Government of Malawi

PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP) 2022/23

April 2023

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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
TTC	Teacher Training College

PREFACE

In order to facilitate the attainment of the stated objectives of Malawi 2063, the Public Sector Investment Program (PSIP) represents a comprehensive five-year execution plan for crucial government development initiatives. This program provides a framework for the coordination of strategic investments and resources, thereby furthering the nation's agenda and informing the apportionment of fiscal resources allocated to development.

The Public Sector Investment Programme (PSIP) is formulated with an emphasis on the accomplishment of the Malawi 2063 objectives and the Malawi 2063 First 10-Year Implementation Plan (MIP-1). Despite the Government's ambition to execute all the priority undertakings and programs, the fiscal restraints due to the current economic circumstances have limited the availability of funds. Nevertheless, the 2022/23 PSIP reflects a reasonable compromise between national necessities and fiscal space.

In light of the limited fiscal space, it is essential that the PSIP is carried out in the most expeditious manner to realize maximum return on investment. To this end, it is imperative that appropriate competencies are developed at all levels of project and program implementation.

Patrick Zimpita

Secretary for Public Sector Investment Programme

EXECUTIVE SUMMARY

The Public Sector Investment Programme 2022/23-2026/27 (PSIP) presents the Government's prioritized development initiatives and projects, which are guided by the aspirations of the Malawian people as outlined in the Malawi 2063 and MIP 1. The PSIP is devised to augment national capabilities and expedite comprehensive and sustainable development.

The PSIP highlights the significance of fostering private sector-led economic expansion and public-private partnerships in the delivery of public services, which is essential to achieving development for the populace. It is also recognized that these initiatives will only be effective in the long-term if a substantial amount is invested in economic and social infrastructure.

External assistance remains an integral part for the successful execution of the PSIP, thus it is of paramount importance that the government and development partners collaborate more diligently than ever to enhance the efficacy of PSIP, so as to guarantee the most beneficial outcome for the people of Malawi.a

My gratitude is extended to the personnel of my ministry for the development programming and development of the PSIP Document. Additionally, I would like to express my admiration to all government departments and entities that took part in the process and to all of our development partners for their unwavering support.

In conclusion, I implore those tasked with executing the projects and programs outlined in this PSIP, in addition to those overseeing the coordination of these endeavors, to discharge their respective obligations with diligence and dedication.

Hon. Sosten Alfred Gwengwe, MP

MINISTER OF FINANCE AND ECONOMIC AFFAIRS

1. INTRODUCTION

The Public Sector Investment Program (PSIP) sets out prioritized public projects to be implemented by the Government, in 5 year cycles, with funding from the fiscus, development partners and private entities. Public investment generates economic benefits, including job creation and amplifying productivity, which are deemed essential ingredients for the attainment of the country's economic objectives.

The International Monetary Fund (IMF) has projected that public investments could lead to a one percent rise in global Gross Domestic Product (GDP) over the next five years. At a national level, particularly in a developing nation, the rewards accrued from public investments are expected to be even more significant.

In addition, public investment can be utilized as an indirect mechanism to combat poverty and inequality. By investing in public infrastructure, educational opportunities, and job creation initiatives, the PSIP creates a more prosperous and equitable society for all. For instance, it can assist in abating inequality between wealthy and impoverished people by enhancing access to educational and healthcare facilities for all inhabitants, irrespective of their wealth or income earnings.

The Government is committed to bolster the private sector through investing in ventures that are conducive to the growth of the nation's economy. In this vein, the PSIP is a series of initiatives that strives to stimulate economic development by escalating private sector investment in key industries. Notably, the PSIP gives priority to the allotment of resources to cultivate manufacturing industries and expand trade. The private sector has a pivotal part to play in innovating products and generating employment in the economy. In this regard, the government is dedicated to inspiring the private sector to invest more extensively in development initiatives that will generate innovation and augment the quality and efficiency of operations.

Furthermore, the PSIP has been formulated to establish a solid pipeline of initiatives that have been carefully appraised and approved by the Government. Successful projects are propagated to other regions of the country to generate the highest possible impact. The pipeline assists MDAs to mobilize resources for projects from prospective financiers.

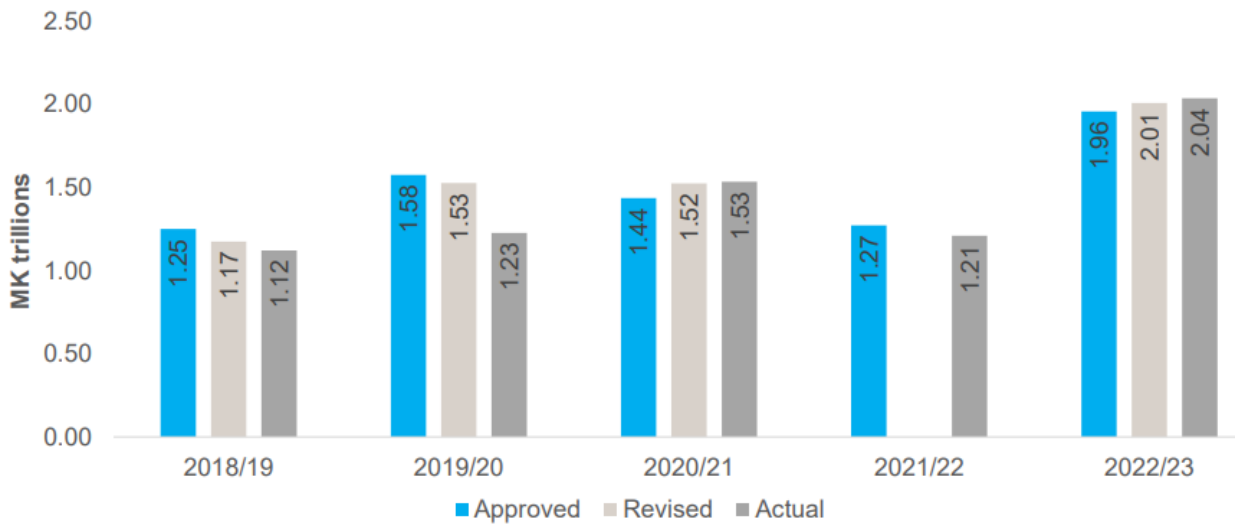
The PSIP aims to support the development of sustainable infrastructure projects through a range of funding mechanisms such as tax and nontax revenue, grants and loans, public private partnerships. The PSIP will also support private sector investment by providing necessary complementary infrastructure.

The PSIP supports priority infrastructure projects that are identified through a competitive appraisal process by the Ministry of Finance and Economic Affairs through the Department of Economic Planning and Development (EPD). Through this document, we aim to provide the public with an overview of the Public Sector Investment Program and its potential to realize development. Specifically, this PSIP document reports on sectors and 15 selected projects. The projects have been selected based on the magnitude, scope, and total estimated cost.

2. ECONOMIC OUTLOOK

In the 2022/2023 financial year, actual revenue collections experienced an improvement when compared to the 2021/2022 financial year. Nonetheless, identifying more innovative ways for revenue enhancement, such as broadening the tax base, is essential.

Figure 1: Trends in Approved, Revised and Actual Revenue for the past 5 years



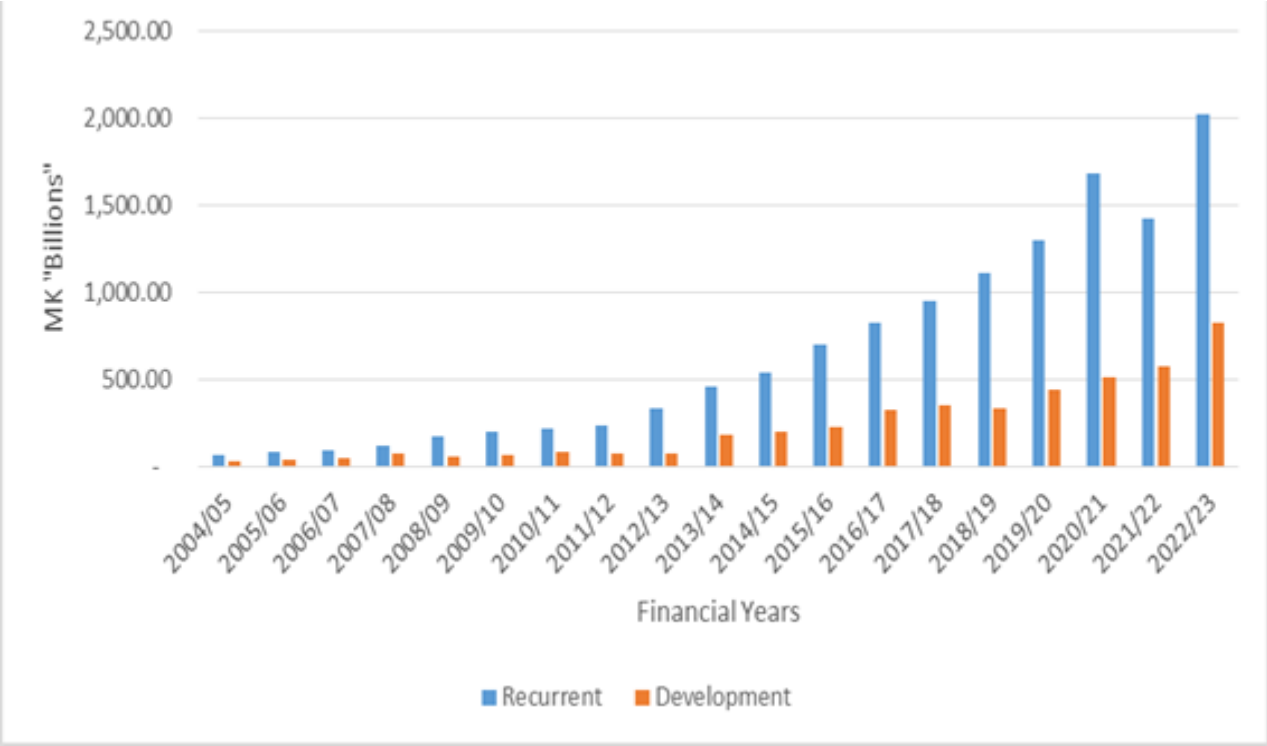
However, the augmentation in revenue proceeds is offset by high indebtedness rates as can be discerned in the graph below, wherein the public debt has been constantly escalating over the past five years. Consequently, the much needed fiscal leeway has been drastically dwindling.

Figure 2: Trends in Public Debt in the past 5 years

3. PSIP OVERVIEW OF THE PAST 2 DECADES

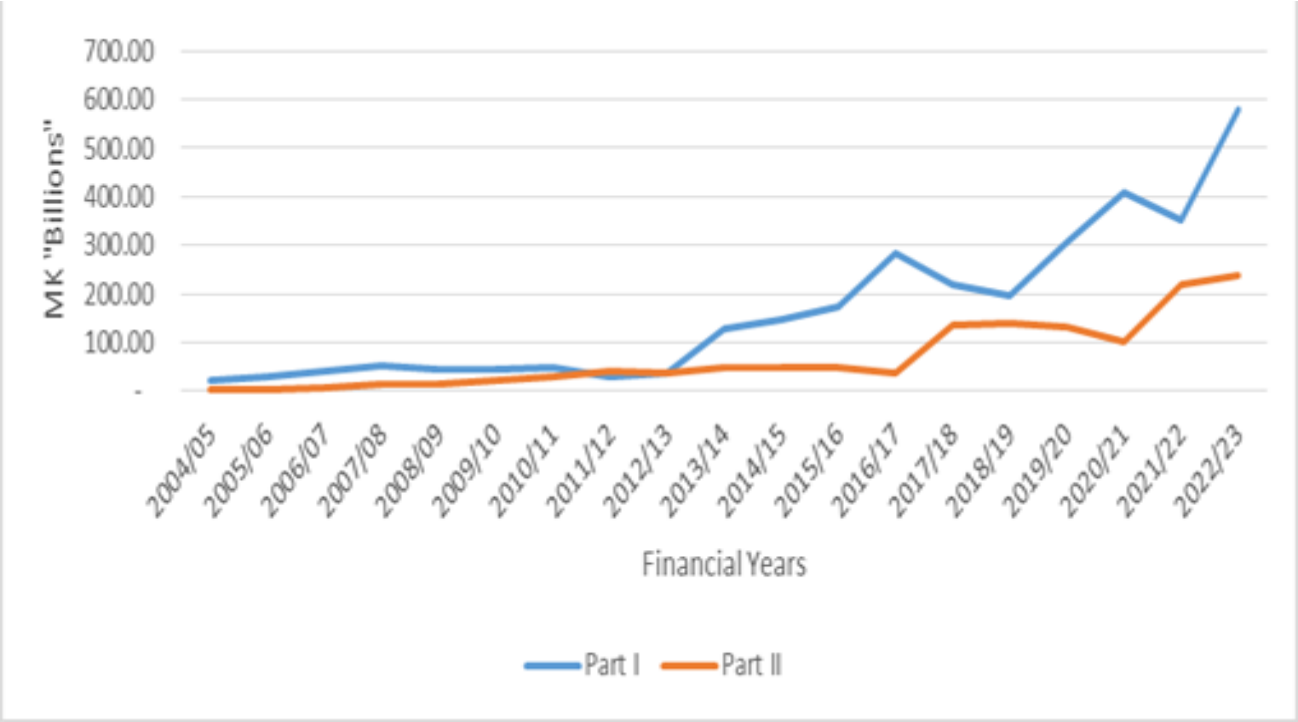
As can be appreciated in the figure 3 below, the national budget has been dominated by personal emoluments and other statutory expenditures. Despite facing the consistent challenge of the national budget being a predominantly consumption budget, the Government has been increasing the development budget, especially in the past recent years. 2021/2022 epitomizes Government's commitment towards the development agenda where the recurrent budget was reduced while the development budget was increased.

Figure 3: Recurrent vs Development Funding Allocation Trends



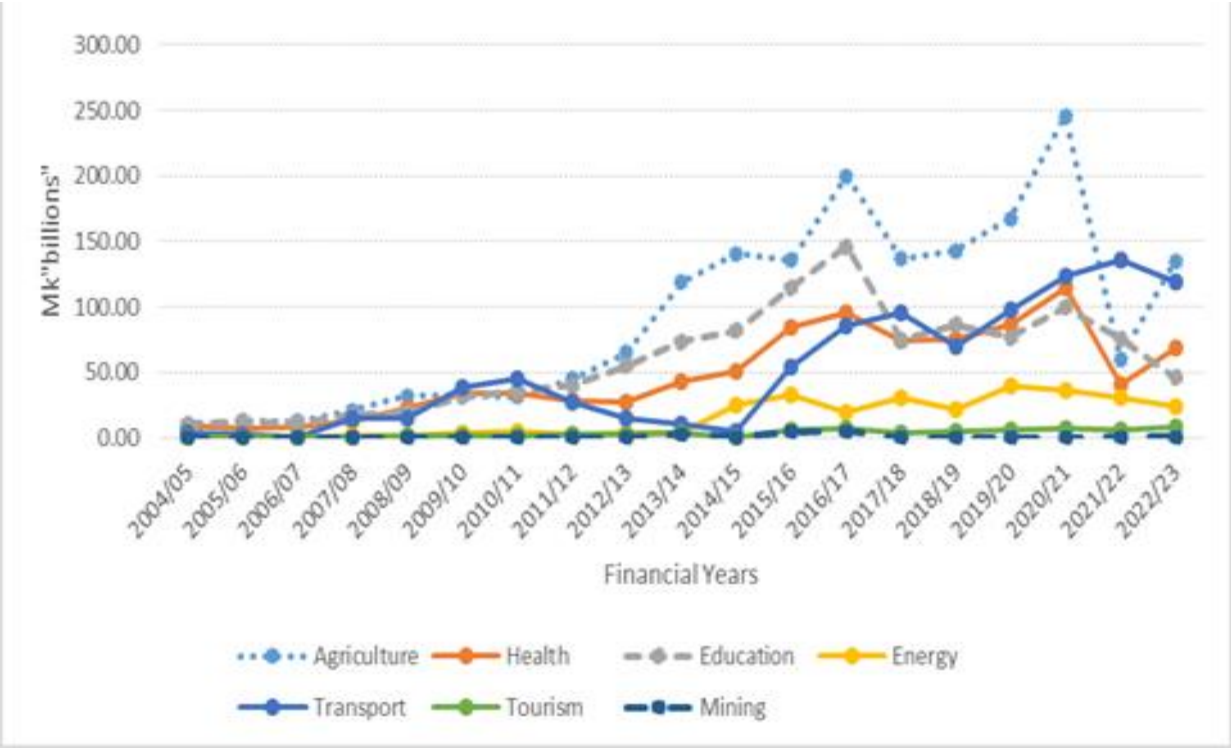
Except for the period running from 2010 to 2012, most of the funding for development projects and programmes has been sourced from development partners. This cements the important role of the development partners in the Country in the realization of development. Although development partners have been providing more support towards development projects and programmes, Government funding (Part II) towards the development budget has generally been increasing from 2013 to date (2023).

Figure 4: Part I versus Part II Approved Budget trends



In figure 5 below, it can be noted that the Country has been prioritizing the Education, Transport, and Agriculture 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. On the other hand, the Mining, and Tourism sectors have been having the lowest share in the National Budget.

Figure 5: 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 can also create jobs.

4. REVIEW OF PSIP IMPLEMENTATION FOR FY 2022/23

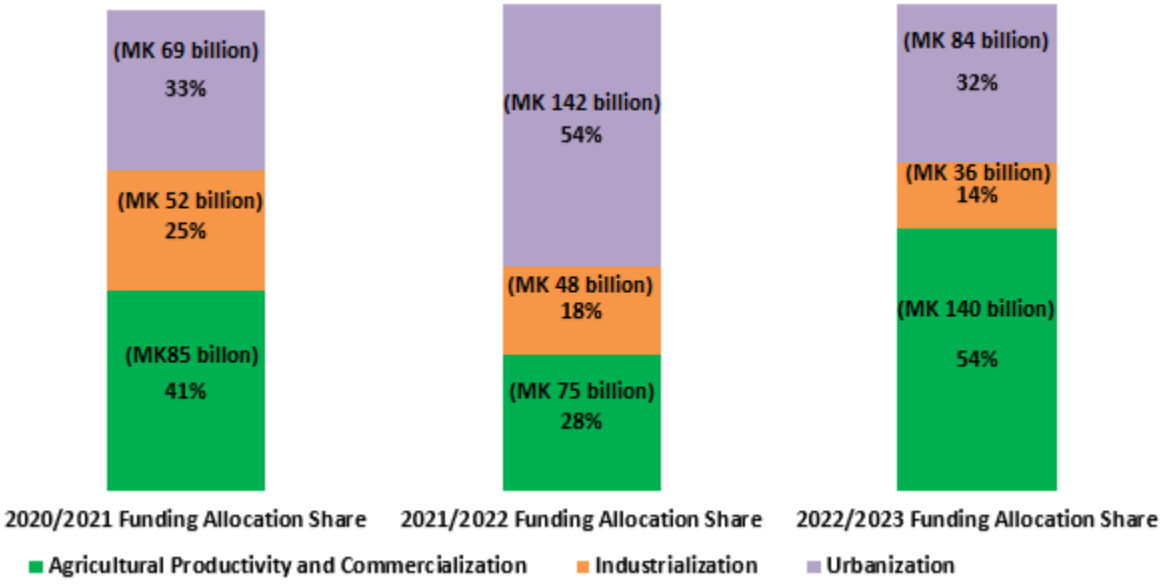
4.1. ALIGNMENT TO MALAWI 2063

4.1.1. 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, more resources were allocated to the agriculture pillar, with 54 percent and 41 percent, respectively. However, it is interesting to note that in 2021/2022 more priority was given to the urbanization pillar.

Figure 6: PSIP Funding Allocation By Malawi 2063 Pillars



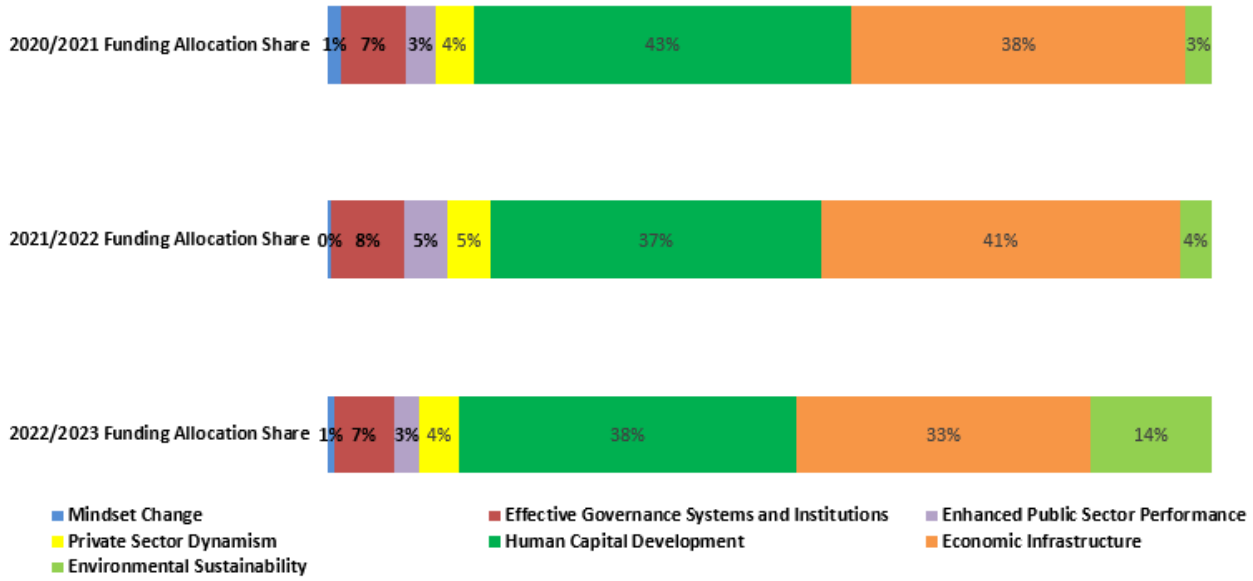
Source: EP&D, 2023

4.1.2. Alignment by MW 2063 Enablers

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.

Over the past three years, PSIP has allocated the majority of the resources towards the human capital development and economic infrastructure enablers. In the same period, there has also been an increasing allocation towards the environment enabler.

Figure 7: PSIP Funding Allocation By Malawi 2063 Enablers In The Past Three Financial Years



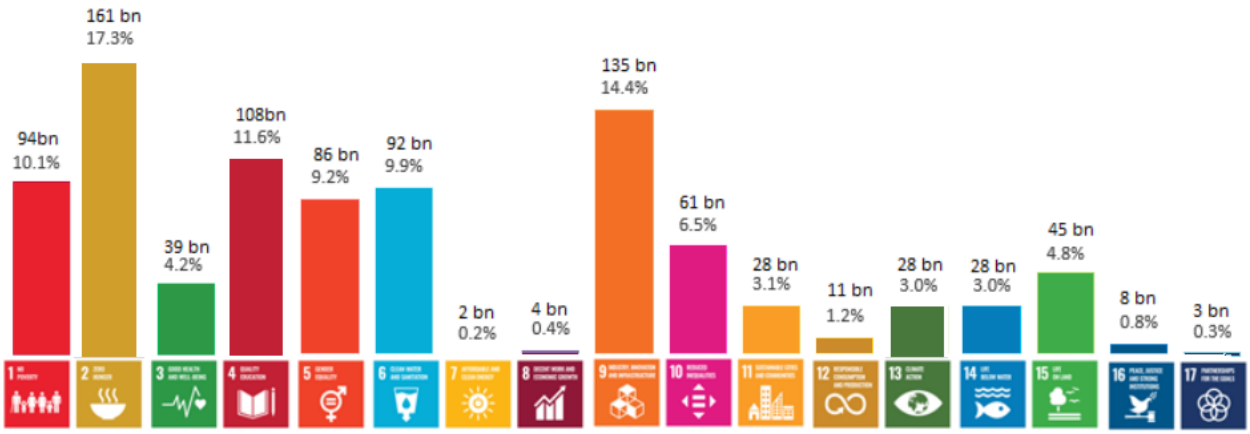
Source: EP&D, 2023

4.2. ALIGNMENT TO SDGS

The PSIP not only operationalizes national development objectives but also acts as a blueprint for achieving the Sustainable Development Goals (SDGs) that the United Nations espoused in 2015 as universal rallying goals to be achieved by 2030. By embracing a multidimensional approach to development, the PSIP embodies the 17 SDGs that are holistically interconnected, acknowledging that progress in one area can significantly impact outcomes in others, and that sustainable development demands a delicate balance between social equity, economic viability, and environmental stewardship

The 2022/2023 PSIP allocated more resources, at least 10 percent, to the Sustainable Development Goals (SDGs) number 1, 2, 4, and 9. The SDG on zero hunger (SDG2) has most resources, MK 161 billion, due to investments in irrigation schemes such as the Shire Valley Transformation program. The SDG on Industry, Innovation, and Infrastructure also has more funding allocation, MK 135 billion, mainly owing to more investment in roads.

Figure 8: PSIP Funding Allocation By SDGs in 2022/23 Financial Year

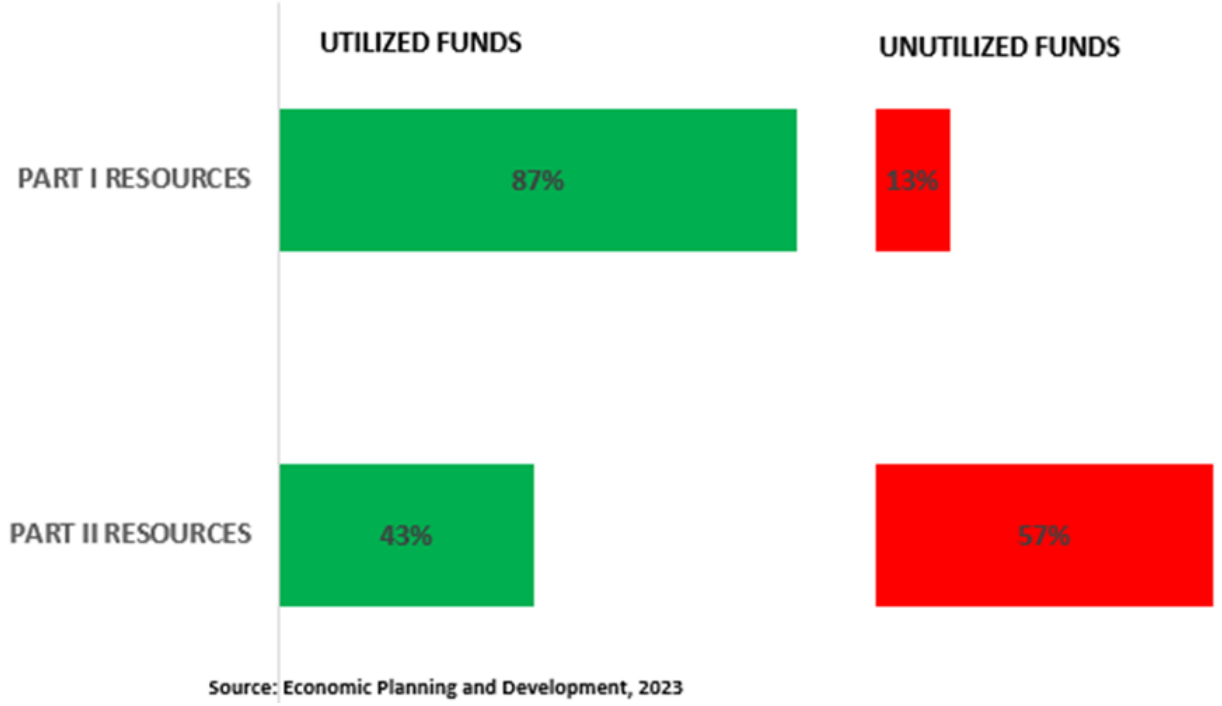


Source: EP&D, 2023

4.3. FINANCING OF THE PSIP

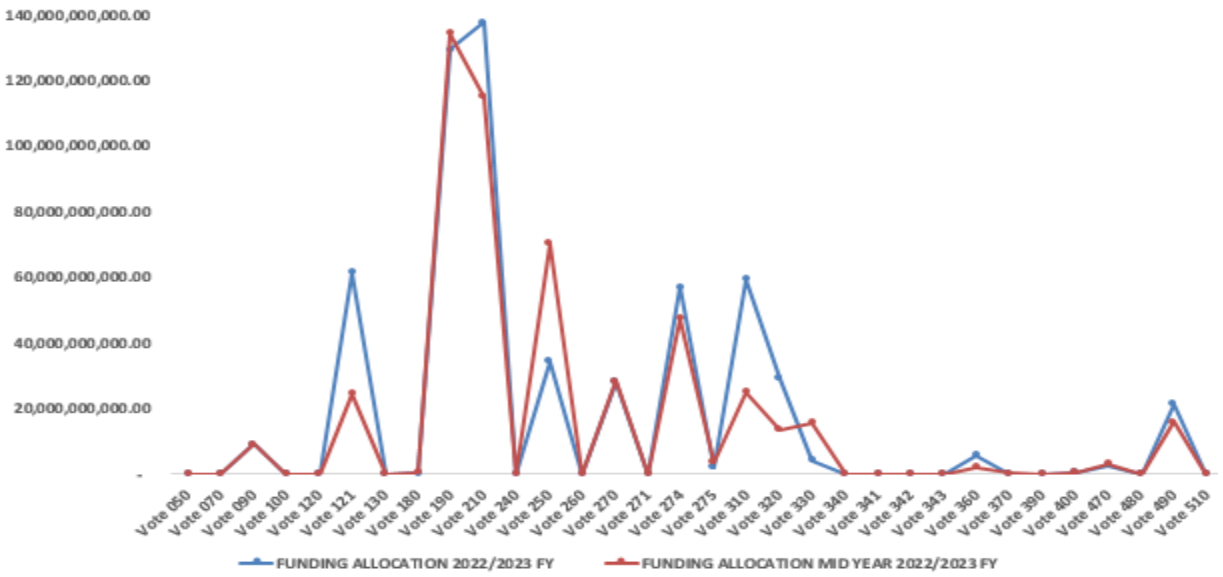
The absorption of Government funds by MDAs is inefficient, with 57% of Government funds not being absorbed and only 43% being absorbed. This is a concerning situation, as it means that a large sum of money allocated to MDAs is not being used as it should be. The situation is further exacerbated by the fact that 13% of donor funds have also not been absorbed. Clearly, steps need to be taken to improve the absorption rate of Government funds by MDAs in order to ensure that funds are used as efficiently as possible.

Figure 8: 2022/2023 Financial Year Development Funds Absorption



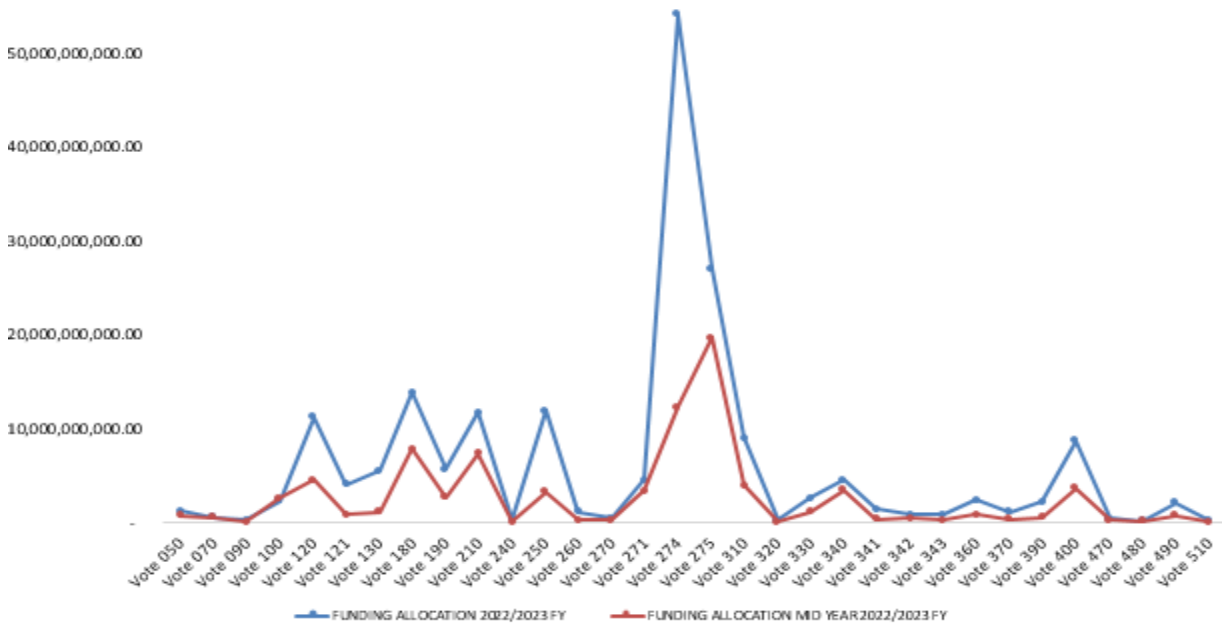
Generally, there is little variance between the mid-year funding allocations and initial allocations for the donor funded projects.

Figure 9: 2022/2023 FY Initial versus Mid-Year Part I Funding Allocations



However, except for a few MDAs, the mid-year funding allocations are lower than initial allocations for the Government funded projects. The roads fund administration and subvented organizations had the highest variance.

Figure 10: 2022/2023 FY Initial versus Mid-Year Part II Funding Allocations



The Ministries, Departments, and Agencies (MDAs) had put forth a total of 369 projects that were taken into account for the fiscal year 2022–2023 budget. Among the 369 projects, the FY2022/23 Development Budget had recommended financing 165 continuing projects and 41 new projects, while 4 unsuccessful projects were rejected. The sum of MK 820, 673,648, 286 had been designated to accommodate 202 development projects at both central and local levels of government within the budgetary limitations of 2022-23. An amount of MK 580.93 billion had been utilized for part I of the budget (financing for development partners), while part II (Government finance) utilized MK 239,741,959,399. To be executed as part of the part II funding, projects amounting to MK 194,616,943,423 had been planned by institutions of the central level of government, with a further allowance of 45,125,015,976 to be executed by local government. Although ongoing initiatives had been given priority to reach completion, considering the essence of their importance, 41 new projects had been deliberated and recommended for inclusion in the 2022-23 budget.

The Public Investment in Agriculture (PIA), was around 17 percent of the development budget in 2022/2023.The Public Investment in Health (PIH), was around 9 percent of the development budget in 2022/2023. Public Investment in Education (PIE) was around 6 percent of the development budget in 2022/2023. The Public Investment in Transport (PITR) was around 1 percent of the development budget in 2022/2023. The Public Investment in Energy (PIEY) was around 3 percent of the development budget in 2022/2023. The Public Investment in Mining (PIM) was around 0.5 percent of the development budget in 2022/2023. The Public Investment in Tourism (PIT) was around 1 percent of the development budget in 2022/2023. The Public Investment in Youth and Sports (PIYS) was around 2 percent of the development budget in 2022/2023. The Public Investment in Water and Sanitation Development was around 19 percent of the development budget in 2022/2023.

Government in collaboration with its development partners had committed to providing MK 590,413,925,201.00 to fund the public sector investment program, which was used to build a more resilient economy.

This included funding for:

- Health: MK 28,881,846,386.00 billion to improve access to and quality of health services.

- Education: MK 73,407,819,384.00 billion for infrastructure upgrades and improvements in quality of education facilities and services, as well as teacher training.

- Transport: MK 63,534,546,671.00 billion for new transport infrastructure projects that would improve travel times and accessibility across the country.

- Energy: MK 16,444,817,218.00 billion for renewable energy projects such as hydropower plants.

- Tourism: MK 2,753,223,969.00 billion from tourism sector funds that help local communities develop their economies around tourism activities like accommodation, food.

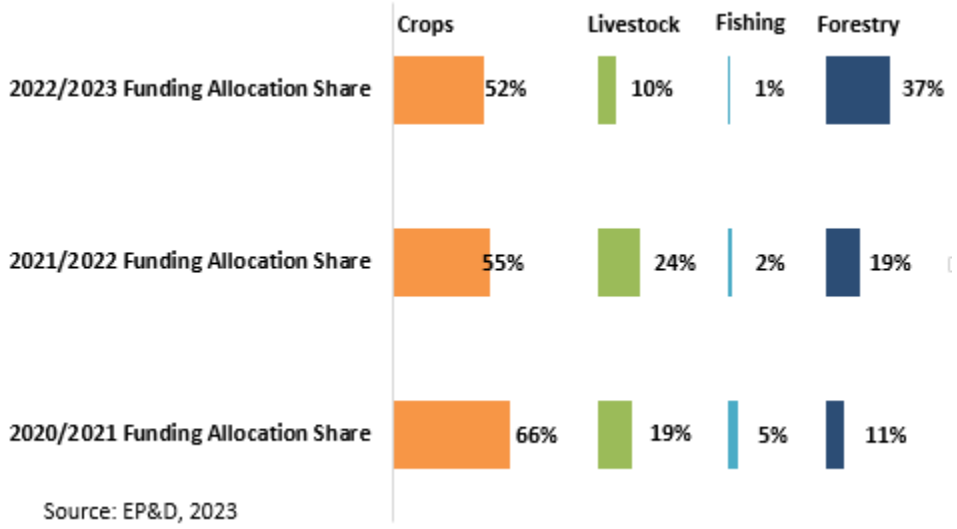
5. REVIEW OF SECTORS

5.1. AGRICULTURE AND IRRIGATION SECTOR

The Government's investment in agriculture is geared towards enhancing agricultural productivity, promoting food security, and encouraging agro-processing. Irrigation has direct linkages with agriculture and food security because it ensures that water resources are well managed to meet agricultural demands. In total, allocation to the agriculture and irrigation sector has increased from MK 86 billion in 2021/22 to MK 138.1 billion for the 2022/23 financial year.

Crops have been enjoying a relatively large public investment share compared to other agriculture subsectors.

Figure ….: Agriculture Subsectors Funding Allocation Shares in the Past Three Years



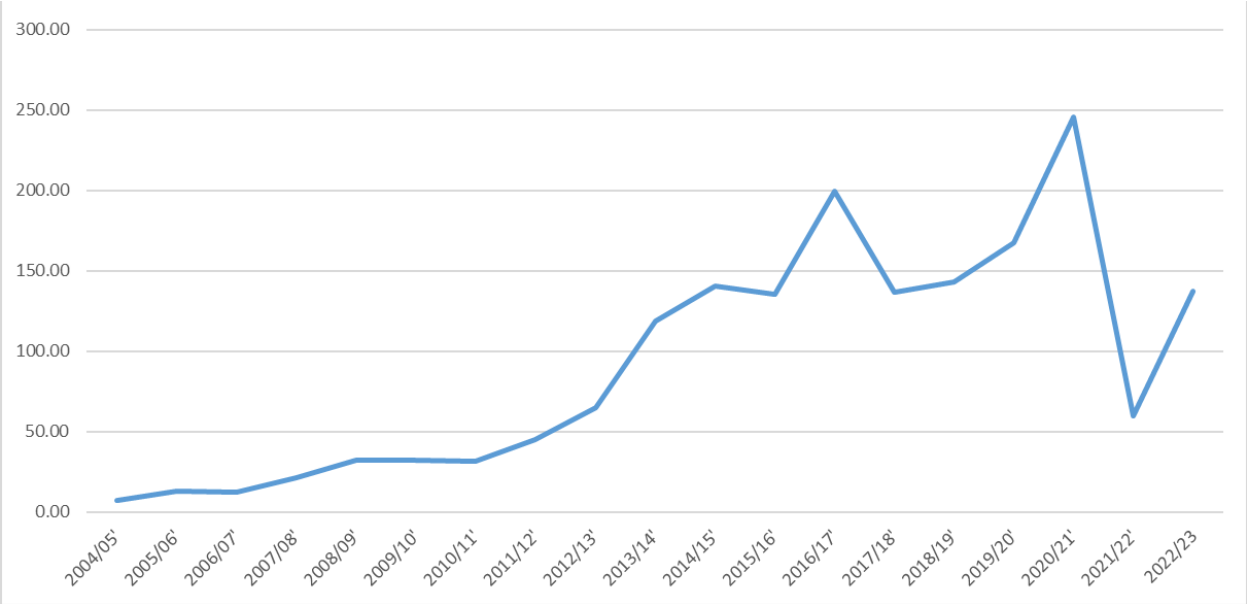
5.1.1. Agriculture Sub-Sector

The agriculture sub-sector includes both rain-fed and irrigated agriculture. Total funding that was budgeted under the Agriculture sub-sector in 2022/23 was K134 billion of which, MK129 billion was part I, and MK5.6 billion was part II. At mid-year, the allocation was revised upwards to a total of MK136 billion, of which, MK134 billion was part I, whereas part II was MK2.6 billion.

This (total allocation) was a 62% increase from K84 billion that was budgeted in 2021/22. The sub-sector continued with the implementation of its Infrastructure projects and among them are: Programme for Rural Irrigation Development (PRIDE), Shire valley Transformation Programme, and Agriculture Infrastructure and Youth in Agribusiness.

Figure 11 below illustrates the trend of development funding allocation in the agriculture sector from 2004/05 FY to 2022/23 FY. The graph denotes a steady increase in allocation from 2004/05 to 2012/13 followed by a sharp upward increase.

Figure 11: Funding allocations toward the Agriculture Sector

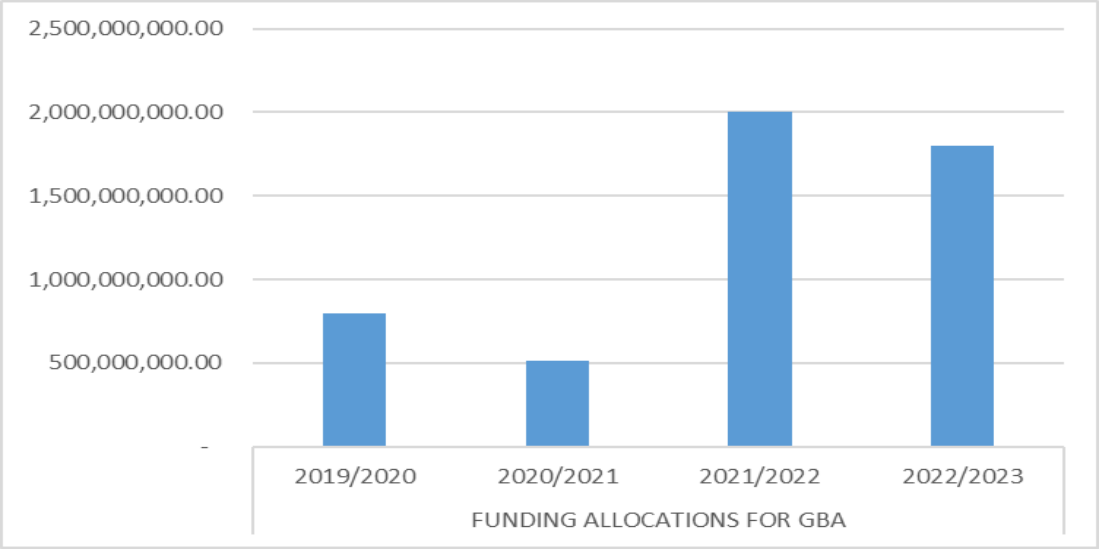


The PSIP aims to support the development of sustainable infrastructure projects through a range of funding mechanisms such as tax and nontax revenue, grants and loans, public private partnerships. The PSIP will also support private sector investment by providing necessary complementary infrastructure.

5.1.2. GREEN-BELT AUTHORITY

The Government is investing in irrigation through the Green Belt Authority (GBA) to increase food security and exports of agricultural produce. Government allocated resources amounting to MWK1.8 billion, which was revised upwards to MK2.1 billion at mid-year. This (total allocation) was a 5% increase from K2 billion that was budgeted in 2021/22. The allocation was for the following projects and programmes: Mega Farms Investment Programme (Greenbelt); Greenbelt Nchalo Irrigation scheme; and Ntholla-Illola-Ngosi Rice Irrigation scheme. Figure 12 below depicts funding allocations for the authority from FY2019/2020 to FY2022/2023. In the FY2019/2020, 3 projects were allocated resources of which, 2 projects were at preparatory stage while 1 was in its final year of implementation. In FY2022/2021,there was a decrease in fund allocation because resources were allocated to 2 projects. In the FY2021/2022, resources increased from MWK 511,000,000 to MWK 2,000,000,000 to two projects, Ntholla I Ngosi Scheme.

Figure 12: Funding Allocations for GreenBelt Authority



5.2. EDUCATION AND SKILLS DEVELOPMENT SECTOR

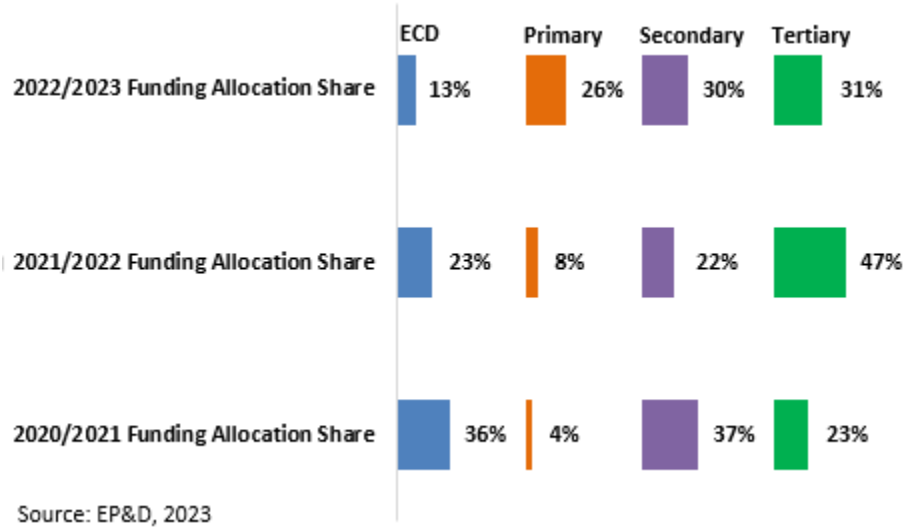
Public investment in the education sector is important because education is the foundation for a country's social and economic development. It improves the quality of human resources by providing better skilled and trained workforce. It also encourages entrepreneurship and innovation

by providing a conducive environment for new ideas and technologies to be developed. The public sector should invest in developing and improving education facilities because it enables students to access high-quality education and enhances their employability. Moreover, it is an opportunity for the government to promote literacy and access to education for all segments of the population.

5.2.1. EDUCATION SUB-SECTORS

Government, with support from its development partners, is committed to promoting all levels of education in the Country. Government recognizes that there is a need to invest in its people, especially the youth, by educating them in order to reap the demographic dividend. Furthermore, the Government recognizes that the Country is facing challenges in terms of low enrollment rates at both secondary and tertiary education levels. In order to address the low access to education challenge at secondary and tertiary education level, Government has been allocating the majority of the resources channeled towards the education sectors to secondary and tertiary sub sectors as can be appreciated in the figure 13 below.

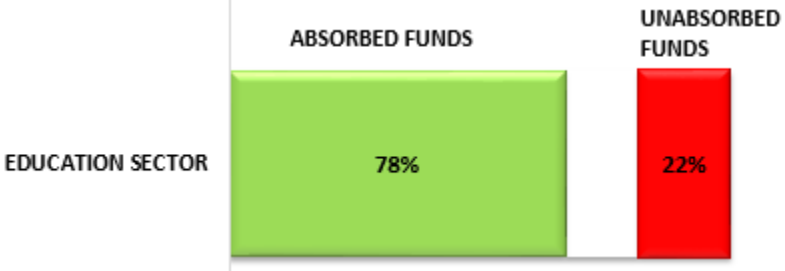
Figure 13 :Funding Allocation Share by Education Subsector



In the 2022/2023 Development budget allocated MK 132 billion towards the education sector.

However, there is a need to enhance implementation efficiency in the sector. Out of MK 132 billion, MK 103.6 billion had been absorbed representing 78 percent.

Figure 14: 2022/2023 Funding Absorption in the Education Sector



5.2.2. 2022/2023 FINANCIAL YEAR FUNDING ALLOCATION TO VARIOUS EDUCATION SUBSECTORS

In the 2022/2023 financial year, the secondary education sub sector had the largest share (30 percent) in funding allocation towards the education sector. This is because enrollment rates at secondary education level are relatively lower than those of primary education level.

Figure 15: 2022/2023 Funding Allocation Share for Education Sub Sectors

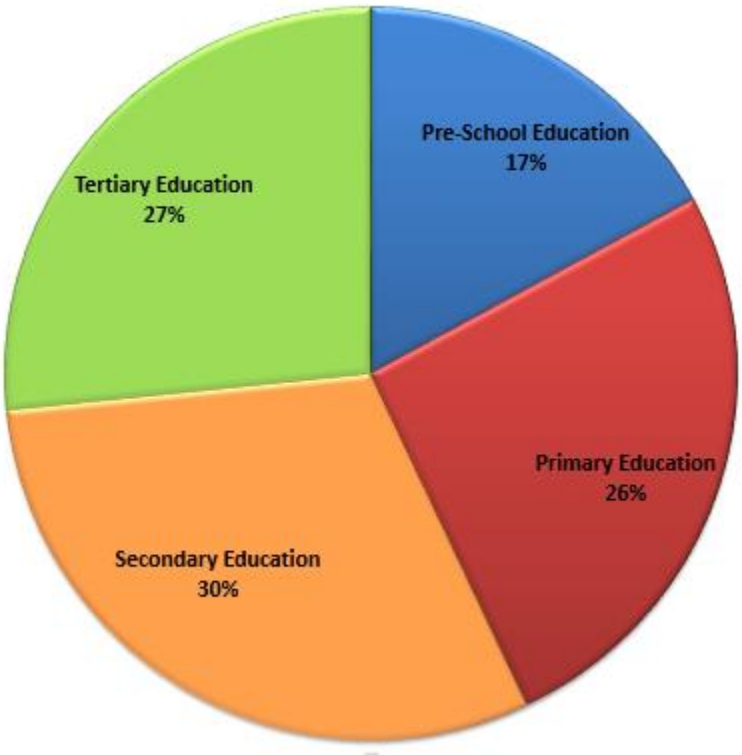
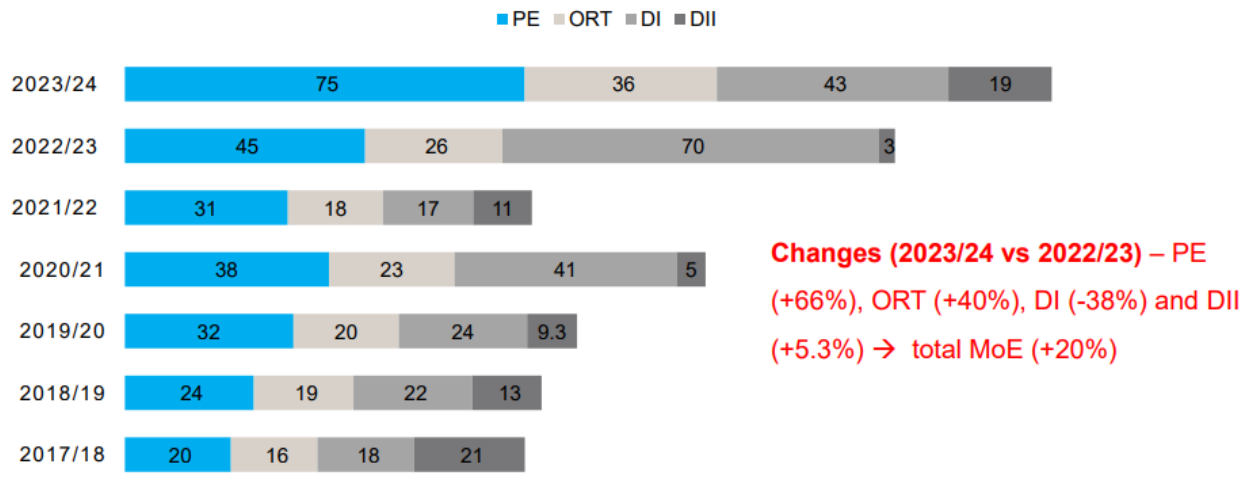


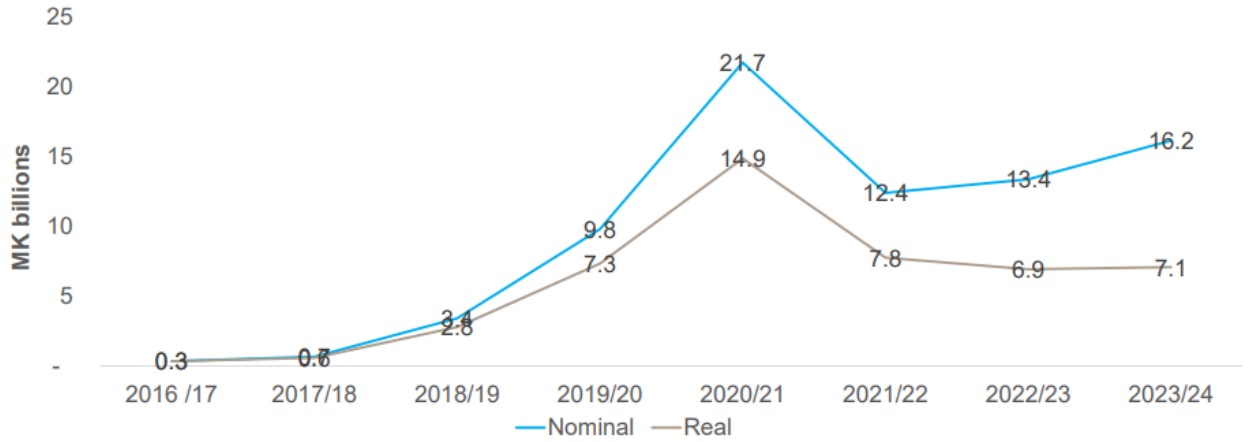
Figure 16: Composition of funding allocation by budget component



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

5.2.2.1. PRE-SCHOOL EDUCATION

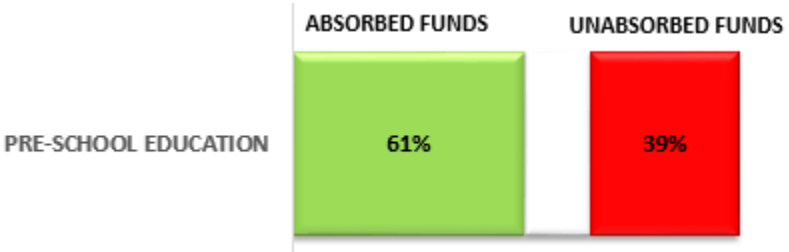
Figure 17: Funding allocation for preschool education levels over the past 7 years



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

An amount of MK20.6 billion was allocated towards the 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 18: 2022/2023 Funding Absorption in the Pre-School Education Sub Sector



Out of the MK 20.6 billion, 61 percent was utilized in the 2022/2023 financial year. The 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.

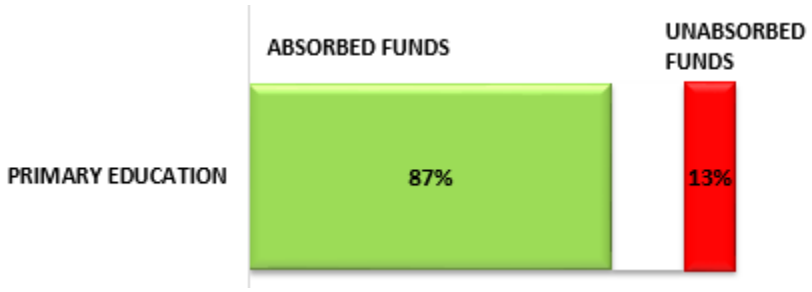
However, the pre-school education subsector needs more resources in order to deal with a number of challenges it is encountering. These challenges include under-nutrition and lack of pre-school training materials.

5.2.2.2. PRIMARY EDUCATION

Figure 19: Rumphi Teachers' Training College

The development budget allocated MK 31 billion to primary education in the 2022/2023 financial year. Some of the major projects include the following: Construction of Primary Schools and Rehabilitation of Education Facilities, Malawi Education Reform Project (MERP), and Construction of three Teachers Training Colleges (TTCs) for Primary School Teachers.

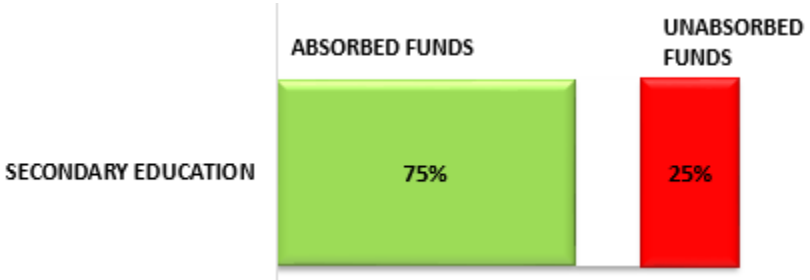
Figure 20: 2022/2023 Funding Absorption in the Primary Education Sub Sector



5.2.2.3. SECONDARY EDUCATION

Figure 21: Machinga Secondary School

Figure 22: 2022/2023 Funding Absorption in the Secondary Education Sub Sector



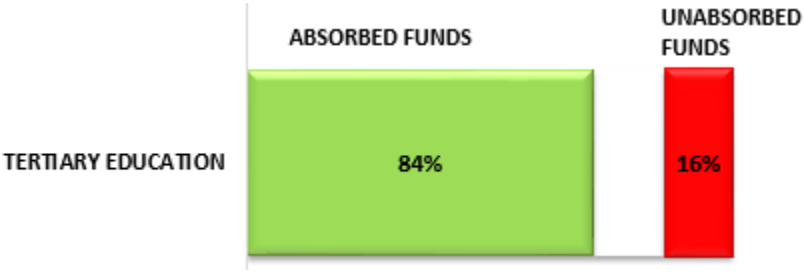
The secondary education subsector had been allocated MK 36.6 billion in the 2022/2023 financial year. Some of the major projects aimed at addressing the challenges of low access to and quality of secondary education include the following: Construction of 34 Secondary Schools of Excellence Programme; 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.

5.2.2.4. TERTIARY EDUCATION

Figure 23: Lilongwe University of Agriculture and Natural Resources (LUANAR)

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 24: 2022/2023 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.

5.2.3. LABOUR SUB-SECTOR

Malawi's population is youthful with about 51% of the population below the age of 18 years and the population of 0-19 is projected to reach 55% 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 25: Progress pictures in Nkhotakota.

There has also been good progress at Machinga technical college , as shown below.

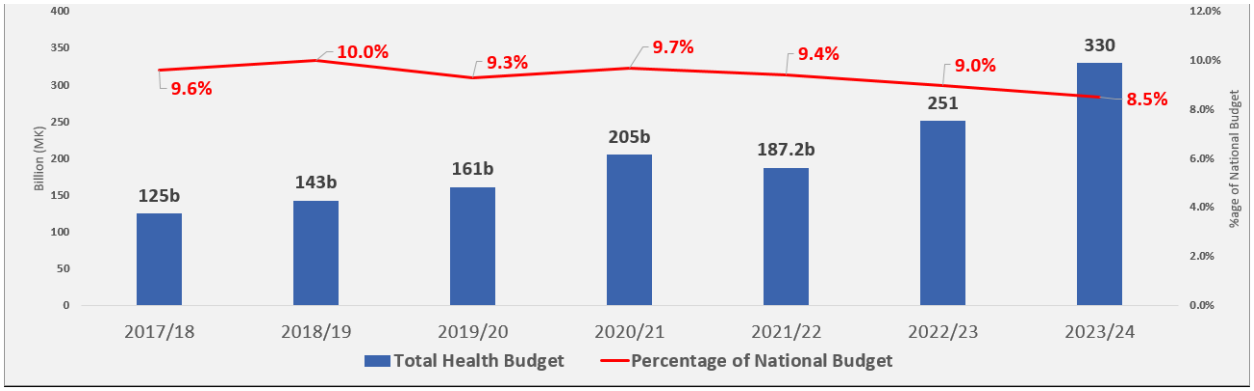
5.3. HEALTH SECTOR

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. Unhealthy workforce is less productive, thereby lowering economic growth and hindering development efforts. On the other

hand, investing in better health leads to greater productivity and more development realization. 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.

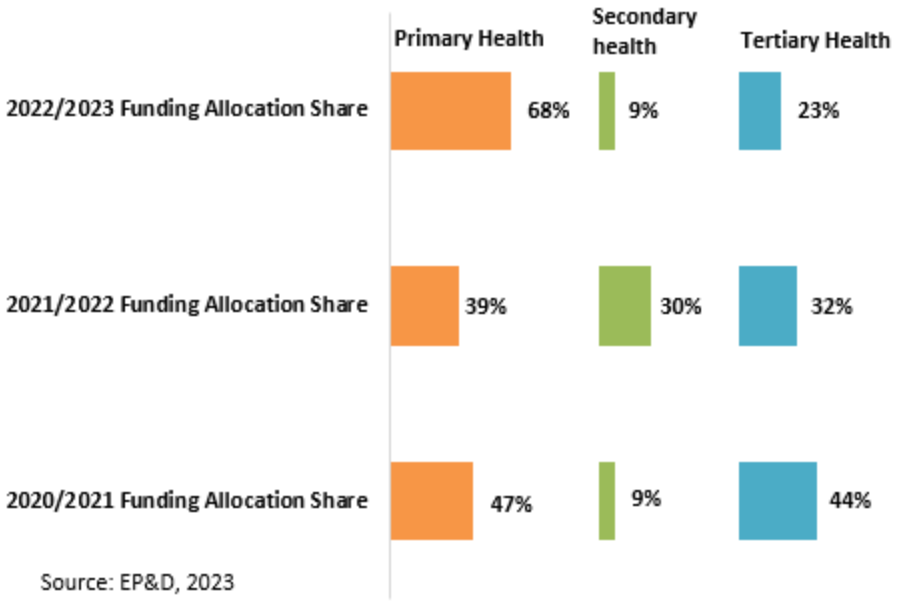
In the 2022/23 FY, the Health sector was allocated MK 68.2 Billion, of which, MK 9 Billion was from part II, and MK59.2 Billion from part I. At mid-year the allocation was revised downwards to MK28.8 Billion, of which, MK 3.9 Billion was part II, and MK 24.9 Billion was part I. The current FY's allocation represents a 70 percent increase in resource allocation from 40.2 billion in the previous FY (2021/2022). Figure xx… indicates a general increase in funding allocation to the health sector for the past 10 years.

Figure 26: Health Sector Budget as a Percentage of Total Government Budget for Malawi from 2017/18 to 2023/2024 (A One Year Projection)

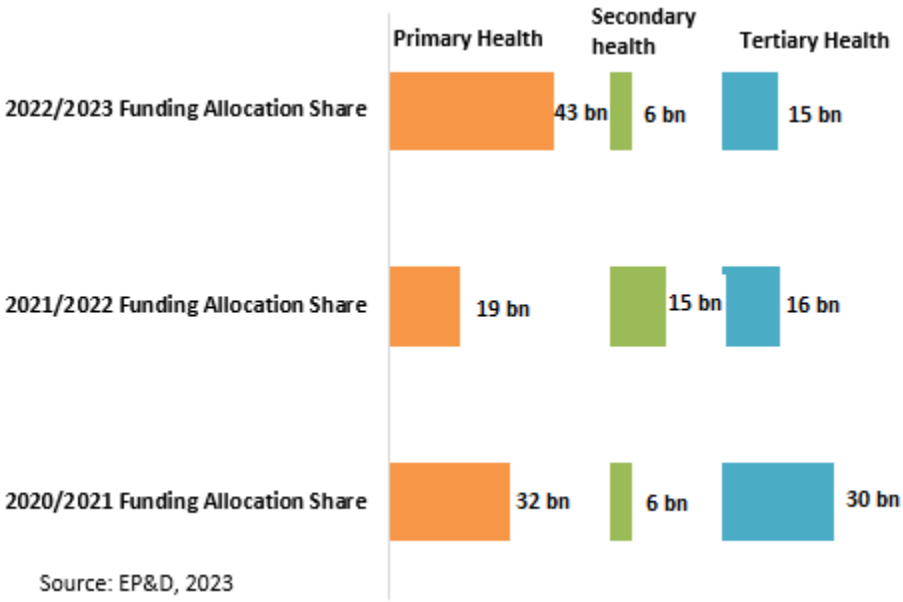


In 2021/20222 the funding allocation share was almost even among all the three health subsectors. However, in the 2022/2023 and 2020/2021 financial years, the secondary subsector had the least share of 9 percent in each year, amounting to MKW 6 billion.Funding allocation has tremendously increased in 2022/2023 financial year with a funding allocation of 68 percent, amounting to MKW 43 billion.

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



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



5.3.1. Primary Health Sub-sector

The development budget allocated MK 961.4 Million to Primary Health in the 2022/2023 financial year. Some of the projects under the primary health sub sector are: Improved Access of Primary Health Service Delivery - Construction of 55 Health Posts (Phase 1) - Counterpart - K500 Million; and Construction of Domasi Community Hospital- K461.4 Million.

Figure 27: Construction of Domasi Community Hospital

Domasi Community Hospital

5.3.2. Secondary Health Subsector

The development budget allocated MK2.2 Billion to Secondary Health in the 2022/2023 financial year. The projects under the Secondary health Subsector are: Construction of Chikwawa District Hospital (Feasibility Study)- MK90 Million; Construction of Mponela Hospital- MK2.4 Billion; and Feasibility Studies and Detailed Designs of Construction of Rumphi and Dowa District Hospitals- MK90 Million.

5.3.3. Tertiary Health Subsector

The 2022/2023 development budget allocated MK 1.2 billion to Tertiary Health. This allocation was for the project of Construction of the Cancer Centre in Lilongwe and Kamuzu University of HEalth Sciences Teaching Hospital.

Figure 28: Some of the Completed Components of the Cancer Centre in Lilongwe

Cancer Center: Located within Kamuzu Central Hospital

5.3.4. OTHER HEALTH SECTOR BUDGET ALLOCATIONS

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

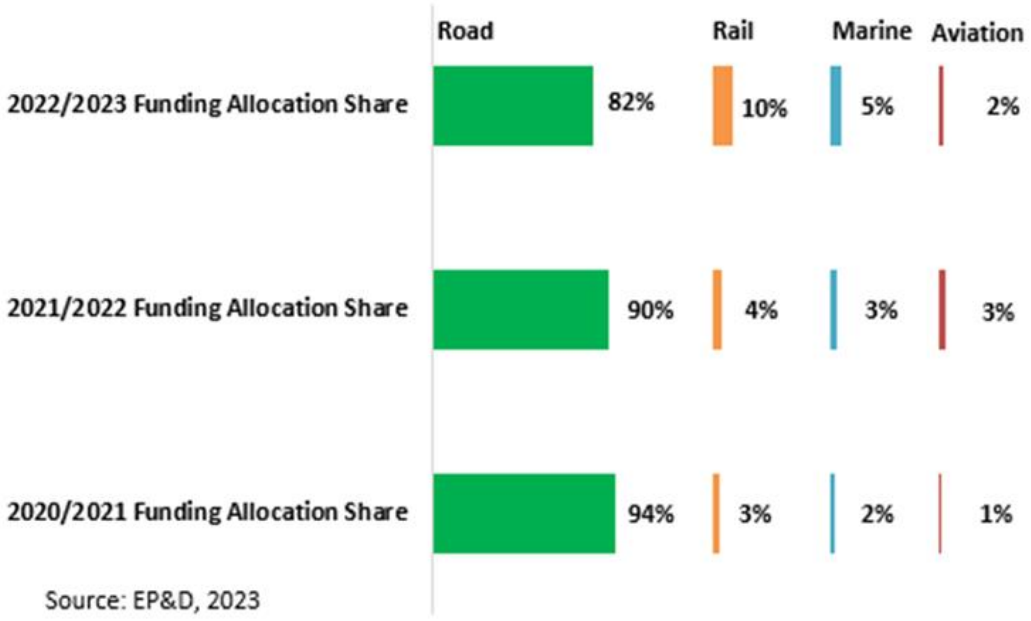
1. Covid-19 Response- K 3.2 Billion;
2. Joint Health Fund- K13.7 Billion;
3. Multi-Sectoral Nutrition Programme-Reduce Stunting in Malawi II-K180.7 Million;
4. Muti-Sectoral Nutrition Programme-Reduce Stunting in Malawi III- K506 Million;
5. Southern Africa Tuberculosis and Health System Support- K7.3 Million;
6. Equity with Quality and Learning at Secondary - K 29.2 Billion.

5.4. 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 a large portion 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.

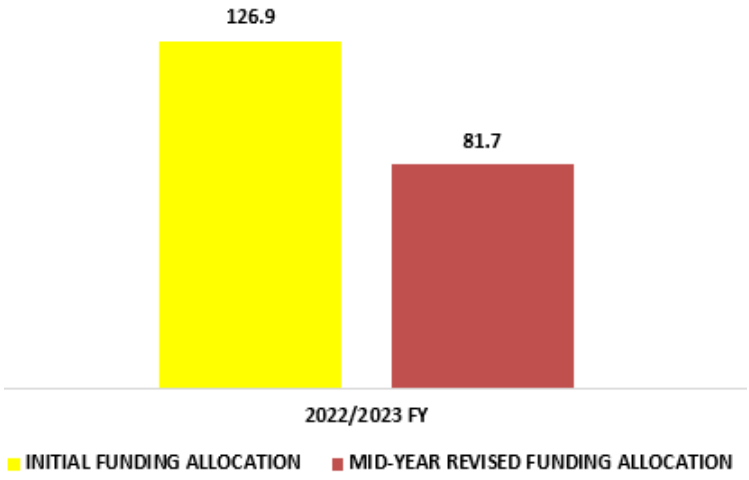
In Malawi, the transport sector is dominated by the road subsector and this is evident in the funding allocation shares for the past 3 financial years. However, the Government has also been increasing funding allocation to the rail and marine sectors in order to facilitate lowering of transportation costs.

Figure 29 :Funding Allocation Share by Transport Subsector



In the 2022/23 FY, the transport sector had a total allocation of MK 126.9 billion. At mid-year the allocation was revised downwards to MK 81.7 billion.

Figure 30: Initial Versus Revised Transport Sector Funding Allocation (in MK billion)



5.4.1. ROAD SUBSECTOR

The poor road infrastructure has a negative impact on economic activities and national development. Accordingly, the Government prioritizes investment in the road sub sector. The focus is mainly to improve mobility and accessibility of the population to key road corridors within and out of Malawi.

Total funding that was budgeted under the road sub-sector in 2022/2023 FY was MK 111 billion of which, MK56.9 billion was part I, and MK54 billion was part II. At mid-year, the allocation was revised downwards to a total of MK59.4 billion, of which, MK47.1 billion was part I, whereas part II was MK12.2 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 of Kenyatta and Mzimba Street road in Lilongwe city to 6 lanes; and Dualization From Crossroads to Kanengo.

5.4.2. 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 . 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% of commodity prices.

Major works in 2022/23 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. Progress of rehabilitation of Nkaya – Chipala railway line is at 85 percent because of the bridge and some culverts that got washed away during Cyclone Ana. However, Chipala – Mchinji border railway line has improved from 15 percent to 27 percent progress.

Figure 31: shows works on the project of the construction of the Ruo bridge in Nsanje.

5.4.3. Aviation Subsector

Malawi has two major airports, Kamuzu International airport and Chileka international airport. All of these major airports 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:

5.4.3.1. Construction of the new Mzuzu Airport.

Government has 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 feasibility study is expected to be ready by October 2023.

5.4.3.2. Modernisation of Kamuzu International Airport

Government plans to start the project of Modernization of Kamuzu international Airport from 2023/24.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.

5.4.4. 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 in 2022/23 FY was the construction of Likoma Jetty. The project involves construction of a jetty and auxiliary ship berthing facilities. The project started in 2019 and the works are at 70 percent, as of December 2022.

Figure 32: Shows Some of the Works on the Construction of the Likoma Jetty Project.

Figure 32: construction of Likoma jetty

5.4.5. 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 sub-sector in Malawi has a bright future ahead, and with sustained investment, it can play a pivotal role in the country's development.

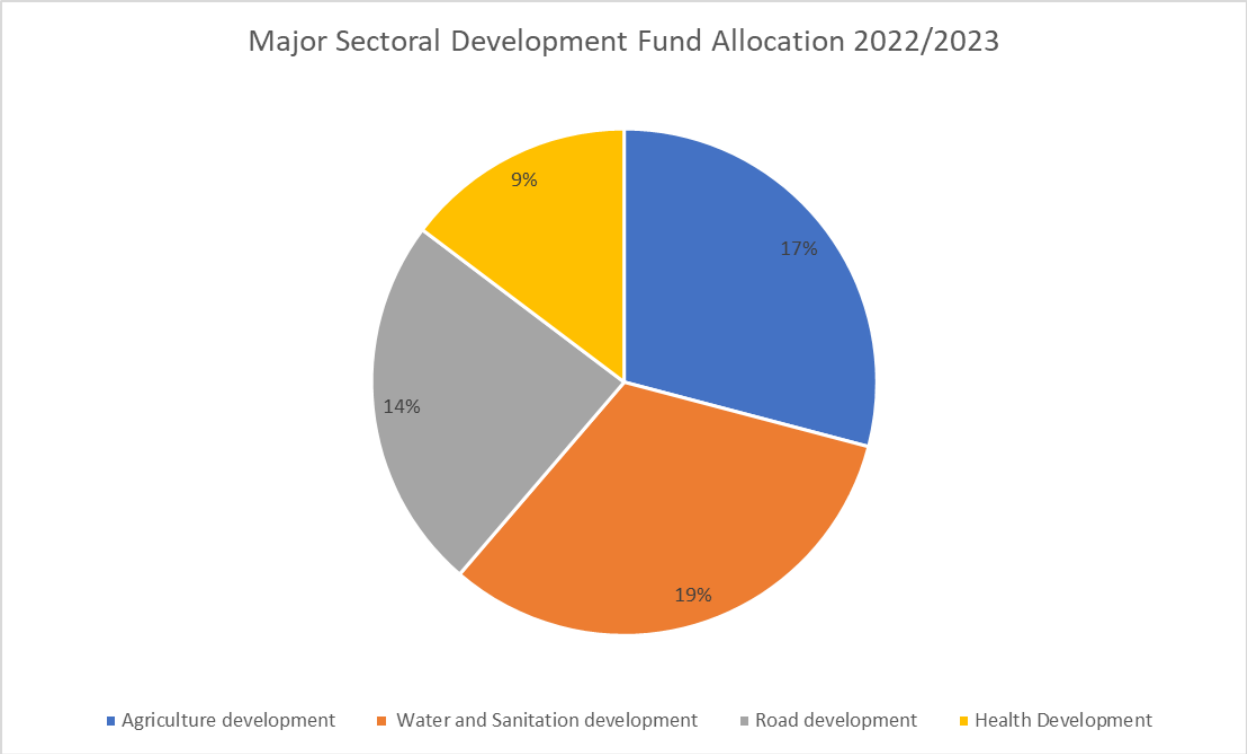
In the 2022/23 FY, the Government had allocated a total of MK6.6 billion to the ICT infrastructure development, of which, MK2.6 billion was part II, and MK4 billion was part I. The allocation was revised upwards to MK16.7 billion at mid-year, of which, MK1.1 billion was part II, and MK15.5 billion was part I.

Figure 33: last mile connectivity

5.5. 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 2022/23 FY, the sector had been allocated over 19% of the total development budget. In 2022/2023, the sector was allocated MK152 billion, however, the allocation was revised downwards to MK125 billion at Mid year.

Figure 34: Sectoral Allocations among the top 4 largest development budget share sectors in 2022/2023



5.5.1. Fisheries Sub-Sector

The Malawi fisheries sub-sector has great potential to contribute more to the Country's economic output. Recent statistics indicate that the sub-sector contributes 7.2 percent to the Gross Domestic Product (GDP). In addition the sub-sector is a growing source of employment, food, 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).

These projects were allocated a total of MK2.9 billion in the 2022/2023 FY, of which MK2.4 billion is Part I while MK443.5 million is Part II. At midyear the allocation was revised upwards to a total of MK 3.2 billion, of which MK 3.0 billion was Part I and MK 267.6 million was Part II.

5.5.2. 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 its citizens. In the 2022/23 FY, the sector was allocated MK 149.2 billion of which MK137.5 billion for part I and MK11.6 billion was Part II. At midyear the total allocation was revised downwards to MK 122 billion of which MK114.8 was Part I and MK7.2 billion.

Some of the major projects include: Malawi Watershed Services Improvement Project; 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 and Lilongwe water and sanitation.

Figure 36: Nkhatabay water supply and sanitation project

Figure 36: Nkhatabay water and sanitation

5.6. GOVERNANCE SECTOR

Governance covers a number of issues including good public sector management, good macroeconomic governance, 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 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.

5.6.1. Democratic Governance Sub-Sector

The Democratic Governance sub-sector encompasses advocacy and developments 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 2022/2023, the

sub-sector received a total allocation of MK 8.6 billion, of which, MK 8.2 billion was part II, while MK 400 million was part I. At mid-year, the total allocation was revised downwards to MK 6.9 billion, of which, MK4.9 billion was part II, while MK 2 billion was part I.

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 37: Construction of New Blantyre Police Station Office

Figure 37: Construction of the new Blantyre police station

5.6.2. Economic Governance Sub Sector

The Economic governance subs-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 sub-sector 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 2022/2023 FY, this sub-sector was allocated a total of MK33 billion, of which MK 28.1 billion is part I while MK 4.9 billion is part II. At midyear, the allocation was revised downwards to a total of MK 31.8 billion, of which MK 28.2 billion was Part I and MK 3.6 Billion was Part II.

Some of the projects that are under implementation in this sub-sector include: Malawi Financial Inclusion and Scaling Project; 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.

5.7. 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 2022/2023 FY, the sector was allocated a total amount of MK 5.5 billion, which was revised downwards to MK 1.1 billion at midyear. The sectoral allocation represents 38 percent decrease compared to the 2021/2022 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 Malawi Defence Force, Malawi Police service, Malawi Prison and Department of Immigration in Malawi

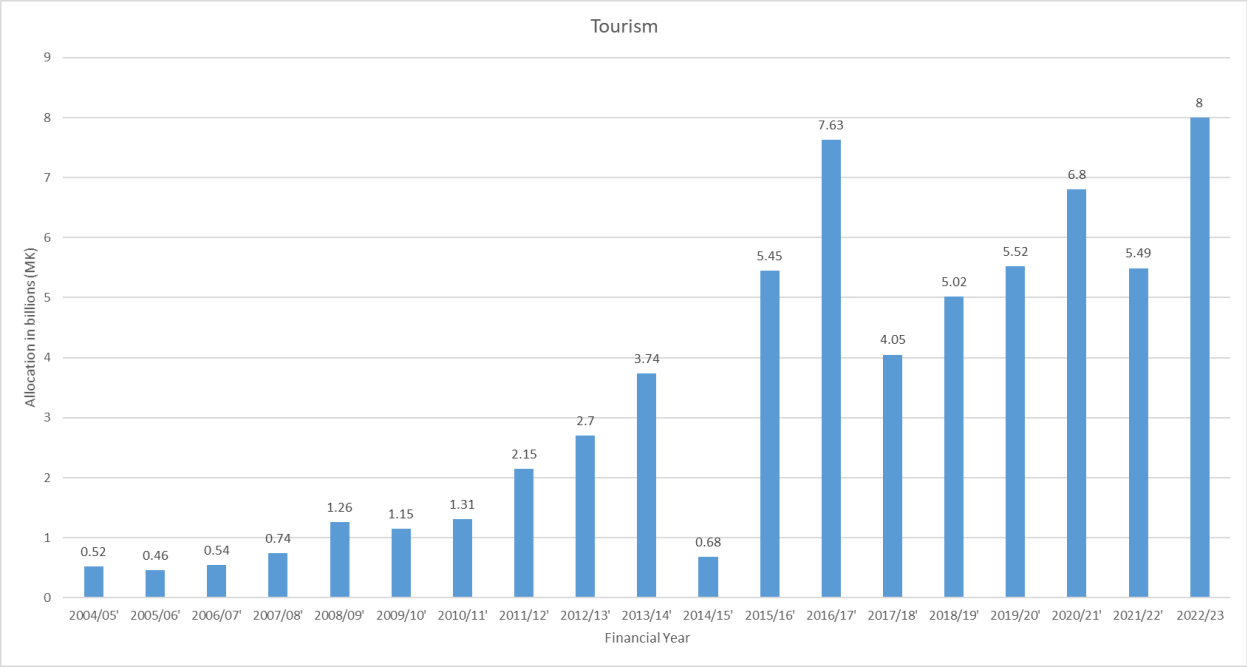
5.8. TOURISM DEVELOPMENT SECTOR

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. Tourism Development is under pillar number 3 of urbanization in MW2063.

Malawi has massive natural and cultural endowments that can create great potential for a vibrant economic tourism sector. Recent figures show that the tourism sector contributes 7.3 percent to the national GDP, and is the third foreign exchange earner after tobacco and tea.

Although 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 38).

Figure 38: Public Investment in the Tourism Sector From 2004/2005 TO 2022/2023



Development funding allocation for the tourism allocation from 2004/2005-2022/2023

In the 2022/23 FY, the sector was allocated MK 8 billion, of which, MK 2.3 billion was part II, and MK 5.6 was part I. The allocation was later revised downwards to MK 2.7 of which MK 794.2 million was part II, and part I was MK 1.9 billion.

The major projects being implemented include: Development of Access roads to resort areas; Development of Public beaches along the Lake Shores of Malawi, Promoting Investment and Competitiveness in Tourism Sector (PICTS); and Malawi-Zambia Transfrontier Conservation Area Bilateral Component.

5.9. 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 number 7. The government therefore wishes to build national capacity to generate an amount of energy to meet the economic and social demands.

In 2022/23 the energy sector was allocated MK23.4 billion of which MK21.3 billion was part I whilst MK2.1 billion was part II. The allocation was later revised to MK16.4 of which MK 15.7 was part I, and part II was MK 671.7 million.

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

5.9.1. ENERGY GENERATION

Development of Mpatamanga hydropower plant

Government is implementing a 350-megawatt (MW) Mpatamanga hydropower under public private partnership 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.

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.

5.9.2. ENERGY DISTRIBUTION

MALAWI ELECTRICITY ACCESS PROJECT

Figure 39: Some of the Malawi Electricity Access Project Materials

Poles and Conductors

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.

5.10. GENDER, YOUTH AND SPORTS SECTOR

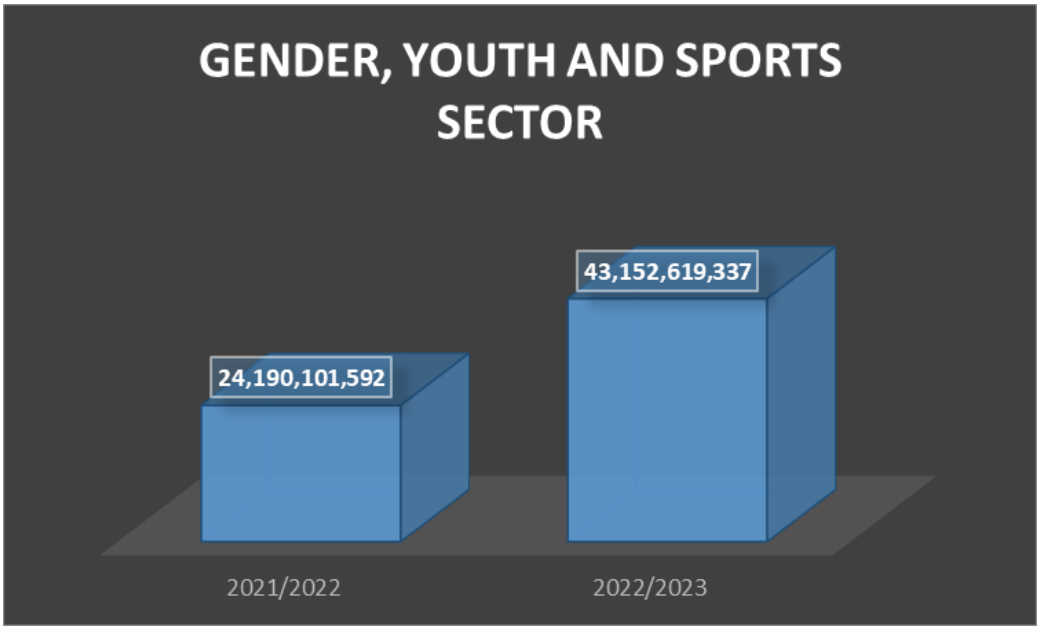
The sector champions gender mainstreaming in development, which is crucial in ensuring that both males and females have access to the same opportunities and resources such as in economic and social activities.

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 2022/2023 FY, the Government allocated MK 43.1 billion to the sector for implementation of 7 projects. Out of which MK 29.1 billion is for part I and MK 13.9 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, there has been an increase in the funds allocation of FY2022/2023 as compared to FY2021/2022. In the FY2021/2022 resources amounting to MK24,190,101,592 whereas MK2022/2023 has an allocation of MK 43.1 billion showing an increase of 78 percent.

Figure 40: Allocation to the Gender, Youth and Sports Sector in 2021/2022 and 2022/2023



5.11. RURAL DEVELOPMENT SECTOR.

The government recognises the need to allocate resources to the rural development sector. In 2022/23 the rural development sector was allocated MK11 billion of which this was all from part

2 which was revised to MK4.5 billion at mid-year. 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 stadiums at district headquarters.

5.12. MINING SECTOR

In alignment with Malawi 2063, under pillar number 2 of Industrialization, the mining sector is responsible for the industrialization of mining in Malawi. 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 2022/2023 FY, the sector was allocated a total of MK500 million 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 15 SELECTED PROJECTS

1. AGRICULTURAL INFRASTRUCTURE AND YOUTH IN AGRIBUSINESS PROJECT (AIYAP)

Figure 42: Linga Dam in Nkhatabay

Construction of 14.7million cubic metres Linga Dam 99.5 % completed for irrigating 1000 hectares

Overview

Description:

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 in Nkhatabay and Nkhotakota. 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
✓	✗	✗	✗	✗	✗	✗	✗	✗	✗

Location: Nkhata Bay and Nkhotakota Districts

Implementation period: 01/2017 – 03/2024

Total Estimated Cost: MK 35 billion

Financial Progress

Financing Sources:

	ADF	**EDF**	**GOM**	**TOTAL**
Type	Loan	Grant	Budget allocation	Mix
Contribution	MK 22 billion	MK 742 million	MK 3 billion	MK 26.0 billion
Absorption (as of 12/2022)	MK 21 billion (94%)	MK 742 million (100%)	MK 2.1 billion (70%)	MK 23.8 billion

Project Budgets and Expenditure:

FY	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Budget (MK Million)	100	675.9	542	525	132	138.5		
Cumulative	100	775.9	1317.9	1842.9	1974.9	2113.4		

Expenditure (MK billion)	100	675.9	542	525	132	138.5		
Cumulative	100	775.9	1317.9	1842.9	1974.9	2113.4		

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

Budget and Expenditure Breakdown:

Physical Progress

Physical Completion Rate (as of 12/2022)**:** 95%

Achievement: The Linga dam is completed; 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 current completion status was envisioned to be achieved by 06/2022 by the original project document. Severe delays meant that a new timeline was negotiated in 12/2021 which delayed finalization and the project was extended for 1 year after the African Development Bank gave no objection. Activity implementation is expected to continue in FY 2023/2024

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: Physical progress exceeds financial progress; the project is stalled and needs financial support to meet the costs of remaining works if development objectives of the are to be met.

Policy Issues

The primary policy issue in this project is low funding. While the donor component will be 100 % utilized. Though the government financing supported the cost of construction works in the current financial year, most of the activities have not yet been implemented due to inadequate budget. This means that the project is delayed and the development objective will not be achieved. An initial planned completion date in 2022 had to be postponed to 2024.

Implementation capacity appears adequate; the only limitation is inadequate financial resources. 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 the assets to the end users.

2. NKHATABAY TOWN WATER SUPPLY AND SANITATION PROJECT

Figure 43: Works on a Water Treatment Plant in Nkhatabay

Progress of Construction at Water Treatment Plant

Figure 44: St Maria Goretti Reservoir, Nkatabay

Progress of construction at St Maria Goretti Reservoir, 5,000m^3

Overview

Description: 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% 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 4th March 2019 and current closing date for disbursements for AfDB is 30th June 2023. Construction works commenced on 1st 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

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$30.45
Absorption (as of 11/2022)	US$ 7.57 million (63.1%)	US$ 9.47 million (62.7%)	US$2.15 million (62.4%)	US$ 19.19 million

Project Budgets and Expenditure:

FY	19/20	20/21	21/22	22/23
Budget (US$ "000)	2,132	5,851	14,862	7,705
Cumulative	2,132	7,983	22,845	30,550
Expenditure (US$ "000)	1,032	4,751	5,762	7,645*
Cumulative	1,032	5,783	11,545	19,190*

*as of end 11/2022

Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q2 FY23: US$ 11,360,000

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 Progress

Physical Completion Rate (as of 12/2022)**:** 83%

Achievement: So far; sanitation facilities in public places, solid waste dumpsite, and liquid waste treatment plant have been constructed. Contract for Rehabilitation, Expansion and Upgrading of Nkhata Bay Water Supply System is at 85% physical progress. Concrete reservoirs and transmission pipelines were completed while electromechanical works and distribution pipelines are in progress.

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.

Outstanding Outputs: The following outputs are outstanding;

1. 40.9km of distribution pipeline.

2. Installation of 6 No. transformers for power supply

3. Completion of electromechanical works

4. Site works.

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

Challenges

1. Delayed mobilization of staff and delayed mobilization of materials due to delayed production and delayed shipping as a result of COVID lockdowns.

2. High cost of materials and freight as a result of COVID 19 which has affected the Contractor's cash flow situation.

Remedial Action

1. All key staff were mobilized to site and all critical materials were delivered to site.

2. The Contractor processed additional resources to meet their contractual obligation.

3. CONSTRUCTION OF THREE (3) TEACHERS TRAINING COLLEGES FOR PRIMARY SCHOOL TEACHERS

Figure 45: Constructed Blocks Under the Project

Overview

Description: 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, took OFID and BADEA up on the offer to finance three of the additional six teacher training colleges foreseen by the National Education Strategy by 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.

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**	**GOM**	**TOTAL**
Type	Loan	Loan	Budget allocation	Mix
Contribution	MK 14.7 billion	MK 14.7 billion	MK 12.6 billion	MK 42.0 billion
Absorption (as of 09/2022)	MK 14.7 billion (100%)	MK 14.7 billion (100%)	MK 6.5 billion (52%)	MK 35.9 billion

Project Budgets and Expenditure:

FY	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Budget (MK billion)	10	10	10	10	10	3.5	2	2
Cumulative	10	20	30	40	50	53.5	55.5	57.5
Expenditure (MK billion)	6.9	6.9	6.9	6.9	6.9	1.4*		

Cumulative	6,9	13.8	20.7	27.6	34.5	35.9*		

*as of end 09/2022

Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q2 FY23: MK 4.6 billion

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 Progress

Physical Completion Rate (as of 09/2022)**:** 95%

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.

4. CONSTRUCTION OF 10,000 HOUSING UNITS FOR MDF, POLICE, PRISONS AND IMMIGRATION

Figure 46: Some of the Houses Completed Under the Project in Mangochi

Commissioned houses at Malamya in Mangochi

The Government of the Republic of Malawi has an interest in reducing shortage of accommodation for its staff, starting with the Malawi Defence Force, Malawi Police Service, Malawi Prison Service and the Department of Immigration.

Currently, renting houses is difficult because there is accumulation on rental arrears which makes it difficult to rent new houses. Moreover, the current approach of renting houses does not consider the location of institutional offices where a government employee serves even though some jobs require the employee to be close to the office.

As such, the Government is constructing 10,000 housing units across the three regions of the country where these institutions are located.

Objective:

To provide housing units to government security institutions in order to improve the work environment for their employees while simultaneously reducing shortage of accommodation for its personnel.

The construction of these houses will be done in three phases as follows:

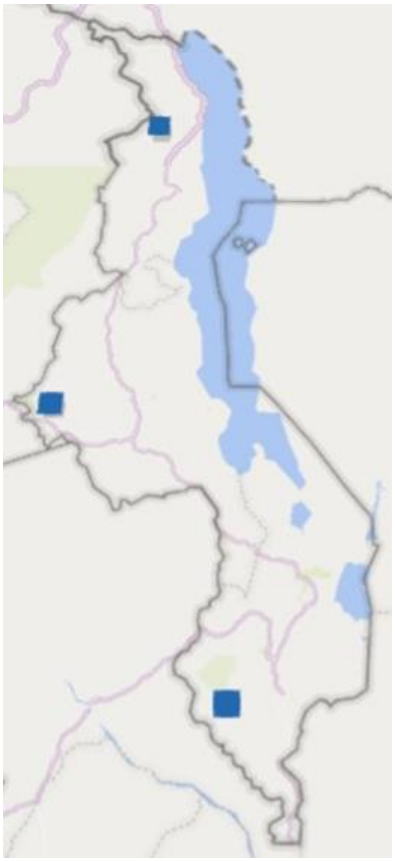
Phase one: 1,028 Housing Units

Phase two: 4,300 Housing Units

Phase three: 4,672

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: 01/2020 – 04/2025

Total Estimated Cost: MK620 billion

Financial Progress

Financing Sources:

	OFID	BADEA	GOM	TOTAL
Type	Loan	Loan	Budget allocation	Mix

Contribution	0	0	MK620 billion	MK620 billion
Absorption (as of 09/2022)	0	0	MK37.84 (6%)	MK 35.9 billion

Project Budgets and Expenditure:

FY	2019/20	20/21	21/22	22/23
Budget (MK billion)	0.25	6.00	5.00	3.00
Cumulative	0.25	6.25	11.25	14.25
Expenditure (MK billion)	0.25	5.91	3.38	28.30
Cumulative	0.25	6.16	9.54	37.84

*as of end 01/2023

Physical Progress

Physical Completion Rate (as of 01/2023): 5.5%

Achievement: 35 Houses have so far been completed and commissioned; 15 police houses in Mangochi and 20 houses for Prison in Mzuzu. Construction of 993 in phase one is currently underway.

Timeliness of Achievement:

The current completion status was envisioned to be achieved by 06/2020 by the original project document. The project has been delayed and, with this current status, it will not be an uphill task to complete it within the planned implementation period.

Outstanding Outputs: The progress of 50 houses in Kasungu has stalled for a long time now. 943 Housing units in phase 1 are still under construction at different completion rates, with 196 houses at 90% on average and 797 at an average of 40% completion. In addition, 8,972 housing units, some in phase 2 and 3, are yet to commence.

Implications for costs of the project:

Currently, the physical progress is slightly behind the financial progress of the project. This is due to price escalation of the construction materials. As such, the TEC, currently at MK620 billion is not enough to complete the project. The TEC will need an upward revision.

Policy Issues

The primary policy issue in this project is low funding over the past 3 years of the project, delaying the progress of the project. This has been coupled with encroachment on land earmarked for the construction of the houses in some districts. An initial planned completion date in 2025 has to be revised if the project is to be completed effectively.

Implementation capacity has also been inadequate. All agreed outputs were delivered at a slow pace due to overwhelming commitment from the responsible officers in the Ministry as well as the Department of Buildings (DoB).

Remedial Action

The annual budget allocation for the project should be revised to align it to the TEC of the project. The current rate of funding implies the project can take up to 100 years before completion.

The Ministry has also created an Infrastructure Management Unit. The Unit will have all relevant officers, specifically recruited for the management of the project. This will ensure availability of dedicated staff to timely implement the project.

With the rate at which prices of construction materials are escalating, the MK620 billion TEC should also be revised to MK807 billion.

5. DEVELOPMENT OF 350 MW MPATAMANGA HYDROPOWER PLANT

Figure 47: Site for the Hydropower Plant

Overview

Description: 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. Industrialisation 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: USD 1.418 billion = MK 1.4 trillion

Financial Progress

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%)		USD 1 million

Project Budgets and Expenditure:

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*		
Cumulative	0.2	0.5	0.8		

*as of end 12/2022

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 Progress

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 jmjmjj

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 developmental budget to release MWK 10 billion for the timely compensation of RAP.

6. MALAWI WATERSHED SERVICES IMPROVEMENT PROJECT

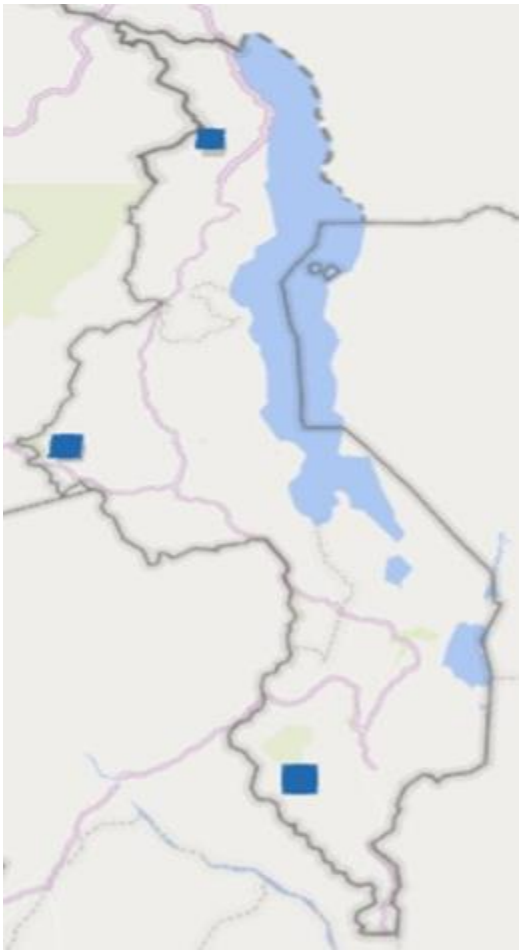
Overview

Description: 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 rain water harvesting structures. The project will also will 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 rain water 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: MWK128 billion

Financial Progress

Financing Sources:

	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 09/2022)**	**US$13.36m**	**US$13.36m**	**0**	**US$26.72m**

Project Budgets and Expenditure:

FY	**17/18**	**18/19**	**19/20**	**20/21**	**21/22**	**22/23**	**23/24**	**24/25**
Budget (MK billion)				**US$9,175,323**	**US$19,637**	**US$40,020,390**		

					,682.51			
Cumulative				**US$ 2,520,456**	**US$8,677,089**	**US$12,677,327**		
Expenditure (MK billion)								
Cumulative								

***as of end 09/2022**

Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q2 FY23: MK 4.6 billion

Budget and Expenditure Breakdown:

Item	**Budget (USD)**	**Expenditure as of 09/2022 (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 procurement stage of contractors and consultant 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 ewvamped/ 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 1st 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, 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, demacate 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 under costs.

Policy Issues:

Long turn-round time in procurement process: the longer turn-round time between various stages of the procurement process for the Consultants continue 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

7. LILONGWE WATER AND SANITATION

Figure 48: Some of the Achievements in the Project

Left: Pumping Station and *Right: Node installation (Network System)*

Overview

Description:

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 services in the City of Lilongwe.

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

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: MK 152.8 billion

Financial Progress

Financing Sources:

	OFID	**BADEA**	**World Bank**	**GOM**	**TOTAL**
Type			**Part 1**	**Part 2**	
Contribution (Funding)			MK73.5 billion	MK1.2 billion	MK74.8 billion
Absorption (as of 09/2022)			48%	48%	49%

Project Budgets and Expenditure PART 1:

FY	17/18	18/19	19/20	20/21	21/22	22/23
Budget (MK billion)						
Cumulative		MK9.8 billion	MK45.4 billion	MK81.8 billion	MK103.2 billion	MK135.5 billion
Expenditure (MK billion)						
Cumulative	24,556	MK2.0 billion	MK12.0 billion	MK32.7 billion	MK45.4 billion	MK55.8 billion

*as of end 09/2022

Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q3 FY 2022/23: MK 4.6 billion

Budget and Expenditure Breakdown PART 1 and PART 2:

Item	**Budget (MWK bn)**	**Expenditure as of 09/2022 (MWK bn)**
Water Distribution network rehabilitation, Expansion and NRW reduction	MK 81.4 billion	MK 33,8 billion
Priority Sanitation Improvements	MK24.5 billion	MK9.2 billion
Technical Assistance	MK17.3 billion	MK8.1 billion
Institutional Capacity Strengthening	MK12.2 billion	MK4.6 billion
GOM Part II	MK1.6 billion	MK1.2 billion
TOTAL	**MK137.1 billion**	**MK57.0 billion**

Physical Progress

Physical Completion Rate (as of 09/2022): 60%

Achievement:

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 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 Plat (FSTP) with capacity to treat 77m3 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 update

Remedial Action

1) Increased cost of works due to inflation affecting the initial costs for sub-projects – scaling down of targets and revision of some contracts

2) Household mobilization and lower numbers of households consenting to connect to sewer network – stakeholder engagement has been intensified

8. Shire Valley Transformation Project–Phase 1

Figure 49: Constructions under the Shire Transformation Project

Overview

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

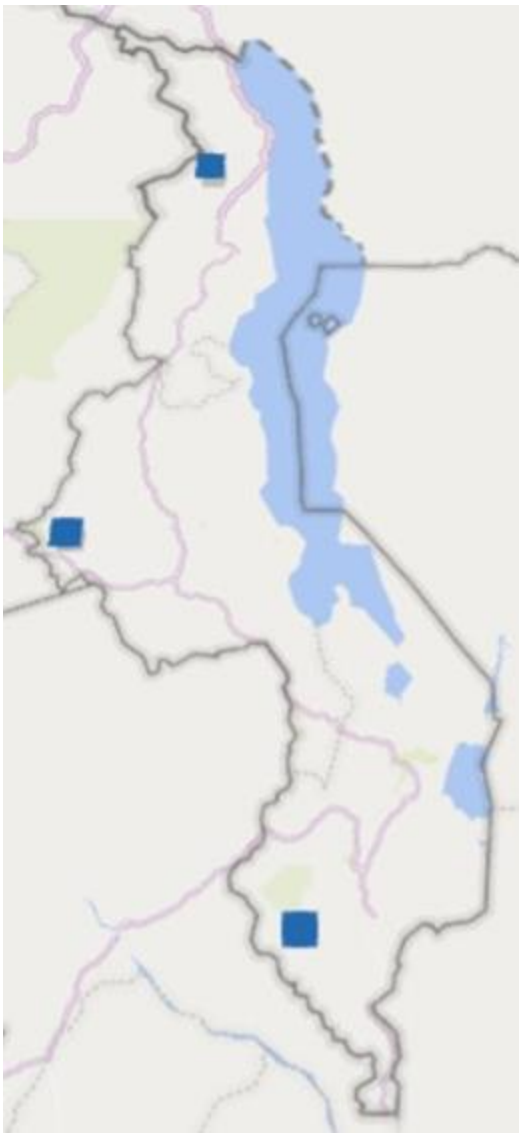
and drainage infrastructure in the SVIP Phase 1 area. This includes preparation of detailed designs and construction supervision and quality assurance, construction of the physical bulk water conveyance and main distribution system, major drainage and access roads.This component has 2 sub-components, (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**	**Comparsation**	
Contribution	MK 132 billion	MK 37.8 billion	MK 5.4 billion	**MK 173.7 billion**
Absorption (as of 09/2022)	100%	100%	50%	

Project Budgets and Expenditure:

FY	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Budget (MK Million)		3250	1350	14600		7250	1900	
Cumulative		1700	1280	3000		11500	954	
Expenditure (MK billion)		3250	1350	14600		7250	1900	
Cumulative		1700	1280	3000		11500		

Physical Progress

Physical Completion Rate (as 03/2023)**:** 55 %

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 % of the first intake and the canal

3. Remainder of main canal 1 and part of main canal 2 is on course at 16%

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 costs.

9. PROGRAMME FOR RURAL IRRIGATION AND DEVELOPMENT (PRIDE)

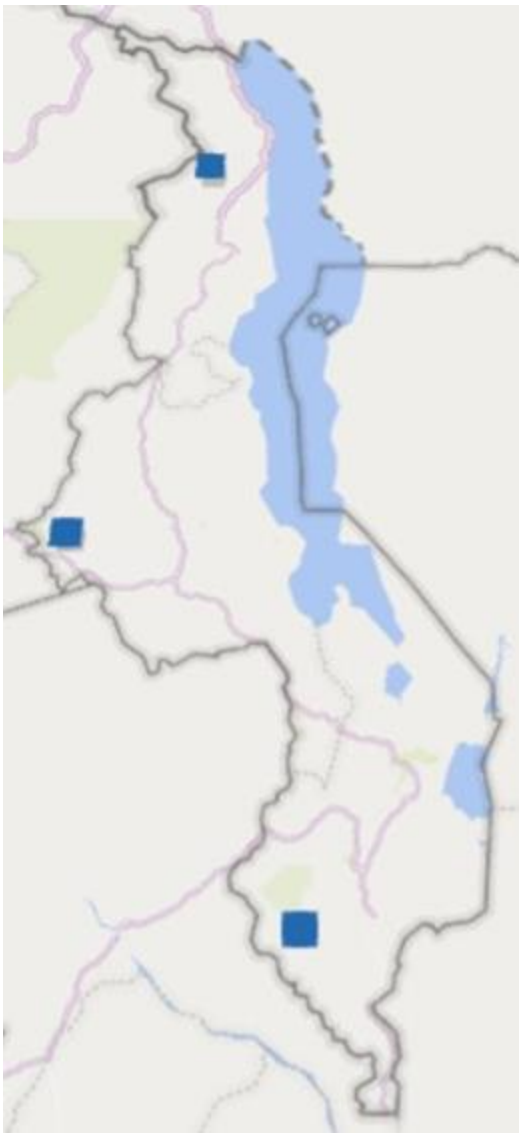
Figure 50: An Irrigation System Established Under the Project

Overview

The programme aims at enabling 17,500 smallholder households to enhance their production levels 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.



Location: Machinga, Zomba, Karonga, Rumphi, Chitipi, Mzuzu, Nkhatabay, Nkhotakota, Dowa

Implementation period: July 2017 - December 2024

Total Estimated Cost: MK 118 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:

	IFAD	GOM	TOTAL
Type	**Loan and Grant**	**In Kind**	
Contribution	MK97.6 billion	MK20.4 billion	MK118 billion
Absorption (as of 09/2022)	95%	94%	94%

Project Budgets and Expenditure:

FY	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25

Budget (MK Million)		200	50		7810			
Cumulative		20	0		1310			
Expenditure (MK billion)		200	50		7810			
Cumulative		20	0		1310			

Physical Progress

Physical Completion Rate (as of 02/2023): 65%

Achievements:

Construction of irrigation schemes are underway in 6 out of 9 target schemes. Currently, physical completion of Lingoni is estimated at **88 percent**; Matoponi, **75 percent;** Wowo, **74 percent**; Marko, **82 percent;** and Mafinga, **85 percent;** Mlooka, **15 percent;** Mzenga contract is signed and site handover to be done shortly. Dowa Dambo is at Detailed Design Stage.

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 and Mzenga are at Draft Tender Stage;
3. Dowa Dambo is at Detailed Design Stage

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

10. CONSTRUCTION OF THYOLO-THEKERANI-MUONA-BANGULA ROAD

Figure 51: Part of the Thyolo-Thekerani-Muona-Bangula Road

The Thyolo-Thekerani-Muona-Bangula at the 09/2022 progress of construction.

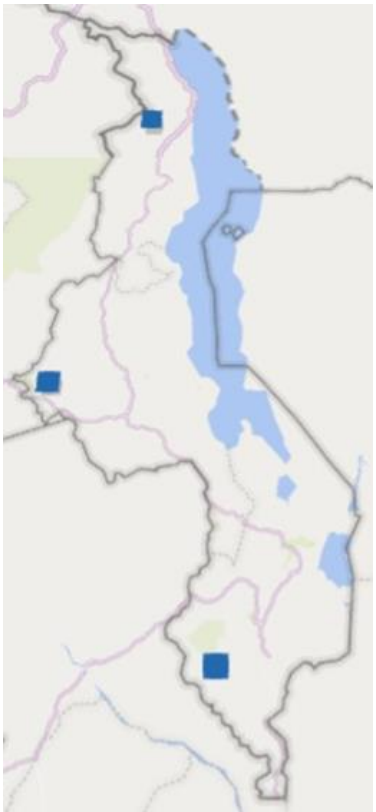
Overview

Description: 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:

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



Location: Nsanje and Thyolo districts

Implementation period: July 2008 – March 2024

Total Estimated Cost: MK 32.3 billion

Financial Progress

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 09/2022)	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

*as of end 09/2022

Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q2 FY23: MK1.6 billion

Budget and Expenditure Breakdown:

Item	**Budget (MWK bn)**	**Expenditure as of 09/2022 (MWK bn)**
Feasibility study		
Land acquisition		
Design costs		
Construction and supervision costs	40.77	34.22
Utilities and taxes		

Physical Progress

Physical Completion Rate (as of 09/2022)**:** 94%

Achievement: The physical progress is 94 percent complete against 100 percent of time progress with 76 km completed up to surfacing, clearing and grubbing completed at 83 km, road bed 76

km, Subbase 76 km, road base 75km, priming 75km, chip seal 76 km first seal against the overall 83 km road length.

Timeliness of Achievement: The project is expected to be completed in March 2024.

Remaining Outputs: 7 km

Implications for costs of the project: The project is expected to finish next financial year and it needs financial 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 .
- 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 DC and T/A Mlolo and a budget is being reviewed.

11. DUALIZATION FROM CROSSROADS – KANENGO ROAD

Figure 52: Some of the Works in the Project

Overview

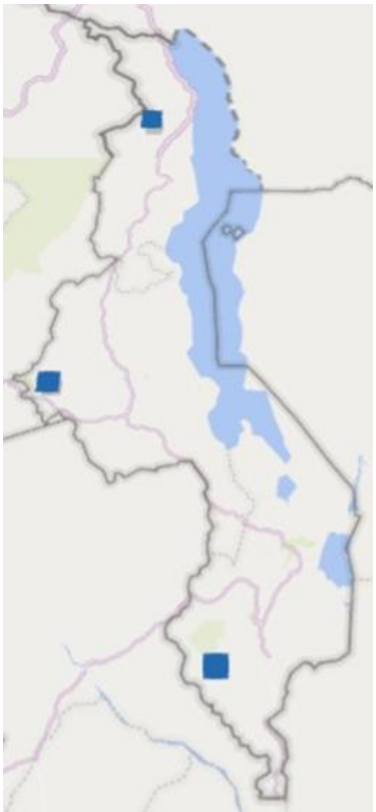
Description: The Government of Malawi with support from the Peoples of Republic of China has been implementing this project since December 2021. The project involves capacity improvement of part of the M001 road from Cross roads roundabout up to Kanengo junction with Chendawaka from single lane to dual carriageway. Each lane will be 3.4m wide with a cycle track of 1.5 and a pedestrian track of 1.5m. Street lighting will be in the middle of the road in the 1500 mm wide median arching in two directions.

The project involves capacity improvement of part of the M001 road from Cross roads roundabout up to Kanengo junction with Chendawaka from single lane to dual carriageway. Each lane will be 3.4m wide with a cycle track of 1.5 and a pedestrian track of 1.5m. Street lighting will be in the middle of the road in the 1500 mm wide median arching in two directions.

Objective: To improve the capacity of the road section in order to reduce traffic conflicts and accidents and to facilitate smooth flow of traffic.

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 City

Implementation period: December 2021 – December 2024

Total Estimated Cost: MK 22.5 billion

Financial Progress

Financing Sources:

	PRC	**GOM**	**TOTAL**
Type	**Grant**	**Budget allocation**	**Mix**
Contribution	MK 22.5 billion	MK 1.2 billion	MK 23.7 billion
Absorption **(as of 09/2022)**	MK 11.2 billion (50%)	MK 77.8 Million	MK 11.3 billion

Project Budgets and Expenditure:

FY	**17/18**	**18/19**	**19/20**	**20/21**	**21/22**	**22/23**
Budget (MK billion)					**1**	**0.2**
Cumulative					**1**	**1.2**

Expenditure (MK billion)					**11.25**	**0.078**
Cumulative					**11.25**	**11.33**

***as of end 09/2022**

Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q2 FY23: MK11.3 billion

Budget and Expenditure Breakdown:

Item		**Budget (MWK bn)**	**Expenditure as of 09/2022 (MWK bn)**
Feasibility study			
Land acquisition			
Design costs			
Construction costs			**11.25**
Utilities and compensation			**0.078**

Physical Progress

Physical Completion Rate (as of 09/2022): 12%

Achievement: The overall physical progress of the project is at 12 percent complete against 27.8 percent time progress with the contractor clearing and grubbing has been completed and preparation of subgrade.

Timeliness of Achievement: The project is expected to be completed in March 2025

Remaining Outputs: There is 4km to rehabilitate, and construction of Lingadzi bridge and rail crossing bridge at area 28 is in progress.

Implications for costs of the project: If the project delays the project costs may increase due to the inflation and exchange rate issues**.**

Policy Issues

- Delay in relocation of services ESCOM and Lilongwe Water Board.
- Scarcity of fuel is affecting progress of works since works that require fuel for movement of construction equipment stalled.

Remedial Action

- The Roads Authority made payments to service providers to relocate their service.

12. REHABILITATION OF BALAKA MARKET - KAPHATENGA – DWANGWA –NKHATABAY (LAKESHORE ROAD)

Overview

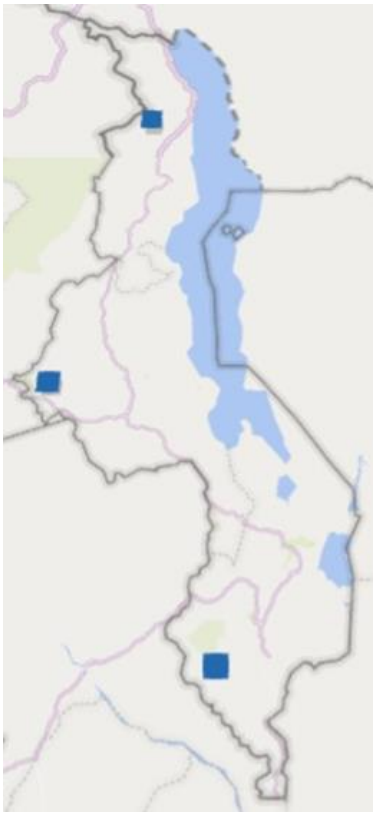
Description: The project involves rehabilitation of the 469 km M005 road section of Balaka Market, M1 Junction- Nkhotakota - Nkhatabay. Rehabilitation of the M5 is done in three sections

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

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%)	MK 3.7 billion(10%)

Project Budgets and Expenditure:

FY	**17/18**	**18/19**	**19/20**	**20/21**	**21/22**	**22/23**
Budget (MK billion)		1	1.1		0.3	1.05
Cumulative					0.3	1.35
Expenditure (MK billion)					1.10	3.8
Cumulative					1.1	4.9

*as of end 09/2022

Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q2 FY23: MK34.2 billion

Budget and Expenditure Breakdown:

Item	**Budget (MWK bn)**	**Expenditure as of 09/2022 (MWK bn)**
Feasibility study		
Land acquisition		
Design costs		
Construction and supervision costs	37.96	4.9
Utilities and taxes		

Physical Progress

Physical Completion Rate (as of 09/2022): 0%

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 the inflation and exchange rate issues**.**

Policy Issues

- Delay is 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

13. NTCHEU - TSANGANO - MWANZA ROAD (LOT 1 AND II)

Figure 53: Works on One of the Sections of the Road

Ntcheu-Tsangano-Mwanza Road (Lot I and II) as at 09/2022 progress of construction.

Overview

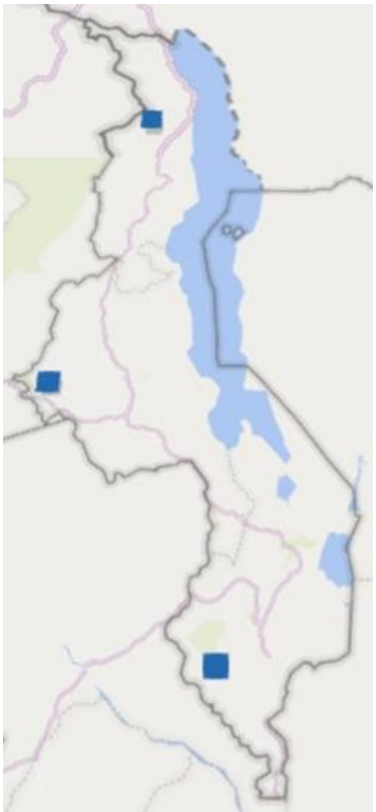
Description: Ntcheu – Tsangano – Mwanza road (140 km) is gravel road and is being targeted for upgrading to paved standard. The road is not easily accessible during both rainy and dry seasons. Most of the areas are disconnected due to the poor condition of the road. The surrounding communities face a lot of challenges in accessing farm inputs and agricultural markets for crops such as Maize, tobacco, groundnuts, Irish potatoes. This results in farmers not fully benefiting from their produce due to low prices that are offered. There is a need to carry out feasibility studies and engineering designs for the project in order to determine the suitable road to be constructed.

The project involves upgrading of the 140 road to bitumen standard with a 6.8m wide carriageway and 1.5m wide sealed shoulders on both sides, with a 50mm asphalt finish on a crushed stone base and gravel sub base including construction of several drainage structures.

Objective: To facilitate trade and transport within the project area in order to support economic growth while fostering regional integration through reliable, efficient and seamless transport 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 and Mwanza

Implementation period: April 2018 – January 2023

Total Estimated Cost: MK 16.8 billion

Financial Progress

Financing Sources:

	GOM	**TOTAL**
Type	Budget allocation	Budget allocation
Contribution	MK 17.2 billion	MK 17.2 billion
Absorption **(as of 09/2022)**	MK 3.3 billion (20%)	MK 3.3 billion (20%)

Project Budgets and Expenditure:

FY	**17/18**	**18/19**	**19/20**	**20/21**	**21/22**	**22/23**
Budget (MK billion)	**4**	**2**	**2**	**2**	**9**	**3**
Cumulative	**4**	**6**	**8**	**10**	**19**	**22**

Expenditure (MK billion)		**2.07**	**2.15**	**2.18**	**3.34**	**1.24**
Cumulative		**2.07**	**4.22**	**6.4**	**9.74**	**10.89**

***as of end 09/2022**

Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q2 FY23: MK13.9 billion

Budget and Expenditure Breakdown:

Item	**Budget (MWK bn)**	**Expenditure as of 09/2022 (MWK bn)**
Feasibility study		
Land acquisition		
Design costs		
Construction and supervision costs	**22**	**10.89**
Utilities and taxes		

Physical Progress

Physical Completion Rate (as of 09/2022):

- Lot 1: The physical progress of the project is 71% complete with 8.58km of the road surfaced against time progress of 104.17%.
- Lot 2: The physical progress of the project is 20% complete against time progress of 70% with earthworks and pavement works up to subbase in progress.
- Achievement: There is currently no work progress on site as the procurement of the Contractor and supervising engineer is at mobilizing stage.

Timeliness of Achievement: The current completion status was envisioned to be achieved by 01/2023 by the original project document. The project has been delayed and, with this current status, it will not be an uphill task to complete it within the planned implementation period.

Remaining Outputs: Lot 1: 11.5km and Lot 2: 20km

Implications for costs of the project: Physical progress exceeds financial progress; the project needs financial support to meet the costs of remaining works if development objectives of the are to be met.

Policy Issues

Lot 1:

- The contractor abandoned the site and requested for a review of the contract condition to allow for adjustment for changes in cost as the contract was a fixed price contract.
- Minimal progress has been registered despite several meetings with contractor some of which were led by the Ministry of Transport and Public Works.
- Increase in fuel prices prompted contractor to request revision of rates. The Contractor has indicated that if the rates are not revised, they will not be able to complete the works due to cashflow challenges.
- Consultant's Contract reached the ceiling amount in July 2021. 2No. Addenda for the consultant are currently pending PPDA approval. Consultant's Contract ended on 30 April 2022 and was not extended further.

Lot 2:

- Lack of full access due to unavailability of full designs for the road. From section Km119 to Km101 the revised designs were not provided and in the other section, there were only cross sections and profiles.
- The fuel price increase and the realignment of the Malawi Kwacha against US dollar has resulted in the contractor requesting for a review of the contract condition to allow for adjustment for changes in cost as the contract was a fixed price contract.
- The recent scarcity of fuel is impacting progress. The contractor suspended works that require a lot of fuel due to the challenge in sourcing fuel. This will result in an increase in cost for the project as the contractor has to be paid for the idle time of his equipment.

Remedial Action

- The Ministry of Transport and Public Works and Roads Authority have engaged the contractor to improve performance.
- The Roads Authority is in consultation with PPDA to allow for the change in the contract condition. This will result in the upward adjustment of the contract price.
- The Consultant for Lot 2 was engaged to continue with the supervision of the works for Lot 1 and the consultant was subsequently engaged for the lot 1.
- The Roads Authority is liaising with the Lot 2 consultant responsible for design review to fasttrack the review process.

14. RUMPHI – NYIKA - NTHALIRE - CHITIPA ROAD

Overview

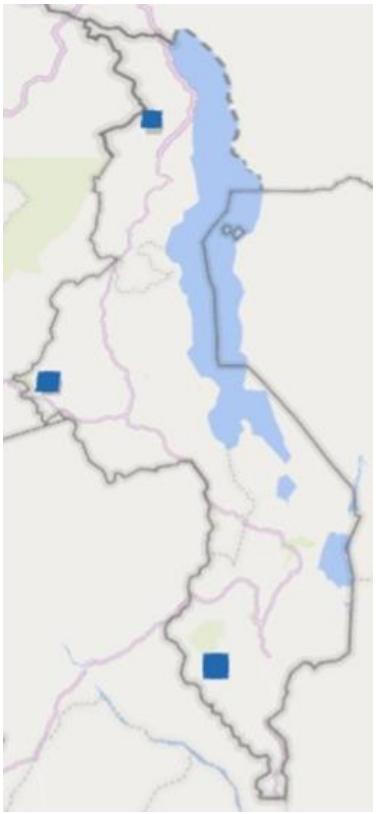
Description: The project involves upgrading of 20km road to paved standard. Due to transportation challenges between Chitipa and Rumphi there is need to carry out feasibility studies and preliminary engineering designs to determine its viability for construction.

Weather conditions and the terrain of Rumphi district is different from other districts in Malawi. This therefore necessitates the need to conduct comprehensive feasibility studies and engineering designs for the road.

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: Rumphi

Implementation period: August 2022 – August 2023

Total Estimated Cost: MK 7.9 billion

Financial Progress

Financing Sources:

	GOM	**TOTAL**

Type	Budget allocation	Budget Allocation
Contribution	MK 7.9 billion	MK 7.9 billion
Absorption **(as of 09/2022)**	MK 2.3 billion (29%)	MK 2.3 billion (29%)

Project Budgets and Expenditure:

FY	**17/18**	**18/19**	**19/20**	**20/21**	**21/22**	**22/23**
Budget (MK billion)	**4**	**2**	**0.7**	**2**	**1.8**	**4.5**
Cumulative	**4**	**6**	**6.7**	**8.7**	**10.5**	**15**
Expenditure (MK billion)		**0.5**	**1.33**	**0.5**	**0.15**	**0.77**
Cumulative		**0.5**	**1.83**	**2.33**	**2.48**	**3.25**

***as of end 09/2022**

Undisbursed balance from Commitments (i.e., pledged in contracts but not yet spent) as of end-Q2 FY23: MK5.6 billion

Budget and Expenditure Breakdown:

Item	Budget (MWK bn)	Expenditure as of 09/2022 (MWK bn)
Feasibility study		
Land acquisition		
Design costs		
Construction and supervision costs	**15**	**3.25**
Utilities and taxes		

Physical Progress

Physical Completion Rate (as of 09/2022): The overall physical progress of the project is at 0% against 8.33%-time progress as the project was handed over.

Achievement: The Contractor at mobilizing stage and undertaking preliminarily activities.

Timeliness of Achievement: The current completion status was envisioned to be achieved by 08/2023 by the original project document. The project has been delayed and, with this current status, it will not be an uphill task to complete it within the planned implementation period.

Remaining Outputs: 20km road

Implications for costs of the project: If the project delays, the project costs may increase due to the inflation and exchange rate issues**.**

Policy Issues

- Delay in concluding procurement processes for contractor and supervising engineer affecting the commencement of the project.

Remedial Action

- Engage Public Procurement and Disposal of Assets Authority (PPDA) to fast track procurement processes

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

Figure 54: On of the Health Posts Being Constructed in Dedza

Dedza OPD Health Post

Overview

Description

The Project comprises the construction and equipping of 900 Health Posts across the country. Each Health Post has an OPD block, 2 staff houses and water reticulation. The project will run for five years from 2021 to 2026. In the initial phase 2021/2022 FY and 2022/2023 FY, the project is constructing 200 Health posts across the country. The project involves the following components:

1. Civil works and ancillaries for the construction of a new OPD building with an average of 7 rooms for different services.
2. Installations, medical equipment, and medical and non-medical furniture: which includes provision of installations, medical equipment, medical and non-medical furniture needed for the different sections of the health post and 2 staff houses and utility services (Water reticulation and solar powered electricity).
3. Consultancy services for the supervision of the construction works in the three regions.
4. Capacity Building to the project implementation unit: training, provision of one vehicle, office furniture, office supplies, and two computers and their accessories.

Objective

The project objective is to promote provision of primary health care services to the underserved especially women, children and other vulnerable groups. Specifically, the project objectives are:

1. Improve the accessibility of primary level health services to the underserved people;

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
✗	✗	✗	✗	✗	✗	✗	✓	✗	✗

Location: In all the 28 Districts

Implementation period: 2021/2022 – 2026/2027

Total Estimated Cost: MK 12.9 billion

Financial Progress

Financing Sources:

	Global Fund	**GOM**	**TOTAL**
Type	Grant	Budget allocation	Mix

Contribution	MK 2.8 billion	MK 1 billion	MK 3.8 billion
Absorption	MK 1.2 billion	-	MK 1.2 billion
Percentage	43%	0%	

Project Budgets and Expenditure:

Financial Year	**22/23**	**23/24**	**24/25**
Budget (MK billion)			
GOM	MK 1 billion	MK 1 billion	
Global Fund	MK 2.8 billion		
Expenditure (MK billion)			
GOM	0		
Global Fund	MK 1.2 billion		
Cumulative	MK 1.2 billion		

PROGRESS

Phase 1: Construction of 55 Health Posts Project

The Phase 1 of the Project involves the construction of 55 Health Posts in 24 districts as listed below. However, due to limited resources the Ministry of Health awarded contracts for 5 lots covering 7 districts of Neno, Mwanza, Dedza, Ntchisi, Mzimba, Phalombe and Thyolo *(Appendix 1).*

Physical Progress

Overall Physical Completion Rate (as of 03/2023)**:** 40%

Achievement:

The Ministry has commenced the construction of 20 Health Posts out of 55 in Dedza, Mzimba North, Ntchisi, Phalombe, Mwanza and Neno. The overall physical progress is 40%.

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 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 devaluation.

Policy Issues

Global Fund has committed some resources towards the Project, however, the Government

funding is very low.

Remedial Action

Government needs to increase fund allocation for this project.

APPENDIX

The 5 lots represent 20 Health Posts sites in the 7 districts under the Improved Access to Primary Health Service Delivery: Construction of 55 Health Posts (Phase 1) Project

District/ Health Centre	Health Post Site

Neno	
Neno DHO	Golden Health Post
TA Mlauli	Gonthi Health Post
Neno DHO	Feremu Health Post
T/A Chekucheku	Chiwambe
Mzimba North	
Choma	Tofutofu
Manolo H/C	Chasamba
Kamwe H/C	Chivwamba
Kafukule	Kayombo
Kafukule	chimbongondo
Ntchisi	
Malomo	Chakulanjala
Kangolwa	Chazimbobo
Kamsonga	Kalasankuwa

Chitipa	
Mahowe	Muzimero
Kameme	Titi
Wenya	Kavomolo
Musumbe	Sokola
Mchinji	
Mikundi	Mzama
Kazyozyo	Mzenge
Gumba	kamchere
Phalombe	
Chitekesa	Malambwe
Nazombe	Mtemanyama
Nazombe	Maoni
Karonga	

Kaporo	Chisi.
MZIMBA SOUTH	
Khosolo	Chizani
Mbalachanda	Kambwiri
Kabuwa	Chamalala
Nsanje	
Ching'oma	Ching'oma
CHIKWAWA	
Gaga	Liston
Ngabu	Chizenga
Gola	Finiasi
NKHOTAKOTA	
Nkhotakota DHO	Bamba
Benga	Natiyi

Mwansambo	Nansongole
BALAKA	
Kalembo	Dailesi
Mbera	Nambira
Mwanza	
Tulonkhondo	Galafa
Dowa	
Chisepo	Kalulu
Dowa DHO	Kalinda
SALIMA	
Lifuwu	Kachulu
LIKOMA	
	Mbungo

CHIRADZULU	
Namadzi	Makiliyere
Lilongwe	
Nanthenje	Bisai
Chiwamba	Mbununu
Chadza	Dzamalala
Ndaula	Phiri lanjuzi
NTCHEU	
Namisu	Chagomelana
Dzunje	Sanjani
ZOMBA	
Chingale	Namphula
Lambulira	Maulana

NKHATABAY	
Usisya	Banda
Chitheka	kawoyozi
Nkhatabay	Chisi
MANGOCHI	
Lulanga HC	Mkwanda
Chilonga HC	Saidi Tiputipu
DEDZA	
Dzindevu HC	Msumbi
Mtendere HC	Kanolo
Kafere HC	Diamphwi
Thyolo	
Thyolo DHO	Lomola
Kasungu	

Kasungu DHO	Chitenje
Kasungu DHO	Kapiri