC MK 140,671,910.

4.2.6 After recovery of the outstanding loan payments from FINCA and MRFC by the due date in 2009, there will be an amount of about MK 245 million (including the MFI bank balance of MK 34 million as at 31st May 2008.) in the revolving fund for MFI operations. A task force was therefore set up by the project steering committee to explore the possible options of continuing with micro-finance operations beyond the project life. A draft report has been prepared which recommends that a micro finance unit be set up in the Ministry to continue with the operations after project closure.

4.2.7 A total of 29,867 clients (12,361 males and 17,506 females) received loans amounting to MK 449,824,678 in the seven districts. Loan amounts were from MK5,000 to MK25,000 depending on whether the borrower was a first or fourth time borrower. The project emphasized mobilising group savings and clients were encouraged to keep their savings in commercial banks. This enlightened them on the importance of savings because the savings were later reinvested in their businesses. The savings also enabled clients to access loans as they were treated as owners' contributions to loans. A total of MK 87,909,660 was realised as clients' savings with FINCA, mobilising MK 48,886,832, MRFC MK 29,163,634 and FITSE MK 11,859,194.

4.3 Institutional Performance

The Decentralisation Secretariat which performed the functions of the PIU recruited only project staff which were not available within the secretariat such as an Accountant, Poverty Database officer, Business Development Officer and a Procurement Officer. The secretariat was supposed to perform its core function of pursuing the national decentralisation agenda and also execute its duties as the Project Implementation Unit of the Poverty Reduction Project. As a result, the volume of work to be executed at both the national and project levels was huge and this impacted negatively on project activities. However, the PIU which replaced the Decentralisation Secretariat in 2006 was able to perform more efficiently leading to a lot more of the project's outputs being realised. At the onset of the project, the Inter-ministerial Technical Committee on Decentralisation (ITCD) was supposed to be the project steering committee (PSC). However, the ITCD never functioned and was therefore replaced by a restructured PSC in 2002. The PSC has been meeting more regularly and gave the necessary guidance to the Project

Implementation Unit. At district level, the District Assembly provided policy guidance to the project and approved sub-projects to be implemented under the project.

4.4 Management and Organisational Effectiveness

4.4.1 The executing agency for the project was the erstwhile Department of Local Government and District Administration (DLGDA), which was under and reported directly to the Office of the President and Cabinet and was responsible for local government policy in Malawi. At appraisal, the project was designed to have a project manager with overall responsibility for the management and supervision of the project. However, after the loan agreement had been signed, a decision was taken not to establish a separate PIU but instead use the Decentralisation Secretariat (DS) as the project PIU. Following the dissolution of the Decentralisation Secretariat, a PIU as prescribed in the appraisal report was established in 2006.

4.4.2 The PIU performed a range of project management activities including: (i) submitting a project workplan; (ii) co-ordinating interventions at the district level; (iii) supervising micro-finance operations; (iv) opening and keeping of project accounts; and (v) submitting quarterly progress reports and audit reports to the Bank.

4.5 Staff Recruitment, Training and Development

The Decentralisation Secretariat which was initially the PIU recruited personnel not available in the Decentralisation Secretariat such as the Accountant, Poverty Database Officer, Business Development Officer and the Procurement Officer. The PIU created after the dissolution of the Decentralisation Secretariat had the following staff: a Project Manager, a Project Accountant, a Data Bank Development Officer, a Business Development Officer, Project Secretary and an Accounts Clerk who were all on contract for the duration of the project. In addition, the PIU utilized personnel from other institutions such as the National Local Government Finance Committee, Ministry of Trade, Private Sector Development and the Ministry of Local Government and Rural Development to implement specialized activities.

4.6 Performance of Consultants, Contractors, and Suppliers

Consultants

4.6.1 The Consultants were recruited to provide technical assistance for project implementation in the fields of auditing, capacity building, micro-finance and district development funding. The various fields of intervention were as follows: Micro Finance Assessment Study, Training of Stakeholders in Micro enterprise, Credit Monitoring and Management Training, Mid Term Review, IMIS for Decentralisation Secretariat, Regulatory Framework for Micro Finance Institutions, Environmental Audit of DDF and micro finance project, procurement audit of DDF projects and end of project evaluation study. All the consultancies were carried out satisfactorily and within the prescribed time frame. Eight audit reports were prepared and the various studies were carried out and reports presented. The performance of the consultants is rated as satisfactory.

Contractors

4.6.2 The DDF guidelines recommended the use of local contractors for the execution of the sub-projects to help promote a sense of ownership, build capacity at the local level and help alleviate poverty. However, in most rural areas in Malawi, there were no qualified contractors registered with the National Construction Industry Council. The artisans in the communities who attempted to assume the role of contractors did not possess the requisite skills, leading to poor workmanship and poor quality of the sub-projects. The supervision of DDF sub-projects was supposed to have been complemented by the District Advisory Teams (DAT) composed of Engineers and builders. The DATs were found to be non-functional in most districts. The construction period for most of the projects was 5-6 months. The performance of the Contractors is rated as fair.

Suppliers

4.6.3 Items procured from suppliers included furniture, computers and office equipment, motor vehicles and motor cycles for the District Assemblies, micro-finance institutions and the decentralisation secretariat. The performance of suppliers was satisfactory.

4.7 Conditions and Covenants

4.7.1 In addition to the “Conditions Precedent to Entry into Force,” “other conditions” were attached to the Project, formulated as follows:

The Borrower shall:

- i. Provide within ten (10) months from the signature of the Loan Agreement, a District Development Fund Operations Manual stipulating the conditions under which the GoM/UNDP Local Governance and District Management program will execute community sub-projects. The manual came into effect in October 2001;
- ii. Provide within eleven (11) months from the signature of the Loan Agreement a Micro-credit Operations Manual for income generating activities funded by ADF resources managed by selected Micro-Finance Institutions. The manual came into effect in September 2002;
- iii. Provide within twelve (12) months from the signature of the Loan Agreement, a detailed proposal of the training programs described under components I, II, III in the target districts for approval by the Fund; and
- iv. Submit draft collaborative agreements, for ADF approval, with any intermediation agency (specialised NGO) or micro-finance institution identified in the selected target districts to assist with project operations.

4.7.2 The covenants were appropriate in principle. However there were significant delays in fulfilling them with respect to the time frame stipulated at appraisal. For example the District Development Funds Operations Manual and the Micro finance operations manual were delayed by 20 and 28 months respectively.

5. SOCIAL AND ENVIRONMENTAL IMPACT

5.1 Social Impact

5.1.1 The measurement of the social impact of the project could have been more precise if the appraisal report's recommendations on studies for the elaboration of district poverty profiles during the first, third and fifth years of project implementation to evaluate impact in the target areas had been fully executed. Although the number of studies carried out to evaluate impact was inadequate, the project all the same produced tangible results. The project provided the beneficiary districts with infrastructural facilities in the education sector, health, water, agriculture, security, roads and bridges which contributed to the objectives of the Millennium Development Goals (MDG) and the Malawi Growth and Development Strategy (MGDS). There were a total of 276 sub-projects in education, 75% of which were school blocks. About 12,500 classroom spaces were created in 207 school blocks and the provision of more teachers' houses attracted teachers to the remote areas. Safe drinking water was provided for some 37,000 persons through the construction of 150 boreholes. Roads and bridges were constructed providing access to farming areas, and dams were constructed for purposes of irrigation. Capacity in the building trades was built in the districts as artisans improved on their skills through the execution of the sub-projects. The project has promoted community participation in project planning and implementation and apart from revitalising AECs and DEC, more than 800 extension workers and 12,000 community representatives were trained.

5.1.2 The project strengthened the decentralized institutional framework of the project districts with planning starting at grassroots level in the district using the decentralized local level planning institutions such as Village Development Committees (VDCs) and Area Development Committees (ADCs) with assistance from Area Executive Committees (AECs). The issues were identified, analysed and prioritized by the VDCs and then submitted to the ADCs for further prioritization for onward submission to the District Assembly, the highest policy-making body for review and approval. This enhanced social capital and helped to influence national policy formulation especially in relation to poverty reduction.

5.1.3 The micro-finance component benefited the communities in several ways including increased household incomes, boosting agricultural production by accessing agricultural loans, expanding and creating businesses by accessing business loans, promoting the culture of saving and training loan applicants in credit and business management. In spite of the high interest rates charged by the micro-finance institutions some 30,000 clients with a higher percentage (over 65%) being women, accessed loans. The recovery rates for the 3 MFIs were all over 96%. Savings mobilisation was good with as much as MK 87,909,660 being saved in commercial banks by clients. The loans have helped some female heads of households to generate profits on their businesses, enabling them to send their wards to school and provide better nutrition for their children.

5.2 Environmental Impact

The project was classified as Category III according to the Bank's guidelines. Therefore project activities were not expected to have any considerable adverse impact on the environment. The objective of environmental guidelines is to ensure that DDF sub-projects are carried out in an environmentally sustainable manner by integrating environmental considerations into project planning, design and implementation. Burnt bricks which were used for construction purposes and road construction resulted in deforestation as huge quantities of wood were needed to produce burnt bricks. Sand mining for construction purposes resulted in huge cavities in the soil, thus degrading the environment. The environmental audit report concluded that the DDF sub-projects fell below the environmental threshold for Environmental Impact Assessment (EIA). The report also prescribed mitigating measures involving district-wide reforestation projects.

6. PROJECT SUSTAINABILITY

6.1.1 The project's achievements in the institutional, infrastructural and micro finance sectors will benefit from the enabling environment created by the Malawi Growth and Development Strategy (MGDS) which was developed by GoM and its development partners to cover the period 2006-11 and which aims at reducing poverty through economic growth and infrastructure development. Furthermore, the country's macroeconomic performance which remained strong in 2007 and has good prospects for 2008 with an inflation rate pegged at 8.2% and a GDP growth of 7.4% will in no small measure help to consolidate the project's gains. The favourable economic environment suggests that the districts will be better resourced to enable them to maintain the sub-projects they executed. Already, some of the school, health and police posts have been taken over and will be maintained by their respective ministries. With falling interest rates, conditions for accessing future loans under the micro-finance operation will be more attractive and give the previous beneficiaries the opportunity to re-invest in their businesses and farms thereby creating more employment and reducing poverty.

6.1.2 The design and implementation of DDF sub-projects adopted a community demand driven approach involving the poor themselves and in so doing, gave the project a better chance of being appreciated, maintained and preserved in the long term. The sense of ownership generated by the community participatory spirit, group funding which engenders joint and several liability as well as the revolving fund created by micro-finance operations will in no small measure contribute to the project's sustainability. In spite of the fact that the project has closed, an amount of MK 245 million is expected to accrue in the revolving fund from outstanding loan repayments due in 2009 from FINCA and MRFC and 2008 for FITSE will be used to prolong the micro finance operations. In this regard, the Project Steering Committee (PSC), in conformity with MoLG&RD's guidelines, has instituted a task force to explore and recommend options for the continuation of micro finance operations beyond the project's duration. The task force has recommended that a coordinating unit should be set up within the Ministry to take over the micro finance operation from the PIU using revolving funds to be managed according to viable financial criteria.

7. PERFORMANCE OF THE BANK AND THE BORROWER

7.1 Project Objectives and Justification

7.1.1 The Bank's assistance strategy towards poverty alleviation in Malawi at appraisal was to make significant contributions towards the reduction of poverty in rural and urban Malawi. These objectives were formulated within the framework of the Poverty Alleviation Programme (PAP 1995-2001). The introduction of the MPRSP (Malawi Poverty Reduction Strategy Paper) in 2002 enhanced linkages of the PRP to the broad framework of government's objectives.

7.1.2 The overall goal of the MPRSP was to achieve sustainable poverty reduction through the empowerment of the poor. The project's consistency with the MPRSP lies in the fact that it has adopted a community-based empowerment approach as a tool for sustainable poverty reduction by promoting development of locally initiated social infrastructure and economic activities. The Malawi Growth and Development Strategy (MGDS 2006-11) which absorbed the tenets of the PRSP and MDGs seeks to attain a balance between the economic and social sectors of the economy. In the medium term, this is expected to bring about prosperity, reduce poverty and achieve the MDGs. The project through the execution of DDF sub-projects and micro-finance operations has contributed to the long term goals of the PRSP and MDGs.

7.2 Project Implementation and Operating Outcomes

7.2.1 *The Bank:* The performance of the Bank is rated as satisfactory. The Bank fielded more than 10 supervision missions during project execution. Problems relating to contracts and disbursements were resolved during the missions. However, the frequent replacement of Task Managers interrupted project implementation. The Bank was also slow in the processing of disbursement applications.

7.2.2 *The Borrower:* The arrangements for project implementation at the inception of the project compromised the smooth implementation of the project. The staff of the Decentralisation Secretariat which assumed the role of the PIU were overburdened and could not therefore concentrate on the activities of the project. The installation of the separate PIU in 2006 helped to contribute to speed up project implementation. The delays in fulfilling loan conditions and the late preparation of district poverty profiles and needs assessment studies resulted in delays. The supervision visits of the PIU were not sufficient because of inadequate staffing. The PIU did not have a Monitoring and Evaluation officer. Justifications for expenditure by the District Assemblies were not done in a timely manner, resulting in delays in the submission of applications for the replenishment of the special account by the Bank. The performance of the Borrower is rated as satisfactory.

8. OVERALL PERFORMANCE AND RATING

8.1.1 The overall outcome of the project was satisfactory. The project achieved commendable results in capacity building, district development funding and micro-finance. At the community level, the VDCs were formed and trained, the Village Action Plan process was strengthened by providing training of facilitators in VAP who subsequently imparted their know-how to DEC and AEC members. At the district level,

socio-economic profiles (SEPs), district data banks and district development plans were developed. Councillors were also trained in financial management. At the national level, long-term training in social development as well as short term training in financial management and monitoring and evaluation was provided. The technical capacity of MFIs was strengthened and their clients were trained in group formation, business and credit management.

8.1.2 The targeted districts benefited from 635 sub-projects including schools, bridges, police posts, roads, irrigation dams, and boreholes for a total amount of MK612,780,756. Most of the projects were education and water projects. The other projects included roads and bridges, pit latrines, livestock, reforestation, fish farming and poultry farming. The infrastructural development laid the framework for and facilitated the growth of economic activities in the project districts.

8.1.3 Almost 30,000 clients (60% of them being female) benefited from loans from the micro-finance institutions, amounting to MK 449,824,678. The micro-finance component of the project also encouraged clients to adopt a culture of savings. The recovery rates of loans from the clients were very encouraging attaining 98% for Foundation for International Community Assistance (FINCA), Malawi Rural Finance Company (MRFC) 95% and FITSE 96%. The recovery rate for all the 3 MFIs was 96.3%. A total of MK 87,909,660 was realised as clients' savings. The shortcomings included the long period (2-3 years in a few cases) for the processing of some of the loans applications, the high interest rates, attaining 66% in some instances, and the short grace period for loan repayment. Most of the clients were able to expand their businesses, create employment, and achieve food security and increases in household incomes. Furniture, computers and equipment, motor vehicles and cycles were distributed to the MFIs, District Assemblies and the Decentralisation Secretariat.

9. CONCLUSION, LESSONS LEARNED AND RECOMMENDATIONS

9.1 Conclusion

9.1.1 Although the project was planned for 5 years, it became operational 2 years after the loan agreement was signed. These 2 years were however spent on socio-economic studies which preceded project implementation. Other challenges faced by the project at inception were delays in fulfilling loan conditions and the fact that the PIU was subsumed into the already overburdened Decentralisation Secretariat, resulting in a lack of focus in project implementation. All the project activities under the various components of capacity building, district development funding and micro-finance operations were executed satisfactorily. The institutional strengthening at the district level through the VAP process, DEC's and AEC's among others provided a reliable framework for project implementation. The sub-projects funded from the DDF, resulted in the expansion of infrastructure in the beneficiary districts, a pre-condition for any meaningful economic activity leading to poverty alleviation. The micro-finance operation facilitated access to loans for the poor making it possible for them to expand their businesses and their farms, raise household incomes and provide food security. The project's performance would have been enhanced if monitoring and evaluation of the project had been carried out within a clear and coherent framework which takes into account all interventions at community, district and central levels.

9.2 **Lessons Learned**

9.2.1 Some of the lessons that can be drawn from the implementation of the Project are the following:

- (i) Community participation through effective, intensive and extensive outreach work was positive to the implementation of the project. Stakeholder consultation and involvement from the initial project design through to implementation ensured continuous community support, commitment and ownership, and was a key factor in the success of the project activities and enabled sustainable maintenance mechanisms for community infrastructure;
- (ii) The micro-finance operations had the necessary capacity to mobilise communities, build their capacity through training and provide access to microfinance for sustainable employment and entrepreneurship development. In this sense, the micro finance approach is seen to be more sustainable and wide reaching if combined with training and business advisory services;
- (iii) Since there is a shortage of artisans or people with knowledge in civil works in the communities, the few who are available should be screened and be made to go through a training and certification process before being allowed to work on sub project construction sites. Such an approach, apart from building capacity at the local level in building trades, will also help the local artisans improve on their skills resulting in better constructed community sub projects;
- (iv) In order to forestall the rejection of sub-projects falling within the ambit of a particular line ministry as was the case with some classroom blocks, the districts should involve the line ministry for a particular project at the design and execution stage. This will ensure that the project complements the ministry's master plan for the district and that the concept and design fall within the prescribed guidelines and specifications;
- (v) The Inter ministerial Technical Committee on Decentralisation (ITCD) which was supposed to be the project steering committee at its onset was inactive for 2 years and during this period GoM failed to fulfill loan conditions for entry into force, for first disbursement and for 'other conditions'. Project implementation was as a result delayed by 2 years. Furthermore, the PIU for the project, was subsumed into the Decentralisation Secretariat in pursuance of new guidelines favouring the use of governmental bodies for the execution of projects. However in this particular instance, the Decentralisation Secretariat happened to be overburdened and lacked capacity leading to a lack of focus on project implementation. In this regard, effective implementation and institutional arrangements need to be put in place in cases where PIUs of several projects are submerged under one unit;
- (vi) The Monitoring & Evaluation dimension of the project could have been better structured and made more efficient if the monitoring of the various activities of the project under capacity building, DDF and micro finance had been carried out against a set of benchmarks and targets at every major stage of the project including the involvement of the communities in the monitoring process.

9.3 Recommendations

TO THE BORROWER:

- (i) GoM should continue to encourage demand driven community initiatives to promote the sense of ownership and sustainability of projects and also strengthen local governance structures from the most basic, the traditional area (TA) to the District level;
- (ii) The Government should continue to sustain the micro finance initiative by supporting its capacity building efforts to include the training of more field staff in internationally recognised best practices in micro finance;
- (iii) The Government should encourage the acquisition of skills in the building trades among the youth in the districts to enable them to play a more positive role in the community participatory effort particularly with respect to the execution of sub projects; and
- (iv) The line ministries with oversight responsibility for sub projects in their sectors should be involved in the design, location and execution of such projects in the districts. Such an approach may avert situations whereby completed projects may be rejected for not conforming to the specifications or the ministerial guidelines for the execution of such projects.

TO THE BANK:

- (v) Project design should incorporate with precision the timing, benchmarks and implementing agency for the monitoring and evaluation of the major stages of the project such that remedial measures could be taken to put a project back on course if need be. A well executed M&E system could also facilitate the assessment of the impact of the project at any particular stage.

REPUBLIC OF MALAWI



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**PROJECT SITES: LILONGWE, MULANJE, MWANZA,
SALIMA, CHITIPA, PHALOMBE, NENO**

ANNEX 2
FINANCIAL TABLES

Table 1: Planned Financing by Source (UA '000)

	FE	% FE	LC	%LC	TOTAL:	% TOTAL
ADF Loan	882	13	6,118	87	7,000	66
GoM	-		1,648	100	1,648	15
ADF/TAF	257	13	1,743	13	2,000	19
Total:	1,139	11	9,509	89	10,648	100

Table 2: Planned Financing by Category of Expenditure (UA '000)

Categories	ADF Loan	ADF/TAF	GoM	TOTAL	REVISED BUDGET 2005
A. Technical Assistance		772		772	674
B. Training	1,226	886	234	2,346	1,616
C. Equipment & Furniture	127			127	243
D. Vehicles and M/Cycles	416			416	274
E. DDF	3,159			3,159	3,768
F. Micro Finance Fund	1,354			1,354	1,337
G. Auditing	56			56	56
H. Operating Expenses	249		1,116	1,365	2,414
I. Monitoring & Evaluation				-	263
Total Base Cost	6,587	1,658	1,350	9,596	
Physical Contingency	207	166	135	508	
Price Contingency	205	176	163	544	
Total:	7,000	2,000	1,648	10,648	10,648

Table 3: Actual Expenditure by Source (UA '000)

	FE	% FE	LC	% LC	TOTAL	% of TOTAL
ADF Loan	877	77.81	6,086	64.50	6,963	65.91
ADF/TAF	250	22.19	1,703	18.05	1,953	18.48
GoM	-	0	1,648	17.46	1,648	15.60
TOTAL:	1,127		9,437		10,564	100

Table 4: Actual Expenditure by Category of Expenditure (UA)

Categories	ADF Loan	ADF/TAF	GoM	TOTAL
A. Technical Assistance	189,056	536,011		725,967
B. Training	386,819	1,374,983		1,761,802
C. Equipment & Furniture	267,813			267,813
D. Vehicles and M/Cycles	308,422			308,422
E. DDF	3,754,280		28,279	3,781,559
F. Micro Finance Fund	986,857			986,857
G. Auditing	66,977	24,405		91,382
H. Operating Expenses	866,130	10,801	1,620,298	2,497,229
I. Monitoring & Evaluation	135,657	6,520		142,177
Total:	6,962,911	1,952,373	1,648,577	10,564,208

ANNEX 3
TRAINING ACTIVITIES UNDERTAKEN

	Training Course	Training Institution	Target	No. of Beneficiaries	Beneficiary Institutions
1	Data entry and databank management	National College of Information Technology	Data Entry Clerks	6	District Assemblies
2	Executive Assistants	ESAMI, South Africa	Secretaries	2	EP&D
3	Monitoring and Evaluation	ESAMI Lesotho	M & E Officers	2	Ds and DLG
4	Budgeting and DDF management and procedures	MCA	Directors of Finance	5	Das
5	Procurement Procedures	MCA	Procurement Committees of DAs	160	Das
6	Masters in Business Administration	Polytechnic		1	
7	Accounting Technician Diploma	MCA	Accounts Assistants	14	
8	Induction Course for DCs	SDI	District Commissioners	6	Das
9	Orientation on DDF Procedures	SDI	Elected Members		DSa
10	Data Entry & Databank Management	National College of Information Technology	Data Entry Clerks	6	Das
11	Improving Organizational Effectiveness	RIPA, UK	Principal Secretaries	2	DLG & EP&D
12	Sage Development	Synapse Solutions, Kenya	Professionals	7	4 DS, 2 NLGFC and 1 DLG
13	Management Development Programme for Managers	Swaziland	Managers	1	DLG
14	Local Government Finance & Administration	Birmingham University, UK	Managers	1	
15	Micro Enterprise Management and Development Training	MEDI	DEC Members, MPs, Chiefs & AEC Members	483	Das
16	Training of Trainers in the District Dev. Planning System	DLG	DTTs	48	Das
17	Group formation, Leadership, Business & Credit Management	FITSE, MRFC, FINCA	MFI's Clients	18386	Das
18	Management Development for Municipal Heads	FIDA	POs	2	DLG
19	Sustainable Rural Development & Management	IDCA	DDP	1	DLG
20	Human Resource Management & Performance Enhancement	IDCA	POs	2	DS & DLG
21	Geographic Information System	Ghana	POs	3	DS & DLG
22	Development Planning	SDI	DPDs	6	Das
23	Mass Persuasion in Revenue Collection	SDI	Revenue Collectors	65	Das
24	Use of SPSS	Chancellor College	DPDS	6	Das

	Training Course	Training Institution	Target	No. of Beneficiaries	Beneficiary Institutions
25	National Public Works Standards	NRC	DPWs	7	Das
26	Project Management, Decentralisation Process, Participatory Approaches and cross-cutting issues		AEC Members	856	District Assemblies
27	Project Formulation and Feasibility Studies Analysis	ESAMI, Arusha	Directors of Planning and Development	2	District Assemblies
28	Poverty Monitoring and Analysis	ESAMI, Swaziland	Assistant Chief Economist	1	Ministry of Economic Planning and Development
29	Management Development Programme	MANANGA, Swaziland	District Commissioner	1	District Assembly
30	Masters Programme			5	
31	Executive Assistants Management Course	ESAMI,	Secretaries	2	Ministry of Local Govt. & Rural Devt.
32	Study Tour to Ghana			6	
33	Study Tour to Tunis		Programme Manager and Planning Manager	2	Decentralisation Secretariat
34	Village Development Committee (VDC) training		Community representatives	12052	
35	Project Management	ESAMI	DPDs	7	
36	Basic computing	Blantyre	DCs	6	
37	Basic computing	Blantyre	Accounts Assistants	16	
38	Record management and archives	Zomba	Registry clerks	16	
Total				32194	

ANNEX 4
PROJECT ACHIEVEMENTS BY COMPONENT

Component 1: Capacity Building				
1.A - Poverty Monitoring Systems				
Description	Project Target	Achieved	%	Remarks
Post Graduate Studies in Social Development	5	5	100	
Management Development Programmes	2	2	100	
Economic and Social Policy Analysis	4	4	100	
Design, Implementation and Monitoring Poverty Alleviation	4	3	75	
Management Information System	4	9	225	
Gender Policy and Planning	4	0	0	
Financial Management for Project Accountants	4	5	125	
Internal Training	4			See table 2
Total	31			
1B. District Level Capacity Building				
Technical Assistance	Project Target	Achieved	%	Remarks
Consultancy Services for Study on District Poverty Pro	per/district 5	12	240	The SEPs have been prepared two times during the life of the project
Consultancy Services for District Development Planning	per/district 5	12	240	The DDPs have been prepared two times during the life of the project
DDC Plan Approval Workshop	per/district 5	5	100	
Workshop Mid Term Review	per/district 1	1	100	
Microfinance Needs Assessment Study	per/district 1	1	100	
Monitoring and Evaluation Services	per/district 24	24 visits	100	
Training	Project Target	Achieved	%	Remarks
Participatory Methodologies	(2wx30p)/district 210	856	407	
Project Management	(4wx30p)/district 210	856	407	
Data Collection and Analysis	(incorp.in the study)			
Team Building Training	(2dx30p)/district 210	210	100	
Project Management for DDOs and DC	(5wxDDO+DC) 7	12 DPDs	171	
Tender Committee (procurement)	(5dx7p)/district 49	160	326	

Finance Sub-Committee	(5dx7p)district 49	49	100	
Training of Trainers (ToT)	(3x10-15p) for all	48	320	
Equipment	Project Target	Achieved	%	Remarks
PC-Desktop (Inc. printers)	5	72	1440	
Printers	5	42	840	
Photocopy-FD	5	14	280	
Fax Machine	5	6	120	
Furniture	Project Target	Achieved	%	Remarks
District Meeting Chairs	50	140	280	
District Meeting Tables	5	9	180	
Office Desk inc Chair	5	30 desks 30 chair	600	
Guest Chair	10	66	660	
Shelf	5	37	740	
Filing Cabinet	5	39	780	
Sundry Office Equipment				
Sundry Office Equipment	5	73	1460	
Vehicles	Project Target	Achieved	%	Remarks
4 wd Vehicles	5	8	160	Two for additional districts and chitipa was given two due to difficult terrain
Scooters	66	47	71.1	
IC - Community Level Capacity Building				
Technical Assistance	Project Target	Achieved	%	Remarks
Study on Economic Profiles of the target group (areas)	Study per area (56 ADCs)	1704 VAPs		The studies were done at VDC level rather than at ADC level
Consultative process on causes of poverty	1 for all the areas	1704 VAPs		
Training (Community Members and Civil Servants)	Project Target	Achieved	%	Remarks
Participatory Methodologies for Extension Workers	(3-5d)x(30-40p) 280	856	305	
Data Collection and Analysis for Extension Workers	(3-5d)x(30-40p) 280	856	305	
Data Collection and Analysis	(3-5d)x30-40p) 280	856	305	
Food Utilisation and Dietary Diversification	(3-5d)x(30-40p)x40	0		Activity cancelled

Poverty Awareness	(3-5d)x(30-40p) 280	856	305	
Participatory Methodologies for Community Leaders	(K15000 areas) every	12052		
Workshop/seminars for beneficiaries	(3-5d)x(30-40p) 280	856	305	
Training of Trainers (ToT)	(3x10-15p) for all 15	48	320	
Component II – District Development Fund				
Contribution to the District Development Fund (DDFs)	Project Target	Achieved	%	Remarks
Contribution to DDF	US\$4200000	US\$4215248	100.3	
Fund 56 ADCs for sub projects	56 ADCs	1704 VAPs		The funds were given to Village development committees (VDCs) for preparation of VAPs
Implement sub projects	280 at appraisal	635 sub projects		
Component III – Micro Finance				
Microfinance Operations	Project Target	Achieved	%	Remarks
Microfinance	US\$1800000	US\$1600000	88.9	Some funds were used for training and purchase of equipment motorcycle for MFIs

DDF Sub-projects by Sector and District

	Assembly	Sector									Total Projects	Total Amount (MK)
		Health	Education	Agriculture	Trade & Industry	Water	Transport/ Public works	Energy & Natural Resource	Home Affairs (Security)	Assembly		
1	Chitipa	2	45	1	0	5	10	1	1	1	66	68,594,103
2	Lilongwe	10	102	7	0	40	7	2	6	9	183	165,787,737
3	Salima	5	3	2	0	46	1	2	2	1	62	82,921,777
4	Neno	2	13	1	0	0	10	1	0	0	27	62,441,107
5	Mwanza	0	33	12	0	50	11	3	1	3	113	53,553,345
6	Mulanje	5	61	4	0	5	17	6	7	16	121	113,523,568
7	Phalombe	4	19	8	2	4	12	6	7	1	63	65,959,119
	Total	28	276	35	2	150	68	21	24	31	635	612,780,756

District Development Funds spent per district and by sector (in Malawi Kwacha)

Assembly	Sector									Total Project	Total Amount
	Health	Education	Agriculture	Trade	Water	Transport Public Works	Energy & Natural Resource	Home Affairs Security	Assembly		
Chitipa	718,061	45,056,242	105,938	0	2,270,859	17,700,930	411,268	672,643	2,402,000	66	68,594,103
Lilongwe	5,668,078	111,089,971	5,374,529	0	22,675,595	7,906,355	606,164	9,117,900	4,129,797	183	165,787,737
Salima	8,748,404	32,048,500	1,551,456	0	13,56,535	13,459,593	1,022,520	3,332,842	8,293,841	62	82,921,777
Neno	2,100,000	16,130,000	1,000,000	0	0	11,950,508	770,000	0	0	27	62,441,107
Mwanza	0	35,374,055	6,190,251	0	26,757,400	7,881,075	1,339,460	650,000	4,048,396	113	53,553,345
Mulanje	5,466,248	52,139,095	5,792,160	0	4,195,345	20,272,852	4,196,205	6,485,088	19,043,058	121	113,523,568
Phalombe	5,279,137	14,706,430	7,607,921	1,000,000.	7,650,000	5,241,500	1,740,191	7,113,643	12,733,718	63	65,959,119
Total	27,979,928	306,544,293	27,622,254	1,000,000	77,112,734	84,412,813	10,085,808	27,372,116	50,650,810	635	612,780,756

ANNEX 5
PERFORMANCE EVALUATION AND RATING

5A: IMPLEMENTATION PERFORMANCE

Component Indicators	Score (1 to 4)	Remarks
1. Adherence to time schedule	1	A 2 year slippage
2. Adherence to Cost Schedule	2	Cost fixed to quotations
3. Compliance with Covenants	3	Conditions met
4 Adequacy of Monitoring & Evaluation and Reporting	1	Quarterly reports submitted regularly, monitoring & evaluation not very efficient
5. Satisfactory Operations	3	Quality of Sub-projects not very good
Total	10	
Overall Assessment of Implementation	2.0	Satisfactory

5B: BANK PERFORMANCE

Component Indicators	Score (1 – 4)	Remarks
1. At Identification	3	Project part of poverty sector and formed part of the GoM's Poverty Alleviation Project
2. At Preparation of Project	3	Bank's strategy refined
3. At appraisal	3	Project matrix prepared, report of good quality
4. At supervision	3	Average of 1.5 missions per year. Reports helpful in M&E of project.
Overall Assessment of Bank Performance	3.0	Satisfactory

ANNEX 5C: PROJECT OUTCOME

No	Component Indicators	Score (1 to 4)	Remarks
1	Relevance and Achievement of Objectives	2.57	Satisfactory
i)	Macro-economic policy	2	Project falls within context of sector plans
ii)	Sector Policy	3	Project is assisting GoM to address poverty reduction issues
iii)	Physical Infrastructure	3	635 sub-projects implemented, 276 in education sector and 150 in water
iv)	Financial	2	Readjustments of budget, within budget
v)	Poverty Alleviation & Social & Gender	3	Project will contribute to social development and improved household incomes.
vi)	Environment	2	No negative impact on environment
vii)	Private Sector Development	3	Almost all contracts for civil works, equipment, furniture, and consultancies went to local entrepreneurs
viii)	Other (Specify)		N/A
2	Institutional Development	2.33	Satisfactory
i)	Institutional framework	3	PIU acquired competencies in project co-ordination, institutional strengthening
ii)	Financial and Management Information Systems including Audit Systems	2	Staff of PIU familiar with the Management Information System of the Bank and Audit requirements
iii)	Transfer of Technology	-	N/A
iv)	Staffing, by qualified persons (incl. turnover) training and counterpart staff	2	Staffing at ministerial and district level of acceptable quality
3	Sustainability	2.25	Satisfactory

i)	Continued Borrower Commitment	2	GoM maintains some of the buidings
ii)	Environmental Policy	-	No negative impact on the environment
iii)	Institutional Framework	2	District Executive Committees and district assembly staff trained
iv)	Technical viability and Staffing	2	Science teachers sent to schools
v)	Financial Viability		N/A
vi)	Organization and Management	3	PIU and MFIs efficient
4	Economic Internal Rate of Return	N/A	
	Total	-	
	Overall Assessment of Outcome	2.41	Satisfactory

**ANNEX 6
RECOMMENDATIONS AND FOLLOW-UP MATRIX**

MAIN FINDINGS AND CONCLUSIONS	LESSONS LEARNED/ RECOMMENDATIONS	FOLLOW-UP ACTIONS	RESPONSIBILITY
<p>Formulation and Project Rationale</p> <p>The rationale of the project was to contribute to poverty reduction in rural and urban Malawi. It aimed at (i) improving the quality of life through better health, lower morbidity and mortality rates and higher life expectancy rates; (ii) sustaining and improving household incomes in the poorest quintiles; (iii) implementing and maintaining demand driven and community designed sub-projects.</p>	<p>Community participation through effective, intensive and extensive outreach work was positive to the implementation of the project. Stakeholder consultation and involvement from the initial project design through to implementation ensured continuous community support, commitment and ownership and was a key factor in the success of the project activities and enabled sustainable maintenance mechanisms for community infrastructure.</p>	<p>Government should maintain community participatory spirit as part of the local governance structure.</p>	<p>The Borrower</p>
<p>Project Implementation</p> <p>There was a 2 year slippage in the execution of the project. The DS was occupied with the national local governance program and could not therefore concentrate on the project. The implementation of the Project has made a significant impact on the infrastructural development of the beneficiary districts.</p>	<p>The Inter ministerial Technical Committee on Decentralisation (ITCD) which was supposed to be the project steering committee at its onset was inactive for 2 years and during this period GoM failed to fulfill loan conditions for entry into force, for first disbursement and for other conditions. Project implementation was as a result delayed by 2 years.</p>	<p>For future projects, GoM should install an autonomous PIU to ensure that there is focus in the management and supervision of projects.</p>	<p>Borrower</p>
	<p>The micro-finance operations had the necessary capacity to mobilise communities, build their capacity through training and provide access to microfinance for sustainable employment and entrepreneurship development. In this sense, the micro finance approach is seen to be more sustainable and wide reaching if combined with training and business advisory services.</p>	<p>GoM should follow up on the setting up of a body to continue with micro-finance operations with the revolving fund.</p>	<p>Borrower</p>
<p>Compliance with Loan Conditions and Covenants</p> <p>Government complied with loan covenants.</p>	<p>To avoid delays in complying with loan conditions GoM and its intermediary organization for project implementation should be more timely and show focus</p>	<p>GoM should respond more effectively to project pre-conditions</p>	<p>Borrower</p>
<p>Performance Evaluation & Project Outcome</p> <p>Monitoring and Evaluation of the project was not well structured at both national and district level. The project was generally well executed and evaluated as satisfactory. However, the quality of construction of some of the sub-projects was not satisfactory and there were disbursement delays. An amount of MK 612,780,756 (US\$ 4,345,962) supported a total of 635 sub-projects. The operations of the MFIs have made a difference in the lives of the</p>	<p>The Monitoring & Evaluation dimension of the project could have been better structured and made more efficient if the monitoring of the various activities of the project under capacity building, DDF, and micro finance had been carried out against a set of benchmarks and targets at every major stage of the project.</p>	<p>Project design should incorporate with precision the timing, benchmarks and implementing agency for the monitoring and evaluation of the major stages of the project such that remedial measures could be taken to put a project back on course if need be.</p>	<p>Borrower Bank</p>

<p>poor who otherwise would have had no access to loans.</p>			
<p>Sustainability The sense of ownership generated by the community participatory spirit, group funding which engenders joint and several liability as well as the revolving fund created by micro-finance operations will in no small measure contribute to the project's sustainability. In spite of the fact that the project has closed, an amount of MK 245 million expected to accrue in the revolving fund from outstanding loan repayments due in 2009 from FINCA and MRFC and 2008 for FITSE will be used to prolong the micro finance operations.</p>	<p>GoM should continue to encourage demand driven community initiatives to promote the sense of ownership and sustainability of projects and also strengthen local governance structures from the most basic, the traditional area (TA) to the District level;</p>	<p>GoM should follow up on maintenance issues</p>	<p>Borrower</p>
	<p>The Government should continue to sustain the micro finance initiative by supporting its capacity building efforts to include the training of more field staff in internationally recognised best practices in micro finance;</p>	<p>GoM should set up a structure to manage the revolving fund generated by the MFIs</p>	<p>Borrower</p>
	<p>The Government should encourage the acquisition of skills in the building trades among the youth in the districts to enable them play a more positive role in the community participatory effort particularly with respect to the execution of sub projects;</p>	<p>GoM should involve youth in the study of building trades</p>	<p>Borrower</p>

ANNEX 7
DETAILS OF CONTRACTS AWARDED

1. PROFESSIONAL SERVICES

1.1	Name of Contract:	Micro Finance Needs Assessment Study
	Date of Tender:	
	Date of Award:	24 October 2001
	Contract Amount:	USD69,790.00
	ADB's Share:	100 %
	Name and Address of Consultant:	Millennium Consulting Group P.O. Box 1806 Lilongwe
	Nationality:	Malawian
	Headquarters:	Lilongwe
	Approved Mode of Procurement:	Short listing
	Reason for Change if any:	N/A
	Date of Commencement of Work:	29 October 2001
	Programmed Date of Completion:	28 th February 2002
	Cost of Contract:	USD69,790.00
	Work carried out:	The Consultants came up with micro finance needs assessment report
1.2	Name of Contract:	Training of Stakeholders in Business Management
	Date of Tender:	Not Available
	Date of Award:	
	Contract Amount:	K15,831,686
	AfDB's Share:	100 %
	Name and Address of Consultant:	Malawi Entrepreneurs Development Institute (MEDI) Private Bag 2 Mponela
	Nationality:	Malawian
	Headquarters:	Mponela, Dowa
	Approved Mode of Procurement:	Short listing
	Reason for Change if any:	N/A
	Date of Commencement of Work:	
	Programmed Date of Completion:	
	Cost of Contract:	MK15,831,686
	Work Carried out:	Training of Stakeholders in Business Management

1.3 Name of Contract: Credit Monitoring and Monitoring Training

Date of Tender:

Date of Award:

Contract Amount: MK2,773,529

ADB's Share: 100%

Name and Address of Consultant: DEMATT, P.O. Box 1540, Blantyre, Malawi

Nationality: Malawian

Headquarters: Blantyre

Approved Mode of Procurement: Shortlisting

Reason for Change if any: N/A

Date of Commencement of Work: 27th July 2005

Programmed Date of Completion:

Cost of Contract: MK2,773,529

Work Carried out: Delivery of training to 21 district assembly staff in credit monitoring concepts, Micro finance delivery mechanisms and back ground to micro finance. The consultants were expected to compile and submit a comprehensive report at the end of the training including an evaluation of the training.

1.4 Name of Contract: Mid Term Review

Date of Tender: May 2003

Date of Award: 5 June 2003

Contract Amount: US\$17,650

ADB's Share: 100%

Name and Address of Consultant: Bright Sibale, Malawian

Nationality: Malawian

Headquarters: Lilongwe

Approved Mode of Procurement: Short listing

Date of Commencement of Work:

Programmed Date of Completion:

Cost of Contract: US\$17,650

Work Carried out: Carried out Mid Term review of the project to evaluate the achievements, challenges and recommend how to implement the project in the remaining period.

1.5 Name of Contract: Audit of Financial Accounts

Date of Tender: August 2003

Date of Award: November 2003

Contract Amount: MK848,250

ADB's Share: 100%

Name and Address of Consultant: KPMG, Nurses Council Building, P.O. Box 30453, Lilongwe 3

Nationality: Netherlands

Headquarters: Netherlands

Approved Mode of Procurement: Short listing

Date of Commencement of Work:

Programmed Date of Completion:

Cost of Contract: MK848,250
Work Carried out: Carry out Audit of the financial statements for the Poverty Reduction Project as at 30th June 2003

1.5 Name of Contract: Audit of Financial Accounts

Date of Tender:
Date of Award: March 2005
Contract Amount: MK1,600,500
ADB's Share: 100%
Name and Address of Consultant: KPMG, Nurses Council Building,
P.O. Box 30453, Lilongwe 3
Nationality: Netherlands
Headquarters:
Approved Mode of Procurement: Short listing
Reason for Change if any: Continuity
Date of Commencement of Work:
Programmed Date of Completion:
Cost of Contract: MK1,600,500
Work Carried out: Carry out Audit of the financial statements for the Poverty Reduction Project as at 30th June 2004

1.6 Name of Contract: Audit of Financial Accounts

Date of Tender: 25 August 2005
Date of Award: 9 January 2006
Contract Amount: MK2,051,585.00
ADB's Share: 100%
Name and Address of Consultant: Deloitte, Old Mutual House, P.O.
Box 30364, Lilongwe 3
Nationality: USA
Headquarters:
Approved Mode of Procurement: Short Listing
Reason for Change if any: N/A
Date of Commencement of Work:
Programmed Date of Completion:
Cost of Contract: MK2,051,585.00
Work Carried out: Carry out Audit of the financial statements for the Poverty Reduction Project as at 30th June 2005

1.7 Name of Contract: Audit of Financial Accounts

Date of Tender: 29 August 2006
Date of Award: 6 December 2006
Contract Amount: MK1,930,000
ADB's Share: 100%
Name and Address of Consultant: KPMG, Nurses Council Building,
P.O. Box 30453, Lilongwe 3
Nationality: Netherlands
Headquarters:
Approved Mode of Procurement: Short Listing
Reason for Change if any: N/A
Date of Commencement of Work: 22 January 2007
Programmed Date of Completion:

Cost of Contract: MK1,930,000
Work Carried out: Carry out Audit of the financial statements for the Poverty Reduction Project as at 30th June 2006

1.8 Name of Contract: End of Project Evaluation

Date of Tender: 27 March 2006
Date of Award: 13 July 2006
Contract Amount: MK3,177,000
ADB's Share: 100%
Name and Address of Consultant: Malawi Institute of Management,
P.O. Box 30801, Lilongwe 3
Nationality: Malawian
Headquarters: Lilongwe
Approved Mode of Procurement: Short listing
Reason for Change if any: N/A
Date of Commencement of Work: August 2006
Programmed Date of Completion: March 2007
Cost of Contract: MK3,177,000
Work Carried out: The Consultant is expected to evaluate the project, its impact, lessons learned and how future similar project can be improved.

1.9 Name of Contract: Environmental Audit of DDF Projects

Date of Tender: 13 August 2005
Date of Award: 7 June 2006
Contract Amount: MK3,784,087.50
ADB's Share: 100%
Name and Address of Consultant: Coda and Partners, Development House, P.O. Box 30390, Lilongwe 3
Nationality: Malawian
Headquarters: Lilongwe
Approved Mode of Procurement: Short Listing
Reason for Change if any: N/A
Date of Commencement of Work: August 2006
Programmed Date of Completion: April 2007
Cost of Contract: MK3,784,087.50
Work Carried out: The Consultants are expected to assess the environmental impact of DDF projects on the environment and come up with recommendation that will guide in the implementation of future projects.

1.10 Name of Contract:	Procurement Audit of DDF Projects
Date of Tender:	30 November 2005
Date of Award:	26 June 2006
Contract Amount:	US\$27,560.00
ADB's Share:	100%
Name and Address of Consultant:	O.J. Partners, Nurses and Midwives Council Building, P.O. Box 31193, Lilongwe 3
Nationality:	Malawian
Headquarters:	Lilongwe
Approved Mode of Procurement:	Short Listing
Reason for Change if any:	N/A
Date of Commencement of Work:	
Programmed Date of Completion:	
Cost of Contract:	US\$27,560.00
Work Carried out:	The Consultants carried out procurement Audit of all DDF procurements to assess if the assemblies are following the laid down procedures.
1.11 Name of Contract:	Micro Finance Regulatory Framework.
Date of Tender:	20 January 2005
Date of Award:	
Contract Amount:	MK2,497,000.00
ADB's Share:	100%
Name and Address of Consultant:	Agro-Ind Serve, P.O. Box 1230 Lilongwe
Nationality:	Malawian
Headquarters:	Lilongwe
Approved Mode of Procurement:	Short Listing
Reason for Change if any:	N/A
Date of Commencement of Work:	
Programmed Date of Completion:	
Cost of Contract:	MK2,497,000
Work Carried out:	The consultant came up with a legal regulatory framework that will guide in the operation of Micro Finance Institutions in Malawi.

2.0 Purchase of Furniture

2.1 Name of Contract: Purchase of office furniture

Date of Tender: 22 June 2005
Date of Award: 3 August 2006
Contract Amount: US\$29,920.00
ADB's Share: 100%
Name and Address of Supplier: Mapanga Furniture, P.O. Box 5064 Limbe
Nationality: Malawian
Headquarters: Limbe
Approved Mode of Procurement: National Competitive Bidding
Reason for Change if any: N/A
Date of Commencement of Work:
Programmed Date of Completion:
Cost of Contract: US\$29,920.00
Work Carried out: Supplied and delivered the following:
85 conference chairs
4 conference tables
20 Executive tables
20 Executive Chairs
7 Secretary Chairs
7 Secretary Tables
20 Coffee Tables
40 Visitors Chairs
24 Steel Filing Cabinets
27 Book Shelves

2.2 Name of Contract: Purchase of office furniture

Date of Tender: 22 June 2005
Date of Award: 18 November 2005
Contract Amount: MK2,320,855
ADB's Share: 100%
Name and Address of Consultant: Sunder Furniture Ltd, P.O. Box 5945 Limbe
Nationality: Malawian
Headquarters: Limbe
Approved Mode of Procurement: National Competitive Bidding
Reason for Change if any: N/A
Date of Commencement of Work:
Programmed Date of Completion:
Cost of Contract: MK2,320,855
Work Carried out: The contract was cancelled by the project.
The furniture supplied was of poor quality and the project returned the consignment, the supplier was asked to supply good quality. The supplier wrote the project that he can supply better quality at a higher revised contract sum of MK3,914,500. Therefore the contract was terminated and awarded to second lowest evaluated bidder

2.3	Name of Contract:	Purchase of office furniture
	Date of Tender:	25 November 2001
	Date of Award:	
	Contract Amount:	MK961,325.00
	ADB's Share:	100%
	Name and Address of Supplier:	Mapanga Furniture Ltd, P.O. Box 5064 Limbe
	Nationality:	Malawian
	Headquarters:	Limbe
	Approved Mode of Procurement:	National Shopping
	Reason for Change if any:	N/A
	Date of Commencement of Work:	
	Programmed Date of Completion:	
	Cost of Contract:	MK961,325.00
	Work Carried out:	Supplied and delivered the following: 15 Steel filing Cabinets 10 Executive Chairs 10 Executive Desks 5 Conference tables for 15 chairs each 75 Conference Chairs
2.4	Name of Contract:	Purchase of office furniture
	Date of Tender:	25 November 2001
	Date of Award:	
	Contract Amount:	MK239,412.80
	ADB's Share:	100%
	Name and Address of Supplier:	Vision Furniture and Joinery Ltd, Johnstone Road, Ginnery Corner, P.O. Box 30221, Chichiri, Blantyre.
	Nationality:	Malawian
	Headquarters:	Blantyre
	Approved Mode of Procurement:	National Shopping
	Reason for Change if any:	N/A
	Date of Commencement of Work:	
	Programmed Date of Completion:	
	Cost of Contract:	MK239,412.80
	Work Carried out:	Supplied and Delivered the following: 15 Shelves 10 coffee tables 30 visitors chairs
2.5	Name of Contract:	Purchase of office furniture
	Date of Tender:	25 November 2001
	Date of Award:	
	Contract Amount:	MK206,925.00
	ADB's Share:	100%
	Name and Address of Supplier:	Capital Furniture Co. Ltd, P.O. Box 676, Lilongwe
	Nationality:	Malawian
	Headquarters:	Lilongwe
	Approved Mode of Procurement:	National Shopping

Reason for Change if any: N/A
Date of Commencement of Work:
Programmed Date of Completion:
Cost of Contract: MK206,925.00
Work Carried out: Supplied and delivered the following:
15 Stand fans
15 2 bar heaters
15 extension cords

3.0 Purchase of Computers and Office Equipment

3.1 Name of Contract: Purchase of computer Equipment

Date of Tender: 09 March 2001
Date of Award:
Contract Amount: US\$ 43,510.00
ADB's Share: 100%
Name and Address of Supplier: Computer Connections Ltd, P.O. Box 31246
Lilongwe 3
Nationality: Malawian
Headquarters:
Approved Mode of Procurement: National Competitive Bidding
Reason for Change if any: N/A
Date of Commencement of Work:
Programmed Date of Completion:
Cost of Contract: US\$39,159.00
Work Carried out: Supplied and delivered the following:
1 Lap top
10 desk top computers
10 600 VA APS UPS
11 Printers

3.2 Name of Contract: Purchase of digital photocopiers and fax machines

Date of Tender: 09 March 2001
Date of Award:
Contract Amount: US\$60,333.60.00
ADB's Share: 100%
Name and Address of Consultant: Xerographics Ltd, P.O. Box 573 Limbe
Nationality: Malawian
Headquarters: Limbe
Approved Mode of Procurement: National Competitive Bidding
Reason for Change if any: N/A
Date of Commencement of Work:
Programmed Date of Completion:
Cost of Contract: US\$60,333.60.00
Work Carried out: Supplied and delivered 6 heavy duty digital
Photocopiers and 6 fax machines.

3.3	Name of Contract:	Purchase of Fans
	Date of Tender:	22 June 2005
	Date of Award:	18 November 2005
	Contract Amount:	US\$1,155.00
	ADB's Share:	100%
	Name and Address of Consultant:	Olivetti (Malawi) Ltd, Accord Centre, P.O. Box 30209 Lilongwe 3
	Nationality:	Malawian
	Headquarters:	Blantyre
	Approved Mode of Procurement:	National Competitive Bidding
	Reason for Change if any:	N/A
	Date of Commencement of Work:	
	Programmed Date of Completion:	
	Cost of Contract:	US\$1,155.00
	Work Carried out:	Supplied and delivered 33 stand fans
3.4	Name of Contract:	Purchase of digital photocopiers
	Date of Tender:	22 June 2005
	Date of Award:	18 November 2005
	Contract Amount:	US\$47,888.00
	ADB's Share:	100%
	Name and Address of Supplier:	Canotech, P.O. Box 5668, Limbe
	Nationality:	Malawian
	Headquarters:	Limbe
	Approved Mode of Procurement:	National Competitive Bidding
	Reason for Change if any:	N/A
	Date of Commencement of Work:	
	Programmed Date of Completion:	
	Cost of Contract:	US\$47,888.00
	Work Carried out:	Supplied and Delivered 8 digital Photocopiers
3.5	Name of Contract:	Purchase of Computer Equipment
	Date of Tender:	29 June 2005
	Date of Award:	24 November 2005
	Contract Amount:	US\$88,025
	ADB's Share:	100%
	Name and Address of Supplier:	Globe Computers Ltd, P.O. Box 5095, Limbe
	Nationality:	Malawian
	Headquarters:	Limbe
	Approved Mode of Procurement:	National Competitive Bidding
	Reason for Change if any:	N/A
	Date of Commencement of Work:	
	Programmed Date of Completion:	
	Cost of Contract:	US\$88,025.00
	Work Carried out:	Supplied and Delivered the following: 47 Personal Computers 47 APC 1000 VA UPS 26 HP Laser Jet Printers

2 Windows 2003 Server Edition (5 client)
Software
2 MS Windows XP Professional
2 Server edition Symantic (small business edition)
Networking of 7 assemblies
3 Toshiba Lap tops

4.0 Purchase of Motor Vehicles and Motor Cycles

4.1 Name of Contract: Purchase of Motor Vehicles and Motor cycles

Date of Tender:
Date of Award:
Contract Amount: JPN YEN 33,913,100
ADB's Share: 100%
Name and Address of Supplier: Kjaer & Kjaer Worldwide A/S p.o. Box 260
Gronnemoesj 6, 5700, Svendborg, Denmark.
Nationality: Danish
Headquarters: Svendborg
Approved Mode of Procurement: National Competitive Bidding
Reason for Change if any: N/A
Date of Commencement of Work:
Programmed Date of Completion:
Cost of Contract: JPN YEN 33,913,100
Work Carried out: Supplied and Delivered,
2 Nissan Station Wagons,
7 Nissan D/Cab Pick Ups,
1 26 Sitter Minibus –Nissan Civilian
30 125 Honda motor cycles.

4.2 Name of Contract: Purchase of Motor Cycles

Date of Tender: 29 June 2005
Date of Award: 29 November 2005
Contract Amount: JPN YEN 2,181,762
ADB's Share: 100%
Name and Address of Supplier: Stansfield Motors, Ali Hassan Mwinyi
Road, P.O. Box 45, Blantyre, Malawi
Nationality: Malawian
Headquarters: Blantyre
Approved Mode of Procurement: National Competitive Bidding
Reason for Change if any: N/A
Date of Commencement of Work:
Programmed Date of Completion:
Cost of Contract: JPN YEN 2,181,762
Work Carried out: Supply and Delivery of 6 Yamaha Motor
Cycles for MFIs.

4.3 Name of Contract: Purchase of Motor Vehicles

Date of Tender: 19 December 2005
Date of Award: 9 February 2006
Contract Amount: US\$64,500
ADB's Share: 100%
Name and Address of Supplier: Societe Francaise Commerce European (SCFE)

Nationality: French
Headquarters: Paris
Approved Mode of Procurement: National Competitive Bidding
Reason for Change if any: N/A
Date of Commencement of Work:
Programmed Date of Completion:
Cost of Contract: US\$64,500
Work Carried out: Supplied and delivered 3 D/cab Nissan Pick UPs

4.4 Name of Contract: Purchase of Motor cycles

Date of Tender: 22 June 2006
Date of Award: 29 September 2006
Contract Amount: JPN YEN 1,146,000
ADB's Share: 100%
Name and Address of Supplier: Stansfield Motors, Ali Hassan Mwinyi
Road, P.O. Box 45, Blantyre, Malawi.

Nationality: Malawian
Headquarters: Blantyre
Approved Mode of Procurement: National Competitive Bidding
Reason for Change if any: N/A
Date of Commencement of Work:
Programmed Date of Completion:
Cost of Contract: JPN YEN 1,146,000
Work Carried out: Supply and Delivery of 6 motor cycles for Neno
and Phalombe

ANNEX 8

SOURCES OF INFORMATION

1. Annual Economic Report 2008 - Ministry of Economic Planning and Development
2. Environmental Audit of District Development Funds - Coda & Partners
3. Procurement Audit - OJ & Partners
4. Malawi: Poverty Reduction Strategy Paper – Growth and Development Strategy- IMF Country Report No. 07/55
5. Malawi: 2005-2009 Results Based Country Strategy Paper
6. Project Appraisal Report
7. Borrower’s Project Completion Report
8. Mid Term Review – Sibale
9. End of Project Evaluation Study – Malawi Institute of Management
10. Micro-Finance Operations Manual – Decentralisation Secretariat
11. District Development Fund Financial Management and Accounting Procedures Manual – Decentralisation Secretariat
12. Lilongwe District Development Plan 2006-2009 – Lilongwe District
13. Lilongwe District Socio-economic profile
14. African Development Bank – Project Files and Records
15. Ministry of Local Government. 1998. Decentralisation Policy