



**Government of Malawi**

**PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP) 2023/24**



**April 2024**

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## **ACRONYMS AND ABBREVIATIONS**

EP&D	Economic Planning and Development
EQUALS	Equity with Quality and Learning at Secondary
FDI	Foreign Direct Investments
FY	Financial Year
GBA	Green Belt Authority
GDP	Gross Domestic Product
ICT	Information and Communication Technology
IMF	International Monetary Fund
ISEM	Improving Secondary Education in Malawi
MDA	Ministries, Departments, and Agencies
M&E	Monitoring and Evaluation
MERP	Malawi Education Reform Project
MIP-1	Malawi 2063 First 10-Year Implementation Plan
MK	Malawi Kwacha
MW	Megawatt
PSIP	Public Sector Investment Program
SEED	Secondary Education Expansion for Development
TEVET	Technical, Entrepreneurial and Vocational Education and Training

## **EXECUTIVE SUMMARY**

The Public Sector Investment Programme (PSIP) for the period 2023/2024-2027/2028 serves as a strategic blueprint for advancing the development agenda of Malawi, in alignment with the aspirations articulated in Malawi 2063 and MIP-1.

Central to the PSIP's mandate is the enhancement of national capabilities to foster inclusive and sustainable development. Emphasis is placed on promoting private sector-led economic growth and nurturing robust public-private partnerships to ensure efficient delivery of public services.

Recognizing the pivotal role of infrastructure in long-term development, the PSIP underscores the necessity of substantial investments in economic and social infrastructure to bolster economic resilience and social well-being.

Acknowledging the significance of external assistance, the government reaffirms its commitment to fostering closer collaboration with development partners to optimize the efficacy of PSIP implementation, thereby maximizing benefits for the Malawian populace.

I extend my gratitude to all stakeholders involved in the development of the PSIP document and call upon project implementers and coordinators to discharge their duties with unwavering diligence and dedication.

A handwritten signature in black ink, appearing to read 'Simplex Banda', with a long horizontal line extending from the end of the signature.

**Hon. Simplex Chithyola Banda, MP**

**MINISTER OF FINANCE AND ECONOMIC AFFAIRS**

## **PREFACE**

The 2023/2024 Public Sector Investment Programme (PSIP) continues to serve as a cornerstone for driving Malawi towards the realization of its long-term objectives outlined in Malawi 2063.

In order to facilitate the attainment of the stated objectives of Malawi 2063, the Public Sector

Aligned with the overarching goals of Malawi 2063 and its First 10-Year Implementation Plan (MIP-1), the PSIP delineates a comprehensive roadmap for executing vital government development initiatives over a five-year period.

Despite the Government's commitment to advancing priority projects, fiscal limitations stemming from prevailing economic conditions persist. The 2023/2024 PSIP acknowledges these constraints while striving to optimize resource allocation.

Recognizing the imperative of achieving optimal returns on investment amidst fiscal challenges, the PSIP underscores the importance of expeditious project implementation and the cultivation of requisite competencies at all operational levels.

As we embark on the implementation of the 2023/2024 PSIP, it is paramount that we remain steadfast in our pursuit of national development objectives, mindful of the need for prudent resource management and effective project execution.



**Betchani H.M. Tchereni**

**SECRETARY TO THE TREASURY**

## **1. INTRODUCTION**

The Public Sector Investment Program (PSIP) delineates the initiatives that the Government intends to execute throughout a five-year timeframe. The Government, development partners, and collaborations with the private sector via public-private partnerships (PPPs) provide the funding for these initiatives. Investing in projects yields crucial benefits such as employment creation and productivity enhancement, both of which are essential for the nation to achieve its development objectives. The PSIP aligns with the goals outlined in Malawi 2063, the national development strategy.

Building on the foundation laid out in the 2022/2023 Public Sector Investment Programme, the 2023/2024 PSIP prioritized critical public projects for the financial year. Furthermore, the 2023/2024 PSIP serves as a mechanism to address poverty and inequality while achieving development objectives. Through initiatives to create jobs, invest in public infrastructure, and fund educational opportunities, the 2023/2024 PSIP fosters a more equitable and prosperous society for all. One way in which the 2023/2024 PSIP contributes to the reduction of wealth and income disparities is by expanding access to healthcare and educational facilities for all residents, regardless of their socioeconomic status.

The Government is dedicated to supporting the expansion of the national economy by allocating resources towards ventures that contribute positively to the private sector. Pertaining to this, the PSIP comprises a sequence of endeavors that aim to foster economic growth through the amplification of private sector investment in critical sectors. Significantly, the PSIP prioritizes the allocation of resources towards the development of manufacturing sectors and the expansion of trade. The private sector plays a crucial role in fostering economic growth through job creation and product innovation. With this objective in mind, the government is committed to motivating private sector entities to increase their investment in development initiatives that foster innovation and enhance operational quality and efficiency.

Moreover, the formulation of the PSIP aims to establish a robust pipeline of initiatives that have undergone meticulous appraisal and endorsement by Government. The pipeline of projects facilitates the mobilization of project resources from prospective financiers.

Using a variety of funding mechanisms, including tax and nontax revenues, grants and loans, and public-private partnerships, the PSIP seeks to facilitate the completion of sustainable infrastructure projects. Moreover, by providing essential supplementary infrastructure, the PSIP will encourage private sector investment.

The Ministry of Finance and Economic Affairs, through the Department of Economic Planning and Development (EPD), develops priority infrastructure projects and programmes list through a competitive appraisal process. The objective in presenting this PSIP document is to furnish the general public with a comprehensive outline of the Public Sector Investment Program and its capacity to stimulate development. This PSIP document provides detailed reports on selected initiatives and particular sectors. On the basis of their dimensions, scope, and estimated total cost, the initiatives have been chosen.

## **2. 2023/24 ECONOMIC OUTLOOK**

### **2.1. 2023/24 World Economic Outlook**

The World Economic Outlook for 2023/24, as projected by the International Monetary Fund (IMF), provides an intricate depiction of worldwide economic patterns that are vital for informing Malawi's Public Sector Investment Programme. The IMF projects a marginal acceleration in worldwide growth of 0.1 percentage points from 2023 to 2024. This incremental increase would result in a rise in global growth from 3 percent to 3.1 percent.

Nevertheless, it is critical to acknowledge that the anticipated expansion continues to lag behind past patterns, indicating enduring difficulties in the worldwide economic sphere. Trade tensions, geopolitical risks, and an uneven recovery from the COVID-19 pandemic are elements that continue to present challenges to both economic stability and prospects for growth.

Malawi places great importance on comprehending and adjusting to these worldwide economic transformations. In the process of devising its Public Sector Investment Programme for 2023/2024, the country must give meticulous deliberation to worldwide economic patterns. Malawi can bolster its resilience, promote sustainable development, and optimize resource allocation for the benefit



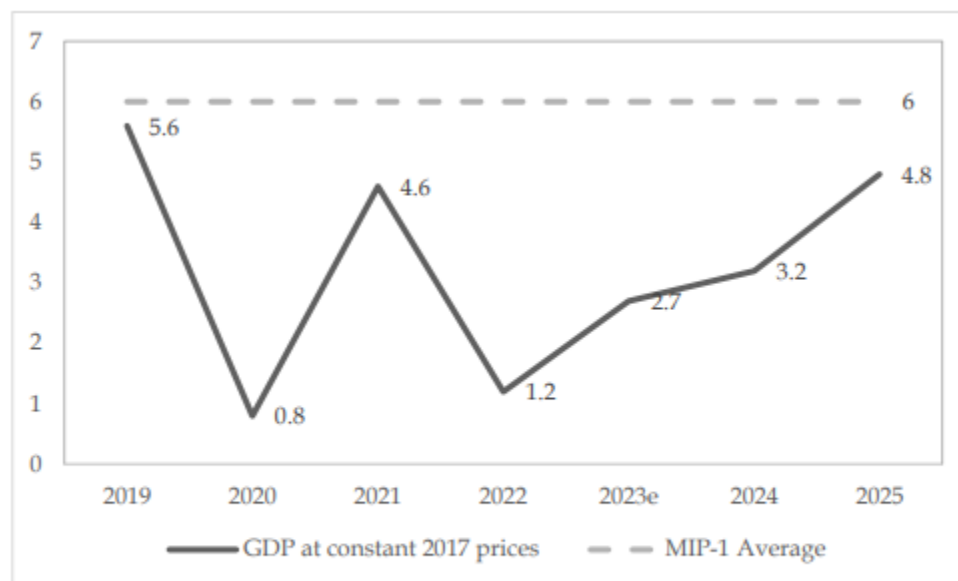
of its populace and economy by harmonizing investment strategies with emergent opportunities and challenges ascertained in the World Economic Outlook.

## 2.2. 2023/24 Malawi Economic Outlook

The economic forecast for Malawi for 2023/24 presented a measure of prudent optimism in the face of significant obstacles. Despite encountering economic challenges in 2022 and indeed in the past five years, the IMF's projections suggest a bright outlook for 2024, characterized by an expected 3.1 percent growth in GDP.

For the past 5 years, Malawi has been encountering various shocks. The GDP of Malawi's economy experienced a significant decline, dropping from 5.6 to 0.8 between 2019 and 2020, primarily as a result of substantial disruptions caused by the Covid-19 pandemic and cyclone Idai. Similar shocks were experienced after 2021. As a result of COVID-19 pandemic, there were travel restrictions that also led to disruption of international trade and tourism. Disruptions in the worldwide supply caused critical item shortages, hence cost escalation in the manufacturing industry.

**Figure 1: Malawi's Economy GDP for Past 7 Years**



Source: Ministry of Finance Data (2024)

Furthermore, cyclone Idai and Freddy had a catastrophic effect on the nation's economy. First, the torrential rains and flooding caused by the cyclones resulted in the destruction of a substantial amount of Malawi's crops, particularly essential food crops such as maize. Consequently, there were food shortages due to disruptions in agricultural production, which had an impact on food security and caused food inflation<sup>1</sup> owing to price hikes for key food items. Second, the cyclones caused significant damage to roads, bridges, and other transportation infrastructure, resulting in the disruption of the movement of goods and people. The impaired infrastructure posed challenges in transporting vital food and relief supplies to the impacted regions. Disruptions in transportation had a negative impact on trade both within Malawi and with neighboring countries.

Furthermore, the extensive damage caused by the storm may have discouraged prospective tourists from traveling to Malawi, affecting a vital means of acquiring foreign currency. The confluence of these variables likely resulted in a deceleration of Malawi's economic growth in the period 2019-2020. The Malawian government experienced a substantial increase in spending due to the costs associated with disaster relief, rehabilitation, and reconstruction operations. The cyclone is expected to have exacerbated poverty, particularly among individuals whose livelihoods depended on agriculture.

However, the economy has also experienced some significant improvements from 0.8 to 4.6 between 2020 and 2021 and after 2022, where it has been progressively recovering.

Significantly, the resolute dedication of the Government to fiscal consolidation and structural reforms serves as a critical compass in guiding the country towards sustained economic stability. The recent Extended Credit Facility agreement with the IMF<sup>2</sup>, which offers crucial assistance for Malawi's economic reform agenda, reinforces this dedication.

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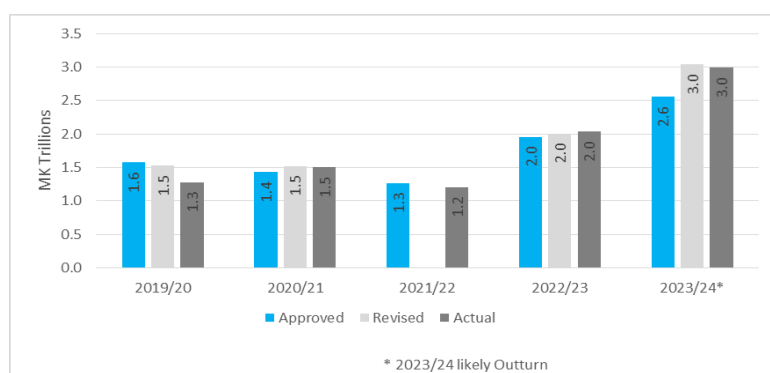
<sup>1</sup>National Statistics Office (NSO). Malawi Consumer Prices Indices (CPI) Dashboard. Available from: [http://www.nsomalawi.mw/index.php?option=com\\_content&view=article&id=186&Itemid=37#:~:text=Malawi percent20Consumer percent20Price percent20Indices percent20Dashboard&text=The percent20Year percent20on percent20year percent20inflation,percent percent20and percent2022.2 percent20percent percent20C percent20respectively.](http://www.nsomalawi.mw/index.php?option=com_content&view=article&id=186&Itemid=37#:~:text=Malawi percent20Consumer percent20Price percent20Indices percent20Dashboard&text=The percent20Year percent20on percent20year percent20inflation,percent percent20and percent2022.2 percent20percent percent20C percent20respectively.)

<sup>2</sup> International Monetary Fund (2023). Second Review of the Staff Monitored Program with Executive Board Involvement and an Extended Credit Facility Arrangement. Available from:

Given the aforementioned circumstances, the effectiveness of the 2023/24 Public Sector Investment Programme becomes critical in mitigating economic difficulties, promoting inclusive expansion, and strengthening resistance to forthcoming disruptions. Through the strategic allocation of resources and the prioritization of critical sectors, the Programme possesses the capacity to stimulate sustainable development and advance the economy of Malawi towards a more promising future.

In the 2023/2024 financial year, actual revenue collections experienced an improvement when compared to the 2022/2023 financial year. The Malawi Revenue Authority (MRA) collected total tax revenues amounting to MK2. 186 trillion against the revised target of MK2. 180 trillion, thereby recording a revenue surplus of MK5. 933 billion and a collection growth of 42 percent compared to the previous financial year<sup>3</sup>. Nonetheless, identifying more innovative ways for revenue enhancement, such as broadening the tax base, is essential. Figure 2 below indicates that the outturn in revenue collections has generally been in line projections over the past five years.

**Figure 2: Trends in Approved, Revised and Actual Revenue for the past 5 years**



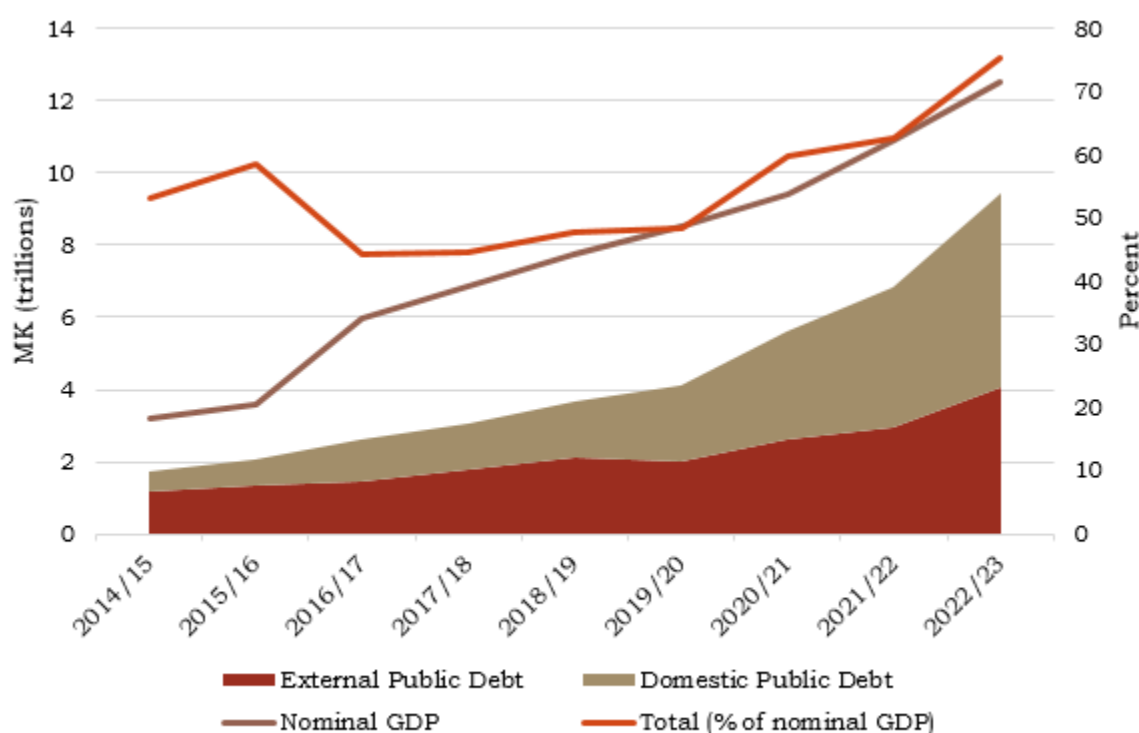
<https://www.imf.org/en/News/Articles/2023/09/21/pr23318-imf-staff-reach-sla-on-the-second-review-of-the-smp-and-ecf>

<sup>3</sup> Malawi Revenue Authority (2024). Revenue Performance Report for 2023/24 Financial Year. Available from: [https://www.mra.mw/assets/upload/downloads/REVENUE\\_PERFORMANCE\\_REPORT\\_FOR\\_2023-24\\_FINANCIAL\\_YEAR.pdf](https://www.mra.mw/assets/upload/downloads/REVENUE_PERFORMANCE_REPORT_FOR_2023-24_FINANCIAL_YEAR.pdf)

*Source: Adapted from UNICEF National Budget Brief 2023/24, Draft 2024/25 Annual Financial Statement*

However, the augmentation in revenue proceeds is offset by high indebtedness rates as can be discerned in the graph below, wherein the public debt has been constantly escalating over the past five years. Consequently, the much needed fiscal leeway has been drastically dwindling.

**Figure 3: Trends in Public Debt stock in the past 5 years**



Sources: MoFEA staff calculations.

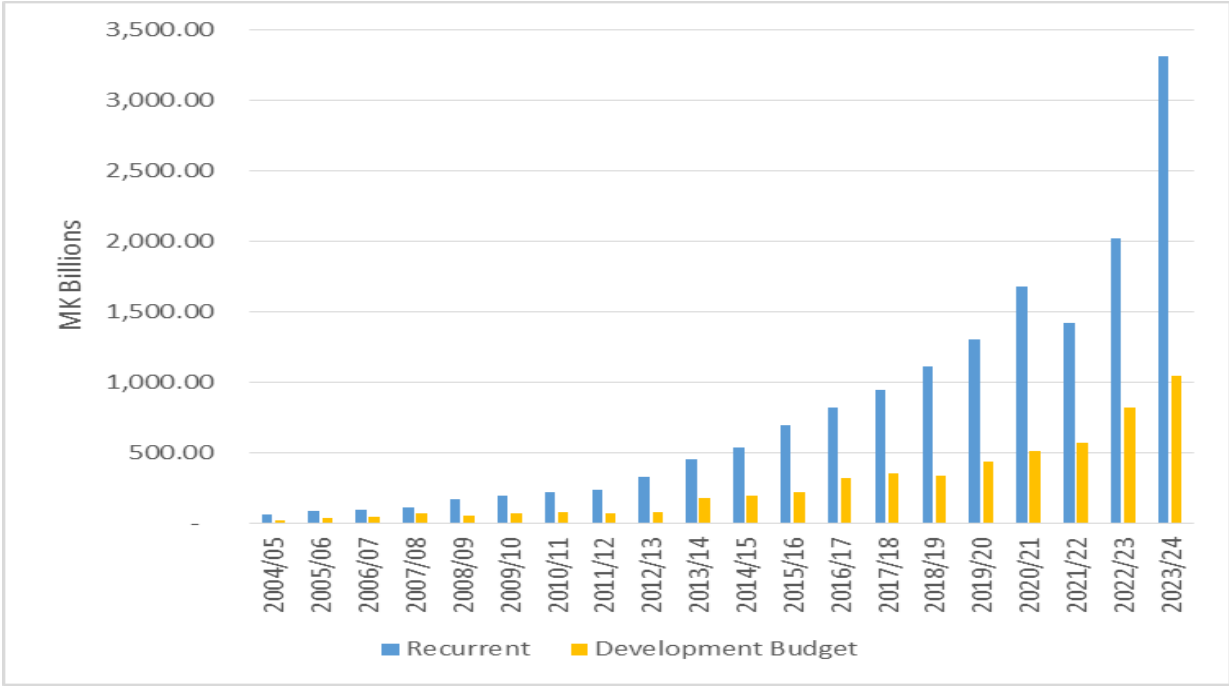
As public debt continues to rise, it has resulted in more debt servicing requirements and leaving little fiscal space to finance development expenditure.

## PSIP BUDGETARY PERFORMANCE OVER THE PAST TWO DECADES

The national budget has been dominated by personal emoluments and other statutory expenditures as shown in figure 4 below. Despite the national budget primarily financing recurrent expenditures,

the Government has been increasing the share of the development budget, especially in the past five years. The 2021/2022FY epitomizes Government’s commitment towards the development agenda where the recurrent budget was reduced while the development budget was increased.

**Figure 4: Recurrent vs Development Funding Allocation Trend**

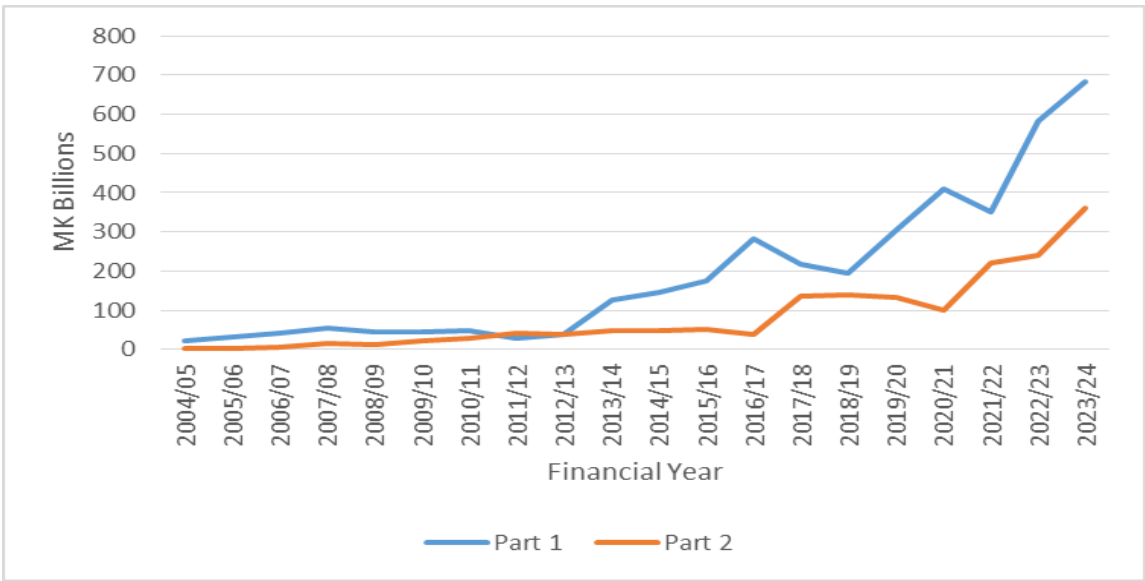


Funding for development projects and programmes has been mainly sourced from development partners. This cements the important role of the development partners in the country in the realization of development. Although development partners have been providing more support towards development projects and programmes (Part I), Government funding (Part II)<sup>4</sup> towards

<sup>4</sup> The Development Budget consists of two parts. Part I of the Development Budget is financing from foreign grants and loans. Part II comprises local resources from tax revenue and other locally generated funds.

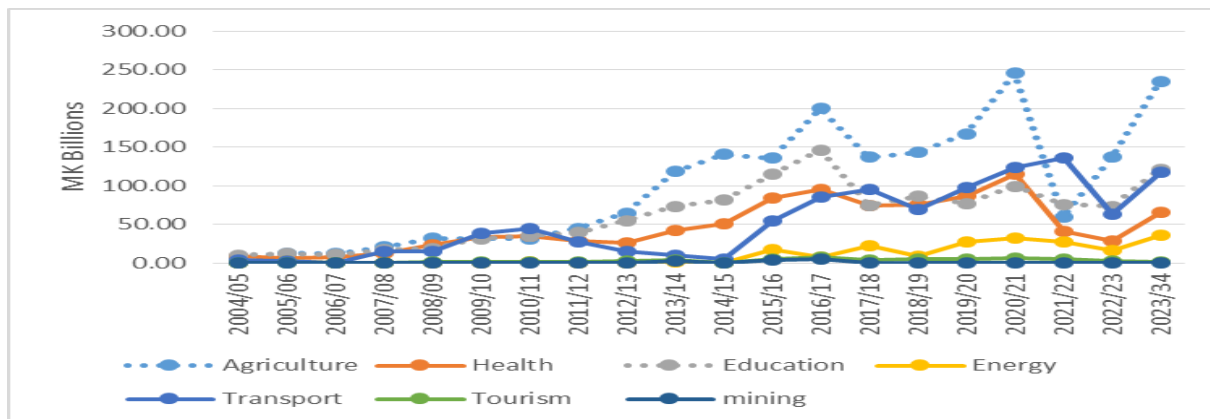
the development budget has generally been increasing from 2013/14 to the fiscal year in consideration 2023/24FY as shown in figure 5 below.

**Figure 5: Part I versus Part II Approved Budget trends**



In figure 6 below, it can be noted that the country has been prioritizing the agriculture, education and transport sectors as areas that can create jobs, and spur economic growth. From 2004 to 2008, the education sector had the highest share of the National Budget. Whereas from 2009 to 2011, the transport sector had the highest share. From 2012 to 2020, the Agriculture sector had the highest share. From 2021 to 2022, the transport sector had the highest share. From 2022 to 2023, the Agriculture sector had the highest share. However, the Mining, and Tourism sectors have been having the lowest share in the National Budget despite their potential to .

**Figure 6: Development Funding Allocation by Sector**



However, it is equally important for the country to diversify the economy and invest more in the mining, and tourism sectors. Government investment in the mining and tourism industries can have a range of positive economic effects. These sectors can provide an influx of foreign currency and capital for a country, as well as long-term economic growth. Subsequently, the country can realize a stable source of revenue that can support the development of infrastructure, education, and healthcare. Mining and tourism also have a strong potential for job creation.

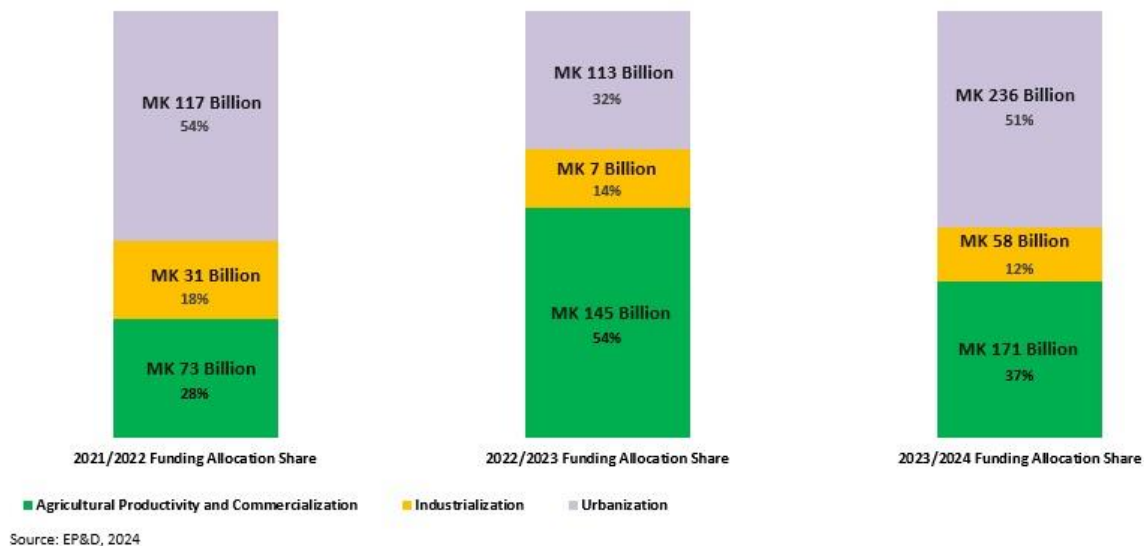
### 3. REVIEW OF PSIP ALIGNMENT IN 2023/24 FINANCIAL YEAR

#### 3.1. ALIGNMENT TO MALAWI 2063

##### 3.1.1. ALIGNMENT BY MW 2063 PILLARS

The PSIP is aligned to MW 2063 that is anchored on three key pillars, namely: Agriculture Productivity and Commercialization; Industrialization; and Urbanization. In this regard, the PSIP has an important role in the transformation of Malawi into an inclusively wealthy and self-reliant industrialized upper-middle income country as stated in the Malawi 2063. In the 2022/2023 and 2020/2021 financial years, substantial resources were allocated to the agriculture pillar, with 54 percent and 37 percent, respectively. However, it can be observed that in 2021/2022 more priority was given to the urbanization pillar.

**Figure 7: PSIP Funding Allocation By Malawi 2063 Pillars**



### 3.1.2. ALIGNMENT BY MW 2063 ENABLERS












Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
170bn	33bn	219bn	1.5bn	37bn	60bn	25bn	449bn	358bn	45bn

Figure 8: PSIP Funding Allocation By Malawi 2063 Enablers In The Past Three Financial Years



The MW 2063 pillars have seven enablers, namely: Mindset Change; Governance System; Public Sector Performance; Private Sector Dynamism; Human Capital Development; Economic Infrastructure; and Environmental Sustainability. The allocation of funds reflects the government's strategic priorities, with a strong emphasis on human capital development, economic infrastructure, urbanization, and agriculture. Investments in sectors like agriculture and human capital development aim to promote inclusive growth, reduce poverty, and address socio-economic disparities. The allocation for environmental sustainability underscores the government's commitment to addressing environmental challenges and promoting sustainable practices.

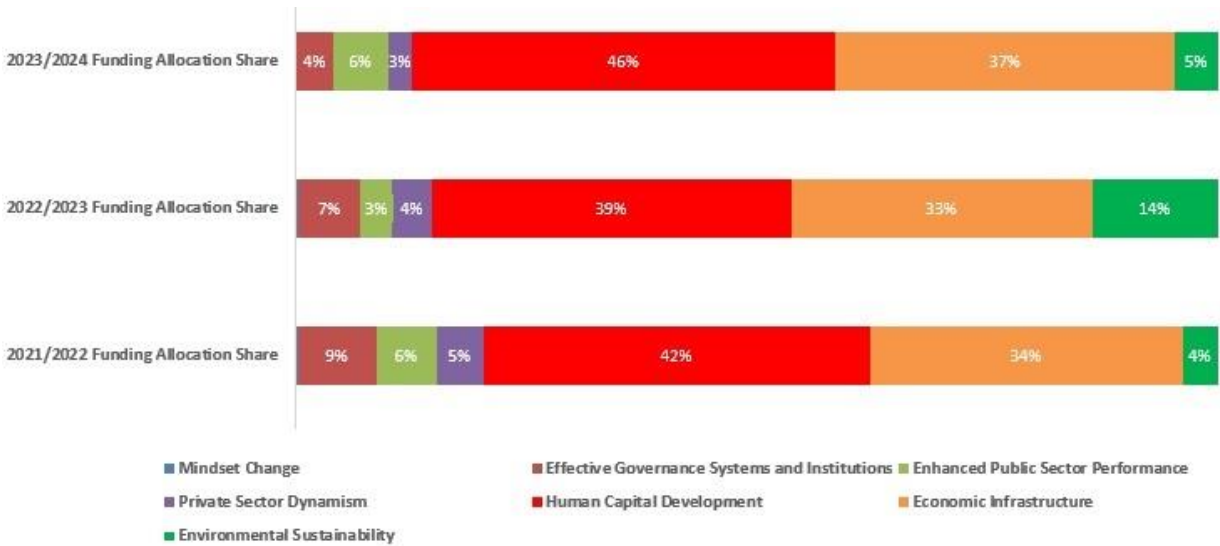
The allocation of MK 170 billion to agriculture productivity and commercialization is crucial for the Malawi economy, as it is considered its backbone. This underscores the significance of agricultural output in mitigating poverty, guaranteeing food security, and fostering development.

Urbanization was allocated MK 219 billion, constituting 15.7% of the budget. This suggests a focus on developing urban infrastructure, improving living standards, and managing the challenges associated with rapid urban growth.

Significant allocations were made to support the development of human capital and economic infrastructure. The human capital development enabler obtained the highest share of 32.1% with an allocation of 449 MK billion. Government's strong focus on education, healthcare, and skills development demonstrates its dedication to investing in human potential. This investment aims to create a more productive workforce that will contribute to promoting socio-economic growth. The provision for economic infrastructure amounted to 358 MK billion, or 25.6% of the entire budget. This investment is vital for improving transportation, energy, and communication networks, thereby enabling trade and economic activity.

Over the past three years, PSIP has allocated a significant share of development resources towards the human capital development and economic infrastructure enablers. In the same period, there has been erratic funding allocation towards the environment enabler.

**Figure 9: PSIP Funding Allocation By Malawi 2063 Enablers In The Past Three Financial Years**



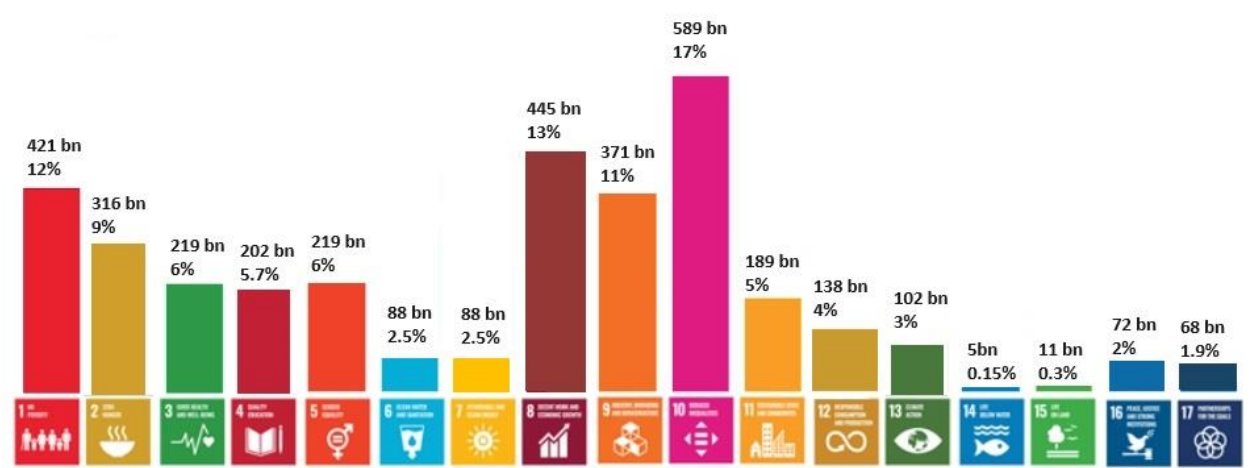
### 3.2. ALIGNMENT TO SDGS

Sustainable Development Goals (SDGs) are a set of global objectives aimed at addressing various social, economic, and environmental challenges to achieve a better and more sustainable future for all. The PSIP not only serves as a means to implement national development objectives and but also acts as a plan for attaining the Sustainable Development Goals (SDGs) set by the United Nations in 2015, which are global goals to be fulfilled by 2030. The PSIP adopts a comprehensive approach to development, encompassing the 17 Sustainable Development Goals (SDGs) which are interconnected in a holistic manner. It recognizes that advancements in one area can have a substantial influence on outcomes in other areas. Moreover, it acknowledges that achieving

sustainable development requires a careful equilibrium between equitable distribution of resources, economical viability, and environmental responsibility.

Figure 10 below showcases the allocation of resources to different SDGs within the context of a development budget. The allocation of resources reflects a balanced approach across various sectors, including education, healthcare, infrastructure, and environmental conservation. This diversified allocation underscores Government commitment to addressing multidimensional challenges and fostering holistic development. The 2023/2024 PSIP allocated more resources, at least 10 percent, to the Sustainable Development Goals (SDGs) number 1, 8, 9, and 10. These goals that have relatively higher allocation shares, suggesting that they are considered significant priorities in the 2023/2024 PSIP included "Reduced Inequality," "No Poverty," "Decent Work and Economic Growth", and Industry, Innovation and Infrastructure.

**Figure 10: PSIP Funding Allocation By SDGs in 2023/24 Financial Year**



Source: EP&D, 2024

The SDG on reduced inequalities (SDG10) had the most resources, MK 589 billion, due to projects that contribute to reducing inequalities within the agricultural, health, education sectors by making costs affordable for people. For instance, the Shire Valley Transformation program focuses on providing small-scale farmers with accessible and affordable irrigation infrastructure. Furthermore, by focusing on adolescents, particularly girls, who may face challenges accessing

resources and education, projects such as construction of girls hostels contribute to reducing inequalities within rural communities.

### **3.3. FINANCIAL PERFORMANCE OF THE PSIP**

The Ministries, Departments, and Agencies (MDAs) submitted a total of 507 projects for funding consideration for the fiscal year 2023–2024 budget. Following PSIP appraisal<sup>5</sup>, 234 were ongoing (196 at implementation phase, 20 at preparation phase, and 18 are nearing completion), 16 had been completed, 2 had been ended, 215 were in the PSIP pipeline, 2 had been terminated, 26 had been pending, 10 had been returned for further work, and 2 had been rejected.

The sum of MK 896.2 billion had been appropriated to accommodate 202 development projects at both central and local levels of government within the budgetary limitations of 2023-24. At Central Government level, this Budget includes 234 ongoing projects, of which 198 are Government funded (Part II) and amount to MK 235.5 billion, and 36 are funded by development partners (Part I) amounting to MK 600.3 billion. At both Central and Local Government levels, Government funded projects total MK 295.9 billion, with MK 60.4 billion allocated to development projects at Local Government level.

The efficiency measured by absorption of development funds by MDAs has greatly improved compared to last year, with 152 percent and 144 percent absorption rates in 2023/2024 financial year for Government funded projects and development partner funded projects, respectively. In 2022/2023, only 43 percent of the government funded resources were absorbed and 87 percent of the development partner resources were absorbed.

#### **Figure 11: 2023/2024 Financial Year Development Funds Absorption**

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<sup>5</sup> The PSIP entails a three stage appraisal process: pre-screening, initial appraisal and final appraisal. Projects are appraised in accordance with the OECD DAC six evaluation criteria – relevance, coherence, effectiveness, efficiency, impact and sustainability.

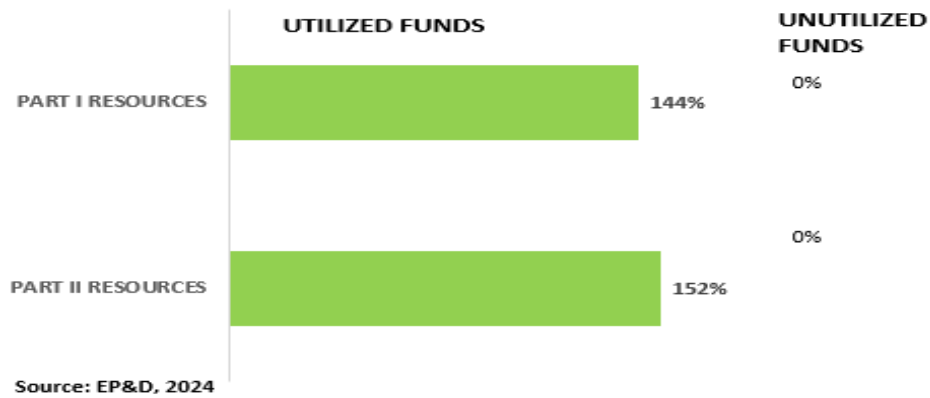
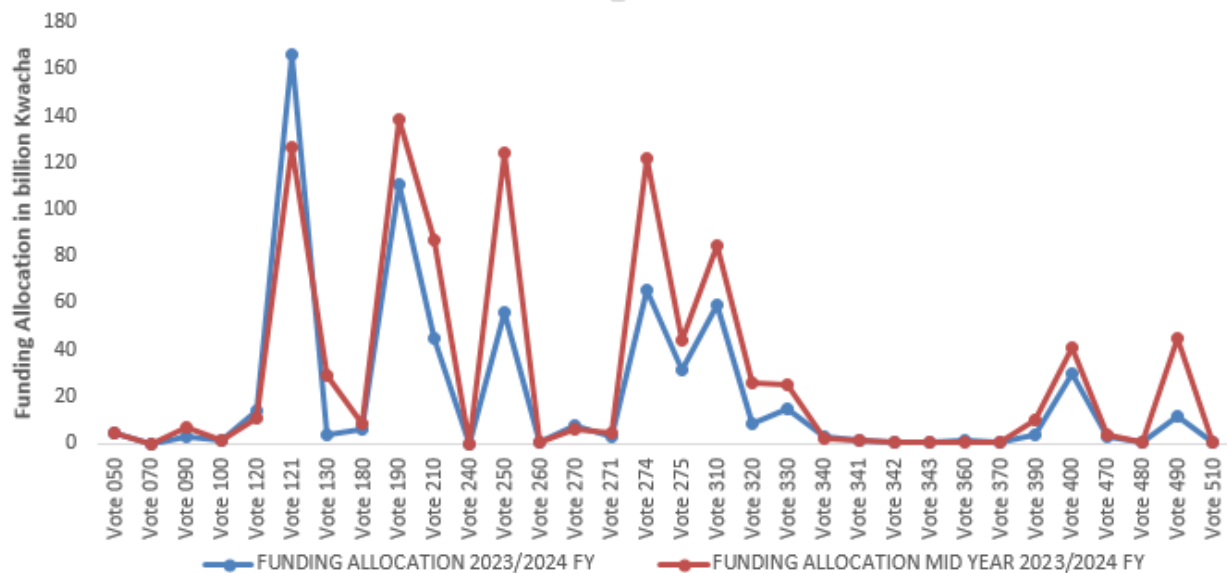


Figure 12: 2023/2024 FY Initial versus Mid-Year Development Funding Allocations



Most of the mid year funding allocations are higher than the initial allocations suggesting increased efficiency in order to meet development targets. Some votes have substantial allocations, while others have minimal or no allocations.

The substantial increments in funding allocations during mid year across various sectors signify a commitment to addressing key development challenges, promoting inclusive growth, and enhancing the overall well-being of citizens. By prioritizing investments in critical areas such as energy, infrastructure, social services, and local governance, countries can lay the foundation for sustainable development and prosperity.

The top 5 votes with substantial increments that range from 75 percent to 460 percent include the Ministry of Lands, Ministry of Energy, Ministry of Education, Road Fund Administration, Ministry of Community Development and Social Welfare, and National Local Government Finance Commission.

The Ministry of Lands has the highest increase in funding of 783 percent. Government recognizes that effective land management is crucial for promoting investment, facilitating infrastructure development, and ensuring sustainable land utilization, which are essential for economic growth and social stability.

The Ministry of Energy has the second highest increase in funding of 300 percent. This shows that the Government is committed to improving energy infrastructure, expanding access to electricity, and promoting energy efficiency. Enhanced energy infrastructure can drive economic growth, attract investment, and improve living standards by providing reliable power for businesses, industries, and households.

There was a substantial increase in funding of 210 percent for community development and social welfare indicates a commitment to addressing social issues, supporting vulnerable groups, and promoting community empowerment. Investments in social welfare programs, community infrastructure, and poverty alleviation initiatives can enhance social cohesion, reduce inequality, and improve the well-being of citizens, thereby contributing to inclusive development and poverty reduction.

There was also a substantial increase of 120 percent in funding for education, which suggests a focus on improving access to quality education, enhancing educational infrastructure, and investing in human capital development. Strengthening the education sector is crucial for

equipping the workforce with the necessary skills and knowledge, fostering innovation and productivity, and promoting social mobility and economic development.

Furthermore, resources that were allocated to water and sanitation almost doubled at mid-year indicating more commitment to improving access to clean water and sanitation facilities, particularly in rural areas and informal settlements. Investments in water and sanitation infrastructure can improve public health, reduce waterborne diseases, enhance productivity, and promote environmental sustainability, contributing to overall human development and well-being.

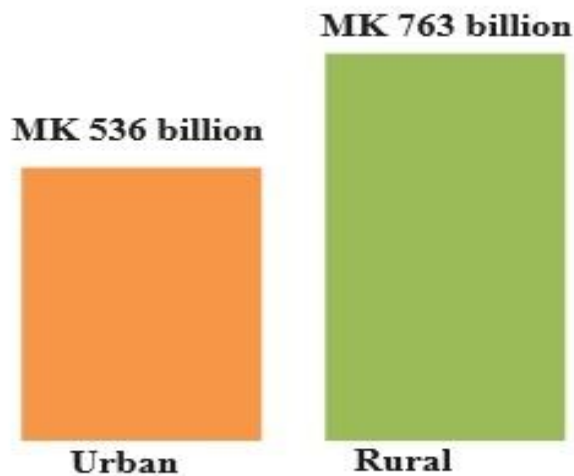
The roads sub sector had received 86 percent increase, which implies a focus on improving transportation networks, enhancing connectivity, and supporting economic development. Investments in road infrastructure aimed at facilitating trade, promoting tourism, reducing transportation costs, and stimulating economic growth, thereby contributing to overall development and prosperity.

#### **4. 2023/2024 FY FUNDING ALLOCATION BY LOCATION**

##### **4.1 DISTRIBUTION OF DEVELOPMENT RESOURCES VERSUS PERCENTAGE DISTRIBUTION OF POPULATION BY REGION**

Urban areas were allocated 536 billion Kwacha, while rural areas received 763 billion Kwacha. The higher allocation for rural areas indicates Government targeted effort to bridge the development gap between urban and rural areas. Furthermore, Rural projects inherently required larger budgets due to factors like geographical spread and the need for new infrastructure development.

**Figure 13: Funding Allocation Share by Residence**



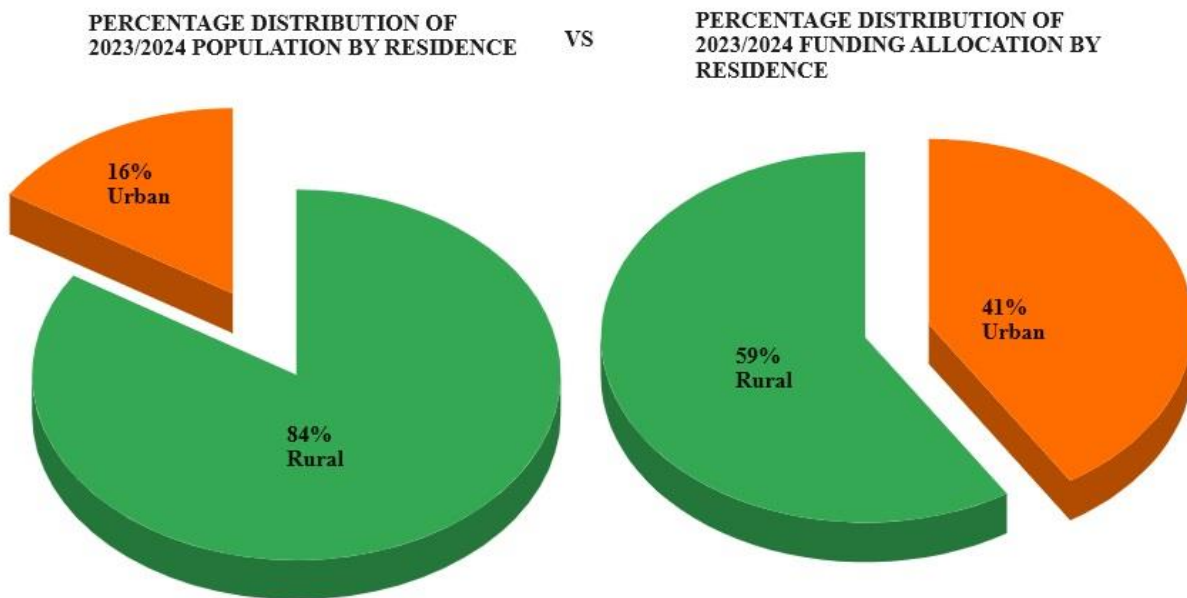
Source: EP&D, 2024

The urban areas constitute 16 percent of the population and received 41 percent of the funding allocation, translating to 536 billion Kwacha. This was due to factors like the concentration of government institutions, infrastructure projects requiring higher investment in urban centers, and a focus on stimulating economic activity in urban areas.

On the other hand, the rural population makes up 84 percent of Malawi, and received 59 percent of the funding, which translates to 763 billion Kwacha.

**Figure 14: 2023/2024 FY Percentage Distribution of Development Resources versus Percentage Distribution of Population by Residence**



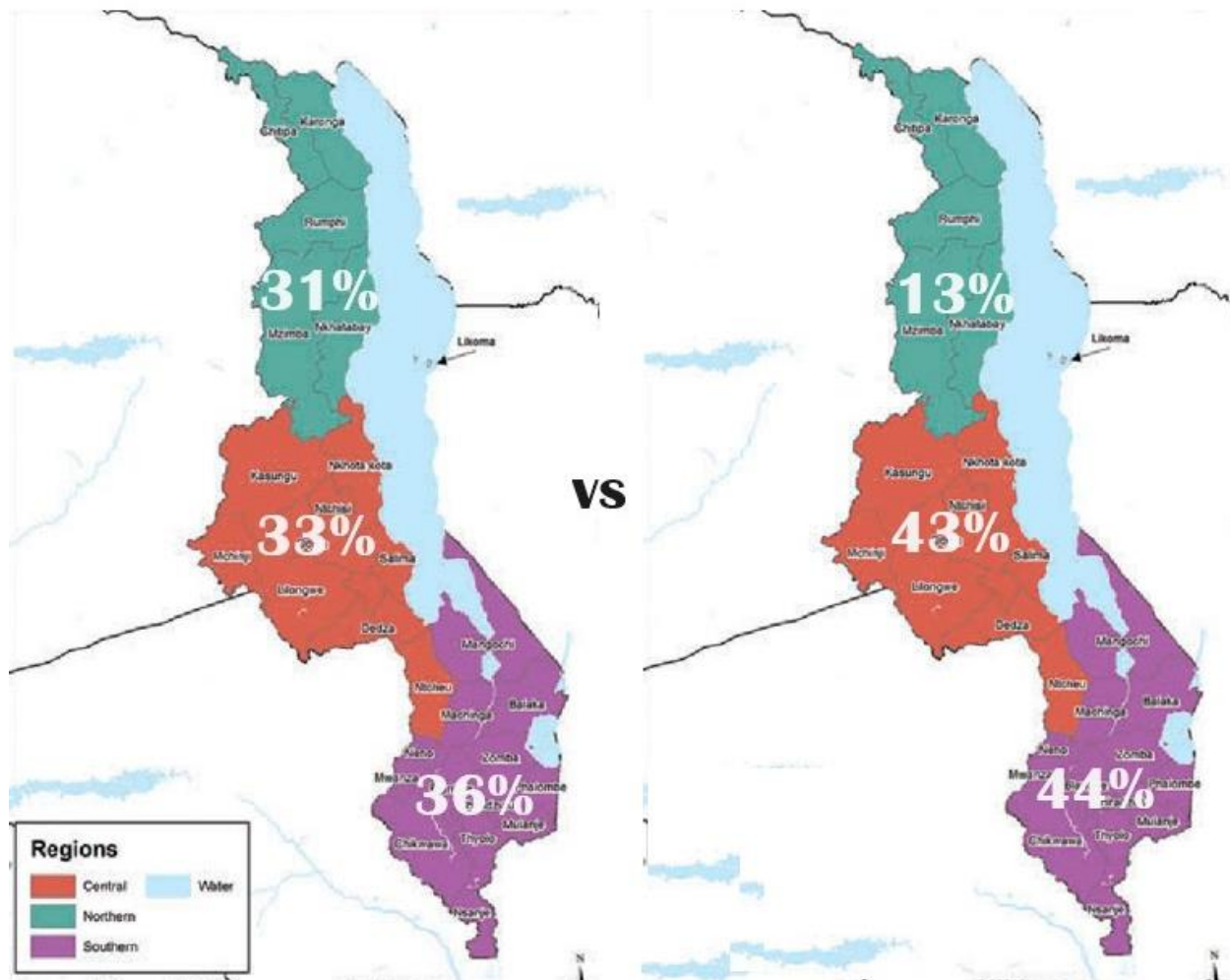


#### **4.2 DISTRIBUTION OF DEVELOPMENT RESOURCES VERSUS PERCENTAGE DISTRIBUTION OF POPULATION BY REGION**

As the figure 15 below indicates, the Southern region, which accounts for 44 percent of the overall population, received the largest allocation of resources, amounting to 36 percent. The Central Region, which accounts for 43 percent of the population, received 33 percent of the resources. The North, comprising 13 percent of the total population, was allocated 31 percent of the development resources.

**Figure 15: 2023/2024 FY Percentage distribution of development resources versus Percentage distribution of population by region**

Percentage distribution of resources by region vs Percentage distribution of population by region



Source: EP&D, 2024, Map Adapted from Kalua K et al<sup>6</sup>

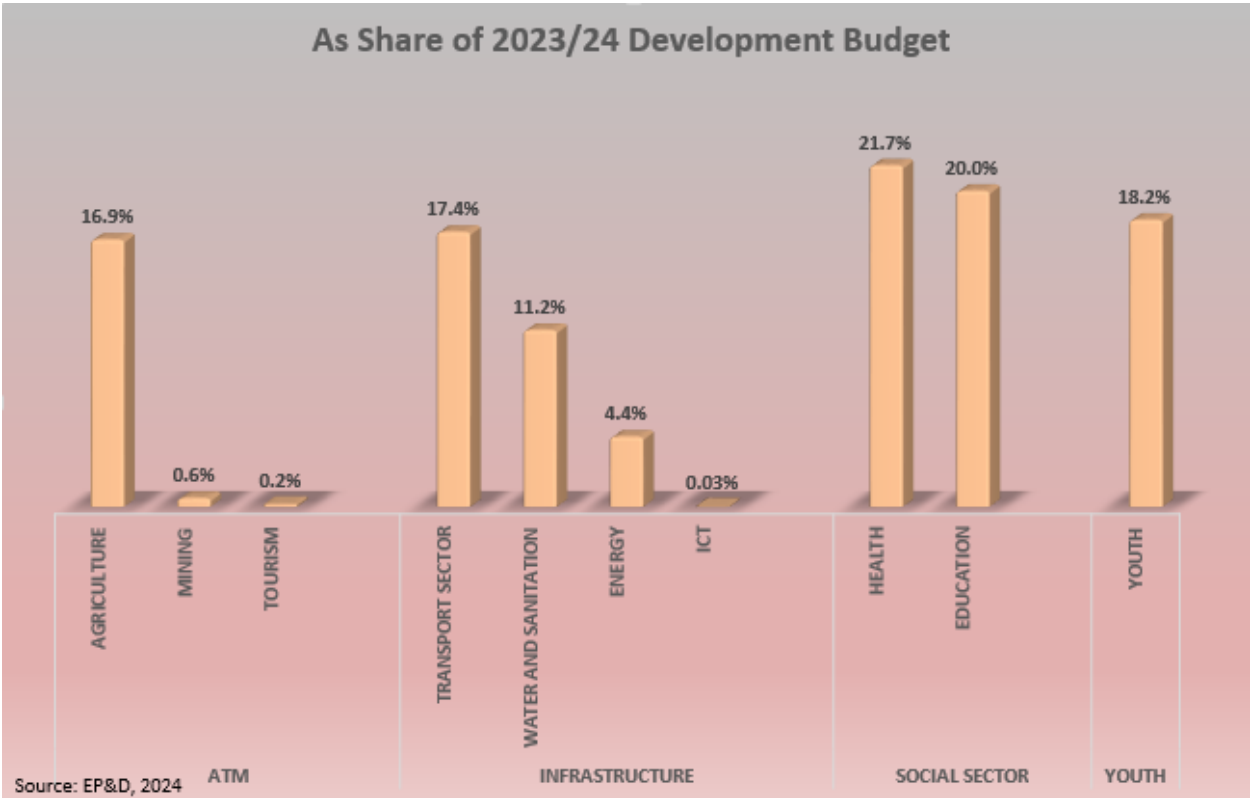
## 5. 2023/24 PSIP REVIEW OF SECTORS

### 5.1. ATM, INFRASTRUCTURE, YOUTH, AND SOCIAL SECTORS

<sup>6</sup> [https://www.researchgate.net/figure/Map-of-Malawi-showing-regions-and-districts\\_fig1\\_309023645](https://www.researchgate.net/figure/Map-of-Malawi-showing-regions-and-districts_fig1_309023645)

The figure 16 below details how resources were distributed among three sectors of development; Agriculture, Tourism, Mining (ATM) Infrastructure and the Social Sector. It shows the balance, between meeting needs promoting economic growth and supporting long term sustainability and human development.

**Figure 16: 2023/2024 FY Percentage Distribution of Development Resources**

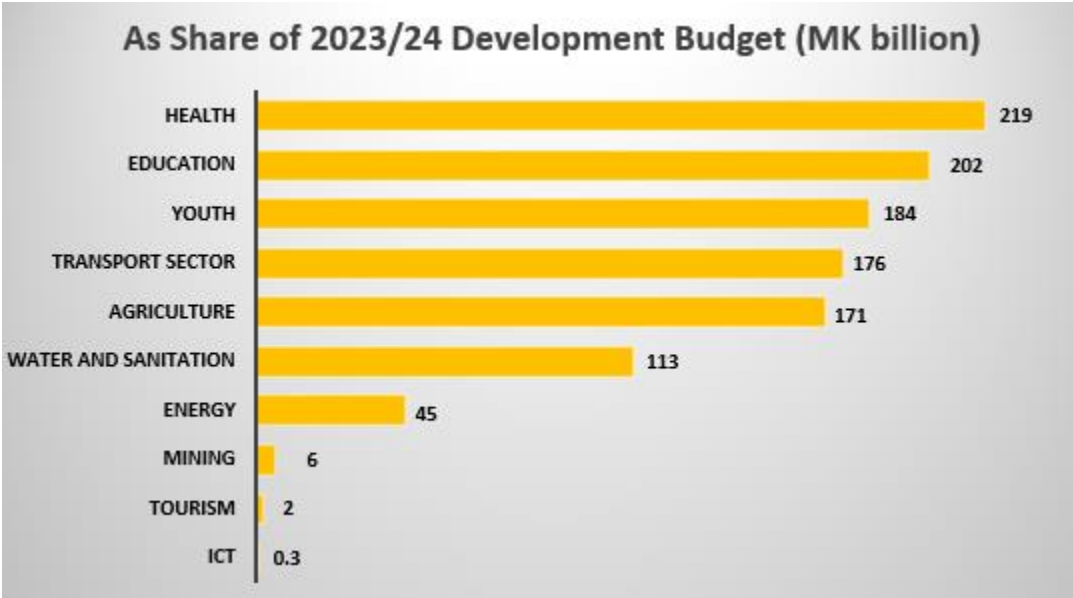


Under the ATM category, resources were allocated to the Agriculture, Tourism, and Mining sectors. In the 2023/2024 financial year, the ATM received around 18 percent of the allocated development funds. Agriculture had the largest share among the ATM category with an allocation of MK 171 billion representing 16.9 percent of the development budget. Tourism and Mining received allocations of 0.2 percent and 0.6 percent, respectively.

Infrastructure development encompasses the sectors of Transport, ICT (Information and Communication Technology), Water & Sanitation, and Energy. The infrastructure sector was allocated 33 percent of the development budget for the fiscal year 2023/2024. The Transport sector received the largest allocation, MK 176 billion representing 17.4 percent, within this category, emphasizing a prioritization of constructing transportation networks to facilitate economic expansion and connectivity. The ICT received 0.03 percent of public investment.

In the 2023/2024 development budget, the majority of the resources, MK 420 billion representing around 42 percent, were allocated to the Social Sector that focuses on Education and Health sectors. This highlights a strong dedication to enhancing human capital and providing crucial social services. Education and Health were allocated 20.0 percent and 21.7 percent of the budget, respectively, underscoring their significance in the process of development. This underscores the importance of allocating resources towards human capital development as a fundamental component of advancement.

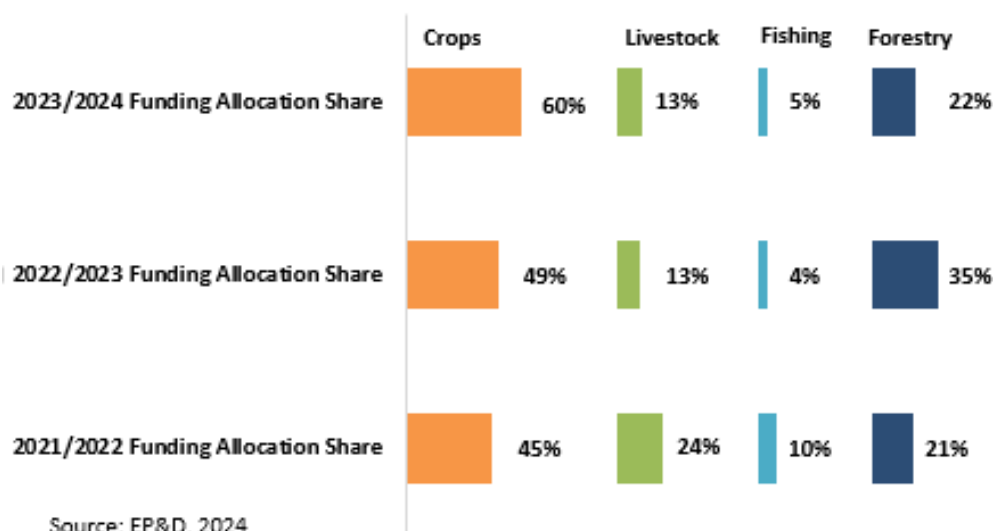
**Figure 17: 2023/2024 FY Distribution of Development Resources**



## 5.2. AGRICULTURE SECTOR

The allocation of funds to the agricultural sector is aimed at improving agricultural output, ensuring food sufficiency, and stimulating agro-processing activities. The overall allocation to the agriculture and irrigation sector for the fiscal year 2023/24 amounted to MK123 billion, with MK108 billion coming from part 1 and MK15 billion from part II. At mid-year, the allocation was increased to MK168 billion, of which MK141.5 billion was part 1 and MK27.4 billion was part II.

**Figure 18: Agriculture Sub Sectors Funding Allocation Shares in the Past Three Years**



### 5.2.1. Crops subsector

Across the three-year period, there's a notable trend of increasing emphasis on crop-related activities, with the funding allocation share for Crops rising from 45 percent in 2021/2022 to 60 percent in 2023/2024. This augmentation underscores a strategic focus on enhancing agricultural productivity, promoting food security, and stimulating economic growth through crop cultivation. Such investments encompass initiatives aimed at improving crop yields, supporting smallholder farmers, and fostering agricultural innovation and technology adoption.

#### **5.2.2. Livestock subsector**

Conversely, the allocation share for Livestock experiences a decline from 24 percent in 2021/2022 to 13 percent in 2022/2023 and maintains this level in 2023/2024. This downward trajectory suggests a relative low prioritization of livestock-related activities within the agricultural sector.

#### **5.2.3. Fishing subsector**

In contrast to Livestock, the Fishing sub-sector witnesses a fluctuating pattern in funding allocation share, declining from 10 percent in 2021/2022 to 4 percent in 2022/2023 before slightly rebounding to 5 percent (MK 11.6 billion) in 2023/2024. This oscillation may reflect variable factors influencing the fishing industry. Nevertheless, sustained investment in fishing activities remains crucial for supporting coastal communities, ensuring food security, and harnessing the economic potential of marine resources.

#### **5.2.4. Forestry subsector**

Finally, the allocation share for Forestry experiences a notable increase from 21 percent in 2021/2022 to 35 percent in 2022/2023, before declining to 22 percent in 2023/2024. This substantial surge followed by a subsequent reduction suggests a period of heightened attention to forestry-related endeavors, potentially driven by initiatives aimed at sustainable forest management, biodiversity conservation, and combating deforestation. However, the decrease in the allocation share in 2023/2024 may indicate a shift in focus of priorities within the agriculture sector.

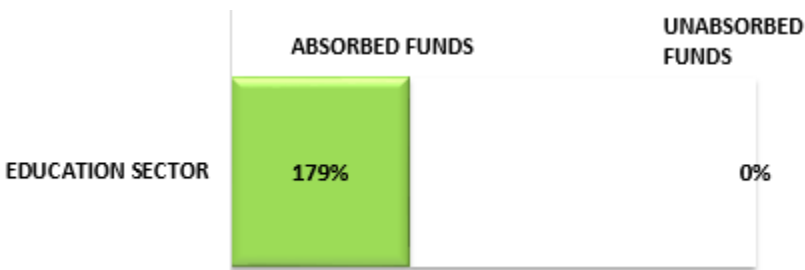
### **5.3. EDUCATION AND SKILLS DEVELOPMENT SECTOR**

Investing in the education and skills development by the public sector is crucial, as education serves as the cornerstone for both social and economic advancement within a nation. It elevates the caliber of human resources by nurturing a more proficient and adept workforce. Moreover, it fosters a culture of entrepreneurship and fosters innovation by cultivating an environment conducive to the birth and refinement of novel concepts and technologies. Prioritizing the development and enhancement of educational facilities by the public sector is imperative, as it facilitates students' access to quality education and amplifies their prospects for employment. Moreover, it is an opportunity for the government to promote literacy and access to education for all segments of the population.

The government, bolstered by support from its development partners, is steadfast in its commitment to fostering education across all levels within the nation. Government acknowledges the prevailing challenges concerning inadequate school infrastructure across all school levels, high teacher student ratio especially at the primary school level, low enrollment rates at secondary and tertiary education levels (including teacher training). To tackle this issue of limited access to education at these levels, the government has been allocating a significant share of resources directed towards the education sector to the primary, secondary and tertiary sub-sectors.

Government and its development partners have been steadily increasing funding allocation towards education in 2021/2022, 2022/2023, and 2023/2024 with allocations of MK 73 billion, MK 91 billion, and MK 177 billion, respectively.

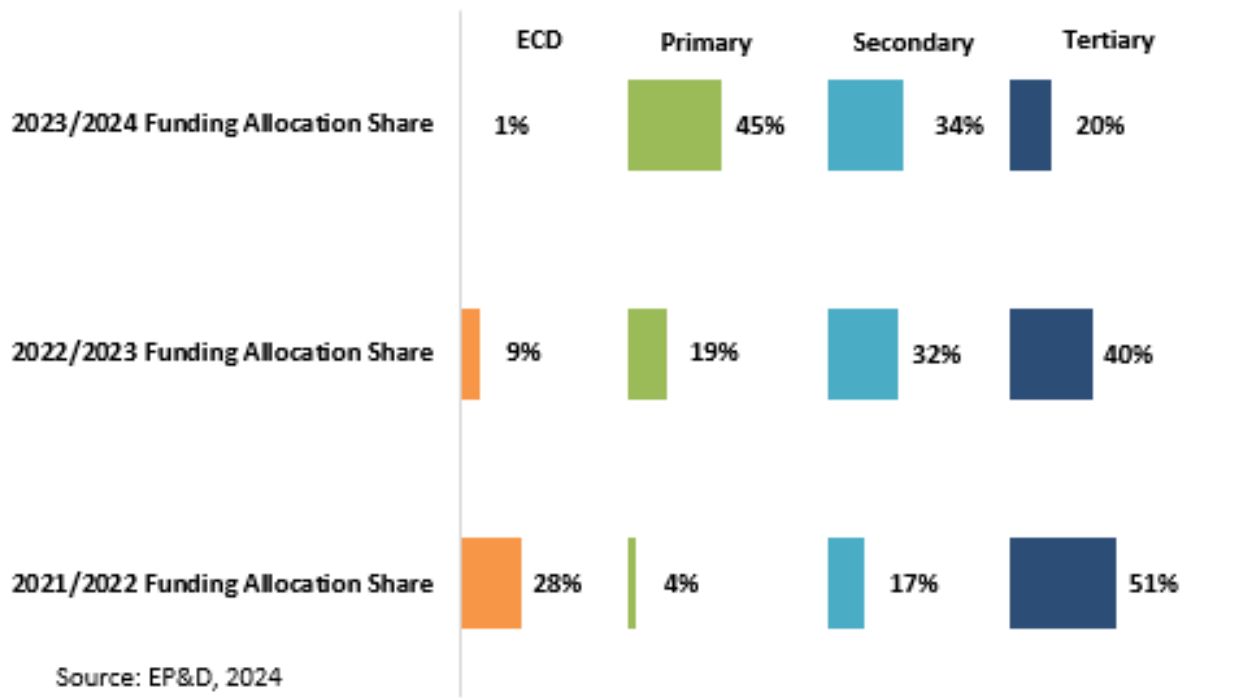
**Figure 19: 2023/2024 Funding Absorption in the Education Sector**



The education sector had absorbed 179 percent of the initial development budget allocation. In other words, the budget allocated for education has been utilized at a rate exceeding the initial allocation. Compared to the past years, there has been an improved efficiency in the utilization of funds as more funds have been absorbed than were originally planned or allocated for the education sector development.

The figure 20 below provides valuable insights into the dynamic nature of funding allocations within the education sector, reflecting changing priorities, policy imperatives, and strategic shifts aimed at advancing educational access, quality, and equity across different levels of the education continuum.

**Figure 20: Funding Allocation Share for Education Sub Sectors for the past three years**



In the fiscal year 2023/2024, Primary education emerges as the primary beneficiary of this reallocation, receiving the lion's share of funding at 45 percent. In 2022/2023, Primary education experienced a substantial increase, although not the highest, in funding allocation, rising from 4



percent to 19 percent. This shift underscores a strategic priority placed on primary education, driven by the recognition of its pivotal role in laying the groundwork for subsequent educational attainment, promoting inclusive education, and fostering equitable access to learning opportunities for all children. This demonstrates that the Government continues to be committed to improving access to basic education, enhancing learning outcomes, and addressing challenges such as high dropout rates and low literacy levels among primary school-aged children.

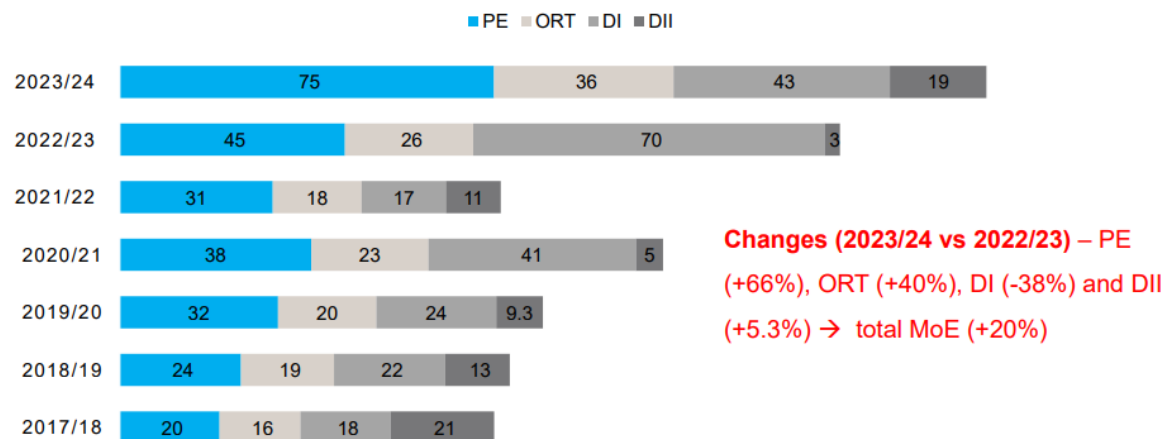
Furthermore, Secondary education also witnesses a notable increase in funding allocation, from 17 percent to 32 percent in 2022/2023. This uptick reflects a commitment to expanding access to secondary education, catering to the growing demand for higher levels of schooling, and ensuring equitable opportunities for all students to pursue further education beyond the primary level.

However, Early Childhood Development (ECD) experienced a drastic reduction in funding share, plummeting from 9 percent to 1 percent. This is mainly due to the completion of the project called “Investing in Early Years for Growth and Productivity in Malawi”. This decline may raise concerns about the potential implications for access to quality early childhood education and its long-term effects on children's development outcomes.

In the fiscal year 2021/2022, the largest share of funding, 51 percent, was allocated to Tertiary education, reflecting a strategic emphasis on higher education institutions such as universities and colleges. This allocation underscores the importance placed on tertiary education in preparing individuals for specialized careers, promoting research and innovation, and driving economic growth through the development of skilled human capital.

Conversely, Early Childhood Development (ECD) received a notable allocation share of 28 percent, signaling recognition of the critical role of early childhood education in laying the foundation for lifelong learning and holistic development. Investments in ECD programs during this period likely aimed to enhance access to quality early childhood education, promote school readiness, and address inequalities in learning outcomes from an early age.

**Figure 21: Composition of funding allocation by budget component**



Source: UNICEF report on Budget, 2024

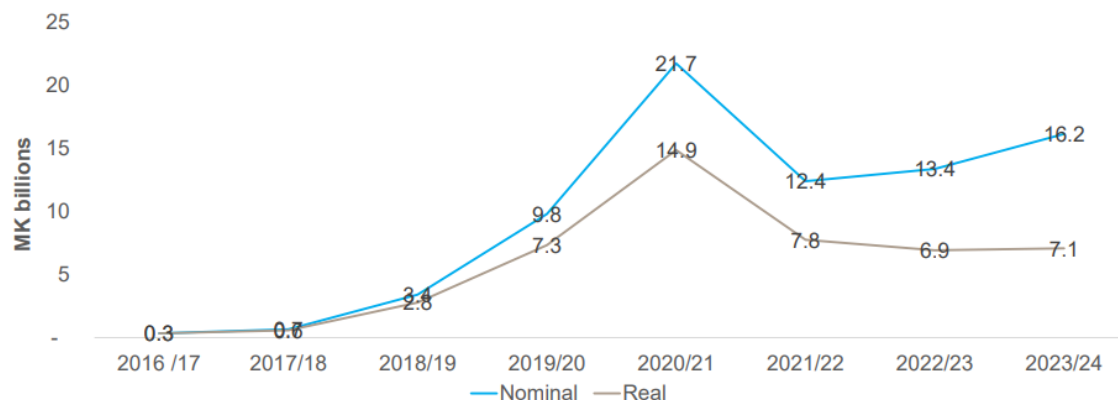
The personal emoluments (PE) and Other Recurrent Transactions (ORT) have been overcrowding the development funding allocation over the past 7 years.

### 5.3.1. EARLY CHILDHOOD DEVELOPMENT (ECD)



Malowa Community Based Childcare Centre

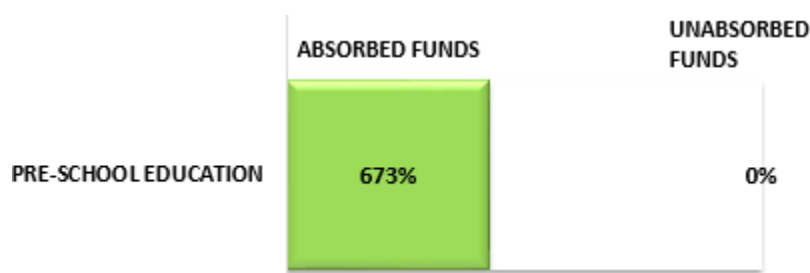
**Figure 22: Funding allocation for Early Childhood Development (ECD) over the past 7 years**



The funding allocation to ECD has increased over past years, although there has been a decline recently.

An amount of MK20.6 billion was allocated towards the early childhood development (preschool education) subsector at the beginning of the 2022/2023 financial year. However, at midyear the funding allocation was reduced to MK 13.4 billion. The main source of funds is through the project called Investing in early years for growth and productivity that is being coordinated by the Ministry of Gender, Culture and Community Development.

**Figure 23: 2023/2024 Funding Absorption in the ECD/Pre-School Education Sub Sector**



The ECD/pre-school education sector had absorbed more than 6 times of the initial development budget allocation. During midyear, there was an increase in the funding allocation to this sub sector from 300 million to 2 billion. The increase in allocation assists in enhancing the effectiveness of early childhood education, which is essential in creating a more equitable and productive society. The government's decision to invest in preschool education is an encouraging step in the right

direction towards education. This move will enable the Country to provide better resources and support to preschoolers in terms of educational materials, teacher training and infrastructure. This will in turn provide a solid foundation for Malawi's future generations to grow and develop.

However, the ECD/pre-school education subsector needs more resources in order to deal with a number of challenges it is encountering. These challenges include lack of pre-school training materials and infrastructure..

### **5.3.2. PRIMARY EDUCATION**

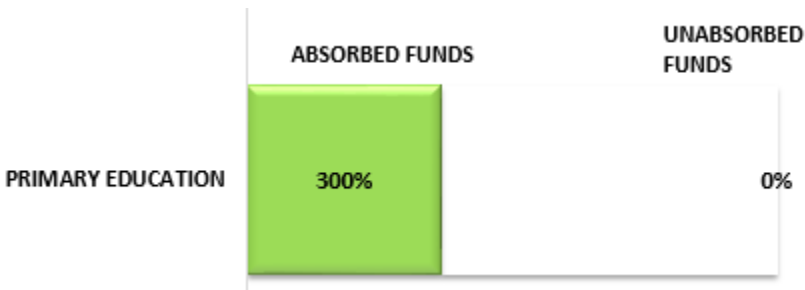


**Figure 24: Rumphi Teachers' Training College**

The development budget initially allocated MK 26 billion to primary education in the 2023/2024 financial year. During mid-year the funding allocation had increased to MK 79 billion reflecting an increased commitment by the Government and its development partners. All the 79 billion was absorbed indicating a 300 percent absorption rate since the initial allocation was MK 26 billion. Some of the major projects include the following: Malawi Education Reform Project (MERP), Malawi Education Sector Improvement Project (MESIP), Construction of Primary Schools and

Rehabilitation of Education Facilities, and Construction of three Teachers Training Colleges (TTCs) for Primary School Teachers.

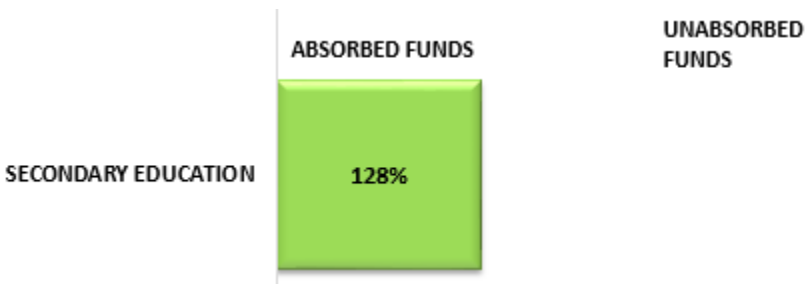
**Figure 25: 2023/2024 Funding Absorption in the Primary Education Sub Sector**



**5.3.3. SECONDARY EDUCATION**

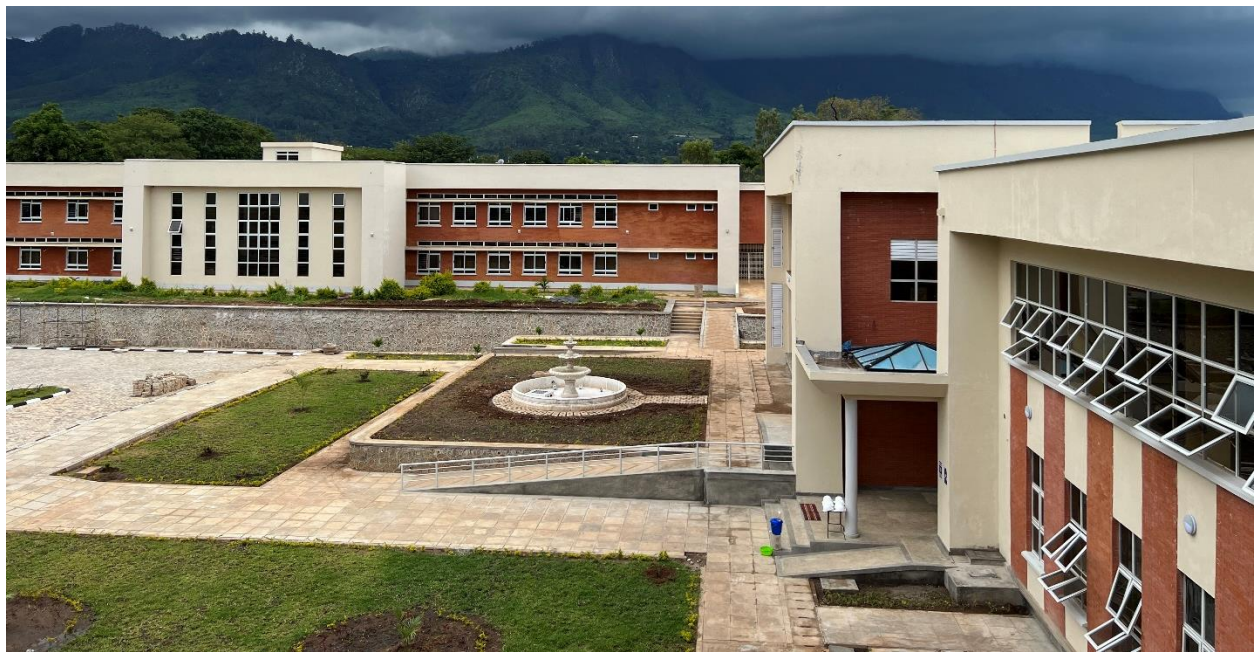
In the 2023/2024 financial year, an initial allocation of MK 47.7 billion was made to the secondary education subsector. By mid-year, the budget allocation had risen to MK 60.9 billion, indicating a heightened commitment from both the Government and its development partners. The entire amount of 79 billion was fully utilized, resulting in an absorption rate of 128 percent, considering the initial allotment of MK 47.7 billion.

**Figure 26: 2023/2024 Funding Absorption in the Secondary Education Sub Sector**



Some of the major projects aimed at addressing the challenges of low access to and quality of secondary education include the following: Construction of 34 Secondary Schools of Excellence Programme; Equity with Quality and Learning at Secondary (EQUALS); Improving Secondary Education in Malawi; Secondary Education Expansion for Development (SEED) - Construction of 250 secondary schools, Programme of Construction of Science Laboratories and Libraries - Phase 1; Programme of Rehabilitation of Conventional Secondary Schools - Phase 2; Construction of Thumbwe Secondary Schools; and Construction of Machinga Secondary Schools.

#### **5.3.4. TERTIARY EDUCATION**

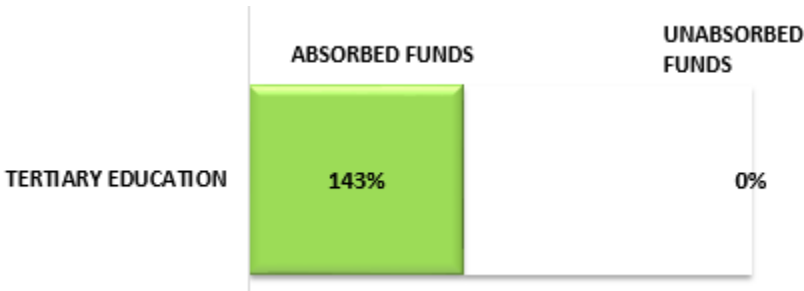


**Figure 27: School of Economics at the University of Malawi (UNIMA) in Zomba**

The tertiary education subsector had been allocated MK 32 billion in the 2022/2023 financial year. Some of the major projects aimed at addressing the challenges of low access to and quality of tertiary education include the following: Completion of Expansion of Chancellor College School

of Economics; Construction of a Mini-Industrial Park at MUST; Construction of Administration Block for the Kamuzu University of health Sciences (KUHeS); Skills for a Vibrant Economy Project (PPA); Capacity Expansion and Productive Knowledge Generation and Application -NRC; Eastern and Southern Africa Higher Education Centers of Excellence Project for the Kamuzu University of health Sciences (KUHeS); LUANAR Sustainable Food Systems.

**Figure 28: 2023/2024 Funding Absorption in the Tertiary Education Sub Sector**



Overall, the Government continues to prioritize the education sector since public investment in education is essential for economic growth and improved living standards for all citizens. Education is an investment in the future, as it helps to create a skilled and productive labour force, which leads to greater economic opportunities and better quality of life for all. Education provides individuals with the knowledge, skills, and abilities needed to be successful in the labor market, and it can also help to reduce poverty and inequality. Investing in education also helps to create a more equitable and just society, as it ensures that everybody has access to quality education, regardless of their social and economic background.

**5.3.5. EDUCATION RESEARCH AND DEVELOPMENT**

**5.3.6. LABOUR SUB-SECTOR**



Malawi's population is youthful with about 51 percent of the population below the age of 18 years and the population of 0-19 is projected to reach 55 percent of the total population by 2030. In order to address this problem, the Government of Malawi prioritized skills development by increasing access in Technical, Entrepreneurial and Vocational Education and Training (TEVET) through establishment of technical Colleges. In the 2022/23 financial year, the project was allocated MK 1.1 Billion, which was revised downwards to MK479 million at mid-year.

The project involves construction of community technical colleges, procurement of training equipment for technical colleges, recruitment of teachers and building their capacity, and M&E of construction works. So far, the project has managed to construct 17 out of the 28 colleges. 6 colleges are currently under construction namely; Machinga, Nkhotakota, Nsoni in Chiradzulu, Rumphi, Mtowe in Nsanje, and Thyolo.



*Figure 29: Progress pictures in Nkhotakota and Machinga technical college*

#### **5.4. HEALTH SECTOR**

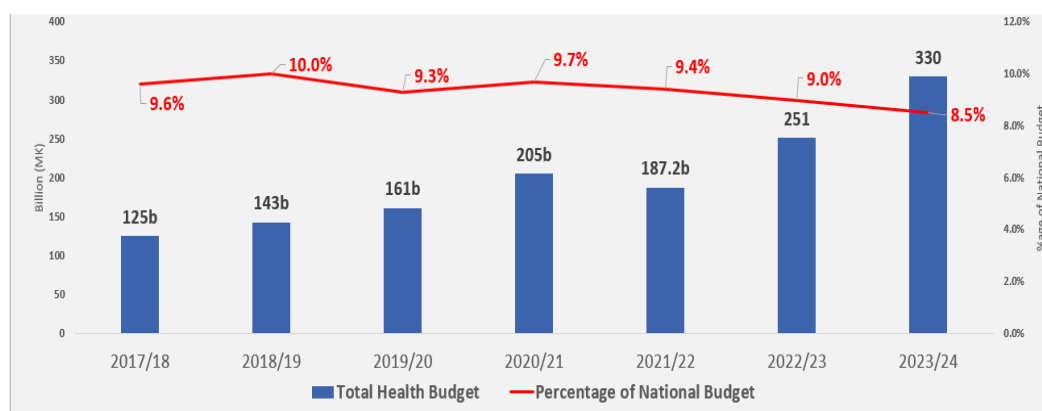
Government recognizes that public investment in health is essential for improving the quality of life for citizens, reducing poverty, and promoting economic growth. Good health facilities ensure



that people have access to quality health care when needed. Government is, therefore, committed to developing the health sector in the country by developing better hospitals and providing affordable and accessible medical care for all.

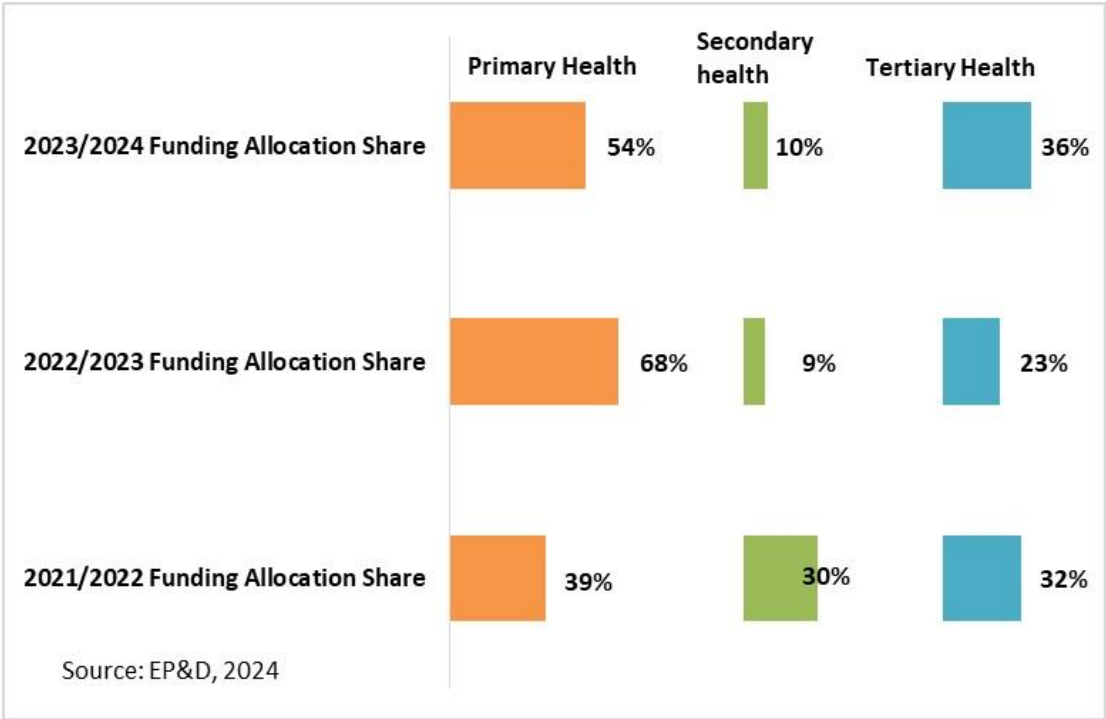
In the 2023/24 FY, the Health sector was allocated MK 59.2Billion, of which, MK 4.6 Billion was from part II, and MK 54.56 Billion from part I. At mid-year the allocation was revised downwards to MK67.2 Billion, of which, MK 11.3 Billion was part II, and MK 54.56 Billion was part I. The current FY's allocation represents a 9.2 percent increase in resource allocation from 54..2 billion in the previous FY (2022/2023). Figure 30 indicates a general increase in funding allocation to the health sector for the past 10 years.

**Figure 30: Health Sector Budget as a Percentage of Total Government Budget for Malawi from 2017/18 to 2023/2024 (A One Year Projection)**

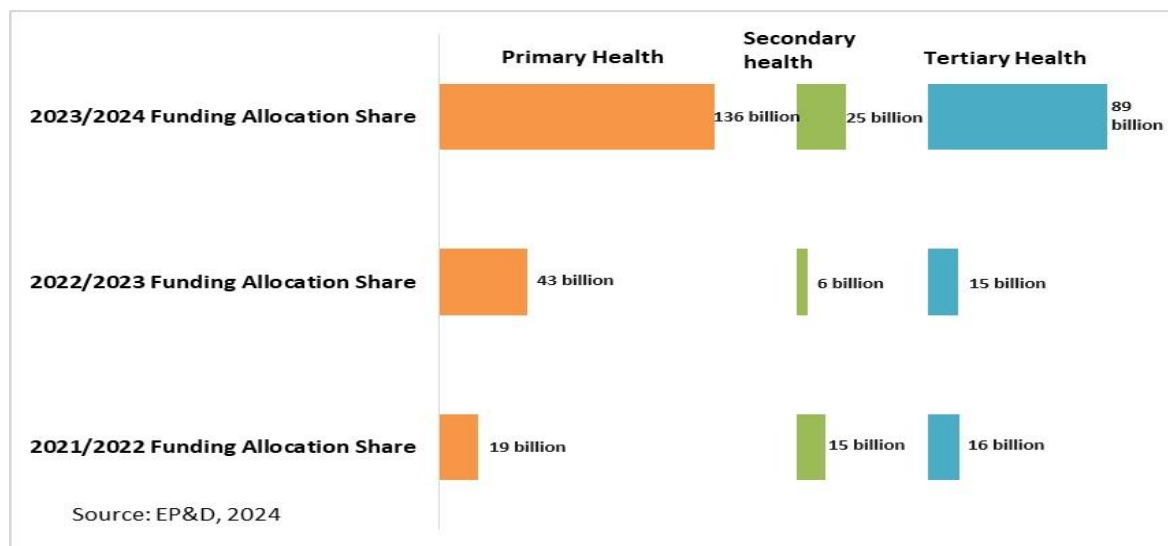


In 2021/2022 the funding allocation share was almost even among all the three health subsectors. However, in the 2022/2023 and 2020/2021 financial years, the secondary subsector had the least share of 9 percent in each year, amounting to MKW 6 billion. Funding allocation has tremendously increased in 2022/2023 financial year with a funding allocation of 68 percent, amounting to MKW 43 billion.

**Figure 31: Funding Allocation Percentage Share for Health Subsectors in the Past Three Years**



**Figure 32: Funding Allocation Share for Health Subsectors in the Past Three Years (MKW)**



#### 5.4.1. Primary Health Sub-sector

The development budget allocated MK 136 Million to Primary Health in the 2023/2024 financial year. Some of the projects under the primary health sub sector include Improved Access of Primary Health Service Delivery - Construction of 55 Health Posts.

#### 5.4.2. Secondary Health Subsector

The development budget allocated MK25 billion to Secondary Health in the 2023/2024 financial year. The projects under the Secondary health Subsector are: Construction of Chikwawa District Hospital (Feasibility Study); Construction of Mponela Hospital; and Feasibility Studies and Detailed Designs of Construction of Rumphi and Dowa District Hospitals.

#### 5.4.3. Tertiary Health Subsector

The 2023/2024 development budget allocated MK 89 billion to Tertiary Health. This allocation was for various projects such as Construction of the Cancer Centre in Lilongwe.

**Figure 33: Construction of Cancer Centre Bankers in Lilongwe**



*Cancer Center: Located within Kamuzu Central Hospital*

#### **5.4.4. OTHER HEALTH SECTOR BUDGET ALLOCATIONS**

The Health sector also has other budgetary allocations which are entirely funded by development partners and aid agencies. Below is a list of projects and their budget allocations for all the other projects within the health sector:

1. Covid-19 Response- K 3.2 Billion;
2. Joint Health Fund- K13.7 Billion;
3. Multi-Sectoral Nutrition Programme-Reduce Stunting in Malawi II-K180.7 Million;
4. Muti-Sectoral Nutrition Programme-Reduce Stunting in Malawi III- K506 Million;
5. Southern Africa Tuberculosis and Health System Support- K7.3 Million;

### **5.5. TRANSPORT, PUBLIC INFRASTRUCTURE, AND INFORMATION SECTOR**

The government is committed to investing in the transport sector in order to help spur economic growth and development. The government has allocated 9 percent of its development budget to the transport sector, recognizing its importance in the nation's development. This funding has enabled the government to build transport infrastructure needed to support economic activities, while also providing employment opportunities to citizens.

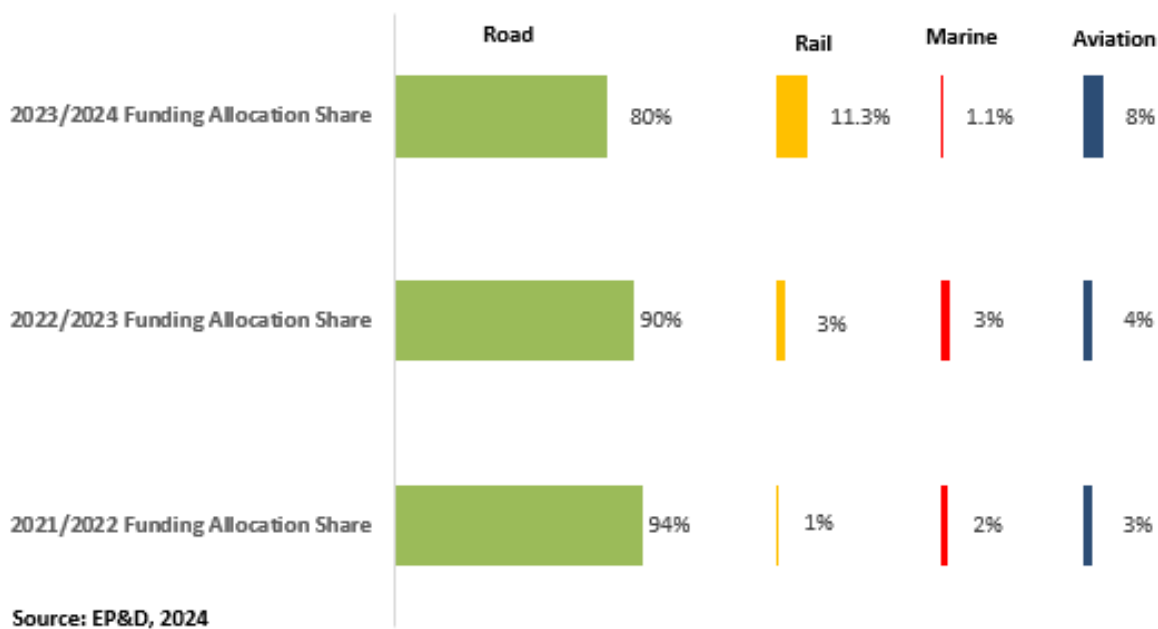
Throughout the three-year period, the Road sub-sector has been consistently commanding the largest share of funding allocation, maintaining a dominant position with shares of 94 percent, 90 percent, and 80 percent in 2021/2022, 2022/2023, and 2023/2024, respectively. This substantial allocation underscores the critical importance placed on road transportation infrastructure in facilitating economic activities, promoting trade and commerce, and ensuring connectivity across regions. Investments in road infrastructure are pivotal for improving mobility, reducing transportation costs, and fostering socio-economic development by enhancing access to markets, education, healthcare, and other essential services.

Meanwhile, the Rail sub-sector has been receiving a relatively smaller but still significant share of funding allocation, demonstrating a moderate increase from 3 percent in 2021/2022 to 8 percent in 2023/2024. This upward trend suggests a strategic effort to revitalize and modernize rail transportation infrastructure, capitalizing on its potential to alleviate road congestion, reduce carbon emissions, and provide efficient freight and passenger transport solutions. Investments in rail infrastructure may focus on upgrading existing railway networks, expanding rail services, and enhancing intermodal connectivity to support sustainable and multimodal transportation systems.

Conversely, the Marine sub-sector has been witnessing a fluctuating pattern in funding allocation shares, declining from 2 percent in 2021/2022 to 1 percent in 2023/2024. Despite its relatively smaller share, investments in the marine sector play a crucial role in supporting maritime trade, facilitating port operations, and enhancing connectivity with international markets. However, the declining trend in funding allocation underscores the need for sustained investment in maritime infrastructure and services to harness the full potential of marine transportation for economic growth and regional integration.

In contrast, the Aviation sub-sector has been experiencing a notable increase in funding allocation share, rising from 1 percent in 2021/2022 to 11 percent in 2023/2024. This significant surge reflects a strategic emphasis on aviation infrastructure development, airport modernization, and air transport services expansion to meet growing passenger and freight demands, enhance connectivity, and promote tourism and trade. Investments in aviation infrastructure are crucial for improving air safety, efficiency, and accessibility, thereby supporting economic development and fostering global connectivity.

Figure 34: Funding Allocation Share by Transport Subsector



In the 2023/24 FY, the transport sector had a total allocation of MK 110 billion, out of which 103 billion was for the road subsector. At mid-year the allocation for the transport sector was revised upwards to 176 billion.

Figure 35: Initial versus Revised Funding Allocation Share in Transport Sector

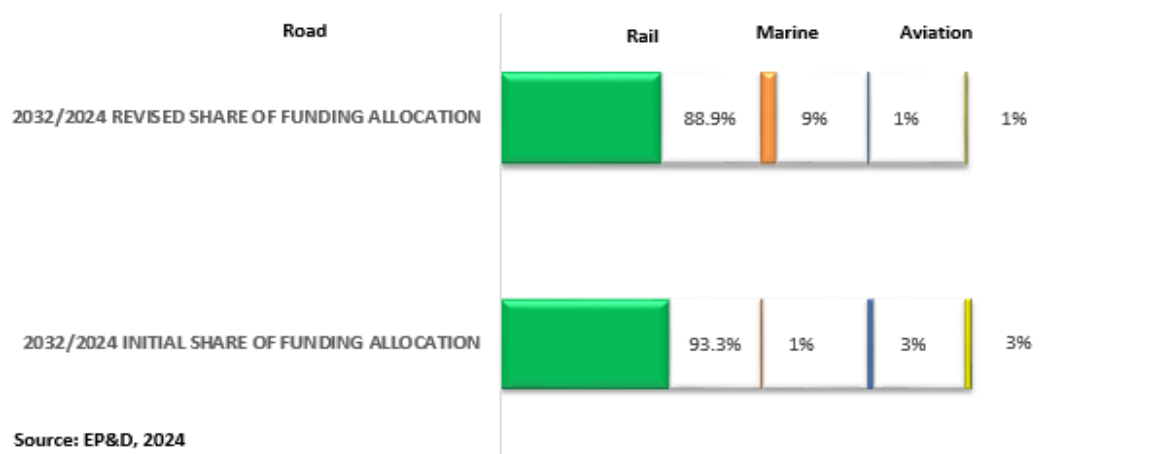
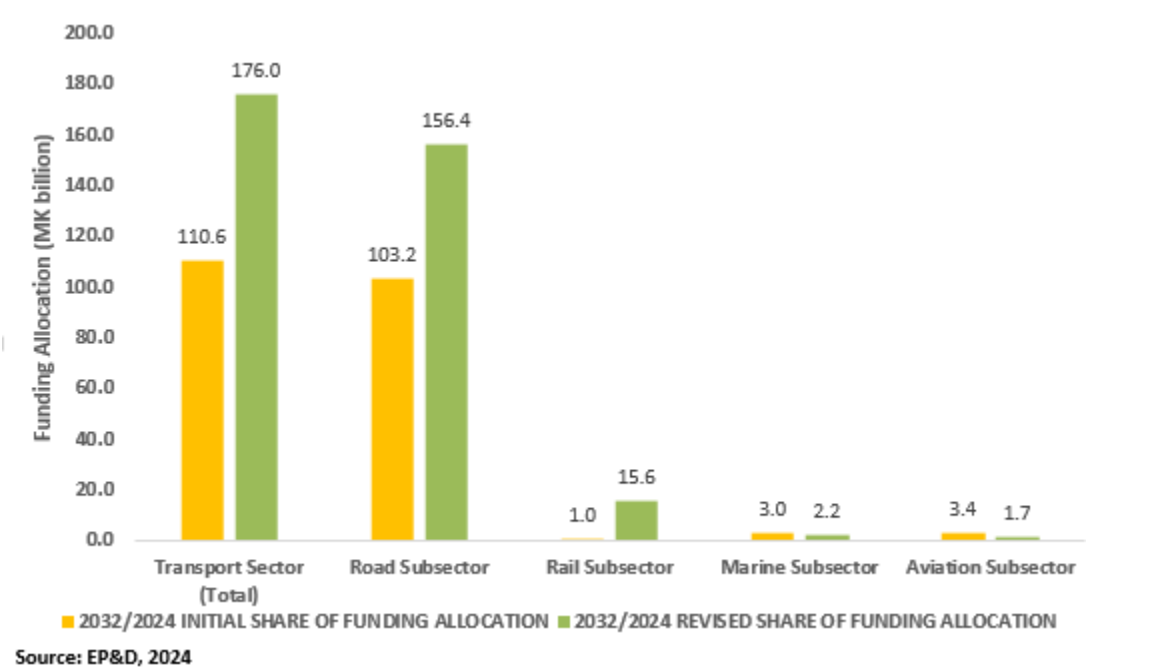


Figure 36: 2023/24 Initial Versus Revised Funding Allocation Amount in Transport Sector



The Rail sub-sector experienced a notable transformation in funding allocation, with its share increasing substantially from 1 percent in the initial allocation to 9 percent in the revised allocation. This significant adjustment underscores a strategic reevaluation of priorities, recognizing the potential of rail transportation in addressing challenges such as road congestion, environmental sustainability, and promoting modal shift. The increased allocation to the Rail sub-sector reflects a concerted effort to revitalize and modernize rail infrastructure, expand rail services, and promote intermodal connectivity to support sustainable transportation systems.

The Road sub-sector continues to emerge as the primary recipient of funding, commanding a substantial share of 93 percent in the initial allocation. This allocation reflects the longstanding recognition of roads as the backbone of transportation infrastructure, crucial for facilitating trade, commerce, and connectivity across regions. However, the revised allocation sees a slight reduction to 89 percent, indicating a nuanced shift in focus or a reallocation of resources to other critical areas within the transportation sector.

Conversely, the Aviation and Marine sub-sectors initially received smaller but still noteworthy shares of 3 percent each in the initial allocation. While these sub-sectors play vital roles in supporting international trade, tourism, and maritime activities, the revised allocation reduces their share to 1 percent.

#### **5.5.1. Road Subsector**





*Figure 37: Nsanje Marka Road.*

The poor road infrastructure characterized by unpaved roads, potholes and dusty conditions<sup>7</sup> has a negative impact on economic activities and national development. Accordingly, the Government prioritizes investment in the road sub sector to improve mobility and accessibility of the population to key road corridors within and out of Malawi.

Total funding that was allocated under the road sub-sector in 2023/2024 FY was MK 111 billion. At mid-year, the allocation was revised upwards to a total of MK 156 billion. Some of the major projects under implementation in the sub-sector are: Lilongwe-Kasungu-Mzimba Turn Off-Kacheche-Chiweta Road; Njakwa – Phwezi – Livingstonia Road Project; Ntcheu-Tsangano-Neno-Mwanza (140) Road; Thyolo Thekerani Muona Bangula Road; Upgrading of Nsanje -Marka Road; Mzimba - Eswazini – Mzarangwe Phase II; Rumphi-Nyika-Nthalire-Chitipa Road; Rehabilitation of Balaka Market - Kaphatenga -Dwangwa - Nkhatabay Lakeshore Road; Capacity enhancement

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<sup>7</sup> Road Transport Accessible from :  
<https://www.transport.gov.mw/index.php/component/sppagebuilder/?view=page&id=69>

of Kenyatta and Mzimba Street road in Lilongwe city to 6 lanes; and Dualization From Crossroads to Kanengo.

### **5.5.2. Rail Subsector**

The railway network in Malawi consists of 933 km of mainline of which around 200 km is non-operational due to damages. The rail connects Malawi to Mozambique ports through Nacala and Beira corridors. There is an urgent need to invest in rail maintenance and expansion of the existing rail network to access trade corridors. The National Transport Master Plan of 2020-2025 identifies rail transport as a critical subsector to support and facilitate the modal shift of cargo from road with the objective to reduce transport cost that contributes to over 30 percent of commodity prices.

Major works in 2023/24FY include: Rehabilitation and upgrade of the 72 km Marka – Bangula; rehabilitation of the Nkaya – Chipala -Mchinji railway line; Limbe Sandama railway sections; and the construction of Ruo bridge.

**Figure 38: shows works on the project of the construction of the Ruo bridge in Nsanje.**



### **5.5.3. Aviation Subsector**

Malawi has two major airports, Kamuzu International airport and Chileka international airport. require modernisation, rehabilitation and expansion to meet international aviation standards. To this end, Government has identified the following projects that aim at developing the air transport industry:

#### **5.5.3.1. Construction of the new Mzuzu Airport**

The government of Malawi signed a financing agreement of USD700, 000 from the Arab Bank for Economic Development in Africa (BADEA) and Organization of the Petroleum Exporting Countries (OPEC), to carry out a feasibility study and develop a Masterplan for the new airport in Mzuzu. The results of the expression of interest were submitted to BADEA and OPEC and are awaiting approval. Following which a call for proposals from the successful shortlisted firms.

#### **5.5.3.2. Modernisation of Kamuzu International Airport**

The Government plans to start the project Modernization of Kamuzu International Airport from 2023/24FY. The project's objective is to improve airport outlook and facilities to match international standards. The project will renovate, expand the terminal building and install passenger departure canopy among others.

### **5.5.4. Marine Subsector**

Water transport in Malawi is largely based on Lake Malawi. The lake has four main ports; Chilumba, Nkhatabay, Chipoka and Monkebay. One of the main ongoing projects in the marine sub sector is the construction of Likoma Jetty. The project involves construction of a jetty and auxiliary ship berthing facilities.



*Figure 39: construction of Likoma jetty*

#### **5.5.5. Information, Communication and Technologies sub-sector**

The Information, Communication and Technologies (ICT) sub-sector in Malawi is an increasingly important component of the country's development. In recent years, a concerted effort has been made to extend access to ICT infrastructure and bolster the capacity of local governments and citizens to use and benefit from these technologies. A number of ICT development projects have been initiated that include: Digital Migration; National ICT Enhancement Programme; Digital Malawi Project; and Last Mile Connectivity. These projects have provided essential services ranging from the installation of broadband internet networks to the provision of digital literacy training. These initiatives have proven to be effective in terms of increasing the reach of ICT services, as well as promoting the uptake of digital skills among users. It is evident that the ICT sector in Malawi has potential to spur economic development, and with sustained investment, it can play a pivotal role in the country's development.

In the 2023/24 FY, the Government allocated a total of MK14.8 billion to ICT infrastructure development, of which, MK1.3 billion was part II, and MK13.4 billion was part I. The allocation was revised upwards to MK28.2 billion at mid-year, of which, MK14.7 billion was part II, and MK13.4 billion was part I.

## **5.6. NATURAL RESOURCE MANAGEMENT, CLIMATE CHANGE AND WATER DEVELOPMENT SECTOR**



Sustainable use and management of natural resources and the environment is key to conserving the environment, water, and natural resources. It is crucial in promoting sustainable development in Malawi. Government has increased commitment to this sector, illustrated in the increased resource allocation for development. In the 2023/24 FY, the sector was allocated over 13 percent of the total development budget. In 2023/2024, the sector was allocated MK47.49 billion, however, the allocation was revised upwards to MK130.95 billion at Mid year.

#### **5.6.1. Fisheries Sub-Sector**

The Malawi fisheries sub-sector plays an important role in the food and nutrition security of Malawians. According to the 2024 Annual Economic report<sup>8</sup> Fish continues to be the main source of animal protein in the country, contributing over 70 percent of the dietary animal protein intake of Malawians and 40 percent of the total protein supply. In addition the sub-sector is a growing source of employment, rural income, export, import substitution and conservation of biodiversity.

Government, through PSIP, is implementing the following projects in this sub-sector: Chipoka Port Fisheries and Aquaculture Infrastructure Development Project; Sustainable Fisheries, Aquaculture Development and Watershed Management (SFAD-WM); and Aquaculture Development Project (ADP) Phase II.

These projects were allocated a total of MK 11.6 billion in the 2023/2024 FY.

#### **5.6.2. Water Development and Sanitation Sub-Sector**

Clean and safe water is essential for the wellbeing of everyone. Initiatives are being made by the Government to ensure that all citizens have access to safe and clean water. The Government through the Ministry of Water is implementing several projects that aim at providing safe and clean water to all citizens. In the 2023/24 FY, the sector was allocated MK 87.6 billion.

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<sup>8</sup> MOFEA 2024 Annual Economic report. Available from: <https://www.finance.gov.mw/index.php/our-documents/annual-economic-reports?download=281:2023-annual-economic-report-final>

Some of the major projects include: Malawi Watershed Services Improvement Project (MWASIP); Nkhatabay water supply and sanitation project, Karonga water supply and sanitation project; Groundwater extraction for rural piped water development programme; Lilongwe water resource efficiency programme, Lilongwe Water and Sanitation program and Kholongo Multipurpose dam for water supply and irrigation project.



*Figure 40: Nkhatabay water and sanitation*

## **5.7. GOVERNANCE SECTOR**

Governance covers a number of issues including good public sector management, good macroeconomic management, absence of corruption and fraud, decentralization, justice and the rule of law, security, good corporate governance and respect of human rights. Malawi government recognises that prevalence of these good governance elements and institutes will provide a sustainable foundation for all development initiatives. This sector was allocated a total of MK 57.1 billion which was revised downwards to MK42.2 billion at mid-year.

### **5.7.1. Democratic Governance Sub-Sector**

The Democratic Governance sub-sector encompasses advocacy and initiatives regarding rule of law, national security, and human rights. This sub-sector is the largest and most important implementer of what consists of the Good Governance enabler of the MW 2063. As such, the Government channels resources that both enhance routine functionality of the MDAs that form the

sector, and enable developments that further the effectiveness of the sub-sector. In 2023/2024, the sub-sector received a total allocation of MK 14.96 billion, of which, MK 2.28 billion was part I and MK12.68 was part II. At mid-year, the total allocation was revised upwards to MK 16.31 billion, of which MK2.50 billion and MK13.81 billion was part II.

Some of the development projects that are under implementation in the Democratic Governance sub-sector include: Programme of Rehabilitation of Court Buildings; Construction of Commercial Court; Construction of New Blantyre Police Station; Construction of Purpose Built Offices for ACB; Construction of Maximum-Security Prison in Lilongwe; Construction of the Judicial Complex; Computerization of Fingerprint Bureau; and Establishment of forensic laboratory for the Malawi Police Service.



*Figure 41: Construction of the new Blantyre police station*

### **5.7.2. Economic Governance Sub Sector**

The Economic governance sub-sector consists of MDAs that facilitate processes that support economic activity and economic transactions by protecting property rights, enforcing contracts,

and taking collective action to provide appropriate physical and organizational infrastructure. This is one of the most important enablers in the general operationalization of the MW2063 and the MIP-1. Absence of sound economic governance has very negative multi-sectoral effects in a country. In an effort to enhance and develop the sub-sector, the Government also commits development resources along with funding for routine functions.

In the 2023/2024 FY, this sub-sector was allocated a total of MK10.83 billion, of which MK 7.23 billion was part I while MK 3.60 billion was part II. At midyear, the allocation was revised downwards to a total of MK 7.06 billion, of which MK 2.06 billion was Part I and MK 5.0 billion was Part II.

Some of the projects that are under implementation in this sub-sector include: Malawi Financial Inclusion and Scaling Project; Financial Access for Rural Markets, Smallholders and Enterprise Programme (FARMSE), Development of Government Wide Management Information System; Procurement of New IFMIS; Support to Public Projects Development for PPPs in Malawi; and Construction of Regional Treasury Cashier -North.

## **5.8. LAND AND HOUSING SECTOR**

The sector administers and manages land and housing issues by ensuring equitable access and secure tenure to land and housing for everyone. Thus, it is the custodian of the Malawi National Land Policy and Land Laws in the Country. The sector, through the Ministry of Lands, Housing and Urban Development (MoLHUD), provides land and housing management services to the general public, stakeholders and parties seeking the services in a manner that ensures that physical development takes place in an orderly and sustainable manner. Proper investment in this sector would create strategic development for many other sectors throughout the economy.

During the 2023/2024 FY, the sector was allocated a total amount of MK 3.3 billion, all of which was part 2, and was revised upwards to MK 3.84 billion at midyear (still only part 2). The sectoral allocation represents 2 percent increase compared to the 2022/2023 FY allocation. Some of the projects under implementation in the Land and Housing sector are: Public Land Infrastructure Development in Cities; and construction of 10,000 housing units for security institutions, and the National Land Reforms Roll Out Programme.



**Figure 42: Some of the houses built under the project of Construction of Security Houses in the Ministry of Lands.**



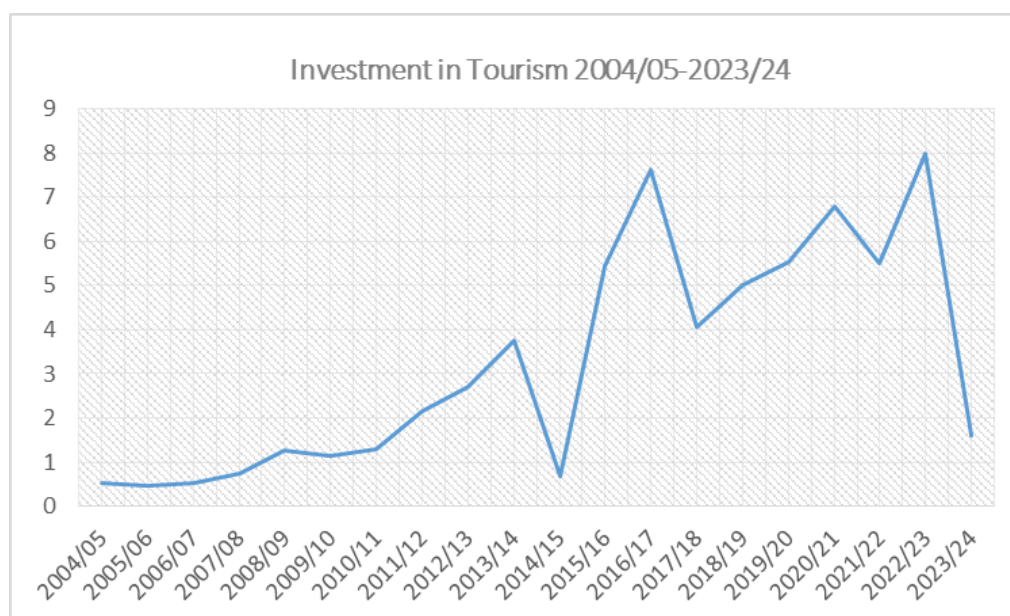
## **5.9. TOURISM DEVELOPMENT SECTOR**

Government recognizes that tourism is a critical sector to development and economic growth. In both medium (MIP-1) and long term (MW2063) aspirations of the country, there has been extensive emphasis on tourism development presenting it as a crucial sector toward the fulfilments targeted under pillar number 3 (Urbanization) of the MW2063.

Malawi has massive natural and cultural endowments that can create great potential for a vibrant economic tourism sector. The country has beautiful beaches and waters, scenic landscapes, diverse wildlife, favorable climate and unique cultural assets. Furthermore, the peaceful environment, neighborly social interaction, tolerant and authentic relationships of locals with people from other cultures make Malawi most hospitable to tourists. In recent years, the country is also becoming a popular destination for Meetings, Incentives, Conferences and Events (MICE) both locally and internationally. According to the 2023 Annual Economic Outlook Report, the tourism sector contributed 5.8 percent to the national GDP, and was the third foreign exchange earner after tobacco and tea.

The average investment in the sector has been steadily increasing over the years, registering a growth rate of 9 percent for the past two decades (Figure 35).

**Figure 39: Public Investment in the Tourism Sector from 2004/2005 to 2023/2024**



#### *Development funding allocation for the tourism allocation from 2004/2005-2023/2024*

In the 2023/24 FY, the sector was allocated and funded MK 1.9 billion, all of which was part II.

The major projects being implemented include: Development of Access roads to resort areas; Development of Public beaches along the Lake Shores of Malawi; and Product Development of Protected Areas (phase 1)

## **5.10. ENERGY SECTOR**

In an effort to ensure the transformation of Malawi from a low income country to a middle income country, Malawi highly recognises that the provision of energy in the country should be affordable, reliable and sustainable, this is inline with the sustainable development goal (SDG) number 7 to ensure access to affordable, reliable, sustainable and modern energy for all. The government therefore wishes to supply 1000 Megawatts by 2025 and to achieve 100 percent universal coverage

by 2030 with 30 percent grid connectivity and 70 percent off grid connectivity to meet the economic and social demands.

In 2023/24 the energy sector was allocated and funded MK44.9 billion.

Some of the projects being implemented in the energy sector include: Development of Mpatamanga hydropower plant; Malawi electricity access project; and Malawi mozambique interconnector.

### **5.10.1. ENERGY GENERATION**

#### **5.10.1.1. Development of Mpatamanga hydropower plant**

Government is implementing a 350-megawatt (MW) Mpatamanga hydropower under public private partnership (PPP) arrangement with 309-megawatt (MW) at the main dam and 41-megawatt (MW) at a secondary regulating dam at Mpatamanga Gorge on the shire river in the southern region(Neno, Balaka,Blantyre).This project will increase access to reliable and affordable electricity.

#### **5.10.1.2. Malawi-Mozambique interconnector**

With the goal of generating more energy the government of Malawi is also implementing the Malawi-Mozambique interconnector which will see Malawi importing 120-megawatt(MW) from Mozambique and 150-megawatt(MW) from South Africa.The projects involves establishing a transmission link between Malawi and Mozambique by constructing a 218km (76 km for Malawi) 400kv high voltage alternating current transmission line which starts from Matambo in Tete province in central Mozambique and cross the Malawian border into Mwanza and the end at Phombeyo in Neno.This project intends to link Malawi to Southern Africa Power Pool (SAPP) grid, via Mozambique.

### **5.10.2. ENERGY DISTRIBUTION**

#### **5.10.2.1. MALAWI ELECTRICITY ACCESS PROJECT**

In an effort to ensure affordable energy the government is not only focused on energy generation but also on the distribution as such the government is implementing the Malawi electricity access project. The project intends to upscale electrification through construction of new medium and low voltage power distribution substations and lines, 10 mini grid systems including the distribution infrastructure. The project also involves rehabilitating and upgrading medium and low voltage power distribution substations and lines. Connecting 280,000 households 1,230 public facilities and enterprises to the main grid. Pictorial progress is shown below (*Figure 40*)



*Figure 40: Some Poles and Conductors of Malawi Electricity Access Project*

## **5.11. GENDER, YOUTH AND SPORTS SECTOR**

The sector champions gender mainstreaming in development, which is crucial in ensuring that both males and females have access to the same opportunities and resources such as in economic and social activities.

Development of sports and recreation facilities is critical for enhancing the standard of sporting and youth development in the country, and hence Government's commitment to invest in the sector.

In the 2023/2024 FY, the Government allocated MK 29.28 billion to the sector for implementation of 8 projects. Out of which MK 22.7 billion is for part I and MK 6.5 billion for part II. Some of the major projects include: Kamuzu Institute for Sports Reconstruction; Construction of youth center in Mzuzu; Region 5 Games Infrastructure Development; National Youth Service; Construction of Library and Lecture Theatre at Magomero College; the National Indoor Sports Complex; and Investing in Early Years for Growth and Productivity in Malawi.

However, due to the importance of the sector, at mid-year resources were revised upwards to MK32.6 billion of which MK24.1 is for part 1, while MK8.5 billion is for part 2.

## **5.12. RURAL DEVELOPMENT SECTOR.**

The government recognises the need to allocate resources to promote rural development. In 2023/24 the rural development sector was allocated MK13 billion of which was entirely under was entirely under part 2 funding. However, funding allocation was revised downwards to MK12 billion during the mid-year budget review. Some of the major projects being implemented include: Construction of rural roads; Construction of Chiefs houses across all regions; development of rural growth centers; Construction of DCs office; Construction of Mzuzu Civic Office; and Construction of Stadia at district headquarters.

## **5.13. MINING SECTOR**

The mining sector is responsible for the industrialization of mining in Malawi this is inline with the Malawi 2063, under pillar number 2 of Industrialization,. The mining sector is strategic in that it has tremendous potential to support industrialization. The sector remains one area of realistic

economic diversification, through which Malawi could increase its exports, attract Foreign Direct Investments (FDI) as well as diversify the government's revenue base, achieve infrastructure developments and industrialization.

In the 2023/2024 FY, the sector was allocated a total of MK5.6 billion to implement the project of Construction and Rehabilitation of Mineral Laboratories and Construction of Chatuluma to Nyika Niobium Mine Road. In the 2023/2024 funding allocation to the sector is expected to increase due to establishment of various mining sites.

**Figure 41: The Mineral Laboratory**





## **6. PROJECT DETAILS OF SELECTED PROJECTS**

### **6.1. AGRICULTURE SECTOR**

#### **6.1.1. SHIRE VALLEY TRANSFORMATION PROJECT–PHASE 1**



*Figure 50: Constructions under the Shire Transformation Project*

The project involves developing 43,370 hectares of irrigable land by abstracting water from the Shire River at Kapichira Dam and conveying it by gravity to the area in Chikwawa and Nsanje Districts through canals. There are five components in this project. The first component, irrigation service provision is financing the works, goods and services necessary to develop bulk irrigation and drainage infrastructure in the SVIP Phase 1 area. This includes preparation of detailed designs and construction supervision and quality assurance, construction of the physical bulk water conveyance and main distribution system, major drainage and access roads. This component has 2 sub-components, (i) infrastructure development and (ii) support to effective and sustainable irrigation management, operation and maintenance.

The second component, land tenure and natural resources management support the piloting of the new land legal framework in a development setting, formation of consolidated farm blocks by smallholders with secure land tenure, for commercial agriculture, based on a flexible approach, modeled on successful regional examples. It supports natural resources management to broaden the multi-sectoral benefits of the program and enhance environmental sustainability within the modernization program. The program will invest in protected areas, the Elephant Marshes and associated activities that will support improved natural resource management and the development of a broader land use plan for the Shire Valley. This component has two sub-components, (i) supporting land governance and land consolidation, and (ii) natural resources management;

The third component, agriculture development and commercialization finances on-farm investments in irrigation and drainage, land leveling, and commercial farm development.

The fourth component, project management and coordination is financing the multiple coordination, monitoring and evaluation, and management needs of a project of this scale and focus on the roll out of the communications strategy and manage the grievance redress mechanism, as well as day-to-day management, and monitoring and evaluation of the project.

**Objective:** The project aims to increase productivity and commercialization for targeted households in the Shire Valley and to improve the sustainable management and utilization of natural resources.












**Location:** Chikwawa and Nsanje

**Implementation period:** March 2018- Dec 2023

**Total Estimated Cost:** MK 173.7 billion

**Malawi 2063 Alignment:**



Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✓	✗	✗	✗	✗	✗	✗	✗	✗	✗

## Financial Progress

### Financing Sources:

	WB	AfDB	GOM	TOTAL
Type	Loan and Grant	Loan	Compensation	
Contribution	MK 132 billion	MK 37.8 billion	MK 5.4 billion	MK 173.7 billion
Absorption (as of 09/2022)	100 percent	100 percent	50 percent	83%

### Project Budgets and Expenditure:

FY	18/19	19/20	20/21	21/22	22/23	23/24
Budget (MK billion)	3	18.98	14.652	19.503	71.615	137.265
Cumulative	3	21.98	36.632	56.135	127.75	265.015
Expenditure (MK billion)	3	18.98	14.652	19.503	71.615	137.265
Cumulative	3	21.98	36.632	56.135	127.75	265.015

**Physical Completion Rate** (as 03/2024): 55% percent

**Achievement:** Construction of the intake plus first 6km of the canal is at 74 percent. The contractor is mobilizing to commence construction of the 46 km stretch up to Lengwe National Park. Design works of secondary pipelines were completed

**Timeliness of Achievement:** The project was supposed to finish in 2022 December, but delays in procurement due to forex shortage , led to escalation of the project to 2023. Phase 2 of the project will start in July 2023.

**Remaining Outputs:**

1. Construction of the 46 km stretch up to Lengwe National Park.
2. 26 percent of the first intake and the canal
3. Remainder of main canal 1 and part of main canal 2 is on course at 16 percent

**Implications for costs of the project:** The project is likely to require additional financing because of the floods that destroyed the cofferdam and some of the canal works.

**Policy Issues:**

1. Devaluation of the currency led to an increase in costs of construction items.
2. Severe weather conditions delayed the physical progress of the project and this may extend the project implementation period.

**Remedial Action:** The initial estimated cost should be revised to account for the unforeseen circumstances which are likely to escalate project cost

**6.1.2. PROGRAMME FOR RURAL IRRIGATION AND DEVELOPMENT (PRIDE)**

*Figure 42: An Irrigation System Established Under the Project*














The programme aims at enabling 17,500 smallholder households to enhance their production capacities by providing irrigation systems, water conservation infrastructure, and promoting good agricultural practices. The major project components are development of irrigation systems and promotion of good agricultural practices (GAPs), agri-gender roles and support services, value chain and market linkage and nutrition mainstreaming.

**Objectives:**

1. To develop or upgrade irrigation schemes, enabling smallholder farmers to transition from low to high value crops and from subsistence to commercial farming.
2. The other objective is to enable smallholder farmers to sustainably enhance their production levels to such a degree that they can provide for their household nutritional demands and deliver produce to viable markets.

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✓	✗	✗	✗	✗	✗	✗	✗	✗	✗

**Locations:** Machinga, Zomba, Karonga, Rumphi, Chitipi, Mzuzu, Nkhatabay, Nkhotakota, Dowa

**Implementation period:** July 2017 – December 2024

**Total Estimated Cost:** MK118 billion

### Financial Progress

#### Financing Sources:

	IFAD	GOM	TOTAL
Type	Loan and Grant	In Kind	
Contribution	MK97.6 billion	MK20.4 billion	MK118 billion
Absorption	95 percent	94 percent	94 percent

#### Project Budgets and Expenditure:

FY	18/19	19/20	20/21	21/22	22/23	23/24
Budget (MK Billion)	4.7	2.6	9.2			19.3
Cumulative	4.7	7.3	16.5	16.5	16.5	35.8

<b>Expenditure (MK billion)</b>	4.7	2.6	9.2			19.3
Cumulative	4.7	7.3	16.5	16.5	16.5	35.8

**Physical Completion Rate (as of 02/2023):** 66 percent

**Achievements:** 16 irrigation schemes with completed land use agreements, 9 irrigation schemes with water use rights, 4 land parcels demarcated in the target sites, 16 feasibility studies completed for the target irrigation sites, 9 design reports completed in target irrigation sites and 5 irrigation schemes are under construction.

**Timeliness of Achievement:** Due to implementation delays the project completion date was revised from December, 2023 to December, 2024.

#### **Remaining Outputs:**

1. Mlooka is at Draft Contract Stage
2. Chipofya is at Draft Tender Stage
3. Dowa Dambo is at Detailed Design Stage

**Figure 43: Some of the irrigation structures in Chitipa irrigation schemes**



**Implications for costs of the project:** Physical progress exceeds financial progress of the project. It is likely that the project will be completed under costs.

### **Policy Issues**

1. Uncertainty of time to construct ‘pipeline’ investment schemes as per irrigation Masterplan & Investment Framework
2. Insufficient resources to rehabilitate Mphinga Irrigation Scheme, Karonga.
3. Damage to Wowo irrigation scheme by cyclone Freddy (74% physical completion reduced to 43%)
4. Failure of government to meet its obligation on forgone duties and taxes affecting programme cash-flows

### **Remedial Measures**

Compared to previous years, the Government had increased the budget allocation toward the project and ensured timely disbursement of the budgeted resources. However, there is need for lobbying for more resources:

1. to construct the pipeline irrigation schemes
2. to rehabilitate the scheme estimated at MK250m (USD140,000)
3. for recovery. Cost estimated at MK4.5bn (USD2.5m)

### **6.1.3. AGRICULTURAL INFRASTRUCTURE AND YOUTH IN AGRIBUSINESS PROJECT (AIYAP)**





*Figure 44: Aerial view of Linga Dam and main canal in Nkhatabay*

Agriculture Infrastructure and Youth in Agribusiness Project (AIYAP) is a 7-year project (2017-2024) funded by African Development Bank (ADB) and Malawi Government. The goal of the project is to contribute to the national efforts of ensuring poverty reduction in Malawi by targeting over 5000 youths who will be trained in agriculture entrepreneurship and agribusiness. The project is being implemented Nkhatabay and Nkhotakota districts. AIYAP has 4 components namely Irrigation Infrastructure and Catchment Management; Value Addition and Youth Entrepreneurship in Agriculture; AgroCooperative Development for Employability and Project Management and Institutional Strengthening.












The project is developing one large scale irrigation scheme at Linga in Nkhatabay covering 100 hectares. The project is at 95 percent completion rate.

**Objective:** The overall objective is to increase household agricultural productivity and incomes.

**Specific objectives:**

1. Increase crop production and productivity;
2. Increase in the number of youths engaged in farming and agribusiness;
3. Increase household incomes from farming.

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✓	✗	✗	✗	✗	✗	✗	✗	✗	✗

**Locations:** Nkhata Bay and Nkhonkhot Districts

**Implementation period:** 01/2017 – 03/2025

**Total Estimated Cost:** MK 46 billion

**Financial Progress:**

**Financing Sources:**

	ADF	EDF	GOM	TOTAL
Type	Loan	Grant	Budget allocation	Mix
Contribution	MK 22 billion	MK 742 million	MK 23 billion	MK 46.0 billion
Absorption (as of 12/2022)	MK 21 billion (94 percent)	MK 742 million (100 percent)	MK 2.1 billion (70 percent)	MK 43.8 billion

**Project Budgets and Expenditure:**

FY	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
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Budget (MK Billion)	1	6.759	10.973	4.023	4.246	10.702	10.75
Cumulative	1	7.759	18.732	22.755	27.001	37.703	48.453
Expenditure (MK billion)	1	5	7	4.023	4.246	7	7
Cumulative	1	6	13	17.023	21.269	28.269	35.269

**Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q3 FY 2022/23:** MK 0.5 billion

**Physical Completion Rate** (as of 3/2024): 98 percent

**Achievement:** The Linga dam was completed and commissioned; 450 hectares of irrigation area has been developed. The project implementation is progressing with part 2 resources and may stall if resources are not provided for in the national budget for irrigation infrastructure development, agro-processing equipment and building and procurement of farm equipment

**Timeliness of Achievement:** The project was expected to be completed by 06/2022 the original project document. However, the project has been impacted by severe delays. A new completion timeline was negotiated in 12/2021 and the project was extended for 1 year following the African Development Bank's no objection. Activity implementation is expected to continue in FY 2023/2024 with a new end date of 30 April 2024.

**Outstanding Outputs:** 550 hectares of irrigated land (of 1000 ha) Installation of infield works, installation of Dam monitoring instruments, land compensation, road and power line diversion, facilitate tree cutting and removal in the reservoir area, establishment of the Agro Processing Unit, supply of farm equipment (Farm tracks, tractors, power tillers), capacity building in operation and maintenance

**Implications for costs of the project:** Due to the outstanding outputs mentioned additional financing is required to achieve all planned outputs and meet the development objectives.

Additional investment of MK 7.5 bn will enable completion and handing over of the assets to the end users.

**Policy Issues:** The primary policy issue in this project is insufficient funding as the donor component has been completely utilized. Most of the activities have not yet been implemented due to inadequate budget. The project has been delayed as a result.

**Remedial Action:** GoM has increased the budget allocation toward the project and committed to ensure timely disbursement of the budgeted resources.

#### **6.1.4. AGRICULTURE COMMERCIALIZATION (FOOD SYSTEMS RESILIENCE PROGRAM)**

The project will scale up and upgrade the inclusive value chain development approach called productive alliances, successfully implemented under AGCOM 1. Leveraging the lessons learned and the improved implementation capacity within the government, the project will finance an additional 500 subprojects, reaching 100,000 farmers. The project will reinforce interventions that empower women and youth. In addition, the project will expand the scope to include the support of processes that increase the value of primary agricultural products and propel the creation of off-farm jobs. Building on the experience of AGCOM, it will continue to support the implementation of the land reform program and improve the institutional and policy environment for commercialization.












**Objective:** To increase the resilience of food systems and the country's preparedness for food insecurity in project areas.

**Outcomes:**

1. Malawi farmers integrated in competitive supply chains through productive alliances;
2. Subsistence farming transformed into diversified commercial agriculture by Supporting Investment Enabling Services;

3. Resilient farming practices enhanced.

### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✓	✗	✗	✗	✗	✗	✗	✗	✗	✗

**Location:** Across the country

**Implementation period:** April 2024 – March 2029

**Total Estimated Cost:** \$250,000,000.00

**Financial Progress:** The program is yet to commence

**Financing Sources:** It is a World Bank funded project through the International Development Association (IDA) financing.

	World Bank (IDA)	GOM	TOTAL
Type		Budget allocation	Mix
Contribution	\$250,000,000	0	\$250,000,000
Absorption(as of 03/2024)	0%	NA	0%

### Project Budgets and Expenditure:

FY	21/22	22/23	23/24
Budget (MK billion)	0	0	0
Cumulative	0	0	0
Expenditure (MK billion)	0	0	0
Cumulative	0	0	0

\*as of end 03/2024

**Physical Progress:** No physical progress registered yet, since the project is yet to commence

**Physical Completion Rate (as of 03/2024):**

**Achievement:** Project is still in the preparatory stages.

**Timeliness of Achievement:** Project is still in the preparatory stages.

**Implications for costs of the project:** Project is still in the preparatory stages.

**Policy Issues:** This project is still in its infancy where there are no major policy issues. However, judging from the previous phase, one of the challenges that is likely to resurface is that many Malawians had felt to have been left out.

**Remedial Action:**

Being a new project, much remains to be what Government has committed towards the success of the programme. Nonetheless, it should be noted that, this programme is a successor of the Agriculture Commercialization Programme (AGCOM), which was designed to extend the reach of its predecessor. As such, this programme in its entirety is Government's action to address to concern that had been presented towards the first initiative, of which many Malawians had felt to have been left out. Government, with the help of development partners, will thus continue to support smallholder farmers across the country with considerably substantial grants.









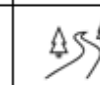


#### 6.1.5. TRANSBOUNDARY COOPERATION IN SONGWE BASIN

This is a bilateral initiative between Malawi and Tanzania on the transboundary Songwe River. The objective of this programme is to contribute to economic growth, reduced poverty, improved health and livelihood, while reducing the socio-economic impacts of the meandering river on the communities living within the floodplain, and ensure enhanced food and energy security for the people within the entire basin in the context of the overall sustainable and climate resilient interventions for socio-economic development of the two countries. This programme will implement the designed and planned projects like construction of Lower Songwe Dam and Hydropower Plant, Irrigation and Drainage Schemes, Water Supply, River Stabilization etc.

**Objective:** To contribute to the economic growth, reduced poverty, improved health and living conditions, and enhanced food and energy security for the people of the Songwe River in particular and the overall economic development for the two countries (Malawi and Tanzania).

**Outcomes:** Improved access to potable water supply; Reduced frequency and impacts of floods; Increased land and crop yield; Increased access to electricity and improved roads; Improved access to water resources for productive uses.

#### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✓	✗	✗	✗	✗	✗	✗	✗	✗	✗

**Location:** Songwe River Basin – Karonga and Chitipa Districts (Malawi) and Illeje, Kyela, Mbozi, Mbeya-Rural and Momba (Tanzania)

**Implementation period:** From 2001

**Total Estimated Cost:** MK911, 900,000,000 (USD829,000,000)

## Financial Progress

### Financing Sources:

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution (MK billion)	911	911
Absorption (as of 03/2024)	0.7%	0.7%

### Project Budgets and Expenditure:

FY	18/19	19/20	20/21	21/22	22/23	23/24
Budget (MK billion)	0.2	0.35	2.9	1.8	0.5	0.5
Cumulative	0.2	0.55	3.45	5.25	5.75	6.25
Expenditure (MK billion)	0.2	0.35	2.9	1.8	0.5	0.5
Cumulative	0.2	0.55	3.45	5.25	5.75	6.25

\*as of end 03/2024

**Physical Progress:** Phase I (2001 – 2003): Preliminary and feasibility study (loan from Nordic dev. funds used 2,738,600).

PHASE II (2012 – 2015): preparation of shared vision 2050 for songwe river basin, preparation of ten year songwe river basin development programme, feasibility study, design and preparation for investment (detailed designs for lower songwe dam and hydropower plant (180.2mw), detailed designs for water supply project, detailed designs for irrigation and drainage schemes (6200HA) ETC. (Grant from African Water Facility and NEPAD-IPPF thru AfDB – Euros 4.8m and GoM Euro 1.1m GoT Euro 1.2m. Total Project cost Euros 7.1m

PHASE III (2015 – up to date): implementation of lead project called strengthening transboundary cooperation and integrated natural resources management in the songwe river basin. (Grant from GCF thru AfDB USD6.4, GoM USD1.0m and GoT USD1.0m. Total Project Cost USD 8.4m)

**Physical Completion Rate (as of 03/2024):**

**Achievement:** Preliminary Feasibility Study; Ten Year Songwe River Basin Development Programme; Detailed Designs for Lower Songwe Dam and Hydropower Plant (180.2MW); Detailed Designs of Irrigation and Drainage Scheme (3050ha); Detailed Design for Water Supply for Songwe Town and Lower Songwe Communities; Resettlement Action Plan; 95 percent of Strengthened Institution Capacity. ICT/GIS/MIS, Finance Mobilisation and M&E Consultancy (firm engaged - Impiger); 95 percent of Enhanced Transboundary Natural Resources management. Transboundary Diagnostic Analysis and Strategic Action Plan (TDA/SAP) Consultancy. (firm engaged - BACASUA); 95 percent of Improved Flood Early Warning System (FEWS) in place. FEWS Consultancy (firm engaged - Hydroc and Ndika JV); 95 percent of Strengthened Institution Capacity. Capacity Building Consultancy (firm engaged - SWECO and Majiatu.

**Timeliness of Achievement:** The project has delayed due to shortage of funds.

**Implications for costs of the project:**

**Policy Issues:** Delays in disbursement of funds to the Secretariat from both governments

Lack of funds for implementation of Lower Songwe Dam and Hydropower Plant project.

**Remedial Action:** Both governments (Malawi and Tanzania) agreed to go for the soft loan. The Secretariat is preparing project Concept Note for the project funding

**6.1.6. CHIPOKA PORT FISHERIES AND AQUACULTURE INFRASTRUCTURE DEVELOPMENT PROJECT (CPFAIDP)**












The project involves construction of aquaculture centre, cage farm facilities, and fish market.

**Objective:** To maximize the potential that fisheries and aquaculture sectors have on sustainable economic and social transformation

**Outcomes:**

1. Improved inspection, repair and maintenance of boats.
2. Improved quality of fish products for both local and foreign markets.
3. Enhanced knowledge of fisheries resource availability and utilization.
4. Improved livelihoods of surrounding communities and resilient livelihoods towards food and nutrition security through enhanced fish production.
5. National eco-tourism promoted.

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✓	✗	✗	✗	✗	✗	✗	✗	✗	✗

**Location:** Salima

**Implementation period:** April 2022 - March 2032

**Total Estimated Cost:** MK103,046,500,000

**Financial Progress:** Total money spent since start of implementation is about MK71,923,262.00



**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK700,000,000	MK700,000,000
Absorption (as of 03/2024)	MK71,923,262.00	MK71,923,262.00

**Project Budgets and Expenditure:**

FY	22/23	23/24
Budget (MK billion)	0.2	0.3
Cumulative	0.2	0.5
Expenditure (MK billion)	0.2	0.3
Cumulative	0.2	0.5

\*as of end 03/2024

**Physical Progress:** The project is at preparatory stage

**Physical Completion Rate (as of 03/2024):** 0 percent

**Achievement:**

Process activities that have taken place so far :

1. Identified a consultant to prepare detailed designs for all the 7 infrastructure
2. Detailed land identification and perimeter survey for Chipoka
3. Development of Terms of References for feasibility study for Chipoka
4. Adverts on preparation of detailed designs for the site
5. Field visits by the Blue Economy Technical Working Group in collaboration with the Public Private Partnerships Commission (PPPC) for private sector engagement

**Timeliness of Achievement:** The project is expected to be completed in the year 2032

**Implications for costs of the project:** The project requires adequate financial resources to meet the costs of works if development objectives of the project are to be met.

### **Policy Issues**

1. The main policy issue is resource mobilization to attract Part I funding and potential investors., .
2. Delays in commencing feasibility study by PPPC

**Remedial Action:** Utilize Development Part II Financing to facilitate undertaking of feasibility studies, development of detailed designs and kick starting of some construction works.

### **6.1.7. NTHOLA-ILLOLA-NGOSI RICE IRRIGATION SCHEME**














*Figure 45: The Karonga Rice Milling and Processing Plant at Nthola Illola Irrigation Scheme*

The Nthola-Ilola Rice Irrigation Scheme is a project being implemented by the Greenbelt Authority in conjunction with farmers in Karonga District in order to develop a rice irrigation scheme and rice processing factory. The project proposes to pump water from Lake Malawi to irrigate an area of 1000 hectares. Potential beneficiaries of the project include smallholder farmers and the private sector. The project is aimed at producing and processing Rice for the local and export markets, thereby contributing to the economic development of Malawi and improving livelihoods and wealth for the people of Karonga and the country. The project is aligned with all the three pillars of the MW2063.

**Objective:** The project aims at attaining food and nutrition security, increased household incomes and exports through sustainable irrigation and agro-processing.

**Outcomes:**

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✓	✗	✗	✗	✗	✗	✗	✗	✗	✗

**Location:** Karonga District

**Implementation period:** July 2017 - June 2027

**Total Estimated Cost:** MK33.7 billion

**Financial Progress:** Total expenditure since implementation is **MK5.81 billion**

**Financing Sources:** Government Subvention

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	33.7	33.7
Absorption (as of 03/2024)	17.2%	17.2%

**Project Budgets and Expenditure (as of end 03/2024):**

FY	2019/20	2020/21	21/22	22/23	23/24
Budget (MK billion)	0.1	0.111	1	0.8	3.8
Cumulative	0.1	0.21	1.21	2.01	5.81
Expenditure (MK billion)	0.1	0.111	1	0.8	3.8
Cumulative	0.1	0.21	1.21	2.01	5.81

**Physical Completion Rate (as of 01/2024):** Nthola Illora Water intake construction is at 58%, Nthola Illora Rice factory construction is at 95%. Full irrigation infrastructure development has not yet commenced.

**Achievement:**

- Construction of water intake (Mwangolera) is at 58%
- Establishing, Training and Registering of Cooperatives into legal entity

**Timeliness of Achievement:** The project is expected to end in June 2027

**Implications for costs of the project:** Project initial proposed cost will not cover full implementation of the project. The GBA has requested for an increment in total estimated cost with about 2.7 billion, which is for works on the completion of water intake at the section of the irrigation scheme, and other outstanding works at the rice processing factory.

**Policy Issues:**

1. Lengthy Government procedures to process compensations have caused significant delays in works at the intake;

2. Scarcity of forex in the country affected importation of construction materials from China for Nthola Illola;
3. Delayed funding affecting the projects progress;
4. Devaluation of the Malawi Kwacha<sup>9</sup> leading to escalation of construction cost.

**Remedial Action:**

1. Delayed funds disbursement was addressed through further engagement with the Treasury to release the funds.
2. GBA is engaging potential investors for possible external financing.

**6.1.8. MEGA FARMS INVESTMENT PROGRAMME (GREEN BELT)**

The Greenbelt Authority is one of the institutions implementing the Mega Farms Programme. The Mega Farms Programme has the potential to increase agricultural productivity and ensure Malawi is food secure and has enough to export for foreign exchange earning. GBA currently has four Mega Farms under its jurisdiction as guided by the Ministry of Agriculture and these are: Lweya Rice Mega Farm in Nkhata-Bay, Nkopola Mega Farm in Mangochi, Chipoka Cotton Mega Farm in Salima and Dwambazi Livestock Mega Farm in Nkhotakota.

**Objective:** To improve overall national agricultural productivity, and output.

**Outcomes:**












1. Increased national agricultural output
2. Increased employment rate
3. Increased exports

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<sup>9</sup> To address macroeconomic challenges, the Reserve Bank of Malawi devalued the Malawi kwacha, by 44% on 24 November 2023, and by 25% on 27<sup>th</sup> May 2022

#### 4. Enhanced industrialization

##### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✓	✗	✗	✗	✗	✗	✗	✗	✗	✗

**Location:** Mangochi, Salima, Nkhata-Bay, Nkhonakota Districts.

**Implementation period:** November 2022 - March 2028

**Total Estimated Cost:** MK30,000,000,000.00

**Financial Progress:** Total Expenditure since the implementation started MK2.5 billion

**Financing Sources:** Government Subvention

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	30	30
Absorption (as of 03/2024)	8.3%	8.3%

##### Project Budgets and Expenditure (as of end 03/2024):

FY	2022/23	23/24
Budget (MK billion)	0.5	2

Cumulative	0.5	2.5
Expenditure (MK billion)	0.5	2.5
Cumulative	0.5	2.5

**Physical Completion Rate (as of 01/2024):**

1. Rehabilitation needs assessment for Nkopola and Lweya Mega Farm were done.
2. Contractors and supervising consultants for rehabilitation of Nkopola and Lweya Mega Farms were identified and signing of contracts and site handover is awaiting funding.
3. Cotton was grown at Chipoka Cotton Farm in Salima in the 2022/23 rainfed season on 80Ha and 62MT of cotton was harvested by GBA.
4. 70MT of maize was harvested at Nkopola on 102Ha in the 2022/23 rainfed season.
5. GBA was engaged in providing technical services and backstopping for the mega farm projects implemented by other stakeholders like Malawi Defense Force and Malawi Prison Services.
6. Preparation and Submission of design criteria for Chipoka rehabilitation works are still in progress.

**Achievement:**

1. Land preparation on 80Ha and the technical team has assessed the scheme for possible irrigation infrastructure.
2. 120MT of cotton was produced (81.38MT from the farm and 38.62MT from out growers), the produced cotton was to be deseeded and processed into yam before selling
3. The scheme has been assessed for possible winter cropping but required some rehabilitation
4. 70MT of maize produced from Nkopola farm
5. Rehabilitation needs were established, contractor and consultation identified

**Timeliness of Achievement:** The project was initially proposed to end in March 2028. Nonetheless, period extensions are inevitable, as financing has not been equalled (has consistently remained lower) with plan of implementation.

**Implications for costs of the project:** The proposed cost of MWK30 billion needs to be revised, as it is less probable to meet the desired outlined outputs of the programme.

**Policy Issues**

- The projects are being implemented on farmers' land, which is not Government owned, causing numerous challenges;
- Lengthy procedures to process compensations in several project sites are resulting in serious delays in implementation.

**Remedial Action:**

1. GBA needs to have its land for implementation of Mega Farms.
2. Engagements with Treasury and PDU were conducted to facilitate and fast-track release of funds.
3. GBA is in the process of engaging other potential investors to co-finance the Mega Farms Programme.

### **6.1.9. DEVELOPMENT OF LUANAR MEGA TEACHING FARM**

**Overview**

**Description:**

The project involves development of a large-scale teaching agricultural farm in Malawi. LUANAR has suitable land and the project will involve the design and construction of infrastructure such as buildings, water sources and irrigation, and the development of sustainable agricultural practices. The project will also involve the training of local farmers in modern agricultural techniques and the provision of access to markets for their produce.

**Objective:**














The main objective of the Programme is to enhance human capital development, research, agricultural technology development and commercialisation for food security, wealth creation and economic growth.

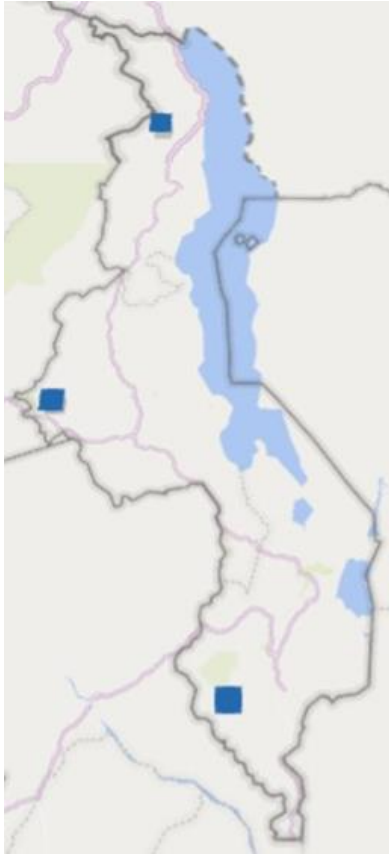
### Outcomes:

The programme has three expected outcomes namely:

- 1) Modernised LUANAR Mega Farms for teaching and learning of modern production of crops, livestock and fish;
- 2) Enhanced modern agricultural research, technology development and outreach; and,
- 3) Increased institutional revenue through sale of value-added crop, fish and livestock products.

### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✓	✗	✗	✗	✗	✗	✗	✗	✗	✗



**Location:** Lilongwe

**Implementation period:** April 2023 - March, 2028

**Total Estimated Cost:** MK 29.19 billion

**Financial Progress:** 3 percent funds absorption

**Financing Sources:** Malawi Government Part II.

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK 29.2 billion	MK 29.2 billion
Absorption (as of 03/2024)	3%	3%

#### **Project Budgets and Expenditure:**

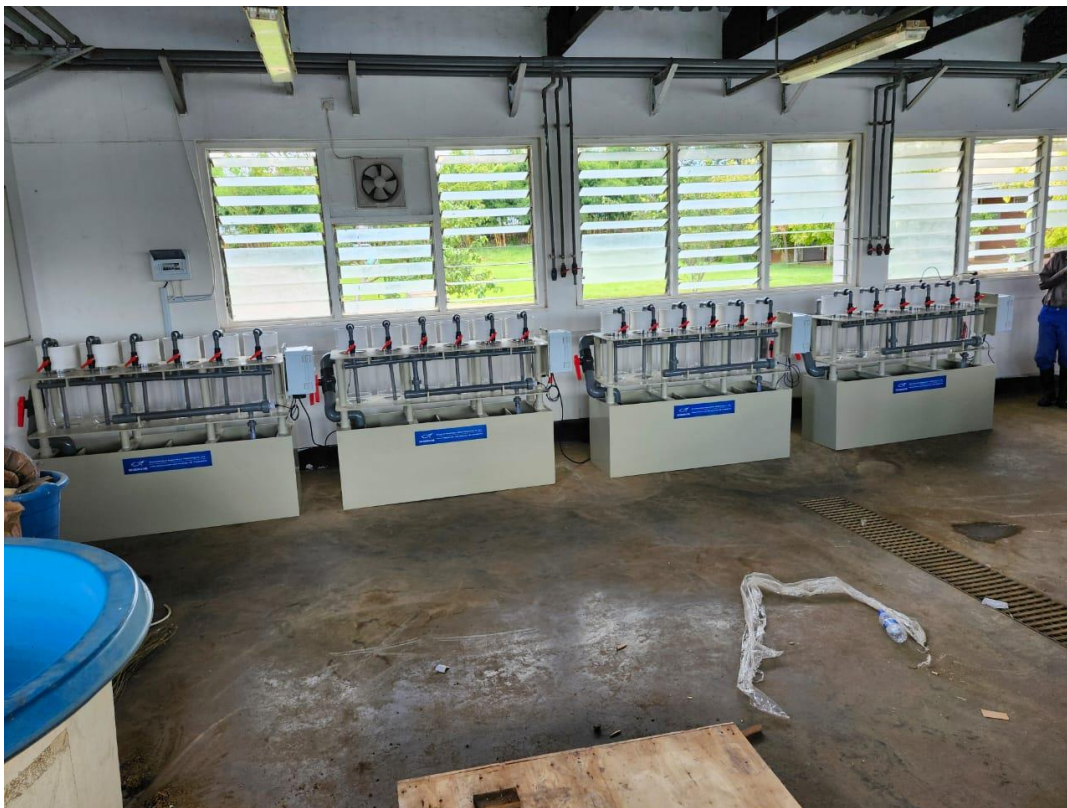
FY	23/24
Budget (MK billion)	1.0
Cumulative	1.0
Expenditure (MK billion)	1.0
Cumulative	1.0

\*as of end 31/03/2024

#### **Physical Progress:**

The following have been achieved in the first year of implementation of the programme:

- An irrigation system has been established on an initial 20ha of land at LUANAR Bunda farm;
- Two green houses have been established for vegetable production at LUANAR Bunda farm;
- Two hatcheries have been imported from China and installed for breeding of fingerlings which will be sold to commercial and smallholder farmers to enhance fish production in the country.



**Photo 1: High-End Macdonalds Fish Egg Incubators installed at Bunda Fish Farm.**

**Physical Completion Rate (as of 03/2024):**

**Achievement:**

- About 700 metric tonnes of maize was produced on 103ha of land at Illovo Dwanga Farm to contribute to food security;
- Initial 150,000 fingerlings are under production.

**Timeliness of Achievement:**

Off track because of low annual funding as only 3.4% of Total Estimated Cost of MK29.19 bn was provided in year 1.

**Implications for costs of the project:**

Procurement of plant and machinery will obviously be negatively affected by the combined effect of the 44% devaluation of the Malawi Kwacha and about 33% inflation.

**Policy Issues (challenges):**

Low annual funding that cannot enable acquisition of large farmland, plant and machinery.

**Remedial Action:**

There is need for substantial annual funding because of high initial capital investment in additional farmland, plant and machinery for establishment of a mega teaching farm.

#### **6.1.10. AGRICULTURAL MACHINERY PRODUCTION**









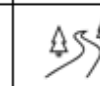


The Agricultural Machinery production project aims to address the current challenges faced by the agricultural sector in the country by establishing a locally-based production and manufacturing hub for agricultural machinery. The country largely relies on the importation of agricultural machinery and spare parts, leading to significant pressure on foreign exchange reserves. The

project capitalizes on Malawi's agricultural potential, which remains largely untapped due to the prevalence of inefficient, rudimentary, and non-mechanized farming methods. By introducing mechanized solutions, the project will revolutionize farming practices, leading to increased productivity, enhanced food security, and ultimately, a boost to the economy through the export of agricultural commodities and machinery.

**Objective:** The objective of the project is to improve agriculture productivity by enhancing agriculture mechanization.

**Outcomes:** The outcomes of the project is 'increased agriculture productivity through enhancing agriculture mechanization'.

#### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✓	✗	✗	✗	✗	✗	✗	✗	✗	✗

**Location:** The project is located in Blantyre where Malawi University of Business and Applied Science (MUBAS) as an implementing agency is located.

**Implementation period:** The project will be implemented for 5 years between April 2023 and March 2028

**Total Estimated Cost:** The total cost of the project is estimated at MK30.0 Billion

**Financial Progress:** 17% absorption of funds

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK 30 billion	MK 30 billion
Absorption (as of 03/2024)	17%	17%

**Project Budgets and Expenditure (as of end 03/2024):**

FY	21/22	22/23	23/24
Budget (MK billion)	0	0	5.2
Cumulative	0	0	5.2
Expenditure (MK billion)	0	0	5.2
Cumulative	0	0	5.2

**Physical Progress:** The project was in a preparation phase, and the process of procuring a contractor commenced.

**Physical Completion Rate (as of 01/2024):** Project commences in April 2024 and is yet to register some results.

**Achievement:** No key deliverable registered yet as actual project implementation commences in April 2024.

**Timeliness of Achievement:** All things being equal, the project is expected to be on track in terms of timeliness as it commences in April 2024.

**Implications for costs of the project:** Project cost remains as estimated.

**Policy Issues:** There is need to expedite implementation of the project to avoid inflation related cost escalation resulting from delayed implementation.

**Remedial Action:** No issue requiring remedial action in the current state of the project.

## 6.2. WATER AND SANITATION SECTOR

### 6.2.1. NKHATABAY TOWN WATER SUPPLY AND SANITATION PROJECT



*Figure 46: Nkhatabay water tank and treatment plant*

Nkhata Bay Water Supply system is one of the schemes within the mandate of the Northern Region Water Board (NRWB). Nkhatabay Town faces considerable water supply and sanitation challenges. The town has one of the lowest rates in access to potable water supply at 52 percent and people get water from unsafe sources like the lake, rivers, shallow wells and boreholes. In view of these challenges, the Northern Region Water Board sought financing from the OPEC Fund and the African Development Bank to implement Nkhatabay Town Water Supply and Sanitation Project at Nkhatabay Town and surrounding areas. The Project was declared effective on 4<sup>th</sup> March 2019 and current closing date for disbursements for AfDB is 30<sup>th</sup> June 2023. Construction works commenced on 1<sup>st</sup> December 2020 and commissioning is expected to be done in May 2023.

**Objective:** The objective of the project is to contribute to the socio-economic growth of Malawi through the provision of sustainable potable water supply and sanitation services in Nkhata bay and surrounding areas by rehabilitating, upgrading and expanding the existing Nkhata bay Town Water Supply System and provision of solid and liquid waste management facilities. This will impact positively to 105,000 beneficiaries of Nkhata Bay Town and surrounding areas by year 2040.



## Malawi 2063 Alignment:

Pillar			Enabler						
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment

**Location:** Nkhata Bay

**Implementation period:** March 2019 – June 2023

**Total Estimated Cost:** US\$30.55 million

**Revised Total Cost:** US\$35.82 million

**Financial Progress:**

**Financing Sources:**

	OFID	AfDB	GOM/NRWB	TOTAL
Type	Loan	Grant	Counterpart Funding	Mix
Contribution	US\$12 million	US\$ 15.1 million	US\$3.45 million	US\$30.45
Absorption (as of 11/2022)	US\$ 11.3million (94 percent)	US\$ 13 (86 percent)	US\$ 2.15 (62 percent)	US\$ 26.45 million (87%)

**Project Budgets and Expenditure:**

	19/20	20/21	21/22	22/23	23/24
<b>Budget (US\$ “000)</b>	2,132	5,851	14,862	7,705	1,078
<b>Cumulative</b>	2,132	7,983	22,845	30,550	31,628
<b>Expenditure (US\$ “000)</b>	1,032	4,751	5,762	7,645*	8,296
<b>Cumulative</b>	1,032	5,783	11,545	19,190*	27,486

\*as of end 11/2022

**Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q2 FY24:** US\$ 3,981,065

**Budget and Expenditure Breakdown:**

Item	Budget (US\$ “000)	Expenditure as of 11/2022 (US\$ “000)
Goods	1,202.2	1,847.95
Consultants	2487.9	2,323.96
Works	24,673.4	13,719.43
Operating costs	2,185.9	1,302.91

**Physical Completion Rate (as of 3/2024):** 95 percent

**Achievement:** Contract for Rehabilitation, Expansion and Upgrading of Nkhata Bay Water Supply System is at 95 percent physical progress. Concrete reservoirs and transmission pipelines were completed while electromechanical works and distribution pipelines are in progress. Sanitation facilities in public places, solid waste dumpsite, and liquid waste treatment plant have been constructed.

**Timeliness of Achievement:** The current completion status was envisioned to be achieved by June 2023 by the original project document. New contract to utilize savings on the water supply contract was signed and is in progress which will not be completed by June 2023. Application for extension of project implementation period was made. The Project is expected to be completed by 31st March, 2024.

**Outstanding Outputs:** The following outputs are outstanding;

1. 40.9km of distribution and pipeline connections .

## 2. Completion of electromechanical works

**Implications for costs of the project:** The project will be completed within budget.

**Challenges:** The main challenge is escalation of prices due to devaluation of the Malawi Kwacha.

**Remedial Action:** The Contractor requested additional resources to meet their contractual obligation. The Ministry of Water and Sanitation in conjunction with the Northern region water board had submitted to PPDA for no objection to the cost escalation.

### 6.2.2. LILONGWE WATER AND SANITATION














Figure 47: Some of the Achievements in the Project; Pumping Station (Left) and Node Network System installation (Right)

Lilongwe Water and Sanitation Project (LWSP) is a Government of Malawi project financed with credit and grant from the International Development Association (IDA) of the World Bank. The Lilongwe Water Board (LWB) is the implementing entity with Lilongwe City Council (LCC) as the beneficiary to the project. The project focuses on four components namely: (i) Network rehabilitation, expansion and non-revenue water reduction; (ii) Priority sanitation improvements;

(iii) Technical assistance; and (iv) Institutional capacity strengthening. The project targets to reach out to 500,000 people with improved water supply and safely managed sanitation.

### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✓	✗	✗	✗	✗	✗	✗	✓

**Location:** Lilongwe

**Implementation period:** March 2018- December 2024

**Total Estimated Cost:** MK80,844

**Objective:** to increase access to improved water services and safely managed sanitation services in Lilongwe City.

### Financing Sources:

	World Bank	GOM	TOTAL
Type	Loan (Part 1)	Part 2	Mix
Contribution (Funding)	MK73.9 billion	MK6.8 billion	MK80.8 billion
Absorption (as of 03/2024)	3.3%	100%	96.7%

### Project Budgets and Expenditure PART 1 (as of end 12/2023):

FY	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24

Budget (US\$ '000)	900	10,948	0	16,102	35,452	14,719
Cumulative	900	11,948	11,948	28,050	63,502	78,221
Expenditure (US\$ '000)	900	10,948	0	16,102	35,452	14,719
Cumulative	900	11,948	11,948	28,050	63,502	78,221

**Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q4 FY 2023/24: MK2.6 billion**

**Budget and Expenditure Breakdown PART 1 and PART 2:**

**Physical Completion Rate (as of March, 2024): 85%**

**Achievements:**

1. Rehabilitation of water distribution and transmission network – achieved 100% of the planned
2. Expansion of the water supply network – 98% achieved
3. Rehabilitation and expansion of the sewerage network – completed the planned 45.3 km of sewer pipe installation
4. Household connections – achieved 1,801 new sewer connections in Areas 1, 47 and 49 against the planned 2,892 representing 85%
5. Construction of public sanitation facilities in 10 schools and 10 markets – construction works completed at 95% and 99% for schools and markets, respectively. Remaining with minor works and handover.
6. Construction of 1,000 sanitation facilities for vulnerable households - 160 Units completed and 115 under construction. Overall Progress is at 23.8%

**Timeliness of Achievement:** The achievements are within schedule and project is likely to achieve its objectives by the implementation closing date.

**Remaining Outputs:**

1. Construction of 3,500 sanitation facilities for households
2. Implementation of Performance Based Contract to reduce Non-Revenue Water
3. Construction of 58 public water points/Kiosks
4. Free new water connections to 14,700 households
5. Construction of a Faecal Sludge Treatment Plant (FSTP) with capacity to treat 77m<sup>3</sup> of sludge per day
6. Construction of 47km of new sewer lines in Area 49 New Shire to connect 2,100 households

**Implications for costs of the project:** Project will be completed within total costs.

**Policy Issues:**

1. Increased cost of works due to inflation affecting the initial costs for sub-projects
2. Household mobilization and lower numbers of households consenting to connect to sewer network, i.e. low uptake

**Remedial Action:**

1. Scaling down of targets and revision of some contracts to cater for increased cost of works
2. Stakeholder engagement has been intensified












### **6.2.3. MALAWI WATERSHED SERVICES IMPROVEMENT PROJECT**

The project involves development of 10 small and medium scale dams for irrigation which will improve 2400 ha of irrigable land and also construct 20 rainwater harvesting structures. The project will also rehabilitate 100 km feeder roads, 10 river crossings/ rural bridges and 10 Market shades

**Objective:** The objective of the project is to improve the quality of life for local communities by increasing access to irrigation, rehabilitating feeder roads, constructing river crossings and market

shades, and promoting sustainable water management. The project aims to create a resilient, productive, and equitable watershed through the construction of 10 small and medium scale dams, 20 rainwater harvesting structures, 100 km feeder roads, 10 river crossings/ rural bridges, and 10 market shades. The project is expected to improve 2400 ha of irrigable land and enable local communities to better manage their resources and benefit from economic opportunities.

#### Malawi 2063 alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✓	✗	✓

**Location:** Neno, Ntcheu, Zomba, Blantyre, Machinga, Mangochi and Balaka Districts

**Implementation period:** 12/2020 – 12/2026

**Total Estimated Cost:** US\$160 million

**Financing Sources:** World Bank and Government of Malawi

	WB IDA No.D5860	WB IDA No.65790	GOM	TOTAL
Type	Grant	Loan	Budget allocation	Mix
Contribution	US\$78.5m	US\$78.5m	US\$3m	US\$160m
Absorption (as of 03/2024)	(17.02%)	(17.02%)	0%	(32%)

#### Project Budgets and Expenditure (as of end 03/2024):

FY	20/21	21/22	22/23	23/24
----	-------	-------	-------	-------

Budget	9.1	19.6	40.02	41.3
Cumulative	9.1	8.6	12.6	52.01
Expenditure	9.1	19.6	40.02	41.3
Cumulative	9.1	8.6	12.6	52.01

**Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q4 FY24:** MK 4.6 billion

**Budget and Expenditure Breakdown:**

Item	Budget (USD)	Expenditure as of 03/2024 (USD )
ESIA/ESS/ESMPs	850,147.58	900,000
Goods and services	3,286,939.48	1,387,450
Consultancies	20,419,577.11	9,557,648.5
Construction costs	5,203,651.30	
Operational Expenses	10,016,463.41	295,000
Capacity Development	3,822,970.11	
Grant and Transfers	19,905,033.60	2,578,472

**Physical Progress:** The progress is currently at the procurement stage of contractors and consultants for infrastructure component.

**Physical Completion Rate (as of 09/2022):** 19%

**Achievement:**

1. 17 CMC have been established and gazetted. Currently, preliminary delineation of 18 remaining CMCs have been done in Balaka, Mangochi and Machinga districts.
2. 308 VNRMCS in Neno (70), Machinga (19), Ntcheu (65), Blantyre (77), Zomba (77). The remaining VNCMR will be revamped/ established in Machinga, Mangochi and Balaka after the catchments are delineated.
3. 846 ha done.
4. 515.8 ha done. Commencement of implementation of the SLM activities started towards the end of the 1<sup>st</sup> quarter of 2022/2023 FY after CMCs were disbursed with their grants and procured tools.
5. 505.6 ha done.



**Timeliness of Achievement:** Since the project is ending in 2026, it is expected that all the activities will be done within the timeframe

**Remaining Outputs:** Construction of 8 irrigation schemes; Construction of 6 high yielding boreholes; Construction of 5 small and medium dams; design 10 water harvesting structures; procure and install one weather ladder and associated accessories; and Adjudicate, demarcate and register land parcels in Zomba, Machinga and Blantyre

**Implications for costs of the project:** Physical progress exceeds financial progress of the project. It is likely that the project will be completed on cost.

**Policy Issues:** Long turn-round time in procurement process: the longer turn-round time between various stages of the procurement process for the Consultants continues to affect the progress of some critical activities. The long - turnaround time is mainly attributed to delays in finalization of ToRs, compiling of the evaluation reports and addressing comments from the IPDC and the Bank once the ToRs and evaluation reports have been submitted for approval. The other contributing factor is the long period it takes for the GCU and PPDA to grant No-objection of the procurements.

**Remedial Action:**

1. Fast-track execution of procurement related activities;
2. Bank to avoid delays in providing feedback on submissions by Government

#### **6.2.4. UPGRADING OF LIWONDE WATER SUPPLY PROJECT TO INCLUDE BALAKA**

Liwonde and Balaka Water Supply Schemes are located in the Machinga and Balaka districts, respectively. The areas have populations of 27,269 and 28,818, respectively. The Water Supply infrastructure in Liwonde was last upgraded in 2004 under financing from the African Development Bank, while the Balaka Water Supply Project was financed under the World Bank in 2014. Liwonde Water Supply System has since exceeded the design capacity due to high demand resulting from population growth; hence, there is a need to upgrade the system. The upgraded work will include a water source for the Balaka Water Supply System, facing water problems due to deteriorated water sources from the Mpira Balaka Dam and groundwater sources.

The proposed Project aims to improve the supply to meet the projected demand for the year 2035. The project will construct an intake structure at Liwonde Barrage, upgrade the Liwonde water treatment plant to include demand for Balaka, transmission and booster stations to Balaka, a distribution pipe network including storage tanks, auxiliary buildings at Chienda Usiku, new water connection materials and equipment.









**Objective:** To support the recovery of livelihoods and infrastructure in affected areas and strengthen capacity for flood and drought risk management

**Outcome:**

- Improved water supply
- Improved Sanitation
- Improved revenue for the board

**Project Beneficiaries:** Once implemented, the project will supply potable water to a 2050 projected population of 276,650 (using the 2018 NSO census report).

**Malawi 2063 Alignment:**

Pillar			Enabler						
Agricultural Productivity	Industrialisation	Urbanisation							
			Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
			X	X	X	X	✓	X	X

**Project Location:** Liwonde and Balaka

**Implementation period:** December 2022 to November 2024

**Total Estimated Cost:** MK28 billion

**Financing Sources:**

Name of Financier	EIB	GOM	TOTAL
Type (Loan/ Grant)	Loan	Grant	
Contribution (MK/ USD)		MK 28,000,000,000	Mk 28,000,000,000
Absorption (as of 03/2024)		MK 130,803,217.85	1.8%

**Project Budgets and Expenditure (as of end 03/2024):**

FY	2028/19	2019/20	2020/21	2021/22	2022/23	2023/24
Budget (MK/ USD) (“000)	250	0	0	0	0	800
Cumulative	250	250	250	250	250	530
Expenditure (MK/ USD) (“000)	250	0	0	0	0	800
Cumulative	250	250	250	250	250	530

**Achievements:**

1. Land compensations were completed
2. Environmental and social impact assessments (ESIA) completed
3. Detailed designs and bidding documents have been finalized

Implications for costs of the project (will the project be implemented with the Total Estimated Cost): The estimated cost is higher than the available resources.

**Challenges:** The estimated project costs are above available resources. The project will be implemented in 2 lots, the available resources will not cover Lot II. The shortfall is Euro 20.1M.

**Remedial Action:** SRWB through Ministry of Finance requested additional resources.












## 6.2.5. RUMPHI WATER AND SANITATION SERVICES IMPROVEMENT PROJECT (NRWB)

The project intends to rehabilitate and upgrade water supply infrastructure and improve sanitation waters through construction of a new intake; upgrading of water treatment plant; construction of pumping stations and storage tanks; installation of 280 km of pipelines; catchment management; Construction of solid waste management facilities; construction of liquid waste management facilities, The project involves has three (3) components as follows: Water infrastructure development; Sanitation and hygiene improvement; and Project Management

**Objective:** The project development objective is to improve the health and livelihoods of the residents of Rumphi Town and surrounding areas through access to potable and sustainable water supply and improved sanitation.

**Outcomes:** Percentage of people with access to potable water supply, 51% of whom are female (Core Sector Indicator - CSI) – 88,850; Percentage of people with access to improved sanitation, of which 51% are female (CSI) – 30,000; Time measure of improved water supply service – 24hrs (from 16hrs); Catchment area afforestation 135 Ha; Catchment management committee 1; Jobs created 342

### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
X	X	X	X	X	X	X	✓	X	X

**Implementation period:** December 2023- December 2027

**Total Estimated Cost:** MWK78,362

**Financing Sources:** African Development Fund and Government of Malawi

Name of Financier:	ADF	GOM	TOTAL
Type (Loan/ Grant)	GRANT		
Contribution (USD Million)	31,050	3,537	34,587
Absorption to Date (USD)	100%	100%	100%

**Project Budgets and Expenditure:**

Items	FY2018/19	FY2019/20	FY2020/21		FY2021/22		FY22/23		FY2023/24	
	Part I (Donor) Part II (GoM)	Part I (Donor) Part II (GoM)	Part I (Donor)	Part II (GoM)	Part I (Donor)	Part II (GoM)	Part I (Donor)	Part II (GoM)	Part I (Donor)	Part II (GoM)
Budget Allocation (MK Billion)	900	11,498	200		15,602		35,452			
Cumulative Expenditure (USD)	900	12,048	12,598		28,200		63,652		78,362	

**Physical Progress:** So far the project it's still in its preparatory stage of implementation

**Achievements:**

- Grant Agreement was signed
- Subsidiary agreement was signed
- Project was Declared effective on 20<sup>th</sup> December 2023.

**Timeliness of Achievement:** The project commenced in December, 2023. As such so far the project is on track.

**Policy Issues:** So far, no issues encountered

## 6.2.6. REHABILITATION AND EXPANSION OF DOWA, DWANGWA AND SALIMA, NKHOTAKOTA AND NTCHISI SCHEMES

The project involves rehabilitating aged infrastructure which has outlived its design life, upgrading and expanding existing water supply systems to meet the growing demand in Dwangwa, Salima, Nkhotakota and Ntchisi. During the 2023/24 Financial Year the project's main focus was the installation of solar systems, installation of prepaid meters, rehabilitation and extension of water distribution lines.

**Objectives:** The primary objective of the project is to increase water production to meet the increasing demand

### Project Outcomes:

- Improved water supply coverage.
- Improved water supply reliability.

### Malawi 2063 Alignment:

Pillar			Enabler						
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
×	×	×	×	×	×	×	✓	×	×

**Location:** Dowa, Nkhotakota, Salima, Dwangwa and Ntchisi

**Beneficiaries:** 279,151 in total for all the 5 schemes-Dowa (75,000), Dwangwa (52,355), Salima (74,220), Nkhota-kota (52,076) and Ntchisi (25,500).

**Implementation period:** 2019-2025

**Total Estimated Cost:** MK136 billion

**Financing Sources:**

Name of Financier	Malawi Government through PSIP	TOTAL
Type (Loan/ Grant)	Grant	
Contribution (MK/ USD) (“000)	MK 2,837,745.58	MK 2,837,745.58
Absorption (as of 03/2024)	68%	68%

**Project Budgets and Expenditure (as of end 03/2024):**

FY	2019/20	2020/21	2021/22	2022/23	2023/24
Budget (MK/ USD) (“000)	500	0	500	135	800
Cumulative	500	500	1,000	1,135	1,935
Expenditure (MK/ USD) (“000)	500	0	500	135	800
Cumulative	500	500	1,000	1,135	1,935

**Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q4 FY23:**

**Physical Progress:**

- Solar Installation in Dwangwa is in progress
- Solar Installation in Nkhotakota is in progress
- Procurement of prepaid meters for Salima, Ntchisi and Nkhotakota is in progress

**Physical Completion Rate (as of 3/2024):** 1%

**Achievement:** All outputs are in progress

**Timeliness of Achievement (time-lapse):** 5 years against 6 years

**Outstanding Outputs:** The following outputs are outstanding

- Rehabilitation and extension of 2.1 km distribution line in Dwangwa
- Installation of 950 prepaid meters in Salima, Ntchisi and Nkhotakota
- Rehabilitation and extension of 3.7 Km distribution lines in Salima

**Implications for costs of the project (will the project be implemented with the Total Estimated Cost):** Late disbursement of funds led to price escalations which will affect the implementation within the total estimated costs

**Challenges:**

- Delayed disbursement of funding from the Ministry of Finance
- Inadequate funding to carry out all planned activities

**Remedial Action:** Continuously engaged the Ministry to release funding for the projects

#### **6.2.7. CONSTRUCTION OF KHOLONGO MULTIPURPOSE DAM FOR WATER SUPPLY AND IRRIGATION PROJECT IN MPONELA**

The project was specifically identified to support the growth of Mponela from a Township to becoming a Secondary City. The Multi-Purpose Dam shall be a source of water for domestic and industrial consumption, irrigation, fish farming, tourist activities and as well as maintaining environmental flows. The areas that are earmarked to be supplied with potable water by the Dam construction include Mponela Town and other surrounding areas including Mtiti, Madisi, Kanyungu, Kawele, Chimungu, Diliro Trading Centres. The dam will be 22 m high with a crest length of 1.1 km. It is envisaged to store 25 billion litres of water.

**Objective:** The primary objective of the project is to meet the long-term water security for Mponela town and its surrounding areas for the multi-sectoral water requirements including














drinking water demand, industrial water demand, institutional water demand, irrigation development, fisheries and environmental water demand

### Outcomes:

1. Improved water supply for over 140,000 people around Mponela town and surrounding areas
2. 24-hour Water supply to Mponela and Surrounding areas
3. Increased water storage from 0 m<sup>3</sup> to 25Mm<sup>3</sup> on Kasangadzi River
4. Improved food security and community livelihoods for 4,436 households
5. Improved Catchment management
6. Drastic reduction of waterborne diseases

### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✓	✗	✓	✗	✗	✗	✗	✓	✗	✗

**Location:** Dowa

**Beneficiaries:** Over 190,000 beneficiaries

**Implementation period:** March 2023 to February 2026

**Initial Estimated Costs:** MK67 billion

**Revised estimated costs:** MK76 billion

**Financing Sources:**

Name of Financier	Malawi Government	TOTAL
Type (Loan/ Grant)	Local Currency Bond	
Contribution (MK/ USD)	MK76,251,882,152.07	MK76,251,882,152.07
Absorption (as of 02/2024)	9.2%	9.2%

**Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q4 FY23:**

**Project Budgets and Expenditure Breakdown:**

**Project Budgets and Expenditure (as of end 03/2024):**

FY	2022/23	2023/24
Budget (MK/ USD) (“000)	72	7,000
Cumulative	72	7072
Expenditure (MK/ USD) (“000)	72	7,000
Cumulative	72	7072

**Physical Completion Rate (as of 2/2024):** 20%

**Achievement against the outputs:** All outputs are still in progress

**Timeliness of Achievement (time-lapse):** 12 months against 26 months

**Implications for costs of the project (will the project be implemented with the Total Estimated Cost):** The project will not be completed with the original total estimated cost. A first revision due to 25% devaluation of the Kwacha was already effected. Another request to vary the project cost due to 44% devaluation has also been received from the contractor and is under analysis.

**Challenges:**

1. Mobility issues for Project Management Unit (PMU) staff remain a major challenge
2. Slow progress by the contractor to finish the detailed designs

3. Slow progress by the ESIA consultant to meet deadlines for deliverables

**Remedial Action:**

1. Approval for the procurement of vehicles from the Ministry was granted and processes to purchase the PMU vehicles are underway
2. Reviews of submissions from the contractor were being expedited, and the Contractor was cautioned officially on the delay in finishing detail designs for the project
3. Measures were taken to expedite ESIA and RAP for the Dam area to prioritise compensations within the Dam Influence Area. This is because construction of the Dam activity lies in the critical path

#### **6.2.8. MALAWI RESILIENCE AND DISASTER RISK MANAGEMENT PROJECT**

The project involves reconstruction and recovery efforts within the districts affected by both the recent 2019 flood and 2016 drought events. The 15 affected districts include Balaka, Blantyre, Chikwawa, Chiradzulu, Machinga, Mangochi, Mulanje, Mwanza, Neno, Nsanje, Phalombe, Thyolo and Zomba in the Southern Region and Dedza and Ntcheu in the Central Region.

**Objectives:** To support the recovery of livelihoods and infrastructure in affected areas and strengthen capacity for flood and drought risk management

**Outcomes:**

- Strengthened resilience to climate-related risks of rural agricultural communities through rehabilitation and construction of irrigation schemes, enhancement of agricultural production and catchment rehabilitation Strengthened resilience of communities vulnerable to drought through the provision of reliable water supply systems;
- Enhanced decision making for the management of flood and drought risk in the Shire River Basin and Blantyre City;
- Strengthened Disaster Risk Management Capacity at National, District and City levels;












- Reduced risk of communities exposed to flooding and enhanced resilience of community to drought through strategic infrastructure investment

**Project location:** Nsanje, Chikwawa, Mwanza, Neno, Blantyre, Ntcheu and Dedza

**Implementation period:** December 2020 - December 2024

**Total Estimated Cost:** USD80 million

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✓	✗	✓

## Financing Sources

Name of Financier:	(Name of Financier 1)	GOM	TOTAL
Type (Loan/ Grant)	World Bank US\$80Million	MWK800,00 0,000	US\$80.8Million
Disbursement to Date (USD)	100	100	100

## Project Budgets and Expenditure:

FY	2021/22	2022/23	2023/24	2024/25
Budget (MK/ USD) (“000)	14,798	41,772	11,452	12,052
Cumulative	14,798	56,570	68,022	80,072
Expenditure (MK/ USD) (“000)	14,798	41,772	11,452	12,052

Cumulative	14,798	56,570	68,022	80,072
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#### **Physical progress of implementation:**

1. Completed Construction of 7-irrigation schemes namely: Ulande in Neno, Phandiro and Kamwaza in Machinga, Khwisa and Utale in Balaka, Nkhawazatha and Ndundumala in Zomba and Lisungwi in Ntcheu.
2. Launched construction of a 250 hectares solar powered irrigation scheme called Mkawinda Scheme in Blantyre
3. Engaged a consultant to support strengthening of Water User Associations for the developed schemes. incorporation of trustees for Kasangazi, Mazame, Khwisa, Kamwaza and Nkawinda WUA were approved and are fully registered as Water Users Associations.

#### **Challenges and Recommendations:**

1. Land issues continue posing a threat. Continue engaging communities
2. Time constraints to complete project activities despite lifting of suspension of works due to safeguard instruments: expedite submission of instruments;
3. Suspension of catchment management activities do not only threaten realization of resilient infrastructure but also reduce the envisaged impacts. The Project is implementing CM activities as part of safeguards activities;
4. Poor performance of some supervising consultant: Warnings and step-up contract management
5. Projected Budget Constraints due to devaluation: Debasing the contract balances to US\$.
6. Lack of forex is posing a threat on timely execution of some contracts that require suppliers to import materials. The Ministry of Finance should re-consider allowing the Project to keep a certain proportion of forex in Commercial Banks to facilitate fulfillment of payment obligation.
7. Limited prioritization of safeguard issues in project implementation- With limited time remaining there is need to enhance collaborate on issues of safeguards
8. Delayed clearance of environmental and social instruments: most activities are in critical path.

### **6.2.9. SALIMA-LILONGWE WATER PROJECT**

The Salima-Lilongwe Water Supply Project was conceptualized as a long-term solution to the water situation in Lilongwe City and surrounding areas including town centers along the M14 Lilongwe – Salima Road (Salima Town, Kaphatenga, Chipoka, Mvera, Chezi Dowa Boma, and Chankhungu). The flagship project is expected to increase water availability by 100,000 m<sup>3</sup>/day and close the current water supply gap by the year 2045.

Objectives:

- To ensure that there are adequate water resources for the projected water demand for the City of Lilongwe to 2050
- To increase access to safe piped water to both inner urban areas and peri-urban areas to safeguard healthy and disease-free inhabitants of the City of Lilongwe
- To increase water supply coverage from the current estimated 72% of the citizenry of the City of Lilongwe to at 100%
- To increase access to piped potable water to 50% of the inhabitants on the pipeline corridor (Lilongwe to Salima).

**Project Outcomes:**

- Water Treatment Plant with a daily treatment capacity of 100,000 m<sup>3</sup>.
- 120 km of DN 1000mm transmission pipeline from Salima to Lilongwe.
- Increased access to potable water for 150,000 new customers in Lilongwe City
- Over 25,000 new customers in Salima and Dowa Districts












**Project Beneficiaries:** 1.5 million people in Lilongwe, Salima and Dowa Districts

**Project Location:** Lilongwe City, Lilongwe District, Salima & Dowa

**Implementation period:** March 2024 to February 2026

**Total Estimated Cost:** USD315.4 million

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✓	✗	✗

### Financing Sources:

Name of Financier:	(Name of Financier 1)	GOM	TOTAL
Type (Loan/ Grant)		NBS Bank Plc and National Bank of Malawi Plc (Lake Malawi Water Supply Project) Loan (Authorization)	K105,000,000,000
Disbursement to Date (USD)		0.19%	0.19%

### Project Budgets and Expenditure:

FY	2023/24
Budget (MK/ USD) ("000)	200
Cumulative	200
Expenditure (MK/ USD) ("000)	200
Cumulative	200

**Physical Completion Rate (as of 2/2024):** 5% (Engineering Design completed)

**Main Achievement:** Secured K105 billion Government's equity into the project

**Challenges:**

- Delay in funding the operations of the SPV;
- Currency realignment of the Malawi Kwacha meant that the K105 billion was no longer equivalent to 30% of the project cost. For the Government to maintain a 30% equity in the project, an additional sum of about K60 billion was required;
- Forex shortage

**Remedial Action:**

- Delay in recruitment of support staff
- Amendment bill to the Loan Authorization Act presented and passed in Parliament. This allows Government to increase the borrowing to meet its 30% equity contribution.
- Engaging reserve bank to provide forex for the project.

**6.2.10. SALIMA TOWN WATER SUPPLY**

**Description:** The project intends to Upgrade and Integrate Salima Lakeshore and Salima Town Water Supply Schemes hence extending and expanding Salima water supply system to Salima town.

**Objective:** To increase access to clean water which is in line with Malawi vision 2063, with the aim of ensuring the provision of clean water, sanitation and hygienic services at household and community level by 2027

**Outcome:**

- Increased water supply reliability from 8 hours to 24 hours a day by 2027;
- increased water supply coverage from 41% to 100% by 2027;
- improved water quality by 2027; improved sanitation services

**Location:** Salima

**Project Period:** January 2023 to December 2025



**Total Estimated Cost:** USD35,400,000

**Malawi 2063 Alignment:**

Pillar			Enabler						
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment

**Financing Sources:**

Name of Financier	EIB	EIB	GoM	TOTAL
Type (Loan/ Grant)	Loan	Grant	Grant	
Contribution (MK/ USD)	USD 21M	USD 9	USD 5.4	USD 35.4
Absorption (as of 03/2024)	USD 0	USD 0	USD 0	USD 0

**Project Budgets and Expenditure (as of end 03/2024):**

FY	2023/24
Budget (MK/ USD) ("000)	0.00
Cumulative	0.00
Expenditure (MK/ USD) ("000)	0.00
Cumulative	0.00

**Physical Progress:** Currently the project is still in early stage. Actual implementation has not started and contractor has not been procured

**Physical Completion Rate (as of 3/2024):** 0%

**Achievement against the outputs:** Not yet

**Timeliness of Achievement (time-lapse):** On track

**Implications for costs of the project (will the project be implemented with the Total Estimated Cost):** No implication of costs so far

**Challenges:** No challenges so far

#### **6.2.11. DOWA TOWN WATER SUPPLY AND SANITATION PROJECT**












The proposed project mainly involves upgrading and expanding the existing water supply system in Dowa Town and surrounding areas to meet the current and future demand. This will include the rehabilitation, expansion, and improvement of the capacity of the raw water intake, water treatment plant, transmission pipelines, and distribution system, including the construction of pumping stations and reservoirs. The project will also include activities that will improve the capacity of the CRWB to operate and maintain its facilities.

**Objective:** The main objective is, by 2035, to increase access to reliable and sustainable potable water supply and improved sanitation services for the socio-economic growth of 150, 000 people of Dowa Town and surrounding areas.

**Project Outcomes:**

- Improved water supply reliability from 8 hours to 24 hours per day by 2026;
- Improved water supply coverage from 47% to 78% in 2026 and 100% by 2035;
- consistently meet the required water quality standards;
- reduced non-revenue water from 46% to 25% by 2035; and
- improved sanitation services in Dowa district hospital, Dzaleka and certain schools in Dowa district

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✓	✗	✗

**Location:** Dowa town and surrounding areas

**Beneficiaries:** The project is expected to directly benefit over 150,120 people in Dowa and surrounding areas.

**Implementation period:** November 2023- November 2026 (3 years.)

**Total Estimated Cost:** USD32.19 million.

**Financing Sources:**

Name of Financier	BADEA	OPEC	GoM	TOTAL
Type (Loan/ Grant)	Loan	Loan	Grant	
Contribution (MK/ USD)	(USD 16M)	(USD 15M)	(USD1.19M )	USD 32.19M
Absorption (as of 03/2024)	3.37%	3.37%	3.37%	3.37%

**Project Budgets and Expenditure (as of end 03/2024):**

FY	2019/20	2020/21	2021/22	2022/23	2023/24
Budget (MK/ USD) (“000)	470	0	0	500	800
Cumulative	470	470	470	970	1770
Expenditure (MK/ USD) (“000)	470	0	0	500	800

Cumulative	470	470	470	970	1770
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**Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q4 FY23:**

**Budget and Expenditure Breakdown:**

**Physical Progress:**

Design Review and Supervision Consultant submitted the Socio-economic Household survey report; Client reviewed the Socio-economic household survey report and provided comments; DRS Consultant commenced geophysical surveys; DRS consultant Completed the Topographic survey; DRS consultant submitted an Inception report which was approved; ;ESIA Consultant submitted a Scoping report which was reviewed by the client and comments were provided; ESIA consultant submitted an Inception report which was reviewed by the Client and comments were also submitted; ToRs for Design Review and Supervision Consultancy developed; ToRs for ESIA Consultancy developed; Selection of DRS and ESIA Consultants done; Contract for DRS Consultant was signed; ESIA Pre-contract meeting held; Loan agreement with OPEC signed; Acquisition of land for the treatment plant and service reservoirs done; Community sensitization was on going; Project Appraisal by BADEA was successfully completed; Contract signing with ESIA Consultant

**Physical Completion Rate (as of 3/2024): 3%**

**Achievement against the outputs:** All outputs are in progress

**Timeliness of Achievement (time-lapse): 5 Months of 36 months**

**Implications for costs of the project (will the project be implemented with the Total Estimated Cost: Yes**

**Challenges:**

1. Long approval processes for ESIA Consultant by the PPDA and Ministry of Justice.
2. BADEA loan agreement is yet to be finalized with the Ministry of Finance and Economic Affairs
3. Delayed response by the Government on the requested funding for meter purchasing.

**Remedial Action:** Continuous engagement with relevant authorities












### 6.2.12. RUMPHI WATER AND SANITATION SERVICES IMPROVEMENT PROJECT (NRWB)

The project intends to rehabilitate and upgrade water supply infrastructure and improve sanitation waters through construction of a new intake; upgrading of water treatment plant; construction of pumping stations and storage tanks; installation of 280 km of pipelines; catchment management; Construction of solid waste management facilities; construction of liquid waste management facilities, The project involves has three (3) components as follows: Water infrastructure development; Sanitation and hygiene improvement; and Project Management

**Objective:** The project development objective is to improve the health and livelihoods of the residents of Rumph Town and surrounding areas through access to potable and sustainable water supply and improved sanitation.

**Outcomes:** Percentage of people with access to potable water supply, 51% of whom are female (Core Sector Indicator - CSI) – 88,850; Percentage of people with access to improved sanitation, of which 51% are female (CSI) – 30,000; Time measure of improved water supply service – 24hrs (from 16hrs); Catchment area afforestation 135 Ha; Catchment management committee 1; Jobs created 342

#### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
×	×	×	×	×	×	×	✓	×	×

**Financing Sources:**

Name of Financier:	ADF	GOM	TOTAL
Type (Loan/ Grant)	GRANT	Budget Allocation	
Contribution (USD)	32,000,000	3,500,000	35,500,000
Disbursement to Date (USD)	0.9%	0%	1.01%

**Project Budgets and Expenditure:**

FY	2023/24
Budget (MK/ USD) ("000)	3,299
Cumulative	3,299
Expenditure (MK/ USD) ("000)	0
Cumulative	0

**Physical Progress:** So far the project its still in its preparatory stage of implementation

**Achievements:**

- Grant Agreement was signed
- Subsidiary agreement was signed
- Project was Declared effective on 20<sup>th</sup> December 2023.

**Timeliness of Achievement:** The project commenced in December, 2023. As such so far the project is on track.

**Policy Issues:** So far, no issues encountered

**6.3. EDUCATION SECTOR****6.3.1. CONSTRUCTION OF THREE (3) TEACHERS TRAINING COLLEGES FOR PRIMARY SCHOOL TEACHERS**












As of 2016, Malawi had only seven Teacher Training Colleges which all 38,000 teachers in Malawi had attended. However, with growing enrolment numbers and population growth of 2.7 percent, the existing infrastructure was increasingly insufficient to host the necessary number of teachers in training. That is why the Government of Malawi, in 2018, engaged OFID, BADEA, and Saudi Fund to finance three of the additional six teacher training colleges foreseen by the National Education Strategy of 2020 at concessional rates. Originally planned to start hosting teachers in training beginning in January 2020, the works have been delayed and the learning of 550 teachers at each institution will start in January 2025.



*Figure 48: Constructed Blocks in Rumphi*

**Objective:** The project aims at improving the quality of primary education through construction of 3 TTCs in Rumphi, Mchinji, and Chikwawa districts to ensure provision of more qualified primary school teachers in Malawi. The three TTCs will each include an administration area (including administration block), teaching area (including theater, 6 classroom blocks, and specialized classrooms), 45 staff houses, and hostels housing 600 students.

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✓	✗	✗

**Location:** Rumphi, Mchinji, and Chikwawa Districts

**Implementation period:** 01/2018 – 03/2025

**Total Estimated Cost:** MK 42 billion

**Financial Progress**

**Financing Sources:**

	OFID		BADEA		SAUDI FUND		GOM	TOTAL
Type	Loan		Loan		Loan		Budget allocation	Mix
Contribution	MK 14.7 billion		MK 14.7 billion		45 million Saudi Riyals		MK 12.6 billion	MK 42.0 billion
Absorption (as of 09/2022)	MK 14.7 billion (100 percent)		MK 14.7 billion (100 percent)		45 million Saudi Riyals (100%)		MK 6.5 billion (52 percent)	MK 35.9 billion

**Project Budgets and Expenditure:**

FY	17/18	18/19	19/20	20/21	21/22	22/23	23/24
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Budget (MK billion)	10	10	10	1.7	3	1.5	2.7
Cumulative	10	20	30	31.7	34.7	36.2	38.9
Expenditure (MK billion)	6.9	6.9	6.9	6.9	6.9	1.4*	2.7
Cumulative	6.9	13.8	20.7	27.6	34.5	35.9*	38.6

\*as of end 03/2024

#### **Budget and Expenditure Breakdown:**

Item	Budget (MWK bn)	Expenditure as of 09/2022 (MWK bn)
Feasibility study	1.2	1.2
Land acquisition	0.9	0.8
Design costs	2.1	2.2
Construction costs Rumphi	11.2	10
Construction costs Mchinji	9.4	8.5
Construction costs Chikwawa	10.7	9.7
Utilities and taxes	7.3	4.3

**Physical Completion Rate** (as of 03/2024): 95 percent

**Achievement:** The TTC in Chikwawa is completed. In Rumphi and Mchinji administration areas and teaching areas are completed. Staff houses and hostels are partially completed.

**Timeliness of Achievement:** The current completion status was envisioned to be achieved by 09/2019 by the original project document. Severe delays meant that a new timeline was negotiated on 08/2021 which delayed finalization by 5 years. While current achievements are delayed by two years with respect to the original timeline, they are on track regarding the renegotiated timeline.

**Remaining Outputs:** 6 hostels (of 20) and 15 staff houses (of 45) remain to be constructed in Rumphi while 7 hostels (of 20) and 24 staff houses (of 45) are not yet completed in Mchinji. Additionally, some kitchen equipment and some external works remain.

**Implications for costs of the project:** Physical progress exceeds financial progress of the project. It is likely that the project will be completed under costs.

**Policy Issues:** The primary policy issue in this project is low government funding. While the donor component has been 99 percent completed, the government component stands at 90 percent. This means that the project is severely delayed. An initial planned completion date in 2020 had to be postponed to 2025.

Implementation capacity appears adequate. All agreed outputs were delivered with acceptable delays by the project implementation unit as long as adequate resources were provided.

**Remedial Action:** Larger budget allocations should be made and budgets disbursed. This is especially the case since an investment of MK 7.5 bn will enable completion and handing over of MK 42 bn worth in assets to the end users.

### **6.3.2. MALAWI EDUCATION REFORM PROJECT**












Malawi Education Reform Project (MERP) a World Bank, GPE and MoG financed (\$240 million of which \$150million is donor) project aimed at improving learning environment for lower primary schools. This project is comprised of six components, which provide support for expanding and reforming primary school improvement grants, improving learning environments in lower primary schools, supporting girls' learning, a school leadership program, project coordination and capacity building, and a contingent emergency response. The project aims to improve the learning achievement of students and teachers, provide timely and predictable delivery of finance, construct low-cost classrooms and latrines, and hire auxiliary teachers in order to support learning recovery after COVID-19.

**Objective:** The objective of the project is to improve learning environments for students in lower primary in government schools.

**Outcomes:**

1. Reformed PSIG to provide more needs-based support, improving educational outcomes.
2. Improved learning environments in lower primary schools for safer, more conducive learning.
3. Improved support for girls' learning to raise achievement, especially in remote areas.
4. School Leadership Program (SLP) to enhance school leadership quality, increasing educational outcomes.
5. Project coordination and capacity building for efficient management, ensuring project success.

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
×	×	×	×	×	×	×	✓	×	×

**Location:** Across the country

**Implementation period:** March 2022 - March 2026

**Total Estimated Cost:** MWK 274 Billion

**Financial Progress:**

**Financing Sources:** World Bank and Malawi Government

	World Bank	World Bank	GOM	TOTAL
Type	Grant	Loan	Budget allocation	Mix
Contribution	\$56.5 million	\$93.5 million	MK154.585 billion	MK274 billion
Absorption (as of 03/2024)	30.63%	30.63%	30.63%	30.63%

**Project Budgets and Expenditure (as of end 03/2024):**

FY	22/23	23/24
Budget (MK billion)	25.085	58.853
Cumulative	25.085	83.938
Expenditure (MK billion)	25.085	58.853
Cumulative	25.085	83.938

\*as of 013/2024

**Physical Completion Rate (as of 03/2024):**

**Physical Completion Rate (as of 03/2024):**

**Achievement:** 2,127 headteachers, deputy headteachers and female section heads completed the School Leadership Program Training.

**Timeliness of Achievement:** The achievement is against the target of 9800 trained school leadership by December 2025 showing a slight delay in achieving that objective of the programme.

**Implications for costs of the project:** The delays may lead to an extension of the programme's implementation period which will attract an increase in TEC. The extended period might also be vulnerable to inflation and/or devaluation.

**Policy Issues:**

Delay in achieving some targets of the project.

**Remedial Action**

Implementing unit and the Ministry need to fast track some activities to ensure timely completion of the project.

### 6.3.3. CONSTRUCTION OF 34 SECONDARY SCHOOLS OF EXCELLENCE












The Construction of 34 Secondary Schools of Excellence project is a nationwide initiative to build 34 new secondary schools. The schools will be designed to provide a high-quality, comprehensive education for students at secondary education level. Each school will be equipped with state-of-the-art technology, modern classrooms, and a range of recreational activities. The Programme will be implemented in the thirty-four (34) education districts across the Country.

**Objective:** To improve access to quality secondary education in Malawi.

#### Outcomes:

1. Improved access to quality secondary education in Malawi;
2. Increased employment opportunities, as the school will require a staff of teachers, administrators, and maintenance personnel. Furthermore, the project will create job opportunities for local construction workers and other professionals in the field. This will help to stimulate the local economy and provide employment opportunities to those in need.
3. Improved safety and security: The new schools will create a safe and supportive learning environment for students, and help them reach their full potential.

#### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
X	X	X	X	X	X	X	✓	X	X

**Location:** Across the country

**Implementation period:** June 2020 - June 2026

**Total Estimated Cost:** MWK 120 Billion

**Financial Progress:** 0.32%

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MWK 120 Billion	MWK 120 Billion
Absorption (as of 03/2024)	0.32%	0.32%

**Project Budgets and Expenditure:**

FY	22/23	23/24
Budget (MK billion)	1	4
Cumulative	1	5
Expenditure (MK billion)	0.250	0.135
Cumulative	0.250	0.385

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):**

**Achievement:** The designs for the Schools of Excellence were completed. The Ministry has secured 6 sites for the project, namely Rumphi, Nkhotakota, Lilongwe, Mangochi, Phalombe and Chikwawa. Procurement of six Contractors to construct three (3) Schools of Excellence is underway.

**Timeliness of Achievement:** This project has delayed due to long procurement process, resource constraints, and need for compensations.

**Implications for costs of the project:** The cost of the project is likely to increase due to the delay in preparation.

**Policy Issues:**

Resource constraints as project cost is higher than the budget. Moreover, there is a challenge pertaining to acquisition of land. The public is expecting compensations (Rumphi, Nkhotakota, Mangochi and Chikwawa).

**Remedial Action**

In order to address public expectations on compensations, traditional leaders engaged their subordinates to sensitize them on the importance of the project in their areas.

On Financial Constraints, the Ministry plans to implement the project in a phased approach, starting with the three (3) districts (Rumphi, Lilongwe and Mangochi).

#### **6.3.4. EQUITY WITH QUALITY LEARNING AT SECONDARY (EQUALS) PROJECT**

Government with support from the World Bank, is implementing the Equity with Quality Learning at Secondary Schools (EQUALS) Project. The project aims at improving the quality of mathematics and science instruction in CDSSs and increasing access to secondary education in selected remote areas. The project is being financed by a concessional loan from the World Bank

amounting to \$90 Million. The project is upgrading 103 CDSSs in 13 districts namely: Chitipa, Karonga, Kasungu, Salima, Mchinji, Lilongwe Rural East, Balaka, Zomba Rural, Chikwawa, Mwanza, Neno, Phalombe and Mulanje. The upgrading includes a software component and construction component which consist of construction of 2 classroom blocks, 2 science labs, ICT lab, and library for each CDSS.












**Objective:** The Equity with Quality Learning at Secondary Schools (EQUALS) Project also aims to create a more equitable learning environment by increasing access to quality education in remote areas. The Project intends to improve the quality of mathematics and science instruction in CDSSs and increase access to secondary education in selected remote areas in 13 districts of Malawi.

**Outcomes:**

1. Improved Quality of Education: By providing upgraded facilities and software to 103 CDSSs, the EQUALS Project will result in improved teaching and learning, increased access to quality education, and improved student outcomes in mathematics and science.
2. Increased Access to Secondary Education in remote areas, enabling more students to access quality education.
3. Improved Learning Environment: The EQUALS Project will create a more conducive learning environment for students by providing upgraded facilities and software. This will result in improved student engagement and better learning outcomes.

**Malawi 2063 Alignment:**



Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
×	×	×	×	×	×	×	✓	×	×

**Location:** Across the country

**Implementation period:** March 2019 – December 2025

**Total Estimated Cost:** MWK 92.4 Billion

**Financial Progress:**

**Financing Sources:**

	World Bank	TOTAL
Type	Loan	Loan
Contribution	MK92.4 billion	MK92.4 billion
Absorption (as of 03/2024)	88.65%	88.65%

**Project Budgets and Expenditure:**

FY	22/23	23/24
Budget (MK billion)	43.938	37.976
Cumulative	43.938	81.914
Expenditure (MK billion)	43.938	37.976
Cumulative	43.938	81.914

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024): 20%**

**Achievement:**

4,507 secondary Mathematics and Science teachers re-oriented on the current curriculum and 1,292,976 Mathematics and Science textbooks procured bringing the student textbook ratio to 1:1 for the first time in all government secondary schools.

**Timeliness of Achievement:**

The achievements are timely

**Implications for costs of the project:** N/A

**Policy Issues:** No major challenges

**Remedial Action:** No major challenges

### **6.3.5. SKILLS FOR A VIBRANT ECONOMY (SAVE) PROJECT**

The development objective of Skills for a Vibrant Economy Project for Malawi is to increase access, to labor market-relevant skills development programs, in participating institutions, targeting priority areas of the economy. This project has four components. 1) The first component, Supporting Increased Access to Skills Development Programs in Higher Education, has the following sub-components: (i) Performance Agreements for Skills Development Results in Higher Education; and (ii) Higher Education Student Financing to Improve Equity. 2) The second component, Supporting Increase in Access to Technical, Entrepreneurial, and Vocational Education and Training (TEVET) Skills Development, has the following sub-components: (i) Performance Agreements to Support Increased Skills Development through National Technical Colleges; (ii) Increased Access to Market-oriented TEVET Programs through Competitive Grants; and (iii) Increased Equity in Formal TEVET through Scholarships. 3) The third component, Tertiary Education System Strengthening, Project Management, M&E, and Communications, has the following sub-components: (i) Higher Education System Strengthening; (ii) TEVET System Strengthening; (iii) Strengthening the Open, Distance, and e-learning (ODEL) Directorate and Support to Continuity of Learning in Tertiary Education; and (iv) Project Coordination, Monitoring and Evaluation (M&E), and Communications. 4) The fourth component, Contingent Emergency Response Component, will allow for rapid reallocation of project proceeds in the event

of a natural or man-made disaster or crisis that has caused or is likely to imminently cause a major adverse economic and/or social impact.












**Description:** The project is designed to provide skills development support through programs offered in selected tertiary education institutions spanning higher education and technical, entrepreneurial, and vocational education and training (TEVET), with special attention on demand-driven approaches to boost labor force skills, women's empowerment, digital skills and technology, institutional strengthening and learning continuity. The project will support nine higher education institutions, seven national technical colleges, and about 30 skills development institutions. Over its lifetime, SAVE will benefit 45,000 university students and 65,000 technical and vocational students. The Project will prioritize access and reduce the constraints faced by female students in accessing tertiary education and help ensure a safe and conducive learning environment.

**Objective:** To increase access to quality skills development and training by providing support to selected tertiary education institutions spanning higher education and technical, entrepreneurial, and vocational education and training (TEVET), with special attention on demand-driven approaches to boost labor force skills, women's empowerment, digital skills and technology, institutional strengthening and learning continuity.

**Outcomes:**

1. Increased access to quality skills development and training for university students and technical and vocational students
2. Improved labor force skills -Increased women's empowerment
3. Increased digital skills and technology
4. Strengthened institutional capacity
5. Increased access to tertiary education for students

**Malawi 2063 Alignment:**

Pillar			Enabler 						
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✓	✗	✗

**Location:** Across the country

**Implementation period:** April 2022 to March 2026

**Total Estimated Cost:** USD 100 Million

**Financial Progress:**

**Financing Sources:**

	World Bank	TOTAL
Type	Loan	Loan
Contribution	\$100 Million	\$100 Million
Absorption (as of 03/2024)	20.22%	20.22%

**Project Budgets and Expenditure:**

FY	22/23	23/24
Budget (MK billion)	15.524	48.907

Cumulative	15.524	64.431
Expenditure (MK billion)		0.036
Cumulative		0.036

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024): 2%**

**Achievement:** Generally, the project is at design stage and development of the ESMPs. Only UNIMA had its designs and ESMP approved and advertised for a contractor. There has been improved coordination among the MoE, MoL, PIU and the implementing partners have reduced delays in providing responses on issues raised by the Bank.

**Timeliness of Achievement:** The overall project has delayed as other institutions are still in preparatory phases.

**Implications for costs of the project:** The project's delay in timeline will likely increase the Total Estimated Cost (TEC) due to devaluation and inflation.

**Policy Issues:**

Delay in addressing issues raised by the bank is a major challenge.

**Remedial Action**

There is need to improve coordination between PIUs and the Bank.

### **6.3.6. CONSTRUCTION OF INKOSI YA MAKHOSI M'MBELWA UNIVERSITY**

The project involves constructing a new University that will have the following four schools and a center: School of Basic sciences, School of Animal Sciences with animal farm, School of












Veterinary Medicine with a Veterinary clinic, School of Human Health Sciences, High-tech Livestock Industrial Center and 4 hubs. The project has the following outputs: Main Administration building; learning resource center; teaching and learning buildings for the four Schools; High-tech Livestock industrial center; a Centre for International Relations; Staff Houses and Guest Houses; Halls of residence for Students (females and males); Shopping Mall; Restaurants; a Recreation Centre; a University Clinic; Animal Farm; a Dam; and Veterinary Clinic among others.

**Objective:** The project is aimed at improving quality of teaching, learning, and research in order to facilitate boosting of the Malawi economy by constructing Inkosi Ya Makhosi M'Mbelwa University to provide an advanced, inclusive and sustainable education environment for students and staff, with state of the art facilities, resources and equipment that will enable the university to become a world-class learning and research institute.

**Outcomes:**

1. Improved research, teaching and learning activities due to availability of necessary infrastructure;
2. Increased access to scholarly materials and resources for students and faculty;
3. Increased access to tertiary education through provision of more learning space;
4. Enhanced student learning experience through provision of necessary resources to pursue academic endeavors;
5. Improved working environment for faculty.

**Malawi 2063 Alignment:**

Pillar			Enabler 						
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✓	✗	✗

**Location:** Mzimba

**Implementation period:** June 2019 – March 2027

**Total Estimated Cost:** MWK 100 Billion for Part 1 and MWK 5 Billion for Part 2

**Financial Progress:** 6.8%

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK 100 billion	MK 100 billion
Absorption (as of 03/2024)	6.8%	6.8%

**Project Budgets and Expenditure:**

FY	18/19	19/20	20/21	21/22	22/23	22/24
Budget (MK billion)	2.5	2.483	0	0	0	1.8
Cumulative	2.5	4.98	4.98	4.98	4.98	6.78
Expenditure (MK billion)	2.5	2.483	0	0	0	1.8
Cumulative	2.5	4.98	4.98	4.98	4.98	6.78

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024): 4%**

**Achievement:**

1. Designs for accommodation facilities for Staff and Students are done
2. Consultant to supervise the construction of the accommodation facilities has been recruited.
3. Contractors to construct accommodation facilities have been identified.
4. Procurement of Contractors to construct other school facilities is underway.

**Timeliness of Achievement:**

The project has delayed due to shortage of funds and delays in procurement process.

**Implications for costs of the project:** It is likely that there will be cost escalations due to inflation and devaluation that has occurred.

**Policy Issues**

Contractors were reluctant to mobilize to site due to material price escalations after 44% devaluation of the Malawi Kwacha. They asked for an increase in the contract sum.

**Remedial Action**

There is need to engage PPDA for any major changes to the contract and once resolved, expedite the payments for certificates to avoid further cost escalations.

**6.3.7. CONSTRUCTION OF MUBAS ADMINISTRATION, RESEARCH, TEACHING  
AND LEARNING COMPLEX**



The project involves construction of an Administration Block, Research Centre, and Teaching Complex at Malawi University of Business and Applied Sciences (MUBAS) to create office spaces for staff, promote research, and teaching and learning activities. This will improve efficiency in administration since all administrative staff will be within one building. The administration block shall also serve as the headquarters of the MUBAS. The project will also improve and expand the existing campus of MUBAS in Blantyre.












**Objective:** The objective of the project is to improve the quality of teaching, learning, and research in order to facilitate the boosting of the Malawi economy.

### Outcomes:

The outcomes of the project are:

1. Improved research, teaching and learning activities by providing necessary infrastructure.
2. Increased access to scholarly materials and resources for students and faculty.
3. Increased access to tertiary education through provision of more learning space.
4. Enhanced student learning experience through provision of necessary resources to pursue academic endeavors.
5. Improved working environment for faculty and administration staff.

### Malawi 2063 Alignment:

Pillar			Enabler						
Agricultural Productivity	Industrialisation	Urbanisation							
			Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
×	×	×	×	×	×	×	✓	×	×

**Location:** The project will be implemented at MUBAS in Blantyre.

**Implementation period:** The implementation period for the project is between April 2022 and June 2026

**Total Estimated Cost:** The total estimated cost of the project is MK80.0 Billion

**Financial Progress:** 1.8%.

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK80.0 Billion	MK80.0 Billion
Absorption (as of 03/2024)	1.8%	1.8%

**Project Budgets and Expenditure:**

FY	22/23	23/24
Budget (MK billion)	0.8	1
Cumulative	0.8	1.8
Expenditure (MK billion)	0.42	0.997
Cumulative	0.42	1.417

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):**

**Achievement:** All procurement processes and Government approvals for hiring consultant concluded. The consultant started working on detailed designs.

**Timeliness of Achievement:** The project was delayed by procurement process which took longer than expected.

**Implications for costs of the project:** Unless the project is expedited to catch up lost time in the first year of implementation, the cost of the project is expected increase.

**Policy Issues:** There is a need to expedite the preparatory processes for actual construction to commence.

**Remedial Action:** The project will be closely monitored to ensure that it is not off-track in the 2024/25 financial year.

### **6.3.8. EXPANSION AND REHABILITATION OF SCIENCE BLOCKS, WATER SUPPLY SYSTEMS AND CAMPUS HOSTELS – MUBAS**

This project aims to expand and rehabilitate the science blocks, water supply systems, and campus hostels of the Polytechnic. The project focuses on providing additional space for new classrooms and laboratories, upgrading and expanding existing water supply systems, and improving existing hostel accommodations. Through the project, new materials and equipment will be acquired to support the expansion and rehabilitation of the science blocks, water supply systems, and hostel accommodations.












**Objective:** The objective of the project is to provide students and faculty with a more hygienic and comfortable learning environment through improved water supply systems and hostel accommodations.

**Outcomes:**

The outcomes of the project are:

- Upgraded and expanded water supply system to ensure a hygienic and safe water supply.
- Improved hostel accommodations.
- Improved research, teaching and learning activities as a result of availability of necessary infrastructure;
- Increased access to tertiary education through provision of more learning space;
- Improved working environment for staff.

**Malawi 2063 Alignment:**

Pillar			Enabler 						
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✓	✗	✗

**Location:** The project will be implemented at MUBAS in Blantyre

**Implementation period:** The project implementation period is between July 2019 and March 2026

**Total Estimated Cost:** The total estimated cost of the project is MK30.7 Billion

**Financial Progress:** 16.6%

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK30.7 Billion	MK30.7 Billion
Absorption (as of 03/2024)	16.6%	16.6%

**Project Budgets and Expenditure:**

FY	20/21	21/22	22/23	23/24
Budget (MK billion)	0.2	1	2	2.8
Cumulative	0.2	1.2	3.2	6
Expenditure (MK billion)	0.2	1	1.1	2.8
Cumulative	0.2	1.2	2.3	5.1

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):**

- Rehabilitation of Kapeni and Nyika B hostels had been completed.
- Rehabilitation of Nyika A Hostel at 98 percent progress.
- Rehabilitation of Mpingwe Hostel at 90 percent progress.
- Rehabilitation of Dwelling House at BH8/2 at 75 percent progress
- Bills of Quantities (BoQs) for Science Blocks are at 75 percent completion.

**Achievement:** Rehabilitation of one hostel completed and two other are almost completed.

**Timeliness of Achievement:** The project implementation is on track.

**Implications for costs of the project:** Delays to complete drawings of some buildings may delay project implementation leading to cost escalation.

**Policy Issues:** There is a need to expedite the process developing drawings for buildings which do not have designs for the project to be completed on time.

**Remedial Action:** Monitoring of project implementation will be intensified to ensure that implementation is on track.

### **6.3.9. INVESTING IN EARLY YEARS FOR GROWTH AND PRODUCTIVITY IN MALAWI**












Investing in Early Years for Growth and Productivity in Malawi Project (IEYP) has four components. First component, Community-based nutrition and early stimulation interventions to consolidate and scale up the delivery of a comprehensive set of high impact and cost-effective nutrition and early stimulation interventions; Second component, Center-based early learning, nutrition and health interventions to improve the coverage and quality of preschool education and reproductive, maternal, and adolescent health services; Third component, Multisectoral coordination, capacity and system strengthening is to support capacity-building activities from national to district levels to strengthen management, coordination and implementation of nutrition, and early stimulation and early learning interventions; enhance systems and service delivery at all

levels; and improve citizen engagement; Fourth component, Contingent emergency response component will allow for rapid reallocation of project proceeds in the event of a future natural or man-made disaster or crisis that has caused or is likely to imminently cause a major adverse economic and/or social impact during the life of the project.

**Objective:** The project intends to improve coverage and utilization of early childhood development services, with focus on nutrition, stimulation and early learning, from conception to 59 months in selected districts of Malawi. The project contributes to the outcome of having children who are aged between 36-59 months complete at least one year of early learning in CBCCs.

**Outcomes:** Improved Nutrition; Improved early learning

#### Malawi 2063 Alignment:

Pillar		Enabler 							
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
X	X	X	X	X	X	X	✓	X	X

**Location:** Across Malawi

**Implementation period:** December 2018 to June 2024

**Total Estimated Cost:** US\$60,000,000

**Financial Progress:**

**Financing Sources:** World Bank

	World Bank	World Bank	GOM	TOTAL
Type	Grant	Loan	Budget allocation	Mix
Contribution	US\$10,000,000	US\$50,000,000		US\$60,000,000
Absorption (as of 03/2024)				

### **Project Budgets and Expenditure:**

FY	18/19	19/20	20/21	21/22	22/23	23/24
Budget (MK billion)	2.85	9.2	20.8	11.701	12.578	14.712
Cumulative	2.85	12.05	32.85	44.551	57.129	71.841
Expenditure (MK billion)	2.85	9.2	20.8	11.701	12.578	14.712
Cumulative	2.85	12.05	32.85	44.551	57.129	71.841

\*as of end 03/2024

**Physical Progress:** Overall physical progress of the project is 87 percent. The Project is expected to finish in June 2024. The project commenced with construction of 150 model ECD centres in 10 districts of the EIYP project funded by World Bank (Rumphi, Nkhatabay, Mchinji, Dowa, Ntcheu, Mangochi, Machinga, Neno, Chikwawa, and Thyolo). 70 centres have so far been completed and rest are in progress under different stage.

**Physical Completion Rate (as of 03/2024):** As of January, 2024 the physical progress of the project is at 87 percent

**Achievement:** 60 percent of Model CBCCs in target communities engaged in VSL activities; 55 percent of CBCC caregivers and mentors that received an integrated training packag; 30 percent of children who are 0-6 months who were exclusively breastfed; 200 percent of children aged 36-59 months who completed at least one year of early learning in CBCCs.

**Timeliness of Achievement:** The project stalled due to contractual issues since some of the contractors were demanding an upward revision of contract sum due to inflation

### **Implications for costs of the project**

**Policy Issues:** Inflation which has led to upward adjustment of the total cost of the IEYP project by slightly 50 percent.

**Remedial Action:** Intensify monitoring visits; Hold discussions with the contractors who are demanding an upward revision of a contract so that a consensus is reached so that the construction works are not affected.

## **6.4. HEALTH SECTOR**

### **6.4.1. IMPROVED ACCESS TO PRIMARY HEALTH SERVICE DELIVERY: CONSTRUCTION OF 55 HEALTH POSTS (PHASE 1)**

**Figure 54: A Health Post being constructed in Thyolo**



*Lomola Health Post in Thyolo*

#### **Overview**

The project aims to improve the accessibility of primary-level health services to the populations, particularly women, children, and other vulnerable groups. Currently, 5 lots out of 19 lots of the



health posts are under construction, which is 20 health posts of targeted 55 health posts. The sites for the project include Dedza, Mzimba North, Ntchisi, Phalombe, Mwanza, and Neno.

## Description

The Project involves the construction and equipping of 900 health posts across the country. Each health post will have an Outpatient Department (OPD) block, 2 staff houses, water reticulation, waste management facilities, borehole, and a solar system. The project will run for five years from 2021 to 2026. In the initial phase between 2021 and 2023, the project is constructing 200 health posts across the country. The project has the following components:












- Civil works and ancillaries for the construction of a new OPD building with an average of 7 rooms for different services.
- Installations, medical equipment, medical and non-medical furniture, 2 staff houses and utility services (water reticulation and solar powered electricity).

The Phase 1 of the Project involves the construction of 55 health posts in 24 districts.

## Objective

The project objective is to promote provision of primary health care services to the population especially women, children and other vulnerable groups.

## Malawi 2063 Alignment

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mind set Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
X	X	X	X	X	X	X	✓	X	X

**Location:** All the 28 districts of the country

**Implementation period:** 2021/22 to 2026/27

**Total Estimated Cost:** MK 48 billion

**Financial Progress**

**Financing Sources:**

	<b>Global Fund</b>	<b>GOM</b>	<b>TOTAL</b>
<b>Type</b>	Grant	Budget allocation	Mix
<b>Contribution</b>	MK 2.8 billion	MK 45.2 billion	MK 3.8 billion
<b>Absorption</b>	MK 1.2 billion	MK 2 billion	MK 1.2 billion
<b>Percentage</b>	43%	0%	

**Project Budgets and Expenditure:**

<b>Financial Year</b>	<b>22/23</b>	<b>23/24</b>
<b>Budget (MK billion)</b>		
GOM	MK 1 billion	MK 1 billion
Global Fund	MK 2.8 billion	MK 3 billion
<b>Expenditure (MK billion)</b>	2.2	4
GOM	1	1

Global Fund	MK 1.2 billion	3
Cumulative	MK 2.2 billion	6.2

## **PROGRESS**

### **Physical Progress**

Physical progress in Dedza is at 95%, in Mwanza and Phalombe is at 92%, and in Ntchisi and Mzimba is at 60%. Due to limited resources, contracts were awarded for 5 lots covering 7 districts of Neno, Mwanza, Dedza, Ntchisi, Mzimba, Phalombe and Thyolo. The contractors are currently focusing on the finishing touches. Physical progress in Dedza is at 95%, in Mwanza and Phalombe is at 92%, and in Ntchisi and Mzimba the progress is at 60%. Handovers is expected to commence in May 2024

### **Overall Physical Completion Rate (as of 04/2024): 75%**

#### **Achievement:**

The overall progress is 75%. The contractors have completed the roofing work on the structures and are currently focusing on the finishing touches.

#### **Timeliness of Achievement:**

The contracts were awarded in August 2022 and the 20 Health Posts were supposed to be completed by February, 2023. However, there were delays in paying advance payment to the contractors which delayed the commencement of the Project. The substantial delays on the implementation of the Project has led to negotiation of new timelines to compensate for the lost time. It is expected that the construction of health posts will be completed by June 2023.

**Outstanding Outputs:** Construction of 35 health posts has not yet started and the contracts have not been awarded due to delays in funding.

**Implications for costs of the project:** Delays in the commencement of the works would lead to cost escalation due to inflation.

### **Policy Issues**

Global Fund has committed some resources towards the Project, however, counterpart funding from Government funding is low.

### **Remedial Action**

Government needs to increase fund allocation for the project.

## **6.5. ENERGY SECTOR**

### **6.5.1. DEVELOPMENT OF 350 MW MPATAMANGA HYDROPOWER PLANT**

Government of Malawi realizes that industrial and socio-economic development of the country depends on access to modern, reliable and sufficient energy. Energy is crucial for the industry, service sector and households hence it is the life-blood of the economy. Industrialization in Malawi has been hampered by a lack of reliable and adequate supply of power. Malawi is ranked 109th among 190 economies in the ease of doing business according to the latest World Bank annual ratings (The World Bank Group, 2019). One of the reasons for this ranking is limited availability and reliability of electricity. It is for this reason that energy is one of the priority sectors and has also been identified as a key enabler to the successful achievement of all the pillars in the Malawi Vision 2063.












The installed capacity for the country stands at 543 MW of which 81MW from Solar PV grid connected by EGENCO and IPP- JCM, 409 MW is from hydro owned by EGENCO and two other IPPs (Cedar and Mulanje Hydro Limited) and 53MW is from emergency and peaking diesel owned

by EGENCO. Out of the 409 MW of hydropower, 386.5 MW is generated from run off river power plants cascaded along the Shire River. Due to low water levels in Lake Malawi during dry seasons, the available hydro generation capacity declines to as low as 150 MW. On the other hand, a lot of debris and silt during the rainy season also causes frequent machine breakdowns resulting in the reduction of the available power generation capacity.

These fluctuations in power generation happen against a projected demand of around 878 MW in 2022 (IRP, 2017), resulting in frequent and long hours of load-shedding. This calls for an urgent need to add more power to the national grid to meet the growing demand for electricity in Malawi. In line with this need, the government of Malawi is implementing the 350 MWW Mpatamanga hydro peaking plant alongside IFC and private strategic Sponsor which is a consortium of Scatec and EDF. The project will entail: Construction of Main Dam, Main Power House with 309 MW peaking capacity and 64km 400kV Transmission line to Phombeya substation and Construction of Regulating Dam and PowerHouse with 41 MW baseload capacity, 7.3km 132kV Transmission Line connecting Kapichira-Tedzani Transmission Line. The project preparatory activities have already started and it is expected to complete in 2028.

**Objective:** The project aims to increase the security and reliability of electricity supply for the country through construction of a total of 350 MW hydro power plant in Neno district at Mpatamanga gorge along the shire river.

### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Neno Districts

**Implementation period:** 2021 – 2028

**Total Estimated Cost:** MK 1.4 trillion

**Financing Sources:**

	World Bank (IDA)	GOM	TOTAL
Type	Loan	Budget allocation	Mix
Contribution	USD 6 million	MK 15 billion	USD 6 million
Absorption (as of 09/2022)	USD 1 million (16%)	MK1.4 billion 9.6%	USD 1 million and MK1.4 billion

**Project Budgets and Expenditure (as of end 12/2022):**

FY	20/21	21/22	22/23	23/24	24/25
Budget (USD million)	0.2	0.3	0.5	4.13	0.87
Cumulative	0.2	0.5	1.0	5.13	6.0
Expenditure (USD million)	0.2	0.3	0.3*	0.3	0
Cumulative	0.2	0.5	0.8	1.1	1.1

**Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q3 FY 22-23, but contracts to be carried over to DY23-24:** USD 1.724 million

**Physical Completion Rate (as of /2022):** 15%

**Achievement:** The Ministry procured a consortium of Scatec ASA Joint Venture and EDF as the Strategic Sponsor/Private Investor for the 350MW Mpatamanga Peaking Hydropower Plant. A Relationship Agreement was signed between the Government, Strategic Sponsor and IFC as co-developers of the project on 24th August, 2022.6

Project Development Committee (PDC) which will be responsible for Approval and decision-making for the project was established in August, 2022. The project also concluded procurement of the contractor for Geotechnical investigations and Geophysical surveys who will start works in January, 2023.

The Ministry also conducted sensitization meetings with the District Environmental Safeguards Committee, Chiefs and Project Affected Persons in their communities. A new consultant to

conduct assessment and develop a Resettlement Action Plan (RAP) has been recruited and the Ministry of Finance and Economic Affairs, through PSIP has committed funds for the project to undertake compensations once the RAP has been finalized. The project has also developed the Grievances Redress Mechanism (GRM) for the handling of grievances received from the project affected people. To this effect, four Grievances Redress Committees (GRCs) have been established in four villages. The GRC members have also been trained on how to receive and handle grievances.

**Timeliness of Achievement:** The project is expected to be completed in 2028 should the financial closure be completed by 2024.

**Remaining Outputs:**

1. Pre-construction works
2. Financial Clause
3. Engineering, Procurement, and Construction (EPC) Contractor
4. Project Affected Person (PAP) compensation
5. Main Power Plant
6. Regulating Dam Power Plant
7. 400KV Transmission Line
8. 132 KV Transmission line

**Implications for costs of the project:** If the project delays in terms of financial closure, the project costs may increase due to the inflation and exchange rate issues.

**Policy Issues:** The primary policy issue in this project is late financial clause. It is anticipated that if the financial clause is reached earlier than December 2024, the project could be completed on time. However, if the financial clause is reached very late, the project will be delayed. Further, Issues on Environment and social Impact studies and Resettlement Action Plan if not completed timely could affect financial clause as per World Bank loan conditions and low government funding. Late compensation of the PAPs through the government treasury fund could affect the start of the construction of the project.

Implementation capacity appears adequate and the project seems to be on track.

**Remedial Action:**

- The government is negotiating with the Strategic sponsor so that the dates for reaching financial closure is reached timely.
- ESIA and RAP are being fast tracked to enable the government to get a World Bank loan to be able to meet its equity obligation of the project.
- The Ministry of Energy has already requested the Ministry of Finance in the 2023/24

**6.5.2. MALAWI ELECTRICITY ACCESS PROJECT**



*Figure : Electricity Connections under MEAP*












In an effort to ensure affordable energy the government is not only focused on energy generation but also on the distribution as such the government is implementing the Malawi electricity access project. The project intends to upscale electrification through constructing of new medium and low voltage power distribution substations and lines, 10 mini grid systems including the distribution infrastructure. The project also involves rehabilitating and upgrading of medium and low voltage power distribution substations and lines. Connecting 280,000 households, 1,230 public facilities, and enterprises to the main grid. The project also aims to provide 200,000 Solar Home Systems to ultra-poor households.



**Objective:** The overall objective of the project is to increase electricity access to households, businesses, and public facilities.

**Outcome:** Improved access to electricity to urban and rural households as well as public institutions such as schools, hospitals; and other social services thereby improving the livelihoods of the people in the Country.

### Malawi 2063 Alignment:

Pillar		Enabler 							
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** All districts except Likoma

**Implementation period:** June 2019-June 2025

**Total Estimated Cost:** USD150 million

**Financing Sources:** World Bank and GOM

	World Bank (IDA)	GOM	TOTAL
Type	Grant	Budget allocation	Mix
Contribution	USD 150 million	MK500,000,000	USD 150 million & MK500,000,000
Absorption (as of 09/2023)	80%	100%	90%

**Project Budgets and Expenditure (as of end 12/2023):**

FY	18/19	19/20	20/21	21/22	22/23	23/24
Budget (MWK billions)	5.5	16.2	29.3	5	0	7.7
Cumulative	5.5	21.7	51.1	56.1	56.1	63.8
Expenditure (USD million)	5.5	13.2	21.3	5	0	7.7
Cumulative	5.5	18.7	40	45	45	52.7

**Physical Progress:** The initial phase of project implementation involves planning and procurement works for engaging consultants that will undertake various assignments under the project.

1. Negotiations on Implementation Agreement (IA) and Power Purchase Agreement (PPA) to be finalized by end January, after agreeing on Forex issues, project guarantees and allocation of risks.
2. Environmental studies and development of a Resettlement Action Plan (RAP) are in progress and will be completed by May, 2024.
3. Procurement of bailey bridge parts by the Project Company is in progress and delivery will be concluded by March, 2024. Civil works for road approaches will be completed by end December 2023.
4. The Ministry of Transport will install the Bailey Bridge.
5. Initial Selection process for Engineering Procurement and Construction (EPC) contractor was launched in November 2023 and will be completed by April, 2024.
6. Procurement of EPC Contractor will be completed by April 2025.
7. EA Procurement Strategy of three EPC contractors is contemplated each covering Civil Works, electromechanical Works and Transmission Lines and Substations; and
8. Basic Design of the project under way and to be completed by May, 2024, following achievement of the design freeze.

**Achievement:** 16, 000 households connected through grid systems

**Remaining Outputs**

1. To conduct a baseline survey for solar products rated up to 350Wp to determine compliance to IEC standards (IEC TS 62257-9-8: 2020 and IEC TS 62257-9-5:2018) which were adopted by MBS
  - a. Procuring of consultant to review national energy process

**Implications for costs of the project:**The project cost is likely to escalate due to the untimely importation of construction materials .

**Policy Issues:**

1. Covid 19 pandemic delayed implementation of the project
2. Delay in approvals for disbursement of loans from Government institutions
3. Unavailability of Foreign currency affected importation of construction materials.
4. Deduction of USD 50,000,000 from the original budget affected the initial targets of the project

**Remedial Action:**

1. Government implementing a recovery plan to complement the lost time due to covid 19 and budget cuts.
2. Use of direct payment on obligations requiring foreign currency.

## **6.6. TRANSPORT SECTOR**

### **6.6.1. CONSTRUCTION OF THYOLO-THEKERANI-MUONA-BANGULA ROAD**



*Figure 51: The Thyolo-Thekerani-Muona-Bangula at the 09/2022 progress of construction.*

The project involves widening of the existing pavement from Thyolo to Makwasa to 6.7m carriageway and 1.5m single sealed shoulders on both sides and upgrading of the existing earth road from Makwasa to Makhanga. The road will be surfaced with double chip seal, including construction of drainage and erosion protection works and maintenance of Nsuwazi Bridge.

**Objective:** The overall goal is to contribute to the national economic growth through stimulation of economic activities in the project area.

**Malawi 2063 Alignment:** economic infrastructure

**Location:** Nsanje and Thyolo districts

**Implementation period:** July 2008 to March 2025

**Total Estimated Cost:** MK39.1 billion

**Financing Sources:**

	OFID	SAUDI FUND	BADEA	KFAED	GOM	TOTAL
Type	Grant	Grant	Grant	Grant	Budget allocation	Mix
Contribution	MK5.5 billion	MK6.7 billion	MK5.5 billion	MK8.0 billion	MK14.7 billion	MK40.7 billion
Absorption (as of 01/2024)	MK5.5 billion (99.95%)	MK6.7 billion (100%)	MK5.5 billion (100%)	MK8.0 billion (100%)	MK13.1 billion (89%)	MK39.1 billion (96%)

**Project Budgets and Expenditure:**

FY	17/18	18/19	19/20	20/21	21/22	22/23
Budget (MK billion)	10.8	10.32	10.65	2	3	4
Cumulative	10.8	21.12	31.77	33.77	36.77	40.77
Expenditure (MK billion)	7.6	5.82	5.7	3.31	11.23	0.56
Cumulative	7.6	13.42	19.12	22.43	22.99	34.22

**Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q1 FY2:** MK1.6 billion **Physical Completion Rate (as of 09/2023):** 95%

**Achievement:** The physical progress is 95 percent complete against 137 percent of time progress with 76 km completed up to surfacing.

**Timeliness of Achievement:** The project is expected to be completed in March 2024.

**Remaining Outputs:** 6 km

**Implications for costs of the project:** The project is expected to finish in 2023/24 financial year and requires additional support to meet the costs of remaining works if development objectives of the project are to be met.

**Policy Issues:**

- Works beyond 74 km were damaged by flood water.
- Damage to social and community infrastructure (graves have been exposed by flood waters on the road alignment).

**Remedial Action:**












- Contractor has worked on the damaged section by floods
- The Roads Authority has engaged the District Commissioner and Traditional Authority (T/A) Mlolo and a budget is being reviewed to compensate the budget to the community infrastructure.

### 6.6.2. REHABILITATION OF BALAKA MARKET - KAPHATENGA–DWANGWA – NKHATABAY (LAKESHORE ROAD)

The project involves rehabilitation of the 469 km M005 road section of Balaka Market, M1 Junction- Nkhotakota - Nkhatabay. Rehabilitation of the M5 is done in three sections and each financed by three funding sources: African Development Bank (AfDB), OPEC Fund for International Development (OFID), and Local Currency Infrastructure Bond.

**Objective:** To reduce transport costs by upgrading the road thereby contributing to social economic development.

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Balaka, Salima, Nkhotakota, Nkhatabay

**Implementation period:** June 2021 – July 2025

**Total Estimated Cost:** MK 37.9 billion

**Financial Progress:** MK 5.869,000,000

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Budget Allocation
Contribution	MK37.9 billion	MK 37.9 billion
Absorption (as of 09/2022)	MK 3.7 billion (10 percent)	MK 3.7 billion(10 percent)

**Project Budgets and Expenditure:**

FY	22/23	23/24
Budget (MK billion)	0.37	9.29
Cumulative	0.37	9.66
Expenditure (MK billion)	0.37	9.29
Cumulative	0.37	9.66

\*as of end 03/2024

**Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q4 FY24:** MK34.2 billion

**Budget and Expenditure Breakdown:**

Item	Budget (MWK bn)	Expenditure as of 03/2024 (MWK bn)
Feasibility study		
Land acquisition		
Design costs		
Construction and supervision costs	37.96	4.9
Utilities and taxes		

**Physical Completion Rate** (as of 03/2024): 0 percent

**Achievement:** At procurement stage. Currently procuring the civil works contractor while the supervising engineer is at mobilizing stage.

**Timeliness of Achievement:** The project is expected to be completed in March 2025

**Remaining Outputs:** Rehabilitation of the 469 km M005 road section.

**Implications for costs of the project:** If the project delays, the project costs may increase due to inflationary pressures and exchange rate issues.

#### **Policy Issues**

- Delay in completing the procurement processes.
- Delay in confirmation of availability of funding from the Ministry of Finance

#### **Remedial Action**

- Government to effect payments on time for projects
- Engage Public Procurement and Disposal of Assets Authority to fast track procurement processes

#### **6.6.3. NJAKWA – PHWEZI – LIVINGSTONIA ROAD PROJECT**
















*Figure 54: Njakwa - Phwezi - Livingstonia road*

This project involves upgrading a road to a paved standard. The upgraded road will feature a 6.8-meter wide carriageway and 1.5-meter sealed shoulders with a Cape seal surface. The road will be built on a gravel base and subbase. The project also includes construction of two bridges: one over the South Rukuru River at Phwezi and another over the Rumphu River at Phoka.

The project consists of three segments:

- The Njakwa-Livingstonia road (65 kilometers)
- The Phwezi-Phwamphwa road (7.0 kilometers)
- The Livingstonia mission loop road (6.5 kilometers)

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** The road project is in Rumphi district and starts from Njakwa at junction with M024 road close to Chipokawawoli Bridge and runs parallel to the M001 on the western side of the Henga valley passing through Mhuj, Phwamphwa, Ntchena-chena, Phoka up to Livingstonia Mission. The terrain is generally flat up to Phwamphwa from where the road passes through the mountainous terrain up to Livingstonia.

**Implementation period:**

**Total Estimated Cost:** MK 41,322,969,107

**Financial Progress:**

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK 41,322,969,107	MK 41,322,969,107
Absorption (as of 03/2024)	100%	100%

**Project Budgets and Expenditure (as of end 03/2024):**

FY	17/18	18/19	19/20	20/21	21/22	22/23	23/24
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Budget (MK billion)	2.7	2	7.5	2.1	4.5	4	1
Cumulative		1.2	3.7	5.8	10.3	14.7	15.2
Expenditure (MK billion)		1.2	2.5	2.1	4.5	4	.5
Cumulative		1.2	3.7	5.8	10.3	14.7	15.2

**Physical Progress:** The physical progress of the project is 98% complete with 53.30 kilometers of the road surfaced against time progress of 166.3%.

**Physical Completion Rate (as of 03/2024):** 98%

**Achievement:** The physical progress of the project is 98% complete with 53.30 kilometers of the road surfaced against time progress of 166.3%.

**Timeliness of Achievement:** The physical progress is slightly behind the planned time.

**Implications for costs of the project:** It is likely that there will be slight price escalation of the construction materials

#### **Policy Issues:**

1. The Roads Authority (RA) is disputing certain decisions made by the Dispute Adjudication Board (DAB). Specifically, the dispute is on the following:
2. The actual commencement date of the project.
3. The type of contract used for this project, i.e., whether it is a design and build contract or a traditional design-by-employer contract.

#### **Remedial Action:**

1. Government has commenced appeal process of elements of the DAB decision through arbitration and the client will be represented by the Ministry of Justice.
2. The Roads Authority recommends to repackage and procure a separate contractor for the Njakwa to Phwamphwa section

#### **6.6.4. THYOLO-THEKERANI MUONA BANGULA ROAD**












The project involves widening of the existing pavement from Thyolo to Makwasa to 6.7m carriageway and 1.5m single sealed shoulders on both sides and upgrading of the existing earth road from Makwasa to Makhanga. The road will be surfaced with double chip seal, including construction of drainage and erosion protection works and maintenance of Nsuwazi Bridge.

**Objective:** The overall goal is to contribute to the national economic growth through stimulation of economic activities in the project area.

**Outcomes:**

1. Improved access to communities in the area
2. Improved safety and security of passengers and goods with the improved access and improved road infrastructure.
3. Increased tourism in the project area with the improved access and improved road infrastructure.
4. Reduced travel time and costs for users of the road.
5. Increased economic growth and development in the project area with the improved access and improved road infrastructure.
6. Improved quality of life for local communities with the improved access and improved road infrastructure

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Thyolo and Nsanje Districts

**Implementation period:**

**Total Estimated Cost:** 32,395,500,718

**Financial Progress:**

**Financing Sources:** OFID, BADEA, KFAED, SFD & GoM

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	32,395	32.395
Absorption (as of 03/2024)		

**Project Budgets and Expenditure:**

FY	18/19	19/20	20/21	21/22	22/23	23/24
Budget (MK billion)						1
Cumulative						
Expenditure (MK million)						<b>294</b>

Cumulative (billion)						<b>30.5</b>
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\*as of end 03/2024

### **Physical Progress:**

**Physical Completion Rate (as of 03/2024):** 94.79 percent

**Achievement:** The physical progress is 94.79 percent complete against 137 percent of time progress. Surfacing has reached 77 kilometers.

**Timeliness of Achievement:** The project has delayed.

**Implications for costs of the project:** The delay in project implementation result in cost escalation for the projects.

**Policy Issues:** Lack of access across Ruo river prevented construction of the section between Ruo and Makhanga Trading Centre.

### **Remedial Action**

There is to create access across Ruo river to facilitate construction of the section between Ruo and Makhanga Trading Centre.

#### **6.6.5. KIA JCT - KASUNGU-JENDA-MZIMBA-CHIWETA**












The project involves rehabilitating of M001 from KIA Turnoff to Mzimba Turn Off and Kacheche to Chiweta: KIA - Kasungu (Lot 1, Lot 2, and Lot 3)

**Objective:** The overall goal is to contribute to the national economic growth through stimulation of economic activities in the project area

**Outcomes:**

1. Improved access to communities in the area
2. Improved safety and security of passengers and goods with the improved access and improved road infrastructure.
3. Increased tourism in the project area with the improved access and improved road infrastructure.
4. Reduced travel time and costs for users of the road.
5. Increased economic growth and development in the Country and region with the improved access and improved road infrastructure.
6. Improved quality of life for local communities with the improved access and improved road infrastructure

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Mzimba, Dowa, Kasungu, and Lilongwe

**Implementation period:**

**Total Estimated Cost:**

**Financial Progress:**

**Financing Sources:**

	EIB	EU	GOM	TOTAL
Type	Loan	Grant	Budget allocation	Mix
Contribution(million)	EUR 95.5 million	EUR 44 million	MK 4.5 billion	EUR 139 million and MK 4.5 billion
Absorption (as of 03/2024)			100%	

**Project Budgets and Expenditure:**

FY	20/21	21/22	22/23	23/24
Budget (MK billion)	18.2	4	1.3	46.9
Cumulative	18.2	22.2	23.5	70.3
Expenditure (MK billion)	18.2	4	1.3	46.9
Cumulative	18.2	22.2	23.5	70.3

\*as of end 03/2024

**Physical Progress: 7 %****Physical Completion Rate (as of 03/2024):**

Lot 1: The overall physical progress of the project is at 50 percent against 33.3 percent

Lot 2: The overall physical progress of the project is at 15 percent against 84.5 percent

Lot 3: The overall physical progress of the project is at 3 percent against 56 percent

**Achievement:**

Lot 1: with the contractor had started earthworks for widening the road

Lot 2: The contractor commencing roadbed preparation and widening fills from km 0+000 to km 15+000 and km 10+000 to km 15+000.



Lot 3: The contractor is completing construction of the camp and the Engineer's facilities and also the construction of a diversion road on the first 15 km has started.

The contractor completed establishment of both Crusher and Asphalt Plant and commenced single size aggregates production.

**Timeliness of Achievement:** The overall physical progress of the project is at 3% against 56% time progress with the contractor completed constructing of the camp and the Engineer's facilities.

**Implications for costs of the project:** The cost is likely to escalate. However, since the project is pegged in Euros, the impact is likely to be minimal.

**Policy Issues:** Rejection of a waiver of duty on spare parts remains the biggest challenge as this is a potential claim by the contractor.

#### **Remedial Measures:**

There is need to continue lobbying for the waiver of duty on spare parts, which remains the biggest challenge as this is a potential claim by the contractor.

#### **6.6.6. KACHECHE – BWENGU – CHIWETA ROAD REHABILITATION**

The Chiweta- Bwengu-Kacheche road (60km) is a tarred road that needs to be rehabilitated. The state of the road is in fair to poor conditions with a lot of potholes and depressions. The road users face vehicle operating costs due to the poor condition of the road.












**Objective:** The overall goal is to contribute to the national economic growth through stimulation of economic activities in the project area

#### **Outcomes:**

1. Improved regional and local connectivity with the improved access and improved road infrastructure.

2. Increased economic activity in the project area with the improved access and improved road infrastructure.
3. Improved safety and security of passengers and goods with the improved access and improved road infrastructure.
4. Increased economic activity in the project area with the improved access and improved road infrastructure
5. Improved local transportation for residents in the project area with the improved access and improved road infrastructure.

#### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Mzimba and Rumphi districts

**Implementation period:** Jan 2015 – March 2025

**Total Estimated Cost:** € 32,246,377.89

**Financial Progress:** € 5,226,754.93 spent since implementation

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	€ 32.2	€ 32.2
Absorption (as of 03/2024)	18%	18%

#### **Project Budgets and Expenditure:**

FY	18/19	19/20	20/21	21/22	22/23	23/24
Budget (MK billion)	0.1	0	0	2.6	0	8.0
Cumulative	0.1	0.1	0.1	2.7	2.7	10.7
Expenditure (MK billion)	0.1	0.1	0.1	2.7	2.7	10.7
Cumulative	0.1	0.1	0.1	2.7	2.7	<b>10.7</b>

\*as of end 03/2024

#### **Physical Completion Rate (as of 03/2024):**

**Achievement:** The overall physical progress of the project is at 7 percent against 58 percent time progress with the contractor was still constructing his camp and the Engineer's facilities. Topographic surveys were carried out and also site clearance and diversions had started. The quarry crusher plant and asphalt plant have been installed.

**Timeliness of Achievement:** The project has delayed bearing in mind that it is expected to end in March 2025.

**Implications for costs of the project:** The project may risk cost escalation if it delays further.

### **Policy Issues**

1. Delay in submission for approval the Contractor's Environmental & Social Management Plan (CESMP) has delayed in commencement of works
2. Change of scope has led to increase in cost of construction

### **Remedial Action**

There is need to ensure that the project's logical framework is intact to avoid cost escalation due to change in scope.

There is need to engage authorities to speed up approvals for Contractor's Environmental & Social Management Plan (CESMP)

#### **6.6.7. UPGRADING OF DZALEKA - NTCHISI-MPALO-MALOMO ROAD**

The project involves upgrading of the road to paved standard with 6.8m wide carriageway and 1.5m wide sealed shoulders, with a 50 mm asphalt surfacing finish on a crushed stone base and gravel sub base. The works will also involve the construction of several drainage structures.












**Objective:** To reduce transport costs by upgrading the road thereby contributing to social economic development.

### **Outcomes:**

1. Improved regional and local connectivity with the improved access and improved road infrastructure.
2. Increased economic activity in the project area with the improved access and improved road infrastructure.
3. Improved safety and security of passengers and goods with the improved access and improved road infrastructure.

4. Increased economic activity in the project area with the improved access and improved road infrastructure
5. Improved local transportation for residents in the project area with the improved access and improved road infrastructure.

### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Ntchisi District

**Implementation period:** August 2021 – March 2025

**Total Estimated Cost:** MK37,714,170,877

**Financial Progress:** The total amount of MK 5.1 billion has been spent since implementation

### Financing Sources:

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution (billion)	37.7	37.7
Absorption (as of 03/2024)	13.5%	13.5%

### Project Budgets and Expenditure:

FY	22/23	23/24
Budget (MK billion)	1	4.6
Cumulative	1	4.6
Expenditure (MK billion)	0.5	4.6
Cumulative	0.5	5.1

\*as of end 03/2024

### **Physical Progress:**

**Physical Completion Rate (as of 03/2024):** The overall physical progress is at 4 percent against 38 percent

**Achievement:** The contractor is still establishing on site. Permanent works started with bush clearing and grubbing and earthworks.

**Timeliness of Achievement:** The project is expected to finish in 2025

### **Implications for costs of the project:**

**Policy Issues:** Advance working capital request which was submitted in May 2023 was only paid in September 2023 and this affected progress of work as the contractor slowed down activities on site in August 2023.

### **Remedial Action**

#### **6.6.8. REHABILITATION OF BALAKA MARKET - NKHOTAKOTA - DWANGWA - NKHATA BAY (LAKESHORE) (469 KM) ROAD**












The project involves rehabilitation of the 469 km M005 road section of Balaka Market, M1 Junction- Nkhotakota-Nkhata Bay. Rehabilitation of the M5 will be done in three sections and each financed by three funding sources: African Development Bank (AfDB), OPEC Fund for International Development (OFID), and Local Currency Infrastructure Bond.

**Objective:** To reduce transport costs by upgrading the road thereby contributing to social economic development

## Outcomes:

1. Improved access to communities in the area
2. Improved safety and security of passengers and goods with the improved access and improved road infrastructure.
3. Increased tourism in the project area with the improved access and improved road infrastructure.
4. Reduced travel time and costs for users of the road.
5. Increased economic growth and development in the project area with the improved access and improved road infrastructure.
6. Improved quality of life for local communities with the improved access and improved road infrastructure

## Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Balaka, Salima, Nkhonkhotakota, Nkhata Bay

**Implementation period:** June 2021- July 2025

**Total Estimated Cost:** MK 158 Billion

**Financial Progress:** MK 5.8 billion has been spent since the implementation started.

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution (Billion)	<b>158</b>	<b>158</b>
Absorption (as of 03/2024)		

**Project Budgets and Expenditure:**

FY	21/22	22/23	23/24
Budget (MK billion)			
Cumulative			
Expenditure (MK billion)			
Cumulative			

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):** At procurement stage.

**Achievement:** Currently procuring the civil works contractor while the supervising engineer is at mobilizing stage.

**Timeliness of Achievement:** The project is expected to end in July 2025

**Implications for costs of the project:**

**Policy Issues**

1. Delay in completing the procurement processes
2. Delay in confirmation of availability of funding from the Ministry of Finance

**Remedial Action****6.6.9. SOUTHERN AFRICA TRADE AND TRANSPORT FACILITATION PROJECT**

The Southern Africa and Transport Facilitation Programme (SATTFP) Malawi originated from the objectives of the Tripartite. In Malawi, implementation of SATTFP is supported by the World bank (IDA). The road has been selected as part of the North - South Corridor regional project














covering the tripartite region starting from Dar-esSalaam in Tanzania and ending in Durban in RSA. The main objective is to carry out rehabilitation of the various sections of the road to facilitate regional trade and transport.

**Objective:** The objective of the SATTFP is to facilitate the movement of goods and people along the North-South Corridor whilst supporting improvement in the services for HIV/AIDS and road safety.

**Outcomes:**

1. Improved access to communities in the area
2. Improved safety and security of passengers and goods with the improved access and improved road infrastructure.
3. Increased tourism in the project area with the improved access and improved road infrastructure.
4. Reduced travel time and costs for users of the road.
5. Increased economic growth and development in the in the SADC region with the improved access and improved road infrastructure.
6. Improved quality of life for local communities with the improved access and improved road infrastructure

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Across all regions

**Implementation period:** Aug 2016- March 2025

**Total Estimated Cost:** MK82.8 billion (Part 1)

**Financial Progress:** MK66.6 billion has been so far.

**Financing Sources:**

	WORD BANK	GOM	TOTAL
Type	Budget allocation		Mix
Contribution (billion)	<b>\$91.28</b>	<b>MWK1.5</b>	<b>\$91.28</b>
Absorption (as of 03/2024)			67%

**Project Budgets and Expenditure:**

FY	18/19	19/20	20/21	21/22	22/23	23/24
<b>Budget (MK billion)</b>	3.8	16.4	22.3	8.2	32.6	23.59
<b>Cumulative</b>	3.8	20.2	42.5	50.7	83.3	106.89
<b>Expenditure (MK billion)</b>	3.8	20.2	42.5	50.7	83.3	106.89
<b>Cumulative</b>	18/19	19/20	20/21	21/22	22/23	23/24

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):**

**Achievement:** Construction of Dedza and Mwanza One Stop Border Post were substantially completed and were handed over to the Ministry of Trade. For Karonga -Songwe the Contractor has surfaced the whole 46 km but the asphalt developed premature distresses that resulted in potholes. The Roads Authority has engaged an independent Technical Auditor, Council for Scientific and Industrial Research (CSIR), SA who is investigating the causes and advised on

remedial measures. The Roads Authority (RA) prepared a remedial plan which explains the technical approach to remedial works, the supervision of the works, the timelines and the costs for remedial works. The allocation is for contribution for Accident Blackspots interventions.

**Timeliness of Achievement:** The project is on track. The project is supposed to end in December, 2024.

**Implications for costs of the project:** The cost is likely to remain the same since the project is on track.

**Policy Issues:** Delay in implementing the remedial plan for the road section

### **Remedial Action**

The Roads Authority has engaged an independent Technical Auditor, Council for Scientific and Industrial Research (CSIR), SA who is investigating the causes and advised on remedial measures for the Karonga Songwe.

The Roads Authority (RA) prepared a remedial plan which explains the technical approach to remedial works, the supervision of the works, the timelines and the costs for remedial works. The allocation is for contribution for Accident Blackspots interventions.

The Project Implementation Unit has developed an acceleration and risk management plan to fastrack outstanding works and identify strategies to mitigate risks.

### **6.6.10. NACALA CORRIDOR PROJECT PHASE V**












The project involves rehabilitation of Nsipe to Liwonde road and also construct a one stop border post at Chiponde.

**Objective:** To support economic growth in SADC and foster regional integration through reliable, efficient and seamless transport infrastructure that increases sub regional trade and the global competitiveness of the region.

**Outcomes:**

1. Improved access to communities in the area
2. Improved safety and security of passengers and goods with the improved access and improved road infrastructure.
3. Increased tourism in the project area with the improved access and improved road infrastructure.
4. Reduced travel time and costs for users of the road.
5. Increased economic growth and development in the project area with the improved access and improved road infrastructure.
6. Improved quality of life for local communities with the improved access and improved road infrastructure

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Ntcheu, Machinga and Mangochi

**Implementation period:** April 2022- June 2025

**Total Estimated Cost:** MK46.2 billion

**Financial Progress:** 44%

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK46.2 billion	MK46.2 billion
Absorption (as of 03/2024)	44%	44%

**Project Budgets and Expenditure:**

FY	18/19	19/20	20/21	21/22	22/23	22/24
Budget (MK billion)	3.4	2.6	6.1	2	5.97	0.38
Cumulative	3.4	6	12.1	14.1	20.07	20.45
Expenditure (MK billion)	3.4	2.6	6.1	2	5.97	0.38
Cumulative	3.4	6	12.1	14.1	20.07	20.45

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):** 40% but phase V is at 1%

**Achievement:** AfDB and EU have reached the agreement on how to finance the project.

**Timeliness of Achievement:** The project has delayed bearing in mind that it is expected to end in June 2025.

**Implications for costs of the project:** The project may risk cost escalation if it delays further.

**Policy Issues:** There is need to expedite the implementation progress of the project.

#### **6.6.11. MSUNDWE-CHILEKA-MAJIYA-KASIYA ROAD**

The project involves upgrading the 70 km road from Msudwe trading centre to Kasiya trading centre.

**Objective:** The project objective is to ensure safe and reliable year-round travel for road users.

**Outcomes:**

1. Improved access to communities in the area
2. Improved safety and security of passengers and goods with the improved access and improved road infrastructure.
3. Reduced travel time and costs for users of the road.
4. Increased economic growth and development in the project area with the improved access and improved road infrastructure.
5. Improved quality of life for local communities with the improved access and improved road infrastructure

**Malawi 2063 Alignment:** economic infrastructure

**Location:** Lilongwe

**Implementation period:** 2024-2028

**Total Estimated Cost:** MK110 billion

**Financial Progress:** 0%

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	110	110
Absorption (as of 03/2024)	0%	0%

**Project Budgets and Expenditure:**

FY	23/24	24/25
Budget (MK billion)	0	1.7
Cumulative	0	1.7
Expenditure (MK billion)	0	0
Cumulative	0	0

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):** 0%

**Achievement:** The project is under preparatory stage

**Timeliness of Achievement:** So far the project is on track. The project is supposed to end in 2028.

**Implications for costs of the project:** no major issues so far

**Policy Issues:** No issues so far.

**Remedial Action:** No major issues so far.

#### 6.6.12. NSIPE LIWONDE ROAD PROJECT

The project involves the upgrading of a 55 km Nsipe-Liwonde gravel road to paved standard

**Objective:** The overall goal of the project is to facilitate trade and transport within the project area in order to support and stimulate economic growth through reliable, efficient and seamless transport infrastructure

**Outcomes:** Increased economic growth and development in the project area with the improved access and improved road infrastructure

**Malawi 2063 Alignment:** economic infrastructure

**Location:** Machinga and Zomba Districts.

**Implementation period:** September 2022 - June 2025

**Total Estimated Cost:** MK32.5 billion

**Financial Progress:** 1.1%

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	32.5	32.5
Absorption (as of 03/2024)	1.1%	1.1%

**Project Budgets and Expenditure:**

FY	22/23	23/24
Budget (MK billion)	0	1
Cumulative	0	1
Expenditure (MK billion)	0	0.364
Cumulative	0	0.364

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):** No major physical progress as the project is still under preparation stage.

**Achievement:** The Consultant submitted revised final detailed engineering design reports which are being reviewed.

**Timeliness of Achievement:** The project is expected to finish in June 2025

**Implications for costs of the project:** No major significant issues so far

**Policy Issues:** Delay in submission of deliverables submitted by the consultant

### **6.6.13. MATUTU-BUA-NAMBUMA ROAD**

The project will formulate detailed feasibility and detailed designs for Matutu-Bua -Nambuma road.












**Objective:** To provide detailed designs in readiness for the construction of Matutu-Bua-Nambuma road.



**Outcomes:**

1. Improved access to communities in the area
2. Improved safety and security of passengers and goods with the improved access and improved road infrastructure.
3. Reduced travel time and costs for users of the road

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Dowa District**Implementation period:** 2024-2027**Total Estimated Cost:** MK73, 941,000,000**Financial Progress:** 0%. The project is under preparatory stage**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK73 billion	MK73 billion
Absorption (as of 03/2024)	0%	0%

**Project Budgets and Expenditure:**

FY	23/24
Budget (MK billion)	0
Cumulative	0
Expenditure (MK billion)	0
Cumulative	0

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):**

**Achievement:** The project is under preparatory stage

**Timeliness of Achievement:** The project is expected to end in 2027

**Implications for costs of the project:** The project is on track.

**Policy Issues:** No challenges yet

**6.6.14. RUMPHI-NYIKA-NTHALIRE-CHITIPA-ILOMBA ROAD**

The project involves upgrading 302 Km earth road to paved standard. The road has three sections, namely: the Rumphi - Bolero and Bembe - Chitipa sections to bitumen standard; the Bolero - Bembe section (20km) to bitumen standard; and the Chitipa - Ilomba section (30km) to bitumen standard

**Objective:** To reduce transport costs by upgrading the road thereby contributing to social economic development.

**Outcomes:**

- Increased economic growth and development in the project area with the improved access and improved road infrastructure.
- Increased tourism in the project area with the improved access and improved road infrastructure

**Malawi 2063 Alignment:** economic infrastructure

**Location:** Rumphu

**Implementation period:** August 2022 to August 2025

**Total Estimated Cost:** MK185.380 billion

**Financial Progress:** MK7.506 billion spent since implementation

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution (Million)	185.380	185.380
Absorption (as of 03/2024)	4%	4%

**Project Budgets and Expenditure (as of end 03/2024):**

FY	21/22	22/23	23/24
Budget (MK billion)	.5	3	4
Cumulative	.5	3.5	4.5
Expenditure (MK billion)	.5	3	4
Cumulative (billion)	.5	3.5	7.5

**Physical Completion Rate (as of 03/2024):**

**Achievement:** The Contractor has mobilized and undertaken preliminary activities. The project is under local currency infrastructure bond financing.

**Timeliness of Achievement:** The project is supposed to end in 2025

**Implications for costs of the project:** There might be cost escalations due to time delays

**Policy Issues:** Delay in concluding procurement processes for contractor and supervising engineer affected the commencement of the project. The initial contract was terminated, which delayed the implementation progress.

**Remedial Action:**

There is need to fasten the procurement process for contractor and supervising engineer.

#### 6.6.15. BENGAL-DWANGWA ROAD



*Figure : Bengal bridge under construction*












The Government of Malawi, with support from the African Development Bank (AfDB), is undertaking the comprehensive rehabilitation and upgrade of the M005 road section from Bengal to Dwangwa, including eleven associated feeder roads. The project involves the construction of a two-lane highway that will span the distance between Bengal and Dwangwa. The rehabilitation covers approximately 100 kilometers, divided into two phases. Phase one, from Bengal to Nkhotakota Boma (47km), and phase two, from Nkhotakota Boma to Dwangwa trading Centre (53km). The road will be constructed using modern construction methods and materials, and will

be designed to accommodate heavy traffic as well as serve as a safe and efficient transportation corridor for all road users.

**Objective:** The main objective of the Benga-Dwangwa Road project is to create reliable and efficient transportation, providing improved access to the communities and businesses in the area. The road will also reduce travel times, allowing for greater economic opportunities and increased trade.

**Outcomes:** Increased economic growth and development in the project area with the improved access and improved road infrastructure.

### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Salima and Nkhotakota Districts

**Implementation period:** 1 April 2024 - 2027

**Total Estimated Cost:** MK \$70,615,500.00

**Financial Progress:** The project is at preparatory stage.

**Financing Sources:** AFDB and OPEC FUND

	AfDB	TOTAL
Type		Mix
Contribution (billion)	\$70,615,500.00	\$70,615,500.00
Absorption (as of 03/2024)	0 percent	0 percent

### Project Budgets and Expenditure:

<b>FY</b>	<b>23/24</b>
<b>Budget (MK billion)</b>	2
<b>Cumulative</b>	0
<b>Expenditure (MK billion)</b>	0
<b>Cumulative</b>	0

\*as of end 03/2024

### Physical Completion Rate (as of 03/2024): 18 percent

**Achievement:** The overall physical progress is at 18 percent against 43 percent time progress with piling works at Navikoko Bridge completed and excavation to expose pile heads for continuation of works in progress. Casting of concrete for both abutments and piers were completed at Lifyodzi Bridge. The 10-cell box culvert at km 44+060 had been completed and backfilling was in progress and several portal and pipe culverts were under construction. Pavement layer works were also in progress on some sections.

**Timeliness of Achievement:** The project is expected to end in 2024

### Implications for costs of the project:

**Policy Issues:** Delayed payment affecting progress of work.

**Remedial Action:** Roads Authority to lobby Treasury to expedite payment process for IPCs.












#### 6.6.16. CONSTRUCTION OF CHATULUMA TO NYIKA NOBIUM MINE ROAD

The project involves rehabilitation of gravel of 29 kilometer long Chatoloma to Kanyika (T328) road.

**Objective:** The overall goal of the project is to facilitate trade and transport within the project area in order to support and stimulate economic growth through reliable, efficient and seamless transport infrastructure

**Outcomes:** Increased economic growth and development in the project area with the improved access and improved road infrastructure.

#### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Kasungu District

**Implementation period:** January 2022 – March 2026

**Total Estimated Cost:** MK35, 042,700,000

**Financial Progress:** The total expenditure since implementation is MK3, 530,300,000

**Financing Sources:** GoM

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution (MK billion)	35	35
Absorption (as of 03/2024)	2.9%	2.9%

### **Project Budgets and Expenditure:**

FY	22/23	23/24
Budget (MK billion)	2.5	3.5
Cumulative	2.5	3.5
Expenditure (MK billion)	2.5	3.5
Cumulative (billion)	2.5	3.5

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):** The overall physical progress of the project is at 7 percent complete against 55 percent time elapsed

**Achievement:** The contractor having completed clearing and grubbing and commenced cut to spoil earthworks as well as removal of unsuitable material from is in progress.

The procurement process for contractor and supervising engineer is at an advanced stage.

**Timeliness of Achievement:** The overall physical progress of the project is at 7 percent complete against 55 percent time elapsed. The project is expected to end in March 2026.

### **Implications for costs of the project:**

#### **Policy Issues**

1. Delay in concluding of all procurement processes.
2. Frequent Plant breakdown is having an effect on progress of work for Lot 1.
3. Work progress has been affected by Contractor's delayed submission of the Advance Payment Security which resulted in delayed access to the advance payment for Lot 3.



4. Erratic supply of fuel and shortage of forex are among the challenges experienced during the period under review.

#### **6.6.17. LIRANGWE - NAMATUNU - MACHINGA**












The project seeks to upgrade a 62 km two-lane road to bitumen standard with asphalt pavement and adequate drainage structures to ensure it is safe for year-round use. The road will include increased visibility for drivers through the use of guardrails and improved signage.

**Objective:** To ensure safe and reliable year-round travel for drivers.

**Outcomes:**

1. Improved regional and local connectivity with the improved access and improved road infrastructure.
2. Increased economic activity in the project area with the improved access and improved road infrastructure.
3. Improved safety and security of passengers and goods with the improved access and improved road infrastructure.
4. Increased economic activity in the project area with the improved access and improved road infrastructure
5. Improved local transportation for residents in the project area with the improved access and improved road infrastructure.

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Blantyre and Machinga Districts.

**Implementation period:** June 2022 – March 2027

**Total Estimated Cost:** MK37, 500,000,000

**Financial Progress:** 0.01% of the financial resources has been absorbed.

**Financing Sources:** GoM

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK 37.5 billion	MK 37.5 billion
Absorption (as of 03/2024)	0.01%	0.01%

#### Project Budgets and Expenditure:

FY	23/24
Budget (MK billion)	0.5
Cumulative	0.5
Expenditure (MK billion)	0.5
Cumulative	0.5

\*as of end 03/2024

**Physical Progress:** Procurement of a new contractor is underway.

**Physical Completion Rate (as of 03/2024):**

Initial contract was terminated and re-packaged for tender and procurement of new contractor is underway.

**Achievement:**

Procurement of supervising engineer is at advanced stage

**Timeliness of Achievement:** The project has been delayed for years. The project is supposed to end in March 2027.

**Implications for costs of the project:** Due to long delay, the cost of the project has been escalating over the years.

**Policy Issues**

Delay in concluding of all procurement processes.

**Remedial Action**

Need to engage PPDA to streamline procurement processes in a timely manner.

### **6.6.1. MSULIRA - NKHOTAKOTA ROAD**

Upgrading of the road to paved standard of the 33 km from the entrance to the Nkhotakota game reserve in Ntchisi district up to the end of the game reserve.












**Objective:** The project objective is to ensure safe and reliable year-round travel for drivers

**Outcomes:**

1. Improved access to communities in the area
2. Improved safety and security of passengers and goods with the improved access and improved road infrastructure.
3. Increased tourism in the project area with the improved access and improved road infrastructure.
4. Reduced travel time and costs for users of the road.

5. Increased economic growth and development in the project area with the improved access and improved road infrastructure.
6. Improved quality of life for local communities with the improved access and improved road infrastructure

### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Ntchisi and Nkhotakota Districts.

**Implementation period:** November 2022 – March 2027

**Total Estimated Cost:** MK29,700,000,000

**Financial Progress:** The total expenditure to date is MK1,357,000,000

**Financing Sources:** GoM

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution (billion)	<b>29.7</b>	<b>29.7</b>
Absorption (as of 03/2024)		

### Project Budgets and Expenditure:

FY	21/22	22/23	23/24
Budget (MK billion)			<b>1</b>
Cumulative			
Expenditure (MK billion)			
Cumulative (billion)			<b>1.3</b>

\*as of end 03/2024

### **Physical Progress:**

### **Physical Completion Rate (as of 03/2024):**

**Achievement:** The procurement process for contractor and supervising engineer is at an advanced stage.

**Timeliness of Achievement:** The project is expected to end in March 2027

### **Implications for costs of the project:**

**Policy Issues:** Delay in concluding of all procurement processes

### **Remedial Action**

#### **6.6.2. UPGRADING OF DZALEKA - NTCHISI-MPALO-MALOMO ROAD**

The project involves upgrading of the road to paved standard with 6.8m wide carriageway and 1.5m wide sealed shoulders, with a 50 mm asphalt surfacing finish on a crushed stone base and gravel sub base. The works will also involve the construction of several drainage structures.

**Objective:** To reduce transport costs by upgrading the road thereby contributing to social economic development.

### **Outcomes:**

6. Improved regional and local connectivity with the improved access and improved road infrastructure.

7. Increased economic activity in the project area with the improved access and improved road infrastructure.
8. Improved safety and security of passengers and goods with the improved access and improved road infrastructure.
9. Increased economic activity in the project area with the improved access and improved road infrastructure
10. Improved local transportation for residents in the project area with the improved access and improved road infrastructure.

**Malawi 2063 Alignment:** economic infrastructure

**Location:** Ntchisi District

**Implementation period:** August 2021 to March 2025

**Total Estimated Cost:** MK38 billion

**Financial Progress:** The total amount of **MK2 billion** has been spent since implementation

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution (billion)	37.7	37.7
Absorption (as of 03/2024)		

**Project Budgets and Expenditure:**

FY	21/22	22/23	23/24
Budget (MK billion)	0	.250	4.7
Cumulative	0	.250	4.950
Expenditure (MK billion)	0	.250	1.750
Cumulative	0	.250	2

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):** The overall physical progress is at 4% against 38%

**Achievement:** The contractor is still establishing on site. Permanent works started with bush clearing and grubbing and earthworks.

**Timeliness of Achievement:** The project is expected to finish in 2025

**Implications for costs of the project:** costs are likely to escalate due to time delay.

**Policy Issues:** Advance working capital request which was submitted in May 2023 was only paid in September 2023 and this affected progress of work as the contractor slowed down activities on site in August 2023.

**Remedial Action:** There is need to improve time delivery of all project works.

### **6.6.3. UPGRADING OF CHIKWAWA – CHAPANANGA – MWANZA ROAD**












The project involves upgrading the road from Chikwawa to Mwanza, which is about 23.5km.

**Objective:** To ensure safe and reliable year-round travel for drivers.

**Outcomes:**

1. Improved access to communities in the area
2. Improved safety and security of passengers and goods with the improved access and improved road infrastructure.
3. Reduced travel time and costs for users of the road.
4. Increased economic growth and development in the project area with the improved access and improved road infrastructure.
5. Improved quality of life for local communities with the improved access and improved road infrastructure

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Chikwawa and Mwanza districts

**Implementation period:** November 2022 – March 2027

**Total Estimated Cost:** MK112,000,000,000

**Financial Progress:** Phase II is just commencing.

**Financing Sources:** GoM

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution (billion)	MK 112 billion	MK 112 billion
Absorption (as of 03/2024)	0.7%	0.7%

#### Project Budgets and Expenditure:

FY	22/23	23/24
Budget (MK billion)	0.1	0.7
Cumulative	0.1	0.8
Expenditure (MK billion)	0.1	0.7
Cumulative (billion)	0.1	0.8

\*as of end 03/2024



**Physical Completion Rate (as of 03/2024):**

**Achievement:** The project is at preparatory stage

**Timeliness of Achievement:** The project has delayed. The project is supposed to end in March 2027.

**Implications for costs of the project:** If the project continues to delay, the cost is likely to escalate.

**Policy Issues:** Delay in procurement process for the design services.

**Remedial Action**

There is need to engage PPDA to expedite process of procurement.

**6.6.4. THABWA – CHITSEKO - SEVENI**

Upgrading of the road to paved standard of the 60km from the Junction M001/S152 at Thabwa to the Junction with S151 at Makhanga in Nsanje district.












**Objective:** To contribute to the national economic growth through stimulation of economic activities in the project area

**Outcomes:**

1. Improved access to communities in the area
2. Improved safety and security of passengers and goods with the improved access and improved road infrastructure.
3. Reduced travel time and costs for users of the road.
4. Increased economic growth and development in the project area with the improved access and improved road infrastructure.

5. Improved quality of life for local communities with the improved access and improved road infrastructure

#### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Chikwawa and Nsanje District

**Implementation period:** April 2024 – March 2028

**Total Estimated Cost:** MK113, 858,000,000 (MK39,055,000,000 for part I and MK74,803,800,229.47 for part II)

**Financial Progress:** 0%

**Financing Sources:**

	GOM	PART 1	TOTAL
Type	Budget allocation	Budget allocation	Mix
Contribution (billion)	<b>74.8</b>	<b>39</b>	<b>113.8</b>
Absorption (as of 03/2024)	0%	0%	0%

**Project Budgets and Expenditure:**

FY	23/24
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Budget (MK billion)	0
Cumulative	0
Expenditure (MK billion)	0
Cumulative (billion)	0

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):**

**Achievement:** The procurement process for contractor and supervising engineer is at an advanced stage.

**Timeliness of Achievement:** The project is on track

**Implications for costs of the project:** The project cost are likely to be stable.

**Policy Issues:** No major issues.

**Remedial Action**

No much challenge.

**6.6.5. RECONSTRUCTION AND REHABILITATION OF LIMBE - MARKA RAILWAY SECTION**












The project aims at re-establishing the railway link between Limbe and the port of Beira commonly known as the Sena line. This is to be achieved by rehabilitating and upgrading the railway section from Limbe to Nsanje, Marka.

**Objective:** Easing transportation for the local people and contributing towards the connection between Limbe and Marka Border by rail for transportation of commercial goods from Mozambique.

**Components:**

- 1.Functional Marka - Bangula railway
- 2.Functional Bangula - Makhanga railway
- 3.Functional Makhanga Sandama railway
4. Functional Sandama - Limbe railway

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Nsanje, Thyolo and Blantyre

**Implementation period:** May 2022 - April 2025

**Total Estimated Cost:** MK287,000,000,000

**Financial Progress:** The cumulative expenditure to date is MK11,662,000,000

**Financing Sources:**

	CHINA	GOM	TOTAL
Type	Loan	Budget allocation	Mix
Contribution (billion)	15.6	1	16.6
Absorption (as of 03/2024)	10.6	1	11.6

### **Project Budgets and Expenditure:**

FY	21/22	22/23	23/24
Budget (MK billion)	0	0	16.6
Cumulative	0	0	16,6
Expenditure (MK billion)	0	0	11.6
Cumulative (billion)	0	0	11.6

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):** The overall progress is 17.5 percent (Mobilization, Draft designs, and Construction trials)

### **Achievement:**

1. The track progress for the 72 km railway section from Limbe – Sandama is 80 percent
2. Designs for Upgrading from 15 tons to 20.5 tons per axle Railway Line submitted for review;
3. Engineering equipment such as beam delivery trucks, water tankers and loaders, for which quotations are now being requested.
4. Other Project equipment are current being procured and shipped to Malawi from China (i.e. Vibrators for concrete production, Steel strand for the production of prestressed beams, The gantry crane (10T) for the rail sleeper production line, Electricity materials for the production line

**Timeliness of Achievement:** The physical progress is slightly behind the planned time.

**Implications for costs of the project:** It likely that there will be slight price escalation of the construction materials.

## **Policy Issues**

1. Delayed approval of ESIA Report.
2. MOTPW engaged MEPA to urgently review the Report. ESIA Report has since been approved.
3. Inadequate provision of foreign currency in order to purchase for project materials, plant and equipment.
4. Fuel shortages

## **Remedial Action**

1. Roads Authority developed an addendum to the current contract to address the selected areas affected by cyclone Freddy.
2. Continuous engagement with PPDA to grant an approval to the addendum to the construction contract.

### **6.6.6. MODERNIZATION OF KIA**

The Modernization of Kamuzu International Airport (KIA) is a project designed to bring the airport up to date with the latest in airport technology and infrastructure. The project will involve a series of activities to modernize and update the airport, such as the installation of a boarding bridge and other necessary infrastructure. The airport will also be updated to provide modern amenities such as improved seating, new retail outlets, and upgraded security systems.












**Objective:** The goal of this project is to improve the overall experience of travelers visiting the airport, providing them with a high-quality, modern experience that meets the needs of today's travelers.

#### **Outcomes:**

1. Improved safety at KIA.

2. Modernized airport.
3. Increased efficiency.
4. Smoother operations

#### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✗	✓	✗

**Location:** Lilongwe

**Implementation period:** April 2022 - March 2027

**Total Estimated Cost:** 190,700,000,000

**Financial Progress:**

**Financing Sources:** GoM

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	1.8	1.8
Absorption (as of 03/2024)	1.7	1.7

**Project Budgets and Expenditure (as of end 03/2024):**

FY	21/22	22/23	23/24
----	-------	-------	-------

Budget (MK billion)	0	0	1.8
Cumulative	0	0	1.8
Expenditure (MK billion)	0	0	1.7
Cumulative	0	0	1.7

**Physical Completion Rate (as of 03/2024):** No physical completion registered yet

**Achievement:** The project is yet to start this year

**Timeliness of Achievement:** The physical progress is slightly behind the planned time.

**Implications for costs of the project:** It likely that there will be slight price escalation of the construction materials.

**Policy Issues:** Delayed approvals due to bureaucratic processes

**Remedial Action:** Streamlined Approval Processes: Review and approval processes for activities should be efficient and timely. Bureaucracy can lead to significant delay.

## **6.7. GOVERNANCE SECTOR**

### **6.7.1. CONSTRUCTION OF 10,000 HOUSING UNITS FOR MDF, POLICE, PRISONS AND IMMIGRATION**
















*Figure 56: Some Commissioned houses at Malamyia in Mangochi*

The projects will provide decent accommodation for the security officers from the Malawi Defense Force, Malawi Police Service, Malawi Prison Service and the Department of Immigration. Renting new houses for these officer is currently a challenge because rental arrears have accumulated over time. Moreover, the current approach of renting houses does not consider the location of institutional offices where an officer serves even though some officers are required to be close to their offices. As such, the Government is constructing 10,000 housing units for the security officers across the country. The houses will be constructed in three phases as follows: 1,028 housing units in phase one; 4,300 housing units in phase two; and 4,672 housing units in phase three.

**Objective:**

To provide housing units to government security institutions that will improve the working environment for their employees by reducing shortage of decent accommodation within the premises of the security institutions.

### Malawi 2063 Alignment:

Pillar		Enabler							
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✓	✗	✗	✗	✗	✗

**Location:** Across the country

**Implementation period:** January 2020 to April 2025

**Total Estimated Cost:** MK620 billion

### Financial Progress

### Financing Sources:

	GOM	TOTAL
Type	Budget allocation	Budget allocation
Contribution	MK620 billion	MK620 billion
Absorption (as of 03/2024)	MK65.14 (10.5 percent)	MK 65.14 billion

### Project Budgets and Expenditure:

FY	2020/21	2021/22	2022/23	2023/24
----	---------	---------	---------	---------

Budget (MK billion)	6.00	5.00	3.00	27.3
Cumulative	6.25	11.25	14.25	41.55
Expenditure (MK billion)	5.91	3.38	28.30	27.3
Cumulative	6.16	9.54	37.84	65.14

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):** 7 percent

**Achievement:**

(a) Phase 1 Lot 1: Out of 231 houses 45 houses have been completed and handed over. Construction progress for the remaining houses is at 81 percent on average.

(b) Phase 1 Lot 2: Construction of 797 houses

On average, construction progress is currently at 53 percent with a number of sites in final stages (Ndirande Police at 99 percent, Kasungu Police at 92 percent)

Phase 2 Lot 1: Construction of 2,300 houses

OPC approval was received and award letters for 74 contracts were issued on 27th Nov 2023.

**Timeliness of Achievement:** Unlike in the 2022/2023 financial year, the project is almost back on track.

**Implications for costs of the project:** The total estimated cost (TEC) remains MK 620 billion since this is already high. The project has to reduce scope to match the current TEC.

**Policy Issues:**

- There were delays in funding disbursement in the 2023/24 financial year, which slightly delayed project progress.

- There has been lengthy procurement processes. The procurement process is extensive starting from the required period of advertisement to the approval processes at PPDA, Ministry of Justice, Office of the President and Cabinet.
- Project costs have increased due to fluctuations in the price of construction materials such as cement and steel products.

### **Remedial Action:**

In order to address the challenges that the project has been encountering,

1. The total estimated cost (TEC) remained MK 620 billion since this is already high. The project has to reduce scope to match the current TEC.
2. The Ministry has created the Infrastructure Management Unit (IMU) to expedite the project. The recruitment of Infrastructure Management Unit had been done and there are no longer capacity challenges.
3. The annual funding allocation had improved in 2023/24 financial year. The Ministry continues to work hand in hand with the Ministry of Finance and Economic Affairs (Treasury) to iron out all payment issues;
4. The Ministry continues to work on resolving all delays that are exposing the projects to price shocks;
5. The Ministry engaged the National Construction Industry Council (NCIC) to start using Price Cost indices to adjust contract prices in response to price fluctuations
6. The Ministry strengthened measures of title deeds to prevent encroachment.
7. The project will have to apply for extension of time by December, 2024.











## **6.7.2. CONSTRUCTION OF JUDICIARY HEADQUARTERS IN LILONGWE**

### **Overview**

**Description:** The project involves construction of Judiciary Headquarters that will house headquarters for the Supreme Court of Appeal, six divisions of the High Court and an

administration block. The project will also involve construction of Chief Justice's residence; sherriff warehouse; and Judiciary Training Institute.

### Malawi 2063 Alignment:

Pillar		Enabler							
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
X	X	X	X	✓	X	X	X	X	X









### Objective:

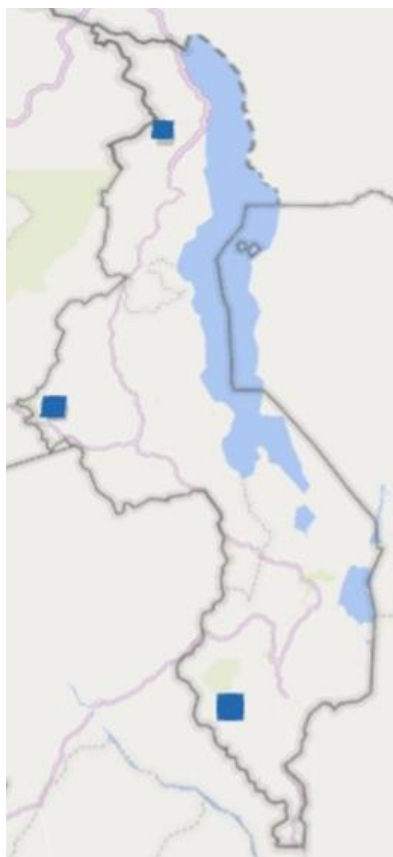
To enhance the provision of effective and efficient services in the justice system for the country.

### Outcomes:

1. Improved access to supreme court services
2. Improved access to high court services
3. Increased availability of judicial administration services
4. Convenient facility for court users

### Malawi 2063 Alignment:

Pillar		Enabler								
										
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private sector Dynamism	Human Capital	Economic Infrastructure	Environment	
										
X	X	X	X	✓	X	X	X	X	X	



**Location:** Lilongwe

**Implementation period:** May 2021 to March 2028

**Total Estimated Cost:** MK294.8 billion

**Financial Progress**

**Financing Sources:** Government of Malawi

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK294.8 billion	MK294.8 billion

Absorption (as of 03/2024)	0.5%	0.5%
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**Project Budgets and Expenditure:**

FY	2020/21	2021/22	2022/23	2023/24
Budget (MK billion)	0.5	0.9	0.1	0
Cumulative	0.5	1.4	1.5	1.5
Expenditure (MK billion)	0.5	0.9	0.1	0
Cumulative	0.5	1.4	1.5	1.5

\*as of end 03/2024

**Physical Progress:** Land had been acquired. Feasibility studies have been completed. The consultant for the designs has been procured and designing is underway. Topographic and cadastral surveys on Judiciary Headquarters and Chief Justice's residence done.

**Physical Completion Rate (as of 03/2024):** 5%

**Achievement:** Land had been acquired, and feasibility studies have been completed. Designs are being developed. Topographic and cadastral surveys on Judiciary Headquarters and Chief Justice's residence done.

**Timeliness of Achievement:** The project is slightly on track

**Implications for costs of the project:**

As there was delays in finalization of designs, The project will face price escalation in the long run

## **Policy Issues**

1. Delays in provision of designs and other relevant studies including a topographical survey by the Department of Surveys which is yet to be finalized.

## **Remedial Action**

To address the challenge of delays in the provision of designs and relevant studies, particularly the topographical survey by the Department of Surveys, the following steps can be taken:

- The implementing unit should communicate with the Department of Surveys to understand the reasons for the delay and express the urgency of finalizing the topographical survey.
- Work with the Department of Surveys to establish clear deadlines for the completion of the topographical survey and other relevant studies. Ensure that these deadlines are realistic but also firm enough to maintain progress.
- Ensure that the Department of Surveys has the necessary resources, including funding, to expedite the completion of the topographical survey.

### **6.7.3. SOCIAL SUPPORT FOR RESILIENT LIVELIHOODS**

The project involves improving resilience and building sustainable livelihoods of the poor and vulnerable households through four programmes namely Social Cash Transfer, Climate Smart Enhanced Public Works, Scalable Safety Nets and Livelihood Support.

**Objective:** To strengthen Local Authorities' institutional performance, responsiveness to citizens and management of resources for

#### **Outcomes:**

1. Improved social and economic inclusion,
2. Strengthened harmonized delivery systems,
3. Enhanced capacity building and institutional strengthening support.

#### **Malawi 2063 Alignment:**



**Location:** 28 district councils

**Implementation period:** June 2020 – December 2027

**Total Estimated Cost:** USD 329.50 million

**Financial Progress:** 44%

**Financing Sources:** World Bank

	World Bank	World Bank	TOTAL
Type	Grant	Loan	Mix
Contribution	USD 17 million	USD 312.50 million	USD 329.50 million
Absorption (as of 03/2024)	44%	44%	44%

**Project Budgets and Expenditure:**

FY	20/21	21/22	22/23	23/24
Budget (US\$ Millions)	29	20.7	13.2	83
Cumulative	29	49.7	62.9	145.9
Expenditure (US\$ Millions)	29	20.7	13.2	83
Cumulative	29	49.7	62.9	145.9

\*as of end 03/2024

**Physical Progress:** 63 percent of women were Social Cash Transfers project beneficiary households with an improved food consumption score. UBR strategy developed and approved. Currently, defining UBR's roles and mandates. Mechanism established and functional in three districts of Blantyre, Ntcheu and Thyolo.

**Physical Completion Rate (as of 03/2024):** 85 percent

**Achievement:**

1. The Social Cash Transfer Programme (SCTP) has reached 128,722 ultra-poor households in 11 district councils representing 50 percent of projects' revised target.
2. The Climate Smart Enhanced Public Works Programme (CS-EPWP) has reached 395,205 ultra-poor households in all the 28 district councils representing 76 percent of projects' revised target.
3. A total of 86,640 households have been supported under the Scalable Safety Nets Programme representing 29 percent of the project target.
4. A total of 59,242 and 292,186 SCTP and CS-EPWP beneficiaries have been mobilized into 3,323 and 12,819 Savings and Loans Groups under the Livelihoods Support Programme and have made cumulative savings of MK2.1 billion and MK3.1 billion respectively.

**Timeliness of Achievement:** The project is slightly on track

**Implications for costs of the project:**

**Policy Issues;** Under-enrolment of participants for the Climate Smart Public Works Programme continued to be experienced in selected councils mainly due to issues surrounding Unified Beneficiary Registry (UBR) data.

#### **Remedial Action**

There is need to address issues surrounding Unified Beneficiary Registry (UBR) data to improve enrolment of participants for the Climate Smart Public Works Programme in selected councils.

#### **6.7.4. MALAWI FINANCIAL INCLUSION AND SCALING PROJECT**












The project involves increasing access to financial services, promote entrepreneurship and capabilities of Micro, Small and Medium-sized Enterprises (MSMEs) in Malawi including addressing Covid19 implications.

**Objective:** The objective is to increase access to financial services, promote entrepreneurship and capabilities of Micro, Small and Medium Sized Enterprises (MSMEs) in Malawi including addressing Covid19 implications.

**Outcomes:**

1. Increased access to financial services, including credit line and special support for COVID-19 response for MSMEs, and technical assistance to participating financial intermediaries.
2. Improved business support for MSMEs, through enhanced quality of business support provided by private and public business development service (BDS) providers.
3. Strengthened financial infrastructure and regulatory framework.
4. Increased financial literacy and consumer protection.
5. Improved capacity of SME Development Institute (SMEDI).
6. Increased de-risking financing to MSMEs.

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
X	✓	X	X	X	X	✓	X	X	X

**Location:** Across Malawi

**Implementation period:** December 2020- September 2025

**Total Estimated Cost:** MK65,000,000,000

**Financial Progress:** MK28,111,000,000 has been spent since start of implementation

**Financing Sources:** World Bank

	World Bank	TOTAL
Type		Mix
Contribution	MK65,000,000,000	MK65,000,000,000
Absorption (as of 03/2024)	43.2%	43.2%

**Project Budgets and Expenditure:**

FY	23/24
Budget (MK billion)	65
Cumulative	65
Expenditure (MK billion)	28.1
Cumulative	28.1

\*as of end 03/2024

**Achievement:** The project is being financed by the World Bank and became effective in December 2020. Recruitment for consultants (MSME and Financial Management) is underway.

**Timeliness of Achievement:** The project is expected to finish in 2025 and is on track.

**Implications for costs of the project:** No cost implications

**Policy Issues:** No major policy issues on this project

**Remedial Action:** None












#### **6.7.5. REGIONAL CLIMATE RESILIENCE PROGRAM FOR EASTERN AND SOUTHERN AFRICA 2**

The Project involves improving water related climate shocks in Malawi and in the Eastern and Southern Africa region. This will also assist the country in attaining developmental aspirations.

**Objective:** The development objective is to promote digital financial inclusion and develop an enabling environment for digital trade by building a robust and harmonized e-payments policy so as to enhance economic competitiveness and social resilience. The specific objectives are to (a) develop a digital payment ecosystem that will improve financial inclusion, accountability, efficiency and transparency of the payments system and reduce costs associated with a cash-based system.; (b) strengthen mechanisms to support the competitiveness of the private sector and improve access to national and export markets; (c) improve access to financial services among the general population with a particular focus on SMEs, women, youth and rural populations

**Outcomes:** Resilience to all water related shocks improved

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✗	✗	✗	✗	✗	✗	✓	✓	✓

**Location:** Across Malawi

**Implementation period:** March 2024- December 2028

**Total Estimated Cost:** US\$ 382.40 million

**Financial Progress:** No money has been spent as the project has just started

**Financing Sources:** World Bank

	World Bank	TOTAL
Type	Grant	Mix
Contribution	US\$ 382.40 million	US\$ 382.40 million
Absorption (as of 03/2024)	0%	0%

**Project Budgets and Expenditure:**

FY	23/24
Budget (MK billion)	0
Cumulative	0

Expenditure (MK billion)	0
Cumulative	0

\*as of end 03/2024

**Physical Progress:** The project has just started

**Physical Completion Rate (as of 03/2024): 0 percent**

**Achievement:** This far the Team has developed a one and half year procurement plan. Details for implementation not yet developed for the remaining years. Negotiation Done. Awaiting approval from the World Bank.

**Timeliness of Achievement:** The project is expected to finish in 2028 and thus far is on track.

**Implications for costs of the project:** No implications so far.

**Policy Issues:** No policy issues so far.

**Remedial Action:** No need so far.

#### **6.7.6. FINANCIAL ACCESS FOR RURAL MARKETS SMALLHOLDERS AND ENTERPRISE (FARMSE)**

The project supports household economic development through access to financial services that are appropriate to each socioeconomic level of poverty.












#### **Objective:**

To increase access to, and use of, a range of sustainable financial services by rural households and micro, small, and medium enterprises.

### Outcomes:

1. Improvement in income of households
2. Improved access to financial services by households

### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✓	✗	✗	✗	✗	✗	✓	✗	✗	✗

**Location:** Across Malawi

**Implementation period:** July 2018 -July 2025

**Total Estimated Cost:** USD58,130,000

**Financial Progress:** 82 percent

**Financing Sources:** IFAD Grant, IFAD Loan, Norad, Malawi Government, Partners

	IFAD GRANT	IFAD LOAN	NORAD	PARTNERS	GOM	TOTAL
Type	Grant	Loan			Budget allocation	Mix



Contribution	USD 21,000,000	USD 21,000,000	USD 435,062	USD 6,151,000	USD 9,579,000	USD 58,165,062
Absorption (as of 03/2024)	USD 16,336,033 (77.7%)	USD 16,336,033 (77.7%)	USD 333,080 (76.5%)	USD 8,047, 752 (130.8%)	USD 6,734,533 (70.3%)	USD 47,787,450 (82.1%)

### Project Budgets and Expenditure:

FY	21/22	22/23	23/24
Budget (MK billion)	9.07 (billion)	7.62 (billion)	12.2 (billion)
Cumulative	9.07 billion	16.69 billion	28.89 billion
Expenditure (MK billion)	9.34 billion	8.48 billion	3.67 billion
Cumulative	9.34 billion	17.82 billion	21.49 billion

\*as of end 03/2024

**Physical Progress:** Overall physical progress of the project is at 80 percent

### Achievement:

1. A total of 13,063 rural people (61 percent females) out of planned 12,500 participated in ultra-poor graduation (UPG) interventions. Five implementing partners are working with the UPG beneficiaries in Salima, Dowa, Mchinji, Lilongwe, Dedza, Ntcheu, Balaka, Machinga, Mangochi, Phalombe, Chikwawa and Nsanje.
2. Nutrition interventions are being implemented in all 28 districts reaching a total of 33,160 people during the reporting period. Nutrition sensitive interventions are also being implemented under the NORAD nutrition pilot interventions targeting Dedza, Balaka and Machinga districts, among key achievements, 3,695 households out of annual planned of 2000 received and grew nutrient rich indigenous vegetables such as Amarathus , Local rape, Cat's whiskers, Jews mallow, Roselle, Black jack, and Quick weed; 432 households out of planned 1000 households were provided with small livestock's such as rabbits,

doves, guinea fowl and ducks based on recipient preference and also produced 12,000 various approved nutrition IEC materials that were developed by Ministry of Agriculture.

3. Since the programme started, CBFO beneficiaries have cumulatively mobilized group savings amounting to MK28.8 billion. Cumulatively, CBFO members borrowed MK31.5 billion from CBFO group savings. Furthermore, a total of 828 CBFO groups have obtained loans from MFIs and FFIs amounting to MK1.35 billion since the programme started;
4. A total of 436 CBFO groups were linked to value chain markets in the year giving a cumulative figure of 1,970 against the programme target of 2,500 (98 percent programme achievement). The value chain markets offtakers include Pyxus Agriculture, Warm Heart of Africa (WHOA) International, ACADES, FairWay Enterprise, Takondwa Commodities, Multi-Seeds Company Limited (MUSECO), Growbest fertilizer, Farmers Organization Limited, Bayer Malawi Limited, and Global

**Timeliness of Achievement:** The project is expected to finish in the year 2025

**Implications for costs of the project:** No implications

**Policy Issues:** Challenges that affected implementation of programme activities included delays in the process of rectifying the eligibility of the former participants and retargeting of new participants into the social cash transfer program for Ultra poor Graduation (UPG) registration exercise, liquidity challenges to meet the demand for cashouts in the rural communities; network hiccups in rural areas causing system down times for rural bank agent's operations; delayed approvals by Reserve Bank of Malawi to authorize operation of Formal Financial Institutions (FFIs) in a particular area and recruitment of agents and information gaps on insurance products to rural communities.

**Remedial Action:** It is therefore recommended that when there is retargeting and recertification of Social Cash Transfer Programme(SCTP) participants, FARMSE and the Ministry of Gender and Community Development through the Social Cash Transfer division should work together to speed up the process in the focus areas; To address issues of liquidity of bank agents focus on registering bank agents should be on shop owners because they have required cash and FFIs should

consider providing loans to their agents to meet the cash-outs demand; Banks should invest in network systems and introduce toll free lines for the agents; Reserve Bank of Malawi and Bankers Association of Malawi should develop mechanisms that should speed up the process of approving the operations of FFIs in new areas and for agents; and there is need for intensification of insurance products awareness and marketing activities.

## **6.8. ICT SECTOR**












### **6.8.1. LAST MILE RURAL CONNECTIVITY**

The project seeks to improve access to telecommunication and digital services through the construction of 136 telecommunication towers in rural and marginalized areas throughout the country. The Last Mile Rural Connectivity project includes wireless communication infrastructure that addresses the need to increase access to affordable, wider communication services for Malawians in rural areas. This compliments the aim to enable government agencies to establish extensive communication network between each other

**Objective:** The overall goal of the project is to provide high speed, reliable and affordable connectivity infrastructure to interconnect all sectors the economy nationwide. This will act as an enabler to new revenue types, education and information delivery types thus resulting in a more informed citizenry and improved overall economy.

**Outcomes:** Increased access to affordable, wider communication services for the Malawian in rural areas; Enhanced communication services between Government Departments and Agencies.

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
×	×	×	×	×	×	×	×	✓	×

**Location:** Across Malawi

**Implementation period:** June 2017 to December 2026

**Total Estimated Cost:** MK 48,539,685,250.00

**Financial Progress:**

**Financing Sources:**

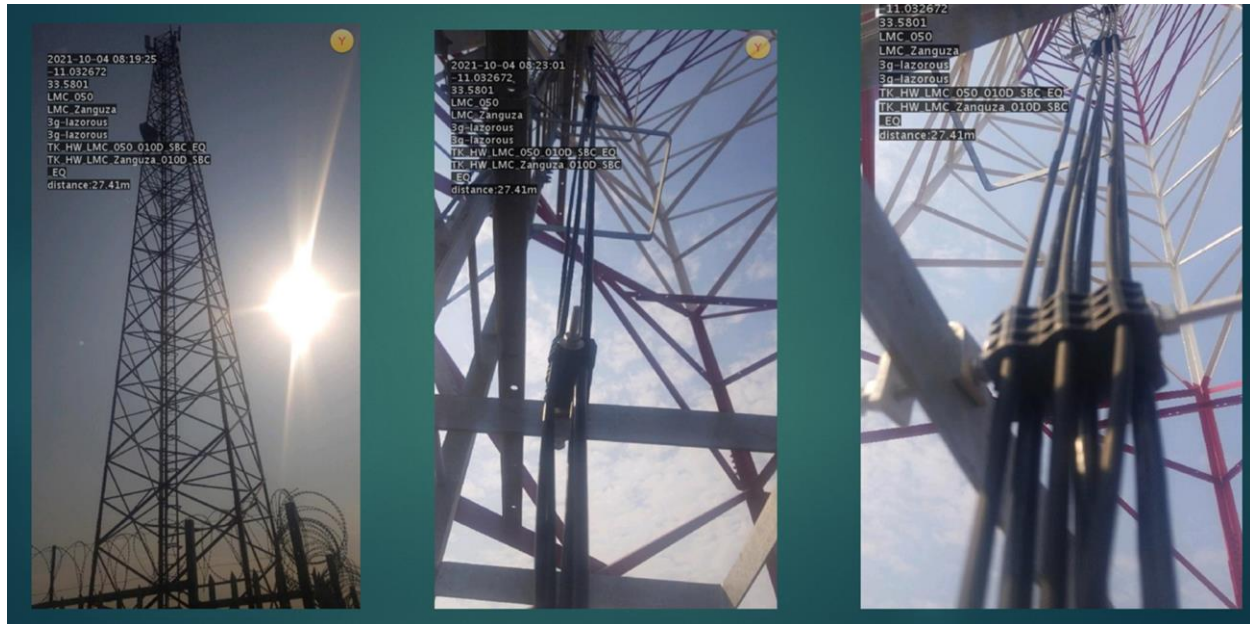
	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK 10,359,000,000	MK 10,359,000,000
Absorption (as of 03/2024)	96%	96%

**Project Budgets and Expenditure:**

FY	18/19	19/20	20/21	21/22	22/23	23/24
Budget (MK billion)	4.4	1	0.35	1.9	1.040	1.500
Cumulative	4.4	5.4	5.75	7.65	8.69	10.19
Expenditure (MK billion)	4.16	1	0.35	1.9	1.04	1.5
Cumulative	4.16	5.16	5.51	7.41	8.45	9.95

\*as of end 03/2024

**Physical Progress:** Overall physical progress of the project is at 22 percent 1. 17 towers are operational out of the 28 erected towers. 2. Equipment for the operationalization of the remaining 11 already erected towers and 2 new extra sites are in transit.



**Physical Completion Rate (as of 03/2024):** Overall physical progress of the project is at 22 percent

**Achievement:** Out of 136 planned towers, 30 towers have been constructed and operationalized. (That is 22 percent of the total target)

**Timeliness of Achievement:** The project is not on track, this is so because the Project stalled to resources unavailability.

**Implications for costs of the project:**

**Policy Issues:** The main challenge that has affected the delivery of the project deliverables is inadequate finances. Erection of 1 tower costs about MK 350,000,000.00

**Remedial Action:** Efforts were made to lobby for more resources and request additional funding from the Treasury.












## 6.8.2. DIGITAL MALAWI PROJECT

The project intends to increase the availability of services for Government, private sector and General public. As well as create Government capacity to launch public digital services.

**Objective:** To create an enabling legislative and infrastructural environment for the provision of digital solutions to the underserved, difficult to reach and remote areas.

**Outcomes:** Improved legislative, regulatory and institutional environment that will in turn complement the development of new skills and entrepreneurship programs; Improved connectivity to underserved areas, rural areas and public institutions through last mile connectivity and innovative Rural Broadband Access Solutions; Strengthened institutional capacity and a shared digital public service delivery platform

### Malawi 2063 Alignment:

Pillar		Enabler							
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
X	X	X	X	X	X	X	X	✓	X

**Location:** Across Malawi

**Implementation period:** June 2017- June 2024

**Total Estimated Cost:** \$72,400,000

**Financial Progress:**

**Financing Sources:** World Bank

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution		
Absorption (as of 03/2024)		

**Project Budgets and Expenditure:**

FY	18/19	19/20	20/21	21/22	22/23	23/24
Budget (MK billion)	1.298	14	13.9	29.6	15.6	13.5
Cumulative	1.298	15.298	29.198	58.798	74.398	87.898
Expenditure (MK billion)	1.298	14	13.9	29.6	15.6	13.5
Cumulative	1.298	15.298	29.198	58.798	74.398	87.898

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):** Component one is 98 percent, component two is at 59 percent and component three is at 29 percent.



**Achievement:** Component 1: Digital Component is 98 percent; Component 2: Digital Connectivity; Component 3: Digital Platforms and Services is at 29 percent.

**Timeliness of Achievement:** By January 2024, the project has achieved the following;

**Implications for costs of the project:**

**Policy Issues**

**Remedial Action**

### **6.8.3. NATIONAL FIBRE BACKBONE PROJECT II**












The National Fibre Backbone Phase I connected the fiber optic cable to every district with one landing point in each district. The Phase II seeks to connect fiber optic cable to the offices in all the districts that were not connected in the first phase. The project will also introduce a video conferencing facility for teleconferences that will cut Government travel expenses. The Project further has a component on construction of a Recovery Data Center to help protect and mitigate the effects of data loss at the Primary Data Center in unforeseeable circumstances.



**Objective:** To connect all major sectors of the economy and government agencies to a high-speed optical fiber-based network.

**Outcomes:** The outcome of the project are: (i) increased access to affordable, wider communication services for the Malawian in rural areas; (ii) enhanced communication services between Government Ministries Departments and Agencies (MDAs); and (iii) Efficient communication between and among polling centers.

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
X	X	X	X	X	X	X	X	✓	X

**Location:** All districts in Malawi

**Implementation period:** July 2017 to March 2026

**Total Estimated Cost:** US\$99.0 Million

**Financial Progress:**

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution		

Absorption (as of 03/2024)		
----------------------------	--	--

**Project Budgets and Expenditure:**

FY	2021/22	2022/23	2023/24
Budget (MK billion)			
Cumulative			
Expenditure (MK billion)			
Cumulative			

\*as of end 03/2024

**Physical Completion Rate (as of 03/2024):**

**Achievement:**

- 384 km of 421 km of backbone network has been installed.
- 347 km of 469 km of metro network has installed in the cities of Malawi.
- 212 km of 1083 km of access network has been installed
- Secondary Data Centre construction is 95 percent completed in Blantyre.
- MACRA granted approval of Nkhatabay-Likoma frequency band and actual installation will commence in May, 2022.
- Conducted surveys that will guide the installation of 12 VC terminals and 500 IP phones in main cities and town including Lilongwe, Blantyre, Mzuzu, Zomba, Mangochi, and Kasungu.

**Timeliness of Achievement:** Project implementation is on track.

**Implications for costs of the project:** No notable challenge to affect project cost.

**Policy Issues:** No issue of concern, project is on track.

**Remedial Action:** No key issue to address.












#### 6.8.4. MIGRATION OF COMMUNICATION SYSTEM FROM ANALOGUE TO DIGITAL

The project intends to migration the police communication system from analogue to digital platform. For effective and efficient operation of the Malawi Police Service, a modern communication system is required to speed up communication and response from various police formations on duty. Digital communication has the potential to significantly contribute to addressing the challenges that the Malawi Police Service face in responding to crimes. Accordingly, the migration to digital communication was prioritised in the 2012/2017 Strategic Development Plan for the Malawi Service. Additionally, a need to meet the international obligation which required switching over of the communication system from analogue to digital platform by June 2015 necessitated the project.

**Objective:** to improve the efficiency and effectiveness of communication system in the Malawi Police Service in line with the international standards on radio communication.

**Outcomes:** Improved efficiency and effectiveness of communication system for the Malawi Police Service.

#### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
X	X	X	X	X	X	X	X	✓	X

**Location:** Across Malawi

**Implementation period:** July 2017 to June 2031

**Total Estimated Cost:** MWK 28,409,000,000

**Financial Progress:** 18%

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MWK 28,4 billion	MWK 28,4 billion
Absorption (as of 03/2024)	18%	18%

**Project Budgets and Expenditure:**

FY	19/20	20/21	21/22	22/23	23/24
Budget (MK billion)	5.05		0	0	0
Cumulative	5.05	5.05	5.05	5.05	5.05
Expenditure (MK billion)	5.05	0	0	0	0
Cumulative	5.05	5.05	5.05	5.05	5.05

\*as of end 03/2024. The project was funded in the past but not in the immediate past, hence the expenditure.

**Physical Progress:** Transmission networks installed in 3 Regional Offices (South West, Eastern and Central West). System installed in two cities (Blantyre and Lilongwe). Technicians and Operators from all formations trained. 6 technicians attained degree programs at MUBAS.

**Physical Completion Rate (as of 03/2024):**

**Achievement:**

1. Transmission networks installed in 3 Regional Offices (South West, Eastern and Central West).
2. System installed in two cities (Blantyre and Lilongwe)
3. Technicians and Operators from all formations trained
4. 6 technicians attained degree programs at MUBAS.

**Timeliness of Achievement:**

**Implications for costs of the project:**

**Policy Issues:** Delayed release of funds for implementation of project activities.

**Remedial Action:** Improve disburse of funds to avoid delaying the implementation of planned activities.

## **6.9. TOURISM SECTOR**

### **6.9.1. PRODUCT DEVELOPMENT IN PROTECTED AREAS AND TOURISTIC SITES PHASE 1 (KASUNGU NATIONAL PARK)**

The project involves developing tourism infrastructure including access roads, lodging facilities, community-based tourism facilities, perimeter fences around protected areas (national parks and wildlife reserves), breeding sanctuaries, basic amenities such as water and electricity, telecommunication networks, staff houses and water reservoirs. In the first phase, there shall be infrastructural developments at Kasungu National Park.

**Objective:**

The objectives of the project are:












- To improve value of touristic sites for increased tourist attraction and revenue collection.
- To increase touristic visitation to Kasungu National Park (for the first phase).

**Outcomes:**

The outcomes of the project are:

- Improved share of tourism related foreign exchange earnings and other revenue for government.
- Conservation of biodiversity as a result of reduced encroachment and poaching.
- Increased job opportunities for the community, including women and youth as well as the entire general public.

### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
X	X	✓	X	X	X	X	X	X	X

**Location:** The first phase of the project is being implemented in Kasungu.

**Implementation period:** The project implementation period is between July 2022 and March 2026.

**Total Estimated Cost:** The total estimated cost of the project is MK28.75 Billion

**Financial Progress:** 0.7%

### Financing Sources:

	GOM	TOTAL
Type	Budget allocation	Mix

Contribution	MK28.75 Billion	MK28.75 Billion
Absorption (as of 03/2024)	0.7%	0.7%

### **Project Budgets and Expenditure:**

FY	2021/22	2022/23	2023/24
Budget (MK billion)	0	0	0.5
Cumulative	0	0	0.5
Expenditure (MK billion)	0	0	0.2
Cumulative	0	0	0.2

\*as of end 03/2024

**Physical Progress:** Development of designs for lodging facilities in Kasungu National Park at 80 percent.

**Physical Completion Rate (as of 03/2024):** Physical construction not commenced as it awaits completion of designs and procurement of a contractor.

**Achievement:** Draft design for lodging facility in Kasungu National Park developed.

**Timeliness of Achievement:** Commencement of physical construction has delayed.

**Implications for costs of the project:** If physical construction delays further, it may lead to cost escalation.

**Policy Issues:** There is a need to fast-track project implementation to avoid cost escalation due to project implementation delays.

**Remedial Action:** Project implementation monitoring will be intensified to ensure that the project is completed within its timeframe and budget.

## **6.10. OTHER SECTORS**












### **6.10.1. ESTABLISHMENT OF SPECIAL ECONOMIC ZONES IN MALAWI**

This project will establish Special Economic Zones (SEZs) to target investment in sectors that Malawi has comparative and competitive advantage, and are strategically important for triggering economic growth and stimulating employment.

**Objective:** To contribute to economic growth and development of country through establishment of the Special Economic Zones.

**Outcomes:** Accessibility of utilities initiated and SEZs promoted.

### Malawi 2063 Alignment:

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
X	✓	X	X	X	X	✓	X	X	X

**Location:** Dunduzu, Chigumula, Area 55, and Matindi Site

**Implementation period:** September 2018 to March 2025

**Total Estimated Cost:** MK30.0 Billion

**Financial Progress:** 42%

### Financing Sources:

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK30.0 Billion	MK30.0 Billion



Absorption (as of 03/2024)	42%	42%
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### **Project Budgets and Expenditure:**

FY	2019/20	2020/21	2021/22	2022/23	2023/24
Budget (MK billion)	0.5	1	2	0	9
Cumulative	0.5	1.5	3.5	3.5	12.5
Expenditure (MK billion)	0.5	1	2	0	9
Cumulative	0.5	1.5	3.5	3.5	12.5

\*as of end 03/2024

### **Physical Progress:**

**Physical Completion Rate (as of 03/2024):** 9 percent

**Achievement:** Preparatory works for Chingumula, area 55 and Dunduzu. During the year premium was paid for land in area 55 and Dunduzu in Mzuzu. Furthermore, consultants were engaged to do road designs and ESIA in Chigumula and Department of Buildings has agreed to do a Master Plan for Chigumula and design factory shells.

**Timeliness of Achievement:** Delayed funding affect timely implementation of the project, which affected its timeliness in achieving planned results.

**Implications for costs of the project:** Delayed implementation of project activities has cost implication.

**Policy Issues:** Funding has mostly been disbursed towards the end of the financial year which makes processing of payments difficult

### **Remedial Action**

There is need to expedite project implementation by making implementation resources available in good time in 2024/25 financial year.












## **6.10.2. CONSTRUCTION OF MAXIMUM-SECURITY PRISON IN LILONGWE**

The Project intends to construct modern structure that will enhance prison security by providing an up to date security facility besides promoting prison health through improved bed space, sanitation and access to health services. Upon completion, the project will contribute towards bridging existing gaps in health service delivery, security, provision of rehabilitation and reformation programs, and adherence to the rule of law. The project is constructing a maximum prison in Lilongwe that comprises a maximum security prison, a medium security prison, a female prison, 300 staff houses, clinic, primary and secondary schools, skills workshop, kitchen and recreation hall.

**Objective:** The overall goal is to improve prison's living conditions; and improve prison conditions and security.

**Outcomes:** Reduced overcrowding in prison; improved prison health; improved rehabilitation services; enhanced prison security; and improved access to basic education at prison.

**Malawi 2063 Alignment: Enabler 2:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
×	×	×	×	✓	×	×	×	×	×

**Location:** Lilongwe

**Implementation period:** April 2022 to March 2027

**Total Estimated Cost:** The tentative cost is MWK 29,000,000,000. BoQ estimate available but project still under procurement.

**Financial Progress:** 16.7%

**Financing Sources:**

	<b>GOM</b>	<b>TOTAL</b>
<b>Type</b>	Budget allocation	Mix
<b>Contribution</b>	29,000,000,000	29,000,000,000
<b>Absorption (as of 03/2024)</b>	16.7%	16.7%

**Project Budgets and Expenditure:**

<b>FY</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Budget (MK billion)</b>	1	0.8
<b>Cumulative</b>	1	1.8
<b>Expenditure (MK billion)</b>	0.25	0.059
<b>Cumulative</b>	0.25	0.3

\*as of end 03/2024

**Physical Progress:** The project is still in the process of procuring a contractor

**Physical Completion Rate (as of 03/2024):** Less than 10 percent of physical completion

**Achievement:** So far, the project has managed to achieve the following:

- Site assessment and mapping.
- Topographic survey.
- Environmental and Social Impact Assessment

**Timeliness of Achievement:** The project has not met its target as planned.

**Implications for costs of the project:**

The delays in project implementation has implication on the Total Project Cost.

**Policy Issues:** Delayed procurement process due to bureaucratic procedures. The first award recommendation was rejected by PPDA because of use of wrong methodology in the procurement process.

**Remedial Action:** Implementers to continuously engaging PPDA to ensure that the methodology of procurement is in line with infrastructure projects.

### 6.10.3. BORDER CONTROL












The projects intends to strengthening border security procuring and installation of border security equipment, capacity building of officers, establishment of border posts and strengthening coordination and cooperation among stakeholders

**Objective:** To improve national security through securing the boarders

**Outcomes:**

- Secured border
- National Security
- Coordination among security agencies involved in border security

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
X	X	X	X	✓	X	X	X	X	X

**Location:** In all border posts

**Implementation period:** April 2022 to June 2024

**Total Estimated Cost:** MWK96,000,000,000

**Financial Progress:**

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	96,000,000,000	96,000,000,000
Absorption (as of 03/2024)	594,450,000	

**Project Budgets and Expenditure:**

FY	21/22	22/23	23/24
Budget (MK billion)		594,450,000	800,000,000
Cumulative		594,450,000	1,394,450,000
Expenditure (MK billion)		594,450,000	800,000,000
Cumulative		594,450,000	1,394,450,000

\*as of end 03/2024

**Physical Progress:** Currently needs assessment has been conducted

**Physical Completion Rate (as of 03/2024):**

**Achievement:** So far, needs assessment has been conducted.

**Implications for costs of the project:**

**Policy Issues:**

- Persistent reduction of funds without consultation- This affected the implementation of planned activities.
- Late release of funds- Funds were accessed late, towards the closure of the financial year. This forced the organization to implement some of its activities in a firefighting manner.

**Remedial Action:** Modular implementation of the project












#### 6.10.4. PUBLIC LAND INFRASTRUCTURE DEVELOPMENT IN CITIES

The project provides basic infrastructure including tarmac access roads, water, electricity and sanitation among others in cities of Malawi. The purpose is to provide necessary infrastructure that would catalyze investment on land in form of commercial, industrial, institutional, recreational and residential developments, and that would enhance quality of life in all cities in the country.

**Objective:** To increase access to basic infrastructure services that enhance quality of life in all cities in Malawi.

**Outcomes:** Improved livelihood in all cities of Malawi by providing basic infrastructure services to the city dwellers and users of urban services.

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
X	X	✓	X	X	X	X	X	X	X

**Location:** Lilongwe, Blantyre, Mzuzu and Zomba

**Implementation period:** The project implementation period is from July 2016 to March 2024.

**Total Estimated Cost:** The total estimated cost of the project is MK27,626,000,000.0

### Financial Progress

#### Financing Sources:

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK 27.6 billion	MK 27.6 billion
Absorption (as of 03/2024)	21%	21%

#### Project Budgets and Expenditure:

FY	2018/2019	2019/20	2020/21	2021/22	2022/23	2023/24
Budget (MK billion)	0.1	0.3	1.2	3	0.66	0.5
Cumulative	0.1	0.4	1.6	4.6	5.2	5.7
Expenditure (MK billion)	0.1	0.3	1.2	3	0.66	0.5
Cumulative	0.1	0.4	1.6	4.6	5.2	5.7

\*as of end 03/2024

**Physical Progress:** The overall progress is at 40 percent.

**Physical Completion Rate (as of 03/2024):** The overall progress is at 40 percent.

**Timeliness of Achievement:** Project not achieving results as planned due delayed payment of contractor, and delays associated with construction materials price escalation.

**Implications for costs of the project:** The project has delayed and this has effect on the total estimated cost for the project.

**Policy Issues:** The delays in project may necessitate review of total estimated cost and implementation timeframe.

**Remedial Action:** A need to review the project cost and timeframe.












#### 6.10.5. NATIONAL LAND REFORMS ROLL-OUT PROGRAM

The programme is part of an implementation strategy of the land related Laws which were enacted in 2016 and amended in 2022. The Customary Land Act, which is one of land related law provides for registration of all land parcels in Malawi to increase tenure security. The program promotes land registration including customary land to increase the tenure security. It also support establishment of decentralized land administration structures across the country, including land registries, to ease the processes of land administration and management.

**Objective:** To provide land tenure security for all land categories through a decentralized land registration system.

**Outcomes:** The outcome of the programme is increased tenure security through land registration and decentratiation of land administration system.

**Malawi 2063 Alignment:**

Pillar			Enabler						
									
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✓	✗	✗	✗	✗	✗	✗	✗	✗	✗

**Location:** The programme targets all the districts in the country.



**Implementation period:** The implementation period is between April 2023 and March 2023.

**Total Estimated Cost:** The estimated cost of the programme is MK50,000,000,000.00

**Financial Progress:**

**Financing Sources:**

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK 50 billion	MK 50 billion
Absorption (as of 03/2024)	0.6%	0.6%

**Project Budgets and Expenditure:**

FY	2021/22	2022/23	2023/24
Budget (MK billion)	0	0	0.8
Cumulative	0	0	0.3
Expenditure (MK billion)	0	0	0.3
Cumulative	0	0	0.3

\*as of end 03/2024

**Physical Progress:** No physical progress registered yet.

**Physical Completion Rate (as of 03/2024):**

**Achievement:**

- Commenced the processes of putting in place necessary structures which will support the implementation of the programme including establishment of a Customary Land Committees, and recruitment of Land Clerks and Land Registrars.
- Engaged Lilongwe University of Agriculture and Natural Resources (LUANAR) to develop and introduce a tailor made land administration certificate course for the Land Clerks. The curriculum was developed and is undergoing approval process.
- Conducted sensitization on the Amended Land Laws, which are on going.

- Conducted enforcement and assessment of Lakeshore Areas Developments Detailed Layout Plans.

**Timeliness of Achievement:** Project progress affected by preparatory works including recruitment of Land Clerks which has been delayed. This has implication in timeliness in achieving results.

**Implications for costs of the project:** Achievement of project key results has been delay which may have cost implication.

**Policy Issues:** Inadequate Land Clerks attributable to delayed approval of the function reviews for the district councils.

**Remedial Action:** Need to expedite the recruitment of Land Clerks in district councils, and implementation of remaining activities to achieve results within the project timeframe.

#### **6.10.6. SME TRANSFORMATION PROGRAM**

The programme is designed to enhance infrastructure for Micro, Small and Medium Enterprise (MSME) development through business incubation centers, common production facilities and purpose built training facilities. The puporse is to promote value-addition of priority agricultural commodities and specific mineral products in line with Malawi 2063 First Ten Year Implementation Plan (MIP-1) and the National Export Strategy II (NES II).

**Objective:** The overall objective of the programme is to stimulate MSME growth and create new business opportunities through technical and managerial capacity development, increased MSME access to finance and markets in order to promote socioe-conomic growth and development of the country.












#### **Outcomes**

The outcomes of the programme are:

- Infrastructure for SME development improved;

- Value addition for different agricultural and mineral products promoted.

### Malawi 2063 Alignment:

Pillar		Enabler 							
Agricultural Productivity	Industrialisation	Urbanisation	Mindset Change	Governance/ Institutions	Public Sector Performance	Private Sector Dynamism	Human Capital	Economic Infrastructure	Environment
									
✗	✓	✗	✗	✗	✗	✓	✗	✗	✗

**Location:** The programme is been implemented in following districts: Dowa, Kasungu, Lilongwe, Mchinji, Nkhonkhotakota and Ntcheu in the Central Region; Mzimba, Nkhatabay and Karonga in the Northern Region; and Machinga, Chikwawa, Balaka, Mangochi, Blantyre, Mwanza, Phalombe and Zomba in the Southern Region.

**Implementation period:** The programme will be implemented for a period of 6 years between April 2022 and March 2028.

**Total Estimated Cost:** The total estimated cost of the programme is MK46.0 Billion

### Financial Progress

#### Financing Sources:

	GOM	TOTAL
Type	Budget allocation	Mix
Contribution	MK 46 billion	MK 46 billion
Absorption (as of 03/2024)	0.7%	0.7%

**Project Budgets and Expenditure:**

FY	2021/22	2022/23	2023/24
Budget (MK billion)		0.89	0.8
Cumulative		0.89	1.69
Expenditure (MK billion)		0.13	0.3
Cumulative		0.13	0.43

\*as of end 03/2024

**Physical Progress:** Physical construction is yet to start.

**Physical Completion Rate (as of 03/2024):**

**Achievement:** Produced infrastructure master plan, architectural drawings, engineering designs, and Bills of Quantities for proposed facilities at Mponela. Initiated the process of procuring a contractor to construct the facility, which is at advanced stage.

**Timeliness of Achievement:** The project delayed due to delays in procurement procedures

**Implications for costs of the project:** Procurement procedures were delayed and this may lead to escalation of total estimated cost.

**Policy Issues:** The project faced delays in procurement procedures which may affect project completion.

**Remedial Action:** There is a need to fast-track implementation of remaining project to avoid extending project beyond its end date.

**REFERENCES:**

IMF, (2024), World Economy Outlook, January 2024, Washington, International Monetary Fund.