

Supporting Malawi's National Water Development Program

Water Supply, Sanitation and Hygiene Promotion in Seven Market Centres

Design Summary and Implementation Document

February 2010

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Abbreviations and Equivalents

AfDB

African Development Bank

ACGF	African Catalytic Growth Fund
AusAID	Australian Agency for International Development
AWSP	Africa Water and Sanitation Program
COMWASH	Community Water and Sanitation and Health
DMA	District Monitoring Assistant
EIB	European Investment Bank
EU	European Union
FEDOMA	Federation of Disability Organisations in Malawi
GFS	Gravity Flow System
GOM	Government of Malawi
HSA	Health Surveillance Assistant
IDA	International Development Agency
JICA	Japanese International Cooperation Agency
JMP	WHO/UNICEF Joint Monitoring Program
MACOHA	Malawi Council for the Handicapped
MDGS	Malawi Growth and Development Strategy
MICS	Multiple Indicator Cluster Survey
MIWD	Ministry of Irrigation and Water Development
NWDP	National Water Development Program
PCU	Program Coordinating Unit
PMU	Program Management Unit
RWB	Regional Water Board
RWSS	Rural Water Supply and Sanitation
VIP	Ventilated Improved Pit
WASH	Water, Sanitation and Hygiene
WSI	Water and Sanitation Initiative
WUA	Water User Association

1. Introduction

1. Australia's \$300 million Water and Sanitation Initiative (WSI) is being implemented from July 2009 to June 2011. The Africa Water and Sanitation Program (AWSP) will be the largest regional/country program supported by the WSI. It will focus on Sub Saharan Africa. The AWSP will be a key part of Australia's expanded support to Africa.
2. Australian WSI and Africa Regional Water and Sanitation funding in Malawi will be used to support the Government of Malawi's (GOM) efforts to increase access to water supply and sanitation services in market centres in the rural areas. This will be achieved through co-financing the African Development Bank's (AfDB) investment plan in support for the National Water Development Program (NWDP). AusAID funding of NWDP will focus on provision of water and sanitation services in market centres in Lilongwe, Zomba, Machinga and Mulanje Districts. Funding of A\$17 million is proposed for support to the NWDP through the AfDB program over the Financial Years period 2009/10 to 2011/12. WSI funds of \$12 million are allocated over the 2009/10 and 2010/11 and \$5 million will be allocated from Africa WASH funds.

2. National Water Development Program

3. The GOM and the donor community have worked together with the objective of developing a sector-wide approach in preparing the NWDP. Details of the NWDP are contained in the AfDB NWDP Project Appraisal Report. Refer to Supporting Document 2 for details. The NWDP is essentially a sector program of approx. US\$300 million that covers all of Malawi and aims at 80% coverage of improved water supply and sanitation by 2015. The current level of funding for NWDP is shown in **Appendix 2**.
4. NWDP has four components: C-1) Urban Water Supply and Sanitation; C-2) Town, Market Centre and Rural Piped and Point Water Supply and Sanitation; C-3) Water Resources Management; and C-4) Program Management and Capacity Building.
5. **Implementation Progress.** As of June 30, 2009, US\$8.1 million and US\$8.9 million had been utilised under the IDA and ACGF funded activities respectively (16% and 36%)¹. This translates to about 11,934 new and 10,561 rehabilitated connections. See details in Section 3.2 of Appendix 2

3. The Proposed Program and Rationale for AusAID Participation

3.1 Proposed Program

6. Australian AWSP funding of A\$17 million is proposed for support to NWDP over the period 2009-2012. The WSI-AWSP Mission to Malawi proposed that WSI funding to NWDP target the following activities in seven market centres in the Districts of Lilongwe, Zomba, Machinga and Mulanje: a) assistance in expanding access to sustainable and safe water supply and sanitation; (b) contribute to a positive health impact by supporting better hygiene practices; c) contribute to the sustainability of water supplies through appropriate catchment management programs and, d) support government decentralisation policies building capacity at local level to maintain water and sanitation systems. A particular focus will be adopted within activities to address the needs of the poor, the disabled and the elderly and other vulnerable groups, women and children.

¹ Second National Water Development Project, Fourth Implementation Review Mission, July 15-24, 2009

3.1.1 Project Goal and Objective

7. The ultimate goal of the Support to Malawi's National Water Development Program is to contribute to the Government of Malawi's policy to reduce poverty through improved and sustainable public health and environment and to reach the Millennium Development Goal (MDG) targets for water and sanitation. The full NWDP Program Logframe outlining development objectives is included in the AfDB Project Appraisal Report.
8. The development objective of the Project is to develop sustainable water supply, sanitation and hygiene, service delivery in market centres thereby assisting the GOM in their policy of promoting sustainable economic development in rural areas. The immediate objectives are:
 - To increase coverage of water supply and sanitation services, including for the disabled, the elderly and other vulnerable groups
 - To improve hygiene behaviour/ practices, and encourage a community-led sanitation approach
 - To promote sustainable water resources through community based catchment management approaches.
 - To strengthen the capacity of the Districts in the formation of water user associations and in the promotion of improved sanitation and hygiene practices.

The longer-term objective is also:

To support the GOM devolution program such that local government through the districts takes responsibility for the provision of basic services such as water supply, sanitation and hygiene promotion.

These objectives will be achieved through outputs delivered under the AfDB component of NWDP supported by the AusAID WSI and Africa Regional AWSP funding.

3.1.2 Australian AWSP funding to the National Water Development Program

9. Australia AWSP funding will target implementation of water, sanitation and hygiene improvements in 7 market centres in the four districts of Lilongwe, Zomba, Machinga and Mulanje. The same districts supported by AfDB were targeted in order not to place an excessive logistical burden on the AfDB program management team and to ensure that the AfDB appraisal conducted for a program in the four districts was still current for the program incorporating the AWSP funding. Market centres within these four districts were prioritised by the District Assemblies and the Southern and Central Water Boards based on the following criteria.
 - Socio-economic potential of the market centre
 - Priority in the District Infrastructure Development Plan
 - Expressed demand by the market centre for a higher level of water supply and sanitation
 - A market centre population in the range of 3,000 to 10,000 people
 - Current condition of water supply and sanitation services infrastructure
 - Availability of a water source for the market centre
 - Availability of other supporting infrastructure such as electricity, roads and telecommunications
 - Geographical balance in the District or Region.
10. The market centres selected based on this criteria were Nathenje, Nsaru and Kasiya in Lilongwe District, Nkando in Mulanje District, Malosa in Zomba District and Ntaja and Nsanama in Machinga District. Details of the program proposed to be funded under WSI-AWSP including

population characteristics and projected water demand in the centres are detailed in Section 5 Appendix 2.

11. Table 1 provides a summary of the proposed projects cost on a component basis.

Table 1- Project Costs

Component/Activity	Cost (US\$*1,000)			
	2009/10	2010/11	2011/12	Total
A – Water Supply and Sanitation				
<i>A1 – Water Supply Infrastructure</i>				9,057
Water Resources Investigation		38		38
Detailed Design and Supervision		1,176		1,176
Construction of Infrastructure		4,706	3137	7,843
<i>A2 – Sanitation and Hygiene</i>				1,809
School, Market and Health Centre Sanitary Facilities		800	186	986
Sanitation Subsidy for Vulnerable Households		120	62	182
Promotion and Rollout of National Sanitation Investment Plan		150	50	200
Hygiene Education in Four Districts		194	130	324
B – Water Resources Management				1,030
B1 -Catchment Protection for project water supply locations		160	120	280
B2 – Catchment Management for Lilongwe District		500	250	750
C – Capacity Building		1,258	500	1,758
D - Program Management	150	400	143	693
E - AfDB Program Management²	7	488	222	717
Total	157	10,250	4,657	15,064

Exchange Rate 1USD = 0.886 AUD

3.2 Rationale for AusAID participation

12. The Support to Malawi's National Water Development Program has strong convergence with the goals for the Water and Sanitation Initiative. It is a sector-wide, multi-donor program that contributes to the achievement of the government's MDG targets for water supply and sanitation by increasing coverage in unserved and underserved areas of the country. It is estimated that between 20-30% of the beneficiaries will be extremely poor, 10% will be disabled or elderly and over 50% will be women and children. Women will particularly benefit through improved access to water supply for household needs, reduced burden of disease and the promotion of their active roles in the management of the Water User Associations. A visible health impact through improved hygiene practice promoted through the Project along with other initiatives can be expected. Vulnerable groups will also benefit from the provision of improved sanitation facilities designed to be user-friendly for people with disabilities and the elderly.
13. The Program has adopted an approach to support infrastructure in market centres as engines of growth for the rural areas in accordance with the GOM strategy aimed at promoting decentralization and strengthening devolution of powers, roles and decision making to local government institutions.

² Set at 5% of program value

3.3 AusAID objectives in supporting this Activity

14. Australia's development cooperation program to Africa is planned to increase by over 40 per cent in 2009-10 which will see a significant increase in Australian assistance to support progress towards the Millennium Development Goals, in areas where Australia has a comparative advantage and experience, specifically in the areas of food security, maternal and child health, and water and sanitation. This program will respond to Millennium Development Goal 7 ' *Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation*'.

4. Country and Sectoral Issues

4.1 Country Profile

15. Malawi is one of Sub-Saharan Africa's most densely populated countries with about 13,066,320 people (according to 2008 census), spread over an area of 118, 484 km2. The recent Malawi Poverty and Vulnerability Assessment indicates that more than 52% of the population (6.4 million) lives below the poverty line and 22 percent (2.7 million people) live in ultra-poverty.³ Being one of the lowest GDPs/capita countries in the world, Malawi faces formidable development challenges. Malawi is ranked 160th out of 182 countries on the Human Development Index.⁴
16. The Malawi Growth and Development Strategy (MGDS) recognise that strong and sustainable economic growth is the key to reducing poverty. It emphasises infrastructure development as one of the main areas of focus, which international experience attests as a key ingredient for economic growth. Domestic and international investors are attracted to 'livable' cities with appropriate basic urban services. However, water and sanitation services in Malawi's cities, towns and market centres are now of questionable sustainability.

4.2 Sector Issues and Challenges

17. Specific challenges to the sector are outlined in Section 2 of Appendix 2 but include:
 - Successfully devolve delivery, operation and maintenance of water and sanitation projects to the district level;
 - Increase the effectiveness of investment in water and sanitation programs, especially in the market centres and rural areas. ;
 - Ensure that water catchments are sustainable through catchment protection activities.
 - Improve financial performance of the City and Regional Water Boards;

4.3 Linkages with current programs

18. Proposed funding to this activity will complement the support currently being provided by AfDB, World Bank, ACGF and UNICEF to the NWDP. In particular, the AWSP funding will support the AfDB funded water and sanitation activities in the four targeted Districts of Lilongwe, Zomba, Machinga and Mulanje but with a focus on market centres that are not included in the AfDB program. The AWSP funding will also emphasis esanitation improvements and hygiene promotion in the targeted market centres That has not so far been addressed to any great degree by the AfDB and World Bank programs.

³ Such that they cannot afford to meet even their recommended daily food needs.

⁴ UNDP, Human Development Report 2009

19. Funding to the NWDP will also complement Australia's other development funding to Africa and Malawi, in particular. The program will support Africa's and Malawi's achievement of the MDGs through an enhanced program in water and sanitation. The focus of Australia's aid program in Africa has been to enhance the capacity of African governments and civil society to deliver basic services to the most vulnerable communities. This program will support that focus through the supply of water and basic improved sanitation to some of the poorer communities in the rural areas of Malawi, including additional support to disabled persons and the elderly through the provision of appropriate sanitation facilities designed in consultation with the GOM and civil society.

4.4 Lessons Learned

20. Key lessons that have been derived from experiences of previous projects in Malawi and more broadly in Africa are outlined in Appendix 2 and are summarised below.

- Commitment by the Government to a comprehensive sector program with effective sector coordination between donors and agencies has reduced costs and resulted in more rapid progress in delivering water and sanitation infrastructure to the community.
- District-based and community-driven rural water supply and sanitation and catchment management has been identified as the most powerful factor in ensuring sustainability.
- It is crucial that appropriate technologies and standards are adopted to ensure cost effectiveness of investments to promote cost recovery.
- Sanitation: The experience of COMWASH was that the sanitation program became more successful when it was treated as a separate component to water with a separate development strategy.
- Catchment protection requirements need to be addressed during at the development stage and requires cross-sector coordination approach with traditional leaders, local government, forestry, security, NGOs and the private sector.

5. Proposed WSI-SA Funding to Activity

5.1 Level and Modalities of Funding

21. Funding of A\$17 million is proposed to be extended to the AfDB component of the NWDP from funds allocated to the Australian WSI funding for Africa over the period FY 2009/10 to 2010/11 and Africa AWSP program funds in FY 20011/12. These funds will be released on request based on implementation progress and committed contracts. A breakdown of the funding for each component is shown above and in Appendix 2.

22. As a current non-member donor to the African Development Bank, Australia will enter into both a NWDP Cooperation Agreement between GoM, AfDB and GOA and a bilateral NWDP Water and Sanitation Cooperation Agreement which is required between GOA and GOM. This approach is subject to the appropriate approvals within the Australian Government and management group of the African Development Bank.

23. A Reserve Bank of Malawi account will be established through which AusAID will disburse its funds. Disbursement of program funds will, as far as practicable, then occur through existing arrangements and special/operating accounts similar to those established by the AfDB and World Bank under the NWDP agreement. Details of disbursement arrangements are subject to further definition however, and will need to take account of the specific circumstances of this program. AfDB is entitled to impose a management fee of 5% on funds provided by other donor agencies to

cover management and other overhead costs. Disbursement from the Special Account will be with the AfDB's approval – AusAID will rely on the management mechanisms of the Bank. A diagram showing the proposed disbursement arrangements is included as part of **Appendix 2**.

5.2 Implementation Arrangements

24. All procurement of goods, works and services will be in accordance with the AfDB's "Rules of Procedure for the Procurement of Goods and Works" or, as appropriate, "Rules of Procedure for the Use of Consultants" using the relevant AfDB Standard Bidding Documents. The PMU of NWDP will be responsible for the procurement of goods, works, services, training and miscellaneous items. Within the thresholds provided procurement shall follow AfDB procedures of seeking no objection before executing. Implementation detail is shown in Section 7 of Appendix 2.
25. The Sanitation and Hygiene Promotion component will be implemented by the District Assemblies through their District Health Offices using the Health Surveillance Assistants under the overall guidance of the NWDP Program Management Office through the capacity building consultants. The NGOs contracted under the Capacity Building component will provide management and technical assistance to the District Assemblies in implementing the sanitation and hygiene promotion activities
26. The Water Resource component will be implemented by the Water Resources Department of the Ministry of Irrigation and Water Development. The NGOs contracted under the Capacity Building component will provide technical assistance to the MIWD in the community consultation activities required for the catchment management programs.
27. AusAID's role in managing the program will involve establishment of the arrangements for funding in coordination with AfDB and the MIWD, AusAID activity management tasks, periodic monitoring and review of progress, performance reporting and other mechanisms constituted for AusAID supervisory involvement. DfID has proposed joint AusAID/DfID funding of a WASH sector specialist located in DfID office in Malawi. This position would support water related activity of the joint AfDB and WB infrastructure unit and contribute to improving overall sector coordination, development of a sector SWAP, program quality particularly for hygiene promotion and monitoring and evaluation.
28. Achieving recognition of Australia's role in Africa's, and Malawi's, development from the proposed NWDP water and sanitation activities in Malawi is an important aspect of this collaboration between the Government of Malawi, the African Development Bank and AusAID. AusAID would like to work further with the Government of Malawi and the African Development Bank to identify such opportunities, which may include diplomatic or other representation at key program milestones such as openings of completed facilities or high-level meetings with the Government of Malawi. AusAID will also attempt to ensure representation at operational/programme related meetings such as planned monitoring visits, regular progress meetings between AfDB and the Government of Malawi, regular donor meetings with the Government of Malawi, and bi-annual consultations with the Ministry of Finance, MIWD and other relevant Ministries.

5.3 Implementation Schedule

29. A critical element of the project design is the need to disburse all AusAID WSI funding by June 2011 in accordance with the current funding allocation for the Water and Sanitation Initiative. Due to the extended time taken to prepare the project the implementation period for the Australian supported NWDP program will extend implementation to FY 2011/12. Preparation of design information for the water supply and sanitation sub components and arranging formal agreements with AfDB and GOM on funds flow has allowed adequate definition of the scope of Australian

funded activity,. An additional consideration with the schedule is allowing more time for hygiene promotion which takes time to be effective. It also appears unlikely that an Agreement will be in place between AusAID and AfDB prior to end March 2010 to enable the commencement of any procurement activities. If standard procurement procedures for AfDB were then followed, the likely implementation scenario is shown in Annex 5 of Appendix 2 with an early completion date of works at February 2012.

5.4 Monitoring arrangements

30. Monitoring of the effective and efficient use of AusAID funds will be enabled through six-monthly reporting to AusAID, annual reporting as per AusAID's prescribed requirements and supervision missions. There is provision within the WSI Africa regional budget to enable access to specialist consultants to complement AusAID Post and Advisory inputs. Further detail on Monitoring and Reporting is contained in Section 9 of Appendix 2 and a monitoring and evaluation framework prepared in 2008 for the NWDP²⁵. The NWDP monitoring framework and indicators measured are summarised in Appendix 1 and these indicators will also be used for the WSI funded activities

5.5 Risks and risk management strategies

31. Successful implementation of the proposed Program assumes that a) the current sector strategy to devolve implementation and management of rural water and market centre water supply and sanitation to the Districts is effective; b) the District Assemblies are committed and have adequate capacity to effectively manage the projects; c) the WUAs are able to effectively manage the water and sanitation systems and d) appropriate emphasis is given to the sanitation program such that hygiene promotion leads to a community based total sanitation approach. A summary of risks and management responses is outlined in Section 10, Appendix 2 and includes the following key risks :

Risk	Risk Management Strategy	Risk Rating
Program implementation is delayed so that not all funding can be committed by June 30, 2011.	<ul style="list-style-type: none"> -Extend program schedule to FY 11/12 with \$5 million funds from Africa Regional watsan program for FY 11/12. -Reduce WSI funding commitment to \$12 million 	High
System sustainability is not addressed during implementation.	<ul style="list-style-type: none"> -Appropriate training and establishment of WUA's and local operators. -Tariff system established and enforced. -Involvement of women in WUA management and operation. 	Medium
Catchment protection activity not adequately addressed.	<ul style="list-style-type: none"> -Incorporate catchment protection as part of implementation of water supply. -Involve communities in catchment protection 	High
Sanitation program is given insufficient priority under the Program.	<ul style="list-style-type: none"> -PMU to engage S&H specialist and involvement of coordinating NGO in implementation. 	Medium
Sanitation facilities do not adequately cater for disabled and vulnerable people	<ul style="list-style-type: none"> -Involve disability groups MoPWDat E and NGO Disability Groups in implementation. 	Medium
Suitable local operators are not available in the districts to undertake responsibility.	<ul style="list-style-type: none"> --Identify potential operators during WUA establishment. -Liaise with RWB and provide technical support. 	Medium

⁵ Monitoring and Evaluation Framework and System for the Second National Water Development Project, April 2008

6. Cross-Cutting Issues

6.1 Environmental and Social Safeguards

32. The AfDB program activities have been classified as Category 2, in accordance with the Bank's environmental and social assessment procedures⁶. The Category B rating should be maintained for the AusAID funded program as the works are similar in nature to those of the AfDB component. An additional environmental analysis was undertaken for the proposed AusAID funded activities and this is described in further detail in Appendix 2
33. A social analysis was undertaken for each of the four districts as part of the AfDB appraisal and additional social analysis undertaken for the seven market centres as part of the preparatory activities for preparation of this document. These are described in further detail in the AfDB Project Appraisal Report and in Appendix 2.

6.2 Gender Aspects

34. A gender analysis and strategy was prepared as part of the AfDB project appraisal for NWDP in March 2008 and is outlined in the AfDB Project Appraisal Report. This gender strategy includes training women in functional literacy and bookkeeping skills so that they will be able to advance to more responsible positions in the local level committees. Men, who mainly control the family finances, will be involved in hygiene and sanitation training in order to encourage them to provide latrines for the household. Village heads and other traditional authorities who yield considerable respect among their constituencies will be trained in hygiene and sanitation and be expected to provide this training among the villagers.
35. Further gender analysis was also conducted as part of the preparatory activities for preparation of this document and the outcomes are described in more detail in Appendix 2. The program will address many of the gender quality outcomes of both the GOM and AusAID's gender policies.

6.3 Support for the Disabled, Elderly and Disadvantaged

36. As part of the preparatory activities for the preparation of this document, a review was made of the current situation in regard to the provision of water and sanitation facilities suitable people with disabilities, the elderly and other disadvantaged people. Principal findings were that the design of most water points and sanitation was not appropriate for people with disabilities, that the long distance to be travelled to collect water was a burden for those with mobility impairment and the elderly, that people with disability were not involved in the decision making and planning of water projects and that many children with disabilities dropped out of school due to inadequate design of water and sanitation facilities at schools.
37. The program design will involve disabled groups such as the Federation of Disability Organisations in Malawi (FEDOMA) and the Malawi Council for the Handicapped (MACOHA) in the planning and design of water points and latrines in the schools and other public places and ensure that there is one latrine in each block suitable for use by people with disabilities. The program will also provide subsidies for the provision of sanitation for the disabled, elderly and other vulnerable groups. The program offers opportunities to advance the proposed outcomes of both the GOM and the AusAID disability-inclusive policies. Further details related to disabled access are included in Appendix 2.

⁶ African Development Bank, National Water Development Program, Project appraisal Report, March 2008

7. Supporting Documents

Reference was made to the following supporting documents in the preparation of this Design Summary and Implementation Document.

1. National Water Development Program, Malawi, African Development Bank Project Appraisal Report, March 2008.
2. Project Appraisal Report, Second National Water Development Project, World Bank, April 2007.
3. Project Paper on Proposed Additional Financing ACGF Grant for a Second National Water Development Project, February 2008.
4. Second National Water Development Project, Fourth Implementation Review Mission, July 2009,
5. Market Centres Water Supply System Report, February 2010
6. Sanitation and Hygiene Report, February 2010
7. Gender and Social Report, February 2010