

**STATUS OF PROJECTS IN EXECUTION – FY05**  
**SOPE**  
**REGION: AFRICA**  
**COUNTRY: MALAWI**

Operations Policy and Country Services  
SEPTEMBER 23, 2005



**Report on the Status of Projects in Execution - FY05**  
**Region: Africa**  
**Country: Malawi**

**Introduction**

The Status of Projects in Execution (SOPE) Report for FY05 provides information on all IBRD/IDA projects that were active on and beyond June 30, 2005. Thus it bridges the gap in information available to the public between the Project Appraisal Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. Now, in accordance with the Bank's revised disclosure policy, the SOPE Report is also available to the public. By publishing this improved report, we have addressed one of the main concerns we heard from the public during disclosure consultations – that the public has very little access to information on projects while they are being implemented. Readers familiar with past reports will note that projects that closed during the fiscal year are no longer included in the SOPE, since their Implementation Completion Reports are now also disclosed.

The FY05 SOPE introduces a new element: in order to disclose project-by-project comparisons of disbursement estimates and actual disbursements, the SOPE report contains a line chart<sup>1</sup> showing the original estimated disbursement schedule, the latest approved revised schedule (if any) and actual disbursements for investment operations and a table showing the loan/credit/grant amount and disbursements to date.

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<sup>1</sup> Notes:

- Amounts for Projects in currencies other than U.S. dollars may not match exactly due to exchange rate fluctuations over the life of the project.
- Disbursement graphs are not included for Development Policy Loans, which provide quick-disbursing external financing to support policy and institutional reforms. For these loans, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed conditions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus may not include a graph.

**Country: Malawi**

**Project Name (ID):** Road Maintenance and Rehabilitation (P001666)

**Country:** Malawi

**Board Approval Date:** 06/10/1999

**Midterm Review Date:** 03/08/2003

**Closing Date:** 03/31/2006

**Loan/Credit/Grant Number:** IDA-32390, IDA-Q0240, IDA-Q0241, JPN-25087, JPN-27009

**Sector(s):** Roads and highways (86%), Central government administration (9%), Other industry (5%)

**Theme(s):** Other urban development (P), Rural services and infrastructure (P), Small and medium enterprise support (S)

**Project Development Objectives:**

The project goal is to bring about sustainable improvements in the quality of Malawi's road infrastructure aiding economic growth and diversifying the economy by reducing transport costs and improving access.

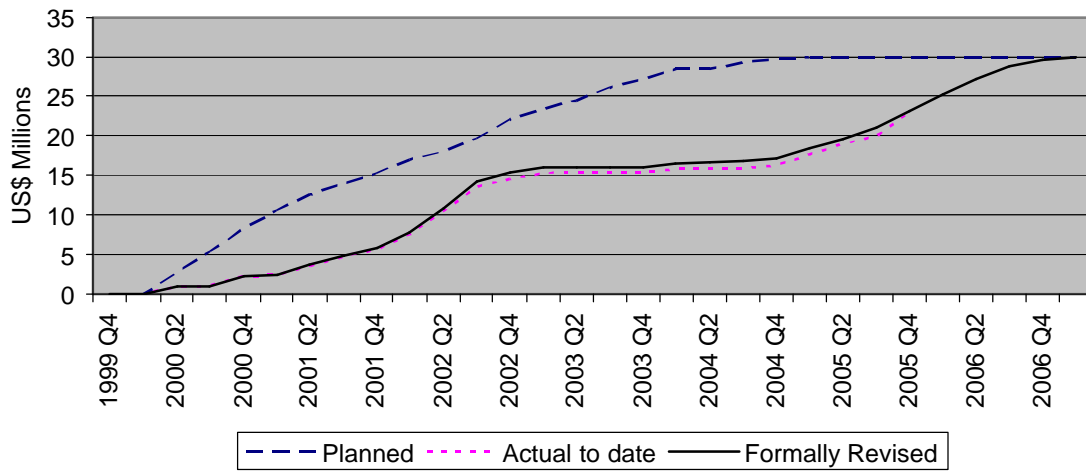
**Progress toward achieving development objective(s):**

The objective of strengthening the road sector institutional framework is largely met with the establishment of a National Roads Authority (NRA) and a Road Fund. Institutional restructuring is currently taking place to separate the management and financing functions of the sector. This will entail the Road Fund having a separate management structure from the Roads Authority. The Transport cost study has been completed and the Review of Road Fund policies is nearing completion. Manuals for planning, constructing & management of rural roads have been produced. Capacity building at District Assembly (DA) level is proceeding as planned and a pilot project started in June 2004. Technical staff of the DAs have been trained in road contract management and small scale community contractors are being trained. Sustainability of financing of the sector will depend on the Government's commitment to an periodic increase to the fuel levy to cover maintenance and continued support from the development partners for rehabilitation and development.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-32390	Effective	32.39	22.95	7.51	0.00
IDA-Q0240	Closed	0.75	0.00	0.00	0.75
IDA-Q0241	Closed	0.75	0.00	0.00	0.75
JPN-25087	Closed	0.13	0.12	0.00	0.00
JPN-27009	Closed	0.49	0.49	0.00	0.00

Status of Projects in Execution - FY05



**Project Name (ID):** Secondary Education (P001670)

**Country:** Malawi

**Board Approval Date:** 03/24/1998

**Midterm Review Date:** 02/12/2001

**Closing Date:** 12/31/2005

**Loan/Credit/Grant Number:** IDA-30510, IDA-Q0450

**Sector(s):** Secondary education (95%), Central government administration (3%), Health (2%)

**Theme(s):** Education for all (P), Gender (P), Rural services and infrastructure (P), HIV/AIDS (S), Social analysis and monitoring (S)

**Project Development Objectives:**

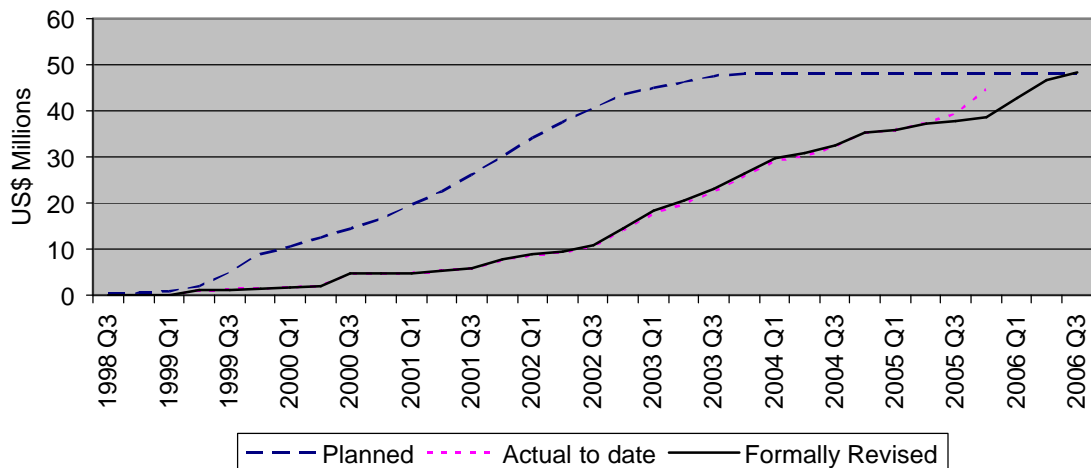
The objective is to increase the number of students from disadvantaged groups who graduate from public and private secondary schools with higher performance.

**Progress toward achieving development objective(s):**

Over the Project period, the pass rate of students passing the Malawi School Certificate Exam (MSCE) over the proxy age cohort has increased from 23% in 1997 to 50% in 2004 (or 27% points), a significant increase above the target of 9% points. Thus, in relative terms and in absolute terms the target has been surpassed. More specifically, in relation to the objectives, the completion rate of girls has increased from 17% in 1997 to 39% in 2004, while the total number of 17 year-olds completing secondary has fluctuated and currently reached 18% (which is below the 26% target).

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-30510	Effective	51.80	44.52	4.71	0.00
IDA-Q0450	Closed	0.76	0.00	0.00	0.76



**Project Name (ID):** Mulanje Mountain Biodiversity Conservation (P035917)

**Country:** Malawi

**Board Approval Date:** 04/17/2001

**Closing Date:** 06/30/2008

**Loan/Credit/Grant Number:** MULT-28898, WBTF-28356

**Sector(s):** Forestry (97%), General education (2%), Other social services (1%)

**Theme(s):** Biodiversity (P), Environmental policies and institutions (P), Participation and civic engagement (S), Export development and competitiveness (S), Rural non-farm income generation (S)

### Project Development Objectives:

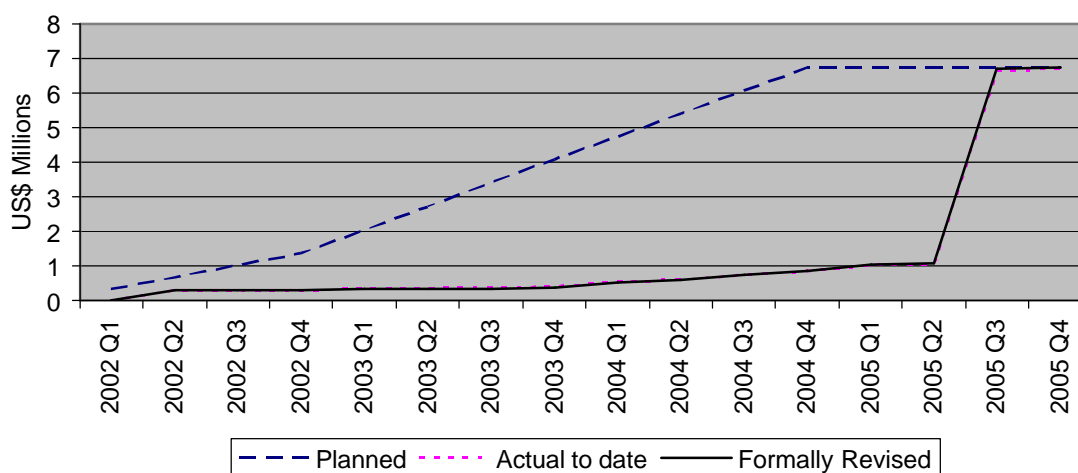
The objective is to ensure the conservation of the globally significant biodiversity resources of the Mount Mulanje Ecosystem.

### Progress toward achieving development objective(s):

The endowment funds have been invested and are now providing finance for the conservation activities. The Mulanje Mountain Conservation Trust (MMCT) was established and is playing a catalytic role in ensuring both the conservation of the Mulanje Mountain and the development of the communities living around the mountain. The project is maintaining the vital watershed and is benefiting local communities by establishing sustainable management of the forest resources through cooperation between the Forestry Department (FD) and local authorities and communities.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
MULT-28898	Effective	6.75	6.72	0.03	0.00
WBTF-28356	Closed	0.30	0.30	0.00	0.00



**Project Name (ID):** Privatization and Utility Reform (P063095)

**Country:** Malawi

**Board Approval Date:** 06/27/2000

**Midterm Review Date:** 09/22/2003

**Closing Date:** 12/31/2005

**Loan/Credit/Grant Number:** IDA-33950, IDA-Q1520, IDA-Q1521

**Sector(s):** Central government administration (40%), General industry and trade (15%), Water supply (15%), General energy (15%), General information and communications (15%)

**Theme(s):** State enterprise/bank restructuring and privatization (P), Regulation and competition policy (S)

### Project Development Objectives:

The objective is to improve quality of and access to economic and physical infrastructure for private sector development.

### The Project was restructured during the 2005 Fiscal Year

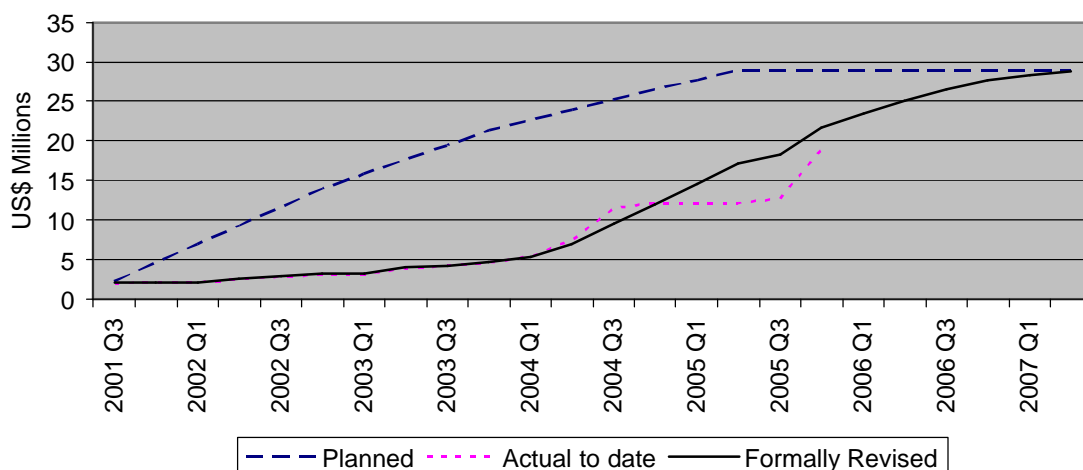
In June 2005, the project was restructured to address the underlying causes of slow implementation progress, respond to new challenges facing the Government of Malawi in parastatal reform, incorporate lessons learned and improve the effectiveness of the program.

### Progress toward achieving development objective(s):

By December 31, 2004, the project's original closing date, only 40 percent of the credit had disbursed with marginal progress on the core program of preparing utilities in infrastructure sectors for privatization. A diagnostic of why the project was disbursing slowly was undertaken and an outline of measures to be taken was drafted during restructuring to accelerate implementation. Privatization of the telecoms utility is nearly complete with all negotiations having been completed in June 2005. The deal now awaits Cabinet approval. The restructured project is focusing on strengthening/ creating sound regulatory frameworks for privatized entities and those still to be privatized.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-33950	Effective	31.81	18.98	12.44	0.00
IDA-Q1520	Closed	0.60	0.00	0.00	0.60
IDA-Q1521	Closed	0.65	0.00	0.00	0.65



**Project Name (ID):** Regional Trade Facilitation (P070235)

**Country:** Malawi

**Board Approval Date:** 04/03/2001

**Closing Date:** 06/30/2011

**Loan/Credit/Grant Number:** IDA-34920, IDA-Q2180

**Sector(s):** Non-compulsory pensions, insurance, and contractual savings (100%)

**Theme(s):** Regional integration (P), Trade facilitation and market access (P), International financial architecture (S), Export development and competitiveness (S)

**Project Development Objectives:**

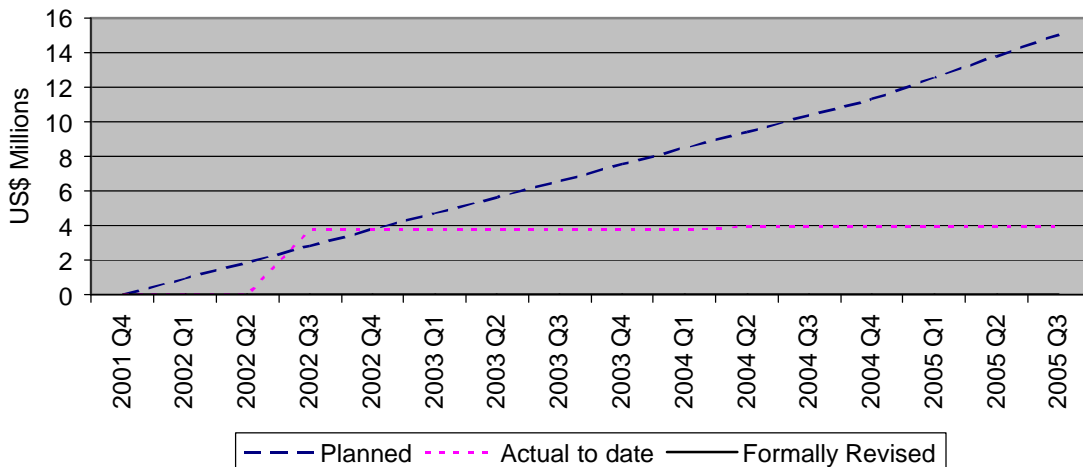
The project's principal objective is to contribute to poverty alleviation through private sector led growth in participating countries by improving access to financing for productive transactions and cross-border trade.

**Progress toward achieving development objective(s):**

Achievement of the overall development objective must be assessed in relation to progress registered in the other 9 country credits. After a delayed implementation due to a downturn in the insurance market and in the volume of trade flows to African countries, the restructuring of the product is showing results. The African Trade Insurance Agency (ATI), headquartered in Nairobi and supported by the project to manage the regional insurance facility, is rapidly building its credibility. While the pipeline shows transactions to be underwritten in the country, no insurance policy has been issued in Malawi; however, a tourism project is currently working with ATI to purchase cover. However, now that ATI has issued 14 policies and two renewals, and has developed a good pipeline of business, including a dozen transactions that have a higher than 50% probability of materializing, its operations have clearly gained momentum.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-34920	Effective	16.97	3.92	12.41	0.00
IDA-Q2180	Closed	0.17	0.00	0.00	0.17



**Project Name (ID):** Education Sector Support (P070823)

**Country:** Malawi

**Board Approval Date:** 05/03/2005

**Closing Date:** 09/15/2010

**Loan/Credit/Grant Number:** IDA-H1590, JPN-26408

**Sector(s):** General public administration (45%), Tertiary education (38%), Secondary education (13%), Primary education (2%), Health (2%)

**Theme(s):** Education for all (P), Child health (S), Nutrition and food security (S), Decentralization (S)

### Project Development Objectives:

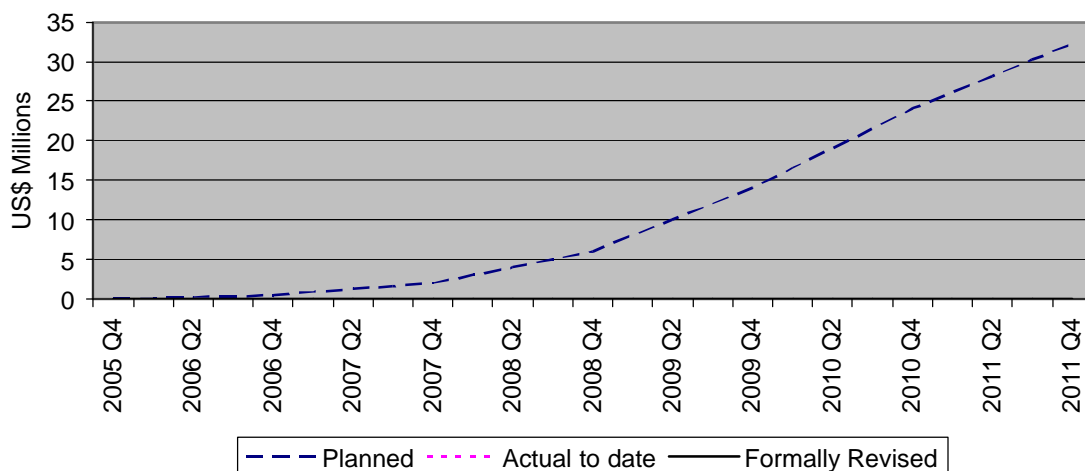
The objective is to improve the education quality by improving the conditions and processes of teaching and learning at the school level, and the capacity for education service delivery across the education system.

### Progress toward achieving development objective(s):

The Project became effective in June 21, 2005 and, therefore, it is too early to assess impact. However, the implementation of planned activities is well under way. This project is considered a bridging operation consolidating policies and building the foundation for a broader sector program.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H1590	Effective	32.10	0.00	32.10	0.00
JPN-26408	Closed	0.60	0.20	0.40	0.00



**Project Name (ID):** Fiscal Management and Accelerating Growth (P072395)

**Country:** Malawi

**Board Approval Date:** 04/13/2004

**Closing Date:** 12/31/2005

**Loan/Credit/Grant Number:** IDA-38810

**Sector(s):** General public administration (30%), Agricultural marketing and trade (25%), Crops (25%), Power (10%), Telecommunications (10%)

**Theme(s):** Public expenditure, financial management, and procurement (P), Rural policies and institutions (P), State enterprise/bank restructuring and privatization (S), Land administration and management (S), HIV/AIDS (S)

**Project Development Objectives:**

The objectives of the credit are to accelerate structural reforms in four areas: (i) fiscal management, (ii) working/management of parastatals, (iii) efficiency in agricultural production/marketing, and (iv) framework for combating HIV/AIDS.

**Progress toward achieving development objective(s):**

The project is progressing well and will achieve its objectives. A Medium Term Pay Policy was adopted resulting in a more predictable wage bill based on a rationalized wage structure that is implemented by a fully functional Internal Audit Unit, and a public service commission that is actively supported by an anti corruption bureau enforcing accountability. The Malawi Telecommunications Limited was brought to a point of sale that led to more competition and better service delivery. The Agricultural Development and Marketing Corporation act was repealed to make it a limited liability company. Consultants are currently developing options to deliver the social function. Land: land rent was increased for leasehold land from MK50 (Malawi Kwacha) per hectare to MK500 and then to MK 1000/Ha. This has led to a more efficient use of 1.2 million hectares (or 28%) of uncultivated of land. Tobacco: levies were reduced by eliminating various layers of middlemen, and membership in Tobacco Association of Malawi was made voluntary that gave opportunity to 350,000 smallholder households to directly export their product. All this has improved the returns to poor smallholder Tobacco farmers. The Government allocated additional US\$2 million in the budget for HIV/AIDS programs for reduction and mitigation through the National AIDS Commission. This has helped the implementation of the HIV/AIDS prevention and treatment program.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

<b>Loan/Credit/Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-38810	Effective	49.32	24.62	24.66	0.00

**Project Name (ID):** Multisectoral AIDS (P073821)

**Country:** Malawi

**Board Approval Date:** 08/25/2003

**Closing Date:** 12/31/2008

**Loan/Credit/Grant Number:** IDA-H0620, JPN-51636

**Sector(s):** Central government administration (47%), Other social services (38%), Health (10%), Sub-national government administration (5%)

**Theme(s):** HIV/AIDS (P), Social risk mitigation (P), Population and reproductive health (S), Participation and civic engagement (S), Poverty strategy, analysis, and monitoring (S)

### Project Development Objectives:

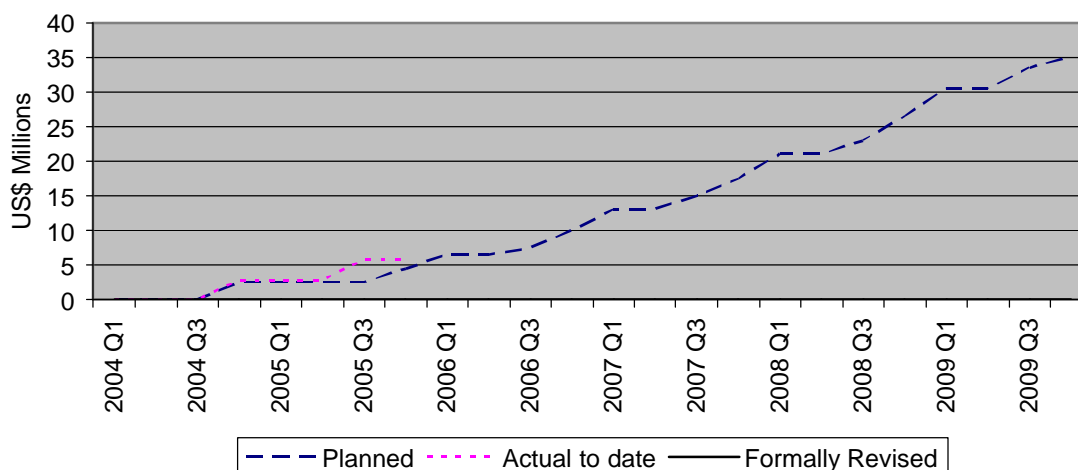
The development objectives are to reduce the transmission of HIV, improve the quality of life of those infected and affected by AIDS, and mitigate the impact of HIV/AIDS in society.

### Progress toward achieving development objective(s):

Despite the fact that the Project has only been effective for slightly over a year now, it is making steady progress in its support of the national HIV/AIDS response, and is on track to meet its development objectives. The National AIDS Commission's (NAC) programs are multi-sectoral and inclusive, reaching out to all segments of society. Grants are being provided to more than 400 non-governmental organizations, ministries and community-based organizations, the NAC is building the capacity of the faith community, private sector, ministries, local government authorities, and non-governmental organizations to engage in the fight against AIDS. The recently held mid-year review showed some progress in areas such as anti retroviral (ARV) centers. For example, 25 additional ARV sites have been opened, for a cumulative total of 34 ARV sites as of now. More than 10,000 HIV positive patients were on ARV drugs. A total of 52% of the 128 visited Voluntary Counseling and Testing (VCT) sites met VCT quality standards and about 48,704 people were tested for HIV with 5,343 of the HIV positive people referred for care and support.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H0620	Effective	37.06	5.80	31.42	0.00
JPN-51636	Closed	0.07	0.01	0.06	0.00



**Project Name (ID):** Community-Based Rural Land Development (P075247)

**Country:** Malawi

**Board Approval Date:** 04/13/2004

**Closing Date:** 06/30/2009

**Loan/Credit/Grant Number:** IDA-H0810, IDA-Q3180, IDA-Q3181

**Sector(s):** General agriculture, fishing, and forestry (89%), Sub-national government administration (6%), Central government administration (5%)

**Theme(s):** Land administration and management (P), Rural markets (P), Participation and civic engagement (S), Decentralization (S)

**Project Development Objectives:**

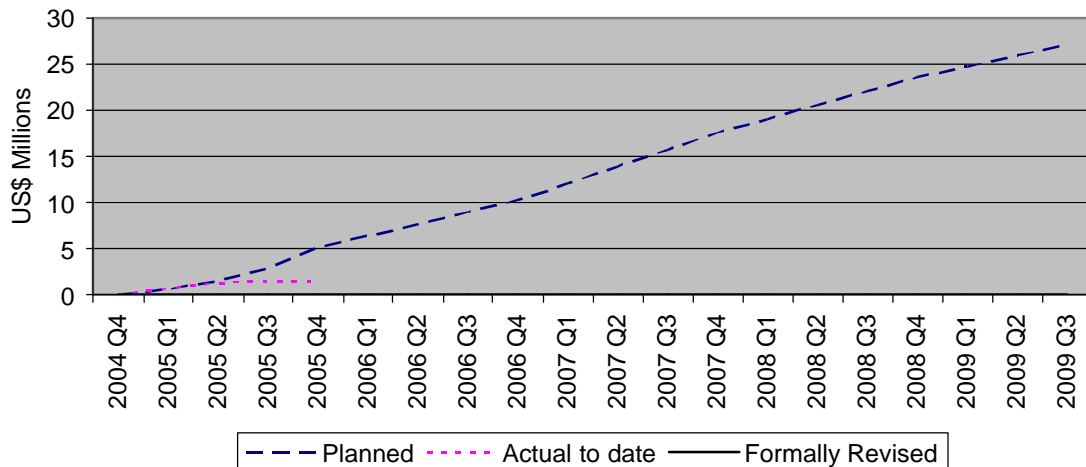
The objective is to increase the incomes of about 15,000 poor rural families by implementing a decentralized community-based approach to land acquisition and farm development in four districts.

**Progress toward achieving development objective(s):**

The project is on course towards achieving its development objectives: (i) This is a pilot project and given the sensitivity dealing with beneficiary selection for land transfer and resettlement, initial project activities have been focused on communication and carefully testing procedures for beneficiary selection, farm acquisition, community oversight and transparency; (ii) Currently, five sub-projects are being processed for approval by September 2005. Once the first few sub-projects have gone through, the entire process of beneficiary selection to settlement and the pace of implementation and disbursements is expected to significantly increase.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H0810	Effective	26.41	1.42	25.00	0.00
IDA-Q3180	Closed	0.58	0.00	0.00	0.58
IDA-Q3181	Closed	0.28	0.00	0.28	0.00



**Project Name (ID):** Third Social Action Fund (P075911)

**Country:** Malawi

**Board Approval Date:** 06/10/2003

**Closing Date:** 12/31/2006

**Loan/Credit/Grant Number:** IDA-37820, IDA-H0450, JPN-50619

**Sector(s):** Other social services (60%), General agriculture, fishing, and forestry (10%), Roads and highways (10%), Micro and SME finance (10%), General water, sanitation and flood protection (10%)

**Theme(s):** Other social protection and risk management (P), Participation and civic engagement (P), Social analysis and monitoring (S), Gender (S), Social safety nets (S)

### Project Development Objectives:

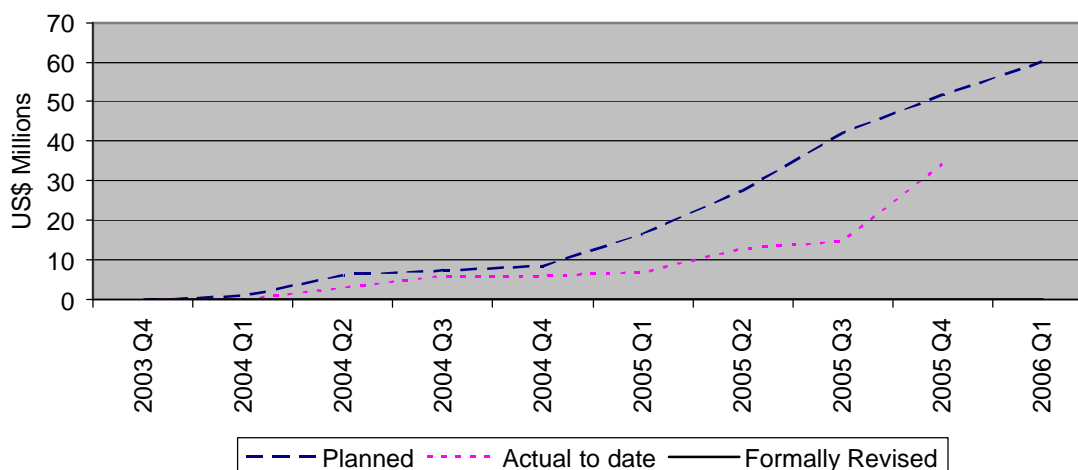
The objective is to achieve capacity building for improved service delivery by communities, local governments and sector ministries within the Malawi Poverty Reduction Strategy Paper, so that Malawi can achieve its Millennium Development Goals (MDGs).

### Progress toward achieving development objective(s):

The Project is progressing well in achieving its objectives. There is evidence that communities are responding to the need for a more focused attention to activities that can assist Malawi meet specific MDGs for 2015. Since Project Effectiveness in November 2003, over 1,200 sub-projects have been approved, which are expected to directly benefit an estimated 1.2 million people. In addition to increasing access to socio-economic services, the Project has supported community savings promotion and income generation for households with vulnerable individuals. Efforts to improve community and local government capacity for project implementation and monitoring are underway, including technical support, knowledge information sharing, and awareness-raising to mobilize communities. Communities are also being assisted to identify investment and market opportunities and it is expected that these activities will lead to the formation of community savings and investment groups.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-37820	Effective	35.17	15.61	19.97	0.00
IDA-H0450	Effective	29.18	18.69	10.90	0.00
JPN-50619	Closed	0.39	0.16	0.00	0.23



**Project Name (ID):** Financial Management, Transparency and Accountability (P078408)

**Country:** Malawi

**Board Approval Date:** 03/06/2003

**Closing Date:** 03/01/2008

**Loan/Credit/Grant Number:** IDA-37340, IDA-Q2960

**Sector(s):** Central government administration (100%)

**Theme(s):** Public expenditure, financial management, and procurement (P), Administrative and civil service reform (S), Other public sector governance (S), Poverty strategy, analysis, and monitoring (S)

### Project Development Objectives:

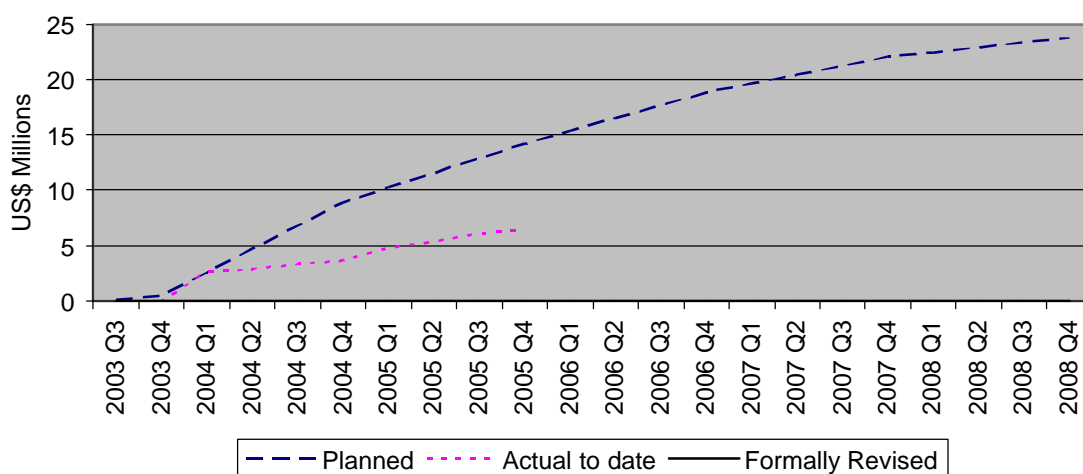
The objectives of the project are to: (a) improve the effective and accountable use of public expenditures through capacity building and institutional strengthening for budget implementation and oversight, and (b) improve transparency of government institutions.

### Progress toward achieving development objective(s):

The performance of the project in meeting its objectives continues to be a major concern. The major challenges facing the project are: providing greater focus through restructuring; and how the implementation of each component and sub-component can be accelerated. This is being addressed by the restructuring of the project as agreed with the Government of Malawi in late 2004. The greatest implementation challenges are the components on: (a) strengthening accountability institutions; and, (b) improving financial management. However, the restructuring exercise has substantially reduced the scope of the first component by limiting support to Parliament, the National Audit Office and the Department of Economic Planning and Development subcomponents to training support only. Additional subcomponents in procurement capacity building and public expenditure management capacity building have been added to the second component. The restructuring of the project is planned for completion by August 31, 2005.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-37340	Effective	25.68	6.44	19.17	0.00
IDA-Q2960	Closed	0.60	0.00	0.00	0.60



**Project Name (ID):** Health Sector Reform (P083401)

**Country:** Malawi

**Board Approval Date:** 12/14/2004

**Closing Date:** 09/15/2008

**Loan/Credit/Grant Number:** IDA-H1380

**Sector(s):** Health (80%), Central government administration (10%), Sub-national government administration (10%)

**Theme(s):** Health system performance (P), Rural services and infrastructure (S), Decentralization (S)

### Project Development Objectives:

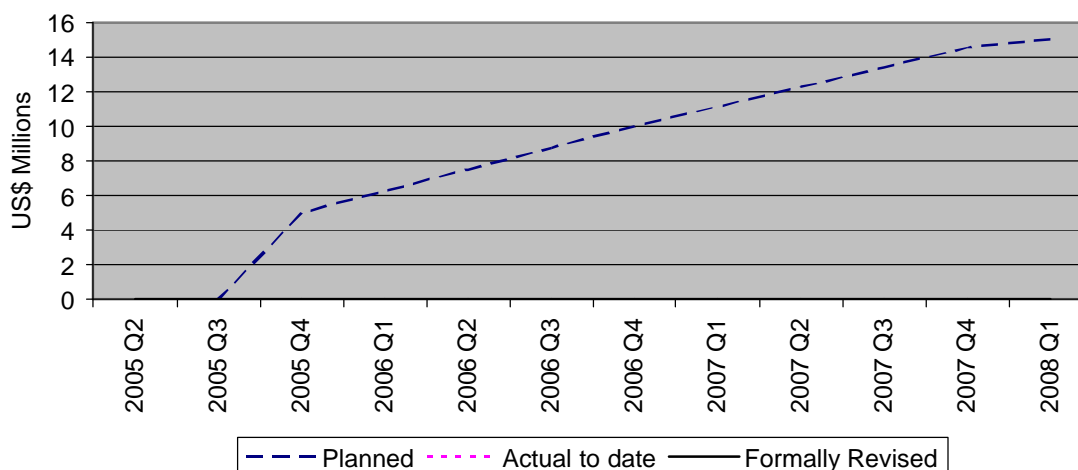
The objective is to improve the effectiveness, efficiency and equity of the essential health care delivery system.

### Progress toward achieving development objective(s):

The Project has only been effective for a few months but we have already held our first mid-year joint review that highlighted the status of institutional structures that will facilitate implementation. So far, several governance structures, such as the health sector review group and various technical working groups, have met and agreed on targets to be achieved by the annual review that is to be held in September 2005. In addition, long term technical assistants have been recruited to provide implementation support in the early stages of the Project. Human resource constraints faced by the sector in general contribute to a slower than anticipated pace in implementation. The September 2005 annual review will provide information on the achievement of some output indicators.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H1380	Effective	14.74	0.00	14.74	0.00



**Project Name (ID):** Development Learning Center (P083704)  
**Country:** Malawi  
**Board Approval Date:** 03/11/2004  
**Closing Date:** 06/30/2009  
**Loan/Credit/Grant Number:** IDA-38790  
**Sector(s):** Vocational training (100%)  
**Theme(s):** Education for the knowledge economy (P)

**Project Development Objectives:**

The objective is to test the effectiveness and sustainability of a Distance Learning Center (DLC) at strengthening the capacity of the borrower's public and private sectors and of civil society to design, plan and implement social and economic development programs, as part of a global knowledge-sharing network.

**Progress toward achieving development objective(s):**

The credit has been effective since October 2004. Since then, the Project Coordination has been working closely with the Ministry of Housing to finalize the architectural design and the bidding documents for the construction of the Development Learning Center (DLC). The DLC has been established as a Public Trust. The Project Coordination is currently assessing the potential host institution of the future sub-Center in Blantyre. Given the awareness and ownership of the new Government for this initiative and although the implementation is a bit behind schedule, there is no reason to believe that the project will not achieve its development objectives as planned.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-38790	Effective	3.94	0.00	3.94	0.00

