

**AFRICAN DEVELOPMENT BANK**



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Malawi:

**Improving Access to Water and  
Sanitation for the Urban Poor in the  
City of Blantyre**

Appraisal Report

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**November 2009**



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## List of Acronyms

AWF	-	African Water Facility
BCA	-	Blantyre City Assembly
BWB	-	Blantyre Water Board
CCODE		Centre for Community Organisation and Development
EcoSan		Ecological Sanitation
Federation	-	Malawi Homeless People’s Federation
IWRM	-	Integrated Water Resource Management
MGDS	-	Malawi Growth and Development Strategy
MHPF	-	Malawi Homeless Peoples Federation
NGO	-	Non-Government Organization
UNDP	-	United Nations Development Program
UNEP	-	United Nations Environment Program
WASHTED	-	Water Sanitation and Hygiene Program

## Financing Plan

AWF	EUR 610 790
CCODE	EUR 44 572
Beneficiaries	EUR 159 536
<b>Total</b>	<b>EUR 814 897</b>

## Currency Equivalents

(July 2009)

1 UC	=	1.0983	Euro
1 UC	=	218.249	MWK
1 Euro	=	198.723	MWK

## Timeframe (Key milestones)

Application	December 2008
Approval	December 2009
Effectiveness	March 2010
Completion	December 2012
Last disbursement	September 2012

## Malawi: Improving Access to Water and Sanitation for the Urban Poor in the City of Blantyre

### Logical framework

NARRATIVE SUMMARY HIERARCHY OF OBJECTIVE	EXPECTED RESULT	REACH	INDICATOR(S) AND SOURCE	TARGETS AND TIMEFRAME	RISKS /MITIGATION MEASURES
<p><b>Sector Goal</b></p> <p>Improvement of the living conditions and reduction of poverty incidence through the development of water resources and sanitation facilities (Malawi Growth and Development Strategy [MGDS])</p>	<p><b>Impact:</b></p> <ol style="list-style-type: none"> <li>Poverty incidence reduced through increased sustainable access to potable water.</li> <li>Health status improved through sustainable access to improved sanitation facilities increased.</li> </ol>	<p>The population of Malawi.</p>	<p><b>Indicator</b></p> <ol style="list-style-type: none"> <li>Poverty incidence in the country.</li> <li>Health status of the population (under-five mortality and maternal mortality).</li> </ol> <p><b>Source:</b> National social surveys and National statistics.</p>	<ol style="list-style-type: none"> <li>Poverty incidence in the country reduced from 52.4% in 2004 to 35% in 2015 (MDG targets);</li> <li>Under-five mortality reduced from 120/1000 in 2007 to 80/1000 in 2015. (MDGS targets)</li> <li>Maternal mortality ratio reduced from 1,100 per 100,000 in 2007 to 800 per 100,000 in 2015.</li> </ol>	<p><b>Risks</b> Lack of capacity in the water sector and ineffective community based management of water and sanitation services.</p> <p><b>Mitigation Measures</b> The Government strategy to promote capacity building actions in the water sector and community participation in water and sanitation developments.</p>
<p><b>Objective</b></p> <p>Contribute to the improvement of the living conditions of the urban poor of Blantyre as well as demonstrate and stimulate interest in integrated urban development by combining water, sanitation and low-income housing.</p>	<p><b>Outcomes:</b></p> <ol style="list-style-type: none"> <li>Increased access to potable water supply and improved sanitation facilities for the urban poor in Blantyre;</li> <li>Pro-poor approaches developed under the project replicated by other stakeholders.</li> </ol>	<p>The urban poor of the city of Blantyre</p>	<p><b>Indicator</b></p> <ol style="list-style-type: none"> <li>Number of poor households that obtain access to water and sanitation through the loan mechanism established under the project.</li> <li>Percentage of Blantyre households with access to potable water supply and improved sanitation facilities;</li> </ol> <p><b>Source:</b> National social surveys.</p>	<ol style="list-style-type: none"> <li>At least 3500 existing poor households in Blantyre obtain access to potable water and sanitation by the end of 2015 through the loan mechanism;</li> <li>Percentage of Blantyre households with access to potable water supply increased from 70% in 2007 to 78% by the end of 2015.</li> </ol>	<p><b>Risks</b></p> <ol style="list-style-type: none"> <li>Ineffective access to potable water supply due to disconnections resulting from non-payment of bills by beneficiaries.</li> <li>Low repayment of loans by the first generation of beneficiaries.</li> </ol> <p><b>Mitigation Measures</b></p> <ol style="list-style-type: none"> <li>Project workshops and meetings designed to sensitize potential beneficiaries on the modalities and the importance of paying their bills on time.</li> <li>Project design includes a stringent vetting process to ensure the selection of low-risk beneficiaries</li> </ol>

<b>Project Components and Activities</b>	<b>Outputs</b>		<b>Indicator</b>		
<p><b>Component 1: Water and Sanitation Development</b></p> <p>1.1 Detailed design of water and sanitation facilities.</p> <p>1.2 Construction of water and sanitation facilities.</p> <p><b>Component 2: Community Development and Monitoring &amp; Evaluation.</b></p> <p>2.1 Facilitate water and sanitation financing for the urban poor</p> <p>2.2 Community mobilization and capacity building</p> <p>2.3 Monitoring and evaluation (M&amp;E)</p>	<p>1.1 Detailed designs and construction drawings for water and sanitation facilities prepared.</p> <p>1.2 Home water connections made and EcoSan facilities constructed;</p> <p>2.1 - Special financing mechanism for the urban poor for water and sanitation investments established. - Loans for the construction of water and sanitation facilities provided to 500 households. - Loans for household water or sanitation improvement provided to 1000 additional households.</p> <p>2.2 - Beneficiaries mobilized and trained on EcoSan O&amp;M - Community technicians trained on the job in the construction of sanitation facilities - Formal consultation mechanism between BCA and local urban communities established</p> <p>2.3 - Baseline surveys undertaken; - M&amp;E undertaken; - Lessons learnt disseminated - Devolution workshop organized</p>	<p>The 1500 families (9000 people) identified in the urban slums of Blantyre City.</p>	<p>1.1 - Completion of the detailed designs and construction drawings (percentage).</p> <p>1.2 - Completion of the city water extension</p> <p>- Homes connected</p> <p>- EcoSan facilities constructed</p> <p>- Soak-aways constructed</p> <p>2.1 - Operational Procedures and financial management</p> <p>- Households provided with water and sanitation loans (Machinjiri)</p> <p>- Additional water / sanitation loans.</p> <p>2.2 - Beneficiaries trained on the operation and management of EcoSan facilities; - Number of Community technicians trained in the construction of water and sanitation facilities. - Focal in the BCA point and regular consultations with poor communities.</p> <p>- Households mobilized and adhering to the scheme;</p> <p>2.3 - Baseline surveys; - Monitoring and evaluation reports; - Stakeholders to whom lessons learnt are disseminated; - Devolution workshops.</p>	<p>1.1 - 100% completed after 9 months.</p> <p>1.2 - 100% completed extension after 12 months. - 1000 homes connected after 33 months. - 1000 EcoSan facilities constructed after 33 months. - 500 Soak-aways constructed after 22 months.</p> <p>2.1 - Op. Procedures manual prepared and financial management system set up after 6 months. - Loans provided to 500 households after 20 months. - At least 1000 additional watSan loans after 20 months.</p> <p>2.2 - At least 500 male and 500 female b. trained after 29 months. - At least 120 Community Technicians (at least 30% females) trained after 18 months. - Focal point appointed in the BCA after 18 months + quarterly consultations thereafter. - 1500 households mobilized and adhering after 20 months;</p> <p>2.3 - 100% complete after 12 months; - 2 M&amp;E reports prepared after 36 months; - Published lessons learnt disseminated to 100% of stakeholders after 36 months; - 1 devolution workshop after 36 months.</p>	<p><u>Risks</u></p> <p>1. Inadequate adherence of potential beneficiaries to the loan scheme setup under the project.</p> <p><u>Mitigation Measures</u></p> <p>Project design includes a number of meetings, community exchange visits, public awareness campaigns and workshops to sensitize the communities to adhere to the loan scheme and participate effectively, to improve their access to water and sanitation.</p>

<b>Component 3: Project Management</b>  Project Management Activities: Procurement of goods and services, coordination of project and preparation and approval of reports.	3. Project Management Results (acquisitions, reports).		3. Number of vehicles procured and number of consultancy services acquisitioned; number of reports prepared; number of consultant reports validated.	3. One vehicle procured and 3 consultancy contracts procured 6 months from project commencement; 10 quarterly reports and 1 project completion report prepared 36 months from project commencement; and all consultant reports reviewed and validated 36 months from project commencement.	
<b>Inputs</b> <b>Funding:</b> AWF € 610 790 Beneficiaries € 159 536 CCODE: € 44 572 <b>TOTAL € 814 897</b>	<b>Duration: 36 months</b>				

## EXECUTIVE SUMMARY

**Background:** Malawi is one of the countries with the highest urbanisation rates. With a population of about 662,000 (2008), the city of Blantyre is the largest in Malawi. Between 1998 and 2008 the city experienced a population increase of about 32%<sup>1</sup>. The continued influx of people combined with decades of inadequate urban planning, has led to rapid spread of informal settlements with deplorable living conditions. The major problems include overcrowding, inadequate housing and lack of basic services, in particular water supply and sanitation. The Centre for Community Organization and Development, CCODE, has been instrumental in the active dialogue between community groups and city authorities in Blantyre in their joint quest for solutions to problems affecting the urban poor in the slums surrounding the city. As a result of this process, in March 2009 the City Authorities have allocated approximately 15 hectares of land to the implementation of a pro-poor, integrated urban development intervention. The project presented here specifically concerns the practical implementation of sustainable, pro-poor water and sanitation within the overall context of this joint initiative between City Authorities and Civil Society for improving the living conditions of the urban poor in Blantyre.

**Objectives:** The objectives of the project are: 1) to improve the living conditions of a population of urban poor from the slums surrounding the City of Blantyre, Malawi, by facilitating access to water supply and sanitation in the form of a special revolving loan fund for water and sanitation investments for the urban poor; and 2) to demonstrate and stimulate interest in the combination of water, sanitation and housing as an integrated approach to urban development in a context of rapid urbanization and the problems associated with urban slums.

**Description:** The main outputs of the project are grouped into two components. The water and sanitation development component involves the detailed design and implementation of individual household water and sanitation facilities for 500 households (water connections, Ecosan toilets and soak-away pits for the drainage of household wastewater). Additionally, the access to water and sanitation of another 1000 urban poor households will be facilitated through the establishment of a special revolving loan fund for the urban poor specifically for household water and sanitation investments. The second component, concerning community development and monitoring & evaluation, includes mobilisation of the beneficiary communities, and training on hygiene, as well as the operation and maintenance of the water and sanitation facilities developed under the project. The monitoring and evaluation, as well as the dissemination of the lessons learnt under the project, will also be carried out under this component of the project.

**Cost and Financing:** The total cost of the project is estimated at € 814897. The project will be financed by the AWF € 610 790 (74.95%), the CCODE €44 572 (5.47%) and in kind contributions of the direct Beneficiaries of €159 536 (19.58%). The duration of the project is 36 months from the date of Grant signature.

**Justification:** The project is in line with the AWF strategy, focusing on strengthening the financial base for water and sanitation development. At the same time, the project contributes to the demonstration of integrated urban development as a way of addressing several of the problems typically associated with informal squatter settlements and slums. While drawing on the active involvement of civil society and community groups as a key element for sustainability, the project furthermore demonstrates a strong and well incorporated social and gender component.

**Recommendation:** It is recommended that an AWF Grant not exceeding €610 790 be extended to the CCODE, in Malawi for the purpose of implementing the project as described in this report.

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<sup>1</sup> Malawi - National Statistics Office 2008 Population and Housing Census.



# 1. BACKGROUND

## 1.1 *Origin of the Project*

1.1.1 Malawi is one of the countries in the world with the highest urbanisation rates. With a population of about 662,000 (2008), the city of Blantyre is the largest in Malawi. Between 1998 and 2008 the city experienced a population increase of about 32%<sup>2</sup>. The continued influx of people combined with decades of inadequate urban planning, has led to rapid spread of informal settlements with deplorable living conditions. The major problems include overcrowding, inadequate housing and lack of basic services, in particular water supply and sanitation.

1.1.2 In the meantime, urbanization is expected to continue in Malawi, and there are no signs that its pace is slowing down. If the spread of urban slums is to be controlled, and the various associated problems reduced, alternative approaches to urban development must be adopted. Water sources in the slums around the city of Blantyre are particularly scarce and often of dubious quality due to lack of incentives and resources to extend the water supply system into these crowded and poverty-stricken areas. Furthermore, due to frequent power cuts and pump breakdowns, which disrupt the pumping of pipe-borne water into the city, the population is forced to go at times for several days without water supply. In the absence of other means to obtain potable water, many people resort to unprotected wells or streams, or buy water of questionable quality and at inflated prices from water vendors. This situation results in frequent cases of water-borne diseases including cholera in these unplanned areas of the city<sup>3</sup>.

1.1.3 The project presented here pursues a dual purpose: on the one hand the project focuses on the water supply and sanitation component within the above-mentioned joint initiative between Blantyre City Authorities (BCA) and the Centre for Community Organization and Development (CCODE). The successful implementation of a low income urban development including access to safe, reliable and affordable household water and sanitation facilities, will provide an example to all stakeholders of how a collaborative and proactive development of residential areas for poor people can greatly contribute to reducing the problems highlighted above. Meanwhile, on the other hand, the project tests the use of revolving loans as a means to strengthen and multiply urban poor self-supply initiatives in the realm of household water and sanitation. The experience gathered in the course of this undertaking will serve to demonstrate the potential of poor households to achieve tangible improvements in their living conditions, when enabling conditions are provided.

1.1.4 CCODE is a registered non-governmental organisation established with the purpose of providing technical support, capacity building and leadership to communities of urban poor throughout Malawi. CCODE has played a key role in the development of an active dialogue between community groups and city authorities in Blantyre in their joint quest for solutions to problems affecting the urban poor in the slums surrounding the city. This has resulted in the allocation of approximately 15 hectares of land by the city authorities for the implementation of a pro-poor, integrated urban development project under the overall management of CCODE.

1.1.5 CCODE works in close alliance with the Malawi Homeless People's Federation (MHPF), a national grassroots social movement initiated by CCODE, which organizes members into

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<sup>2</sup> Malawi - National Statistics Office 2008 Population and Housing Census.

<sup>3</sup> Personal communication by Dr. L.R. Bandawe, Director of Health and Social Services, BCA, May 2008.

community groups that then collectively save on a daily basis to enable each group to provide small loans to one another. Building on this premise, and with the overall objective of empowering members of the MHPF to change their lives by obtaining capital for home improvement projects or small-scale businesses, CCODE and the MHPF created the Mchenga Fund, a formal microcredit revolving loan fund. Mchenga Fund is financially administered by CCODE and is operated using the legal structure of CCODE as an established and recognized NGO.

1.1.6 The request for financial support from the African Water Facility (AWF) specifically concerns the practical implementation of low-cost household water supply and sanitation facilities through community capacity building and improved access to financial services for pro-poor home improvements. Conceived within the overall collaboration between BCA and CCODE and building on the foundation of beneficiary ownership, the project contributes to the development of a replicable model for improving the livelihoods of the urban poor and reducing key problems typically associated with slums.

1.1.7 A substantial part of the AWF support will be managed on a loan basis and be paid back by beneficiaries into a Special Fund for water and sanitation investments set up for this particular purpose within the Mchenga Fund. As beneficiaries pay back their loans, other households will be able to access these same resources for water and sanitation investments. Thus, building on existing local experience with community saving groups and revolving loans, the project will contribute to strengthening the financial base for household water and sanitation investments. Further information on the Mchenga Fund and the Special Fund for water and sanitation is included in Annex 2.

1.1.8 CCODE has received support from a number of donors, including the United Nations Environment Program (UNEP), UN Habitat–Malawi, and Homeless International, which supports the development of the low-income residential housing area under the above-mentioned joint initiative between BCA and CCODE. The proposed funding from the AWF will finance the water supply and sanitation component of this development and further pave the road for additional water and sanitation investments by low-income households in the City of Blantyre.

## **1.2 Sectoral Priorities**

1.2.1 Malawi ranks 164<sup>th</sup> out of 177 countries in terms of the Human Development Index. National statistics concerning national water supply coverage (65% - 2008)<sup>4</sup> and urban sanitation coverage (65% - 2008)<sup>5</sup> appear relatively encouraging but the country continues to face serious water development challenges. These include inadequate services coverage, increasing water demand as a result of increasing population, inadequate hygiene and sanitation practices, HIV and AIDS prevalence, degradation of water resources, insufficient institutional capacity, lack of an integrated approach to water resources management and development, climate change and mitigation measures for water-related disasters<sup>6</sup>. The Government of Malawi (GoM) has responded to these challenges, on one hand, by seeking to empower national authorities to manage water resources through an integrated water resource management (IWRM) approach, and on the other hand, by prioritizing water supply and sanitation as key elements in its overall poverty reduction strategy, elaborated in the Malawi Growth and Development Strategy (MGDS – 2007-2011).

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<sup>4</sup> Joint Monitoring Programme (JMP) – 2008.

<sup>5</sup> National Sanitation Policy – 2008.

<sup>6</sup> MGDS : 2007 – 2011, IMF, P. 19

1.2.2 GoM has recently created the Ministry for Housing and Urban Development as part of the reforms it is undertaking in order to tackle the challenges related to rapid urbanisation of the major cities of the country. Meanwhile, the City of Blantyre has embarked on a slum reduction programme in line with “Cities without Slums” as reflected in Target 11 of the Millennium Development Goals (MDGS). Similarly, while the central government is currently in the process of developing a Water and Sanitation Act and a National Housing Policy through the Ministry of Irrigation and Water Development and the Ministry of Housing and Urban Development respectively, in Blantyre, the City Assembly (BCA) and the local Water Board (BWB), are exploring ways of enhancing the supply of water, especially to the poorest communities of the city. The proposed project will contribute to all the above initiatives, and further demonstrate prioritization of pro-poor planning as one of the most effective strategies to reduce the problems associated with the development of slums.

### **1.3 Problem Definition**

1.3.1 The situation concerning water supply and sanitation in the informal settlements surrounding the city of Blantyre is alarming. The unhygienic conditions in the urban slums, coupled with the consumption of water of doubtful quality by poor slum dwellers is leading to high incidences of water related diseases and recurrent outbreaks of cholera, as reported by city authorities<sup>7</sup>. With the decision to allocate approximately 15 hectares of land, the BCA demonstrates its support to the proposed endeavor, and its appreciation of the need to explore new ways of addressing the problems associated with rapid urbanization and the spread of slums, including in particular the lack of appropriate water and sanitation.

1.3.2 For lack of access to appropriate sanitation facilities, the urban poor in Blantyre have no other options but to resort to using dirty public toilets, the side streets in the early morning or, in some cases, the indignity of “wrap and throw”, which consist of using a plastic bag or a newspaper and throwing the excreta into a drainage channel or garbage heap. Generally without toilets, drainage systems or waste collection services, the majority of the population in the informal settlements lives crowded together under unhealthy conditions in makeshift huts, for which they pay exorbitant rents.

1.3.3 According to traditional gender roles, water fetching is a female responsibility. Thus, women and girls are particularly affected by the poor access to water supply, as they have to spend many hours looking for safe drinking water for their families, and often have to travel long, and at times unsafe, distances. Girls in the urban slums often stay away from school, helping their mothers to collect the family’s daily supply of water.<sup>8</sup>

1.3.4 In order to identify the most appropriate water supply solution for the project, a number of alternatives were assessed taking into consideration: i) the problems of water shortages in Blantyre, ii) the setting of the new housing development located at about 500m from a major City water supply distribution mains and the area has a stream running through it; iii) the average precipitation of 1,127mm/year for Blantyre, most of which falls between November and April, leaving 5 months of the year dry. The main criteria considered in the evaluation of the options include: legal and institutional constraints, operation and management costs and challenges, initial capital investment costs, and overall sustainability. Despite the general problems affecting reliability of water supply in Blantyre, and the risk that households will fail

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<sup>7</sup> Journal of International Women’s Studies, Vol. 10, #4, May 2009, Pg. 30.

<sup>8</sup> Journal of International Women’s Studies, Vol. 10, #4, May 2009, Pg. 29.

to pay their bills and thus be disconnected, the solution involving individual connections was selected due to its strong advantages of low capital investment and low maintenance costs and challenges. A summary of the analysis of the different options is presented in Annex 4.

1.3.5 The expected results of the project include the successful implementation of a pro-poor urban development scheme where safe, affordable and environmentally friendly water and sanitation facilities are integrated from the very beginning. This is further complemented by the establishment of a revolving loan mechanism for water and sanitation improvements by the urban poor, in order to achieve a multiplier effect and explore the possibility of increasing the efficiency of initial investments. Finally, the project approach will demonstrate how a proactive and collaborative process can create space for maneuver for the urban poor to effectively improve their own living conditions.

#### **1.4 Beneficiaries and Stakeholders**

1.4.1 The direct beneficiaries of the project include, initially, 9000 people, members of 1500 urban poor households from slum settlements around the City of Blantyre. Through the Mchenga Fund and a Special water and sanitation revolving fund to be setup under this project, beneficiary households will be able to access the capital needed in order to cover the costs of individual household water and sanitation facilities. It is expected that by the end of the lifespan of the special revolving fund mechanism, estimated at 15 years, a total of at least 5,000 families<sup>9</sup> or 30,000 people will benefit from the AWF funds<sup>10</sup>.

1.4.2 Other stakeholders include Blantyre City authorities, Blantyre Water Board, the Ministry of Irrigation and Water Development and the Ministry of Housing and Urban Development, as well as the MHPF and the Mchenga Fund, in addition to the Faculty of Built Environment and the Water and Sanitation Program (WASHTED) of the University of Malawi. Meanwhile, international stakeholders include Homeless International, Slum Dwellers International, United Nations Environment Program, UNEP, and UN-Habitat, Malawi. An overview of beneficiaries and stakeholders is provided in Annex 3.

#### **1.5 Objectives of the Project**

1.5.1 The objectives of the project include: 1) to improve the living conditions of urban poor households from the slums around the City of Blantyre, Malawi, by facilitating access to affordable and environmentally friendly water and sanitation facilities through the establishment of an alternative financing mechanism for water and sanitation investments by individual low-income households; and 2) to demonstrate and stimulate interest in the combination of water supply, sanitation and housing as an integrated approach to urban development in a context of rapid urbanization and problems typically associated with the spread of urban slums.

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<sup>9</sup> See the results of a simulation of the operation of the revolving fund mechanism in Annex 2.

<sup>10</sup> The selection of beneficiaries will follow the Fund's criteria for selecting beneficiaries of housing loans as described in the Mchenga Fund Manual. (This is available as background material but has been removed from Annex 2 due to space considerations.) Special consideration will be given to particularly vulnerable households, e.g. households living with or affected by HIV/AIDS, child-headed households, single mother or widowed households, as well as households headed by men in unemployment or informal employment. The number of beneficiary households is expected to continue to grow long after project completion, as loans are recovered and more households proceed to access funds for water and sanitation investments in the same way, either in connection to the construction of new dwellings, or for water and sanitation improvements of current dwellings.

## **1.6 Relevance for AWF intervention**

1.6.1 The project ties in well with the AWF strategy, representing an innovative approach to meeting water and sanitation needs for the urban poor by addressing, at the root and in an integrated manner, some of the main problems typically found in informal squatter settlements and slums. While drawing on the active involvement of civil society and community groups as a key element for sustainability, the project furthermore demonstrates a strong and well incorporated social and gender component. The AfDB currently supports the Government of Malawi in the implementation of the National Water Development Programme (NWDP). As such the proposed AWF financed project aligns with and further complements the Bank's involvement.

1.6.2 The proposed intervention promises tangible, on-the-ground-outputs with a direct impact on the living conditions of the beneficiary households. At the same time, it addresses the need to strengthen the financial base for water and sanitation development through the involvement of the alternative water and sanitation finance mechanism for the urban poor, which will be set up and administered by the Mchenga Fund as a revolving loans fund in accordance with section 5.5 of the AWF Operational Strategy<sup>11</sup>. Also, the AWF Operational Strategy approved in October 2007 equally allows the financing of revolving funds with AWF grant resources<sup>12</sup>.

1.6.3 Overall the project seeks to stimulate decision-makers to prioritise integrated, pro-poor approaches to urban planning and development in order to better address issues concerning public health, climate change and the mushrooming of slums and other environmental challenges associated herewith.

## **2. THE PROJECT**

### **2.1 Impact**

2.1.1 The overall goal of the proposed intervention is to contribute to the improvement of the living conditions of the urban poor and the reduction of poverty through improved access to water supply and sanitation facilities within a context of integrated urban development and community empowerment.

2.1.2 Thus, the expected long-term impacts of the project include: i) improvement of the living conditions of the urban poor in Malawi, in particular sustained improvement in the water supply, hygiene and sanitation situation. This, in turn, is expected to lead to ii) reduced incidence of water related diseases and sustained improvement in the health of the urban poor in Malawi, and finally to reduced poverty.

### **2.2 Outcome**

2.2.1 The expected outcomes of the project include: i) Increased access to potable water supply and improved sanitation facilities for the urban poor in Blantyre; and ii) Pro-poor approaches developed under the project replicated by other stakeholders as a way of addressing the social challenges associated with rapid urbanization and informal settlements.

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<sup>11</sup> The Legal Department of the Bank has confirmed that there are no legal objections to the use of proceeds of an AWF grant to provide loans under the Mchenga Fund (Ms. Akintomide in e-mail dated 24 June 2009, § 3iv).

<sup>12</sup> AWF Operational Strategy, October 2007 (§5.5.1)

Annex 2 provides a draft outline of a model for the operation of a special fund for household water and sanitation improvements (based on the established Mchenga Fund) for the first such intervention to be funded by the AWF.

2.2.2 As a result of the project beneficiary households will be able to invest and acquire their own water and sanitation facilities, e.g. toilets / water connections /storage tanks etc. Furthermore, as beneficiaries pay back the revolving loans other households affected by the lack of appropriate water and sanitation facilities in the slums around Blantyre will gain access to the alternative water and sanitation finance mechanism set up by the project.

2.2.3 The project will contribute towards the consolidation of integrated urban development as a way of addressing several of the problems often associated with urban slum. At the same time the project will examine the use of revolving loans as an alternative finance mechanism for household water and sanitation investments.

2.2.4 In summary, it is expected that the project will become a focal point for a holistic approach to pro-poor urban development, with a special focus on community empowerment for water supply and sanitation. As an additional outcome, it is anticipated that the lessons learnt in the course of project implementation will serve to inform diverse stakeholders, including policy makers and donors, and that this, in turn, will stimulate further interest in supporting communities' own efforts to improve their living conditions.

### **2.3 Output**

2.3.1 The major outputs of the project, arranged under 3 components, are the following:

#### Component 1: Water and Sanitation Development

*Output 1.1:* Detailed designs and construction drawings for water and sanitation facilities.

*Output 1.2:* Home water connections made and sanitation facilities constructed. This includes:

- Extension of the City water supply network to the project site at Machinjiri, Blantyre;
- 1000 Households connections to the city water supply network;
- 1000 Household EcoSan facilities;
- 500 Household Soak-aways.

#### Component 2: Community Development and Monitoring & Evaluation

*Output 2.1:* Home water connections made and sanitation facilities financed. This includes:

- Special financing mechanism for the urban poor established in Blantyre;
- Loans for construction of water and sanitation facilities provided to 500 urban poor households in connection to the Machinjiri Integrated Urban Development initiative;
- Loans for household water and/or sanitation improvements provided to 1000 additional poor households in Blantyre.

*Output 2.2:* Communities mobilized and local capacity built. This includes:

- Beneficiaries mobilized and trained on EcoSan facility operation and management;
- Community technicians trained in the construction of sanitation facilities;
- Formal consultation mechanism between BCA and local urban communities established.

*Output 2.3:* Monitoring and evaluation carried out. This includes:

- Baseline survey;
- Monitoring and evaluation of all project activities;
- Lessons learnt gathered, analysed and disseminated;
- Devolution workshop organized.

#### Component 3: Project Management

*Output 3:* Conditions for effective project implementation established. This includes the set up and effective running of Project Steering Committee, procurement, planning, reporting, accounting etc.

## 2.4 Activities

2.4.1 In order to achieve the expected outputs, the project will apply a dual approach. On one hand it will facilitate water and sanitation for a group of 500 urban poor households in connection to a specific low-income residential development, using a step-wise implementation plan, i.e. Phase I: 200 homes; phase II: 200 homes; and phase III: 100 homes. At the same time, the project will facilitate access to improved water and sanitation facilities for an additional 1000 urban poor households in the peri-urban settlements surrounding the City of Blantyre. Landlords from poor neighbourhoods, applying for loans, will be encouraged to invest in some communal water and sanitation facilities for their tenants. The above mentioned outputs will be achieved through the following activities:

### Component 1: Water and Sanitation Development

#### *2.4.2 Activity 1.1: Detailed design of water and sanitation facilities*

For the group of 500 urban poor households of the new low-income residential development to be carried in the Machinjiri area of Blantyre, each house will be equipped with i) a urine diverting Ecosan toilet of the “skyloo” type, as well as ii) an individual connection to the Blantyre City water supply network and iii) a soak-away pit. Details of the houses and the Ecosan and soak-away facilities are shown in Annex 5. The additional 1000 urban households from other areas in Blantyre that will benefit under this project will be provided with a loan to enable them have access to either an EcoSan toilet or a connection to the City water network. The following tasks will be implemented under this activity by a water and sanitation consultant whose services will be procured by the Recipient:

- i) The detailed design and the preparation of construction drawings for the urine-diverting ecosan toilet, including the collective storage facility for processing of the solid wastes, before reuse.
- ii) The detailed layout and hydraulic design of the water supply distribution network within the project site for the efficient connection of the 500 new homes to be constructed, under the integrated urban development initiative, jointly by CCODE and BCA.
- iii) The detailed design of the soak-away pits for the drainage of household wastewaters.

#### *2.4.2 Activity 1.2: Construction of water and sanitation facilities*

This activity involves the procurement of building materials such as cement, nails and iron rods by the Recipient, and the construction of the sanitation facilities by local builders, under the supervision of the Recipient and a recruited technical works supervisor. Local building materials, such as bricks, stones and sand will be provided by the beneficiaries for the construction of their individual sanitation facilities. Recruited builders will train community builders on-the-job, on the construction and maintenance of the water and sanitation facilities. The Recipient will equally procure the services of the Blantyre Water Board (BWB) for the 500m extension of the City water network to the project site as well as for the connection of homes to the network. The following tasks will be implemented under this activity:

- i) The extension of the City water supply network to the project site (500m);
- ii) The connection of 500 homes within the project site and 500 additional homes elsewhere;
- iii) Construction of 500 EcoSan toilets within the project site and 500 additional ones;
- iv) Construction of 500 soak-away pits within the project site.

### Component 2: Community Development and Monitoring & Evaluation

#### *2.4.3 Activity 2.1: Facilitate water and sanitation financing for the urban poor*

In order to strengthen the financial basis for household water and sanitation investments, the grant from the AWF will be administered as revolving loans under a Special Fund for water and sanitation investments for the urban poor. The fund will be setup and administered under the auspices of the Mchenga Fund and will be supervised by CCODE. The first generation of loans

will be linked to the water and sanitation component under this project. Subsequently, as loans are repaid, more households will be able to benefit from this financing mechanism for water and sanitation investments. The following tasks will be implemented under this activity:

- i) Definition of operational procedures of the special fund for water and sanitation investments and preparation of an Operational Procedures manual to be approved by AWF;
- ii) Selection of 1500 beneficiaries for the first generation of loans;
- iii) Provision of water and sanitation loans to the 1500 beneficiaries;
- iv) Collection and monitoring of repayments of loans provided to individual households;
- v) Administration and re-lending of the revolving funds for the subsequent generations of loans.

#### *2.4.4 Activity 2.2: Community mobilization and training*

The implementing agency, CCODE, and the MHPF will setup a team to carry out community mobilisation, hygiene training, ecosan acceptance and training of project beneficiaries and community technicians on the operation and maintenance of the soak away pits. The beneficiaries will equally be trained on the management and processing of waste materials from ecological sanitation. Finally, the dialogue and collaboration between the BCA and local urban communities will be strengthened further and consolidated in the form of the setting up of a formal mechanism for consultations between the two. The following tasks will be undertaken under this activity:

- i) Sensitisation of the urban poor on the objectives of the project;
- ii) Identification and drawing up of a shortlist of potential beneficiaries under the Machinjiri integrated urban development initiative. After detailed vetting, a final list of 500 beneficiaries will be prepared and forwarded to the BCA for the allocation of individual plots. The vetting process will include special considerations for particularly vulnerable households, e.g. those living with or affected (widowed or orphaned) by HIV/AIDS, single-mother families, child-headed families and families headed by unemployed men or men in informal employment; these vulnerable families will receive further assistance through the “Skills and Livelihood Programme” run by the NGO, to enable them qualify for the loaning scheme and improve their chances of repaying the loans. Once land is attributed to individuals, they are registered with the BCA that opens a file for each individual and later processes and issues their land titles;
- iii) Effective sensitization and training of the beneficiaries on the use of ecosan toilets and the management of human waste products;
- iv) Training of beneficiaries on the functioning and maintenance of the soak away pits;
- v) Strengthening and formalisation of the consultation mechanism between BCA and local urban communities.

#### *2.4.5 Activity 2.3: Monitoring and evaluation (M&E)*

Results from regular monitoring and mid-term evaluation will be used in subsequent planning and adjustments of project implementation. At the end of the project implementation period, a special assessment of project achievements and problems encountered will be undertaken, and lessons learnt will be documented and disseminated. Resulting datasets will, in addition, be made available for academic and applied research. The following tasks will be undertaken under this activity:

- i) Development of performance indicators;
- ii) Implementation of baseline study on key performance aspects as well as on selected socio-economic and environmental issues. Data will be adequately disaggregated to show differences among social groups;
- iii) Development and implementation of monitoring system for technical as well as socio-cultural aspects of the project;
- iv) Mid-term evaluation and stakeholder workshop;
- v) Final evaluation, including baseline;



- vi) Collection, documentation and dissemination of lessons learnt;
- vii) Final stakeholder devolution workshop at project completion.

### Component 3: Project Management

#### *2.4.6 Activity 3: Project Management Activities*

Project management systems will be put in place to ensure timely and efficient project implementation, including communication with and amongst partners and stakeholders. The project management activities will be undertaken by the Implementing Agency, CCODE. The following tasks will be carried out under these activities:

- i) Establishment of a Project Steering Committee to meet quarterly;
- ii) Planning and execution of work including procurement of goods, services and works and administration of contracts;
- iii) Monitoring of project implementation and timely addressing of issues and risks;
- iv) Convening of meetings of stakeholders and partners;
- v) Financial management and reporting and ensuring timely auditing;
- vi) Project reporting, including quarterly progress reports and final completion report.

## **2.5 Risks**

2.5.1 The project has addressed main risks by incorporating safeguards into its design. A key assumption at the output level is that the mobilization of funds for the implementation of the low-income residential area under the joint integrated urban initiative between BCA and CCODE will be adequate and timely. If this does not occur, there is a risk that outputs of the project will not be realised.

2.5.2 As a mitigation measure, the implementation of water and sanitation facilities for the 500 new homes under the Machinjiri low-income residential development initiative, will take place in three phases: Phase 1 – 200 homes; phase 2 – 200 homes; and phase 3 – 100 homes. The funding needed to finance the construction of the first 200 homes (Phase I) has already been secured. Meanwhile, negotiations regarding the necessary resources for financing the remaining two phases are ongoing. The second and the third disbursements pertaining to the AWF grant will be conditioned upon the submission of evidence that the necessary additional resources have been secured for each phase corresponding to the respective disbursement. A funding sourcing plan has been included in Annex 6a. Cost estimates for the integrated housing development are shown in Annex 6b.

2.5.3 Another risk is that despite individual connections, household water supply may still not improve due to the overall problems related to water supply in the city of Blantyre<sup>13</sup>. However, consultations with representatives of the Blantyre Water Board, have (i) confirmed the relative proximity of the site to one of the main pipes of the city's water network, and (ii) provided reassurance that water pressure in the aforementioned main pipe is amongst the best in the entire

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<sup>13</sup> The supply of potable water in the city of Blantyre is severely constrained. According to the Blantyre water Board Water Board (BWB) only about 50% of the produced water is actually supplied to paying consumers. The rest is unaccounted-for-water resulting mainly from the lack of meters and leakages in the City's aging networks. The main water source for Blantyre is the Shire River. From the pumping station at 334 metres above sea level (masl), water is pumped to Blantyre at 1069 masl 37 km away. Pump break downs are frequent causing interruptions in the city's water supply. The majority of the current water supply systems in Blantyre date back to the colonial years. As a result of the significant population increase and rapid urbanization, and the lack of effective water governance and planning in order to accommodate the growing population, water has become one of the scarcest resources in Blantyre and its supply is erratic. Problems associated with poor water supply, lack of sanitation, and unsafe hygiene in the city's unplanned slums have become overwhelming. However, the Blantyre and Lilongwe Water Boards have secured financing from the EU and the European Investment Bank, which will help to improve the networks of these cities as from 2010.

city. It thus seems reasonable to assume that problems related to unreliable water supply pattern can be limited considerably by minimal water storage capacity at household level.

2.5.4 In addition, it was found to be a risk that some poor households may fail to pay their water bills and thus get disconnected. To mitigate this risk, beneficiary training will include thorough awareness raising on post-paid use, including the importance of careful administration of household water consumption, and the potential consequences of failing to do so.

2.5.5 Finally, at the outcome level, there is a risk that difficulties with repayment of loans may affect the multiplier effect of the revolving loan scheme by decreasing the amount available for subsequent loan generations or slowing down the rate at which more loans can be given out. Mitigation measures in the case of repeated failures to meet loan payments will be included in the statutes of the special fund for household water and sanitation investments within the Special Water and Sanitation fund. These measures include, for example, providing loans generally as group loans, signed by all individuals in a group, such that advantage can be taken of peer pressure in loan repayments.

## 2.6 Cost and Financing Plan

2.6.1 The total estimated cost of the project, by components, is shown in the Table 2.1 below. The costs are shown for each component by source of financing and are based on current costs of doing similar work in the region. The detailed cost estimates are presented in Annex 9a and 9b.

Table 2.1: Cost Estimates by Project Components (EUR) - Excluding Taxes

Project Components	AWF	CCODE	BENEFICIARIES	TOTAL
Component 1: Water and Sanitation Development	396 218	-	147 718	543 936
Component 2: Community Development and M&E	94 042	-	-	94 042
Component 3: Project Management	75 287	41 270	-	116 557
Sub-Total	565 546	41 270	147 718	754 535
Contingencies (Physical 5%, Price 3%)	45 244	3 302	11 817	60 363
<b>Total</b>	<b>610 790</b>	<b>44 572</b>	<b>159 536</b>	<b>814 897</b>
Percentages	74,95	5,47	19,58	100

Table 2.2: Cost Estimates by Expenditure Categories (EUR ,000) - Excluding Taxes

Category of Expenditure	AWF	Recipient (CCODE)	Beneficiaries	Total
Works	143 100		15 900	159 000
Goods	141 221		115 775	256 996
Services	161 471		16 043	177 513
Miscellaneous	119 755	41 270		161 025
Total Base cost	565 546	41 270	147 718	754 535
Contingency (5% physical; 3% price)	45 244	3 302	11 817	60 363
<b>Total Project cost</b>	<b>610 790</b>	<b>44 572</b>	<b>159 536</b>	<b>814 897</b>
Percentages (%)	74,95	5,47	19,58	100

2.6.2 The project beneficiaries will contribute, in-kind, the local building materials such as stones, sand and bricks required for the construction of the sanitation facilities. The Recipient, CCODE, will contribute towards the payment of the project management staff salaries. The AWF grant funds will contribute towards the financing of the rest of the project costs.

### **3. IMPLEMENTATION ARRANGEMENTS**

#### **3.1 Recipient**

3.1.1 The Centre for Community Organisation and Development (CCODE) shall be the Recipient of the grant and Implementing Agency of the project. CCODE is a Malawi-based NGO, registered in 2003 and committed to facilitating proactive, community based urban development. CCODE's experience in community mobilization and urban development is demonstrated, for example, by the implementation of the Angelo Goveyo pro-poor urban development project in Blantyre, valued at Euros 508,837. In the area of water and sanitation CCODE's experience includes implementation of 9 different sanitation projects reaching 7699 individuals with improved sanitation facilities, and the establishment of six water user associations.

3.1.2 CCODE enjoys high credibility among its partners and stakeholders working in the sector, including the Ministry of Irrigation and Water Development and the Blantyre City Assembly, and has demonstrated a high level of professionalism and project management capacity. CCODE is eligible for funding under section 6.1 of the Operational Procedures of the AWF as a credible NGO endorsed by the Government of Malawi. CCODE registration is enclosed in Annex 7 along with a Government endorsement letter and a copy of financial statement.

#### **3.2 Project Organization and Institutional Arrangements**

3.2.1 The day to day management of project implementation shall be undertaken by the Project Management Team (PMT) to be created under CCODE and based in the City of Blantyre, Malawi. The PMT shall be headed by a suitably qualified Project Manager to be designated from amongst CCODE's Staff, and whose qualifications will be subject to approval by the AWF. As head of the PMT the project manager shall be responsible overall for the implementation of the project and the day-to-day management under the Chief Executive of CCODE. (S)He shall prepare periodic work plans and budgets for approval by the Project Steering Committee (PSC), submit applications for disbursement to the AWF, and arrange for the procurement of goods, works and services.

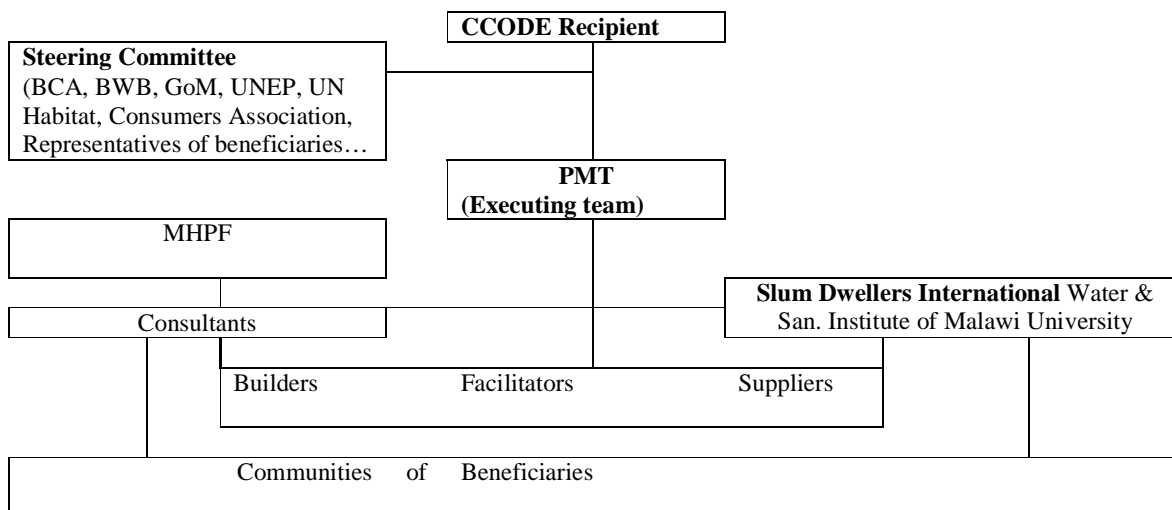
3.2.2 The PMT will be assisted in the project implementation by the Malawi Homeless People Federation (MHPF), a network of community based savings groups, mostly women, who participate in administering the formal savings fund called the Mchenga Fund. The MHPF will lead efforts in community mobilisation and selection of project beneficiaries from the slums of Blantyre. Loans will be provided to qualified individual households in materials for their developments, for which they will sign and this will be converted into their loan. Additional support, in particular, in relation to the ecological sanitation facilities, will be provided by the Water and Sanitation Institute of the University of Malawi (WASHTED).

3.2.3 The initial designs of the housing development and the water and sanitation facilities have been carried out in-house by CCODE. The designs will be finalised and detailed construction drawings produced by a consultant whose services will be procured under the project. The permanent site supervision of the works will be under the responsibility of the Site Supervisor, to be recruited under this project. Furthermore, two Foremen (experienced builders) will be recruited under the project and will be responsible for the day-to-day execution of the works and on-the-job training of community builders under the overall supervision of the Site Supervisor. The baseline surveys will be undertaken by a local NGO whose services will be

procured under the project. The mid-term and final evaluation as well as the documentation of lessons learnt will be carried out by a consultant to be recruited under this project.

3.2.4 A Project Steering Committee (PSC) shall oversee and coordinate the project’s implementation with its main task being to review and approve the Annual Work Plans and related Budget to ensure adherence to the development objectives. The Steering Committee will include representatives from: Blantyre City Assembly; UNEP, UN-Habitat, Slum Dwellers International, Homeless International, Blantyre Water Board; Ministry of Water and Irrigation; Ministry of Housing and Urban Development; WASHTED; MHPF; CCODE, the Consumer Association of Malawi and representatives of the beneficiaries. It shall ensure that there is adequate communication and coordination among stakeholders in the project and ensure that the annual work plans have the endorsement of stakeholders.

Figure 1: Project Implementation Organigramme



### 3.3 Implementation Schedule

3.3.1 The Project activities will be implemented over a period of 36 months. It is envisioned that the first 6 months will serve as lead time for project start up, including the attainment of Grant Effectiveness, procurement of goods and services and the mobilisation of the beneficiary community, including sensitization and generation of acceptance of ecological sanitation. Project activities will commence with the procurement of the services of the consultants required to do the preparatory work of the project. Table 3.1 presents a summarized version of the project implementation schedule found in Annex 8.

Table 3.1 Summary Activity Implementation Schedule

Activity Schedule	Duration in months																																						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36			
Components and Activities																																							
Procurement of Consultancy Services, works & goods and Activities leading up to Grant Effectiveness	■	■	■	■	■	■																																	
Water and Sanitation Development Activities							■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Community Development and Monitoring, Evaluation & Drawing of Lessons Learnt							■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Project Management Activities	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

### 3.4 Procurement Arrangements

3.4.1 All procurement of goods, works and acquisition of consultancy services financed by AWF will be in accordance with AWF's *Operational Procedures*, the Bank's *Rules and Procedures for Procurement of Goods and Works*, or as appropriate the *Rules and Procedures for the Use of Consultants* using the relevant Bank Standard Bidding Documents. Procurement arrangements are divided into categories and summarized in Table 3.2, based on the cost estimate details given in Annexes 9a and 9b.

Table 3.2 Summary of Procurement Arrangements (EUR – Excluding Taxes)

Categories of Expenditure	Shopping	Shortlist	Other	NBF*	Direct Contracting	Total
<b>1. Civil Works</b>						
1.1 Extension of City water network to site					9 720	9 720
					(8 748)	(8 748)
1.2 Connection of 1000 homes to City water network					162 000	162 000
					(145 800)	(145 800)
<b>2. Goods</b>						
2.1 Construction materials for 1000 ecosan toilets and 500 soak-aways						
2.1.1 Cement	(69 594)					(69 594)
2.1.2 Toilet Roofing sheets and accessories	(29 743)					(29 743)
2.1.3 Timber for toilet roofs	(15 016)					(15 016)
2.1.4 Plumbing accessories for toilet	(12 706)					(12 706)
2.1.4 Local Materials by community (bricks, sand, stones)				125 037		125 037
2.2 Vehicle	(21 600)					(21 600)
2.3 Office equipment & furniture	(3 859)					(3 859)
<b>3. Services</b>						
3.1 Detailed designs water & sanitation Consultant		(20 520)				(20 520)
3.2 M&E and lessons Consultant		(21 600)				(21 600)
3.3 Works supervisor		(48 600)				(48 600)
3.4 Works Foremen		(48 600)				(48 600)
3.4 Skilled Labour		(28 588)				(28 588)
3.5 Community labour				17 326		17 326
3.6 Baseline surveys		(6 480)				(6 480)
<b>4. Miscellaneous</b>						
4.1 Technical training of community groups			(25 912)			(25 912)
4.2 Community to Community learning & support			(16 759)			(16 759)
4.3 Public awareness meetings and media sensitisation			(14 969)			(14 969)
4.4 Local support and follow-up missions			(21 943)			(21 943)
4.5 Stakeholder Workshops, meetings and ceremonies			(32 921)			(32 921)
4.6 Operation costs			(16 832)			(16 832)
4.7 Staff Salaries				44 572		44 572
<b>Total cost of project</b>	<b>152 518</b>	<b>174 388</b>	<b>129 336</b>	<b>186 935</b>	<b>171 720</b>	<b>814 897</b>
<i>Total AWF Grant</i>	<i>(152 518)</i>	<i>(174 388)</i>	<i>(129 336)</i>		<i>(154 548)</i>	<i>(610 790)</i>

\*NBF is Non Bank Funded; all costs funded by the AWF except those under NBF.

The figures in brackets represent the amounts financed by the AWF.

3.4.2 *Works*: Civil Works amounting to € 9 720 for the extension of the City water supply network to the project site and € 162 000 for the connection of 1000 homes to the City water network will be procured through Direct Contracting (DC) with the Blantyre Water Board, which is the sole provider of this service, linked to its potable water network in the City of Blantyre.

3.4.3 *Goods*: Goods consisting of cement for the construction of sanitation facilities (€ 69 594), roofing sheets and accessories for the construction of sanitation facilities (€ 29 743), timber for the construction of sanitation facilities (€ 15 016), and plumbing accessories for the

construction of sanitation facilities (€12 706) will be procured through National Shopping (SHO), since these goods are readily available locally. Other goods consisting of one vehicle (€21 600), office equipment and office furniture (€3 859) will equally be procured through National Shopping (SHO) procedures. Local building materials for the construction of sanitation facilities amount to € 125 037, will be supplied directly, in-kind, by the beneficiaries.

3.4.4 *Services*: The services of consultants to supplement the PMT in the areas of community training, beneficiaries' mobilisation and organization, as well as for detailed designs and supervision of the construction individual water supply connections, soak away pits and ecosan facilities, including the infrastructure for the processing of waste products, will be performed through consultancy contracts procured through Shortlist procedures. Six such contracts will be procured as follows: detailed design of the water and sanitation facilities (€20 520); monitoring and evaluation of project results (€21 600); works supervision (€48 600); service contracts for two works foremen (€48 600); skilled labour services (€8 588), and Baseline surveys social services (€6 480). Unskilled labour services amounting to €17 326 will be provided directly by the beneficiaries of the water and sanitation facilities to be constructed.

3.4.5 *Miscellaneous*: Miscellaneous expenditures including technical training of community groups amounting to € 25 912, community to community learning and support amounting to € 16 759, public awareness meetings and sensitisation through the media amounting to € 14 969, local support and follow-up missions amounting to €21 943, stakeholder workshops, meetings and ceremonies amounting to € 32 921 and operation costs (rents, supplies, telecom and utilities) amounting to €16 832, will be carried out through direct purchase. The Recipient's staff salaries amounting to €44 572 will be procured under the Recipient's procurement procedures.

3.4.6 *Prior and Post Review* - Procurement in excess EUR 10,000 shall be subject to prior review by the AWF. All others shall unless expressly required by the AWF be subject to a post review procedure. In any case, the Recipient will maintain accurate records of procurement steps including signed evaluation forms, minutes of the opening of bids and proposals and all meetings on all procurement processes. The Recipient has adequate procurement capacity and experience gained e.g. in the implementation of the Angelo Goveya Project in Malawi, which is a project of similar nature and scale. The Recipient has equally implemented a number of other similar projects in Malawi. Also, the 3 annual audit reports on CCODE financial statements indicate the financial management capacity of the NGO.

3.4.7 *Procurement Plan*: The Recipient shall prepare and submit a Procurement Plan acceptable to the AWF before effectiveness, setting forth: (a) the particular contract for the consulting services, goods and works during the life of the project; (b) the proposed mode of procurement; and (c) the related AWF review procedures (prior or post review). The Recipient shall update the Procurement Plan annually or as needed throughout the duration of the project. Any revisions proposed to the Procurement Plan shall be furnished to the AWF for its prior approval. The Recipient shall implement the Procurement Plan in the manner in which it has been approved by the AWF.

### **3.5 Disbursement Arrangements**

3.5.1 The Special Account method will be used for disbursement of funds from the AWF. The project will open a Special Account with a bank in Malawi, acceptable to the AfDB, into which the advances will be deposited. The Special Account will be replenished on condition that the preceding advance has been utilized and justified up to at least 50 per cent and that all other older advances have been fully justified. In addition, the disbursement of the 2<sup>nd</sup> tranche and the 3<sup>rd</sup> tranche will be conditional on the submission of evidence by the Recipient that funds have been secured respectively for the 2<sup>nd</sup> phase (200 houses) and the 3<sup>rd</sup> phase (100 houses) of the housing development. Audit of the project shall include a separate opinion on the use of the

Special Account, in accordance with the Bank’s standard terms of reference for external auditors and shall attest that: i) the requests for replenishment of the Special Account submitted are consistent with relevant information, ii) the internal controls and procedures used for their preparation, are reliable enough to justify the requests for replenishment, and iii) the goods and services financed from the special account have been received by the project.

3.5.2 To protect the interests of the Recipient and the AWF, the bank holding the special account must issue an irrevocable undertaking that: (i) Funds held in the Special Account will not, under any circumstances, be set off, seized or attached to satisfy amounts due to the bank by the project (for example by attachment) or be used as sundry collateral; (ii) Monthly statements of the Special Account will be issued and communicated to the project; and (iii) The account and related documents will be placed at the disposal of the AWF staff and its appointed auditors.

3.5.3 The expected Disbursement Schedule is shown in table 3.3 below.

*Table 3.3: Disbursement Schedule*

<b>Project Components</b>	<b>1<sup>st</sup> Tranche</b>	<b>2<sup>nd</sup> Tranche</b>	<b>3<sup>rd</sup> Tranche</b>	<b>Amount</b>
Component 1: Water and Sanitation Development	149 770	149 770	128 375	427 915
Component 2: Community Development and M&E	35 548	35 548	30 470	101 566
Component 3: Project Management	28 458	28 458	24 393	81 310
<b>Total</b>	<b>213 777</b>	<b>213 777</b>	<b>183 237</b>	<b>610 790</b>
Percentages (%)	35	35	30	100

### **3.6 Accounting and Audit Arrangements**

3.6.1 The Recipient shall maintain adequate records to account for the receipt of grant funds and disbursement of payments from the Special Account for services rendered or goods procured. The Recipient will equally ensure the custody of supporting documents and the preparation of Project Financial Statements (PFS), ready for audit reviews. The AWF shall arrange for the audit of PFS. Progress Reports shall include financial information.

### **3.7 Supervision, Monitoring, Evaluation and Reporting Arrangements**

3.7.1 The PMT will be responsible for data collection and processing necessary to report on project implementation progress and performance. The project M&E system shall include the use of participatory mechanisms coupled with strong technical expertise. The PMT’s skills mix shall include strong M&E expertise.

3.7.2 Baseline socio-economic data will be gathered at the community level during the Project start-up and will be followed by an independent evaluation consultant’s report on socio-economic performance at the mid-term and at the end of the project period. The data and information collected at these stages shall be disseminated to the relevant stakeholders.

3.7.3 The Recipient shall submit quarterly progress reports to the African Water Facility in a form to be agreed with the Facility, and that clearly indicates the level of attainment of results and addresses any discrepancies from the targets set.

3.7.4 The Recipient shall prepare and submit a final report of implementation attesting to the completion of the project and showing lessons learnt from implementation.

## 4. PROJECT BENEFITS

### 4.1 *Effectiveness and Efficiency*

4.1.1 In addition to being connected to the city water supply network, each beneficiary household in the Machinjiri integrated urban development initiative will be equipped with their own EcoSan toilet and a soak-away pit for household wastewater disposal. In order to ensure appropriate management of these facilities, as well as the handling and processing of EcoSan wastes, beneficiaries will receive training on basic hygiene, as well as on the operation and maintenance of their individual facilities.

4.1.2 The project is also expected to strengthen the financial base for water and sanitation development in Malawi<sup>14</sup> by presenting to donors an operational and continuous mechanism into which they could put funds, at anytime, for immediate implementation of water and sanitation developments for the poor. CCODE can create and maintain a database of qualified slum households and rollout the investments immediately, and in a continuous manner, as funds become available; this therefore reduces the delays involved in project preparation before implementation and will encourage donors wanting quick results to support the poor.

4.1.3 At the same time, financing water and sanitation investments on a revolving loans basis enhances beneficiary ownership, which, in turn, is likely to further strengthen the maintenance and sustainability of the investment. The monitoring of the continuation of the revolving fund after the project will through will through annual audit reports to be submitted to the AWF by CCODE for 5 years after the end of the project. Alternatively, an independent regulatory institution or micro-finance association in Malawi could monitor the continuation of the Revolving Fund after the end of the project.

4.1.4 A key element of the project is the integration of policy aspects and the participation of main stakeholders from the beginning, which will contribute to accelerate the interface and partnership building between Blantyre City Authorities and urban poor communities for continued urban development. In order to strengthen the possibility of replication and maximise the use of the knowledge generated, a strong component of documentation and dissemination of project experience and lessons learnt has been built into the project design. In addition, the representation of various key stakeholders in the PSC is expected to promote dialogue and commitment.

4.1.5 The proposed intervention is based on previous experiences by CCODE and MHPF with low-income urban development interventions in the City of Blantyre and elsewhere in Malawi. It focuses on providing appropriate and affordable solutions to the problems associated with rapid urbanisation and the spread of slums, while building local capacity and enhancing community empowerment. By adopting approaches that lead to achievable results and have immediate value to the poor communities, it is expected that the outbreaks of waterborne diseases like cholera can be eliminated in the future. At the same time, policy- and decision makers at different levels will be inspired by the project and motivated to support its replication and scaling up.

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<sup>14</sup> The role of the special financing mechanism for household water and sanitation investments is to generate a multiplier effect. The use of a revolving loan mechanism, through which beneficiaries will pay back the investment in water and sanitation facilities, as opposed to an actual donation, significantly contributes to enhanced efficiency, in that it frees up resources which can then be re-invested. This therefore increases the number of water and sanitation improvements to be achieved and the number of beneficiaries to be reached from the same investment. The beneficiaries will obtain loans at an interest rate of 1% per month, to cover inflation and reduce the erosion of the fund value. From an initial investment for 1500 households, it is expected that over the lifespan of the special revolving fund mechanism, estimated at 15 years, a total of at least 3500 households will benefit from the AWF funds. The results of a simulation of the revolving fund are shown in Annex 2.



4.1.6 A strong focus on community participation and gender equity greatly enhances both the effectiveness and the efficiency of the project, in that it strengthens ownership and self-esteem amongst the beneficiaries, thereby encouraging them to act collectively and actively seek solutions to the problems affecting their lives.

4.1.7 The Recipient has historically demonstrated strong capacity to implement participatory, pro-poor urban development projects with a focus on social equity, capacity building and integrated urban development. When combined with MHPF's and Mchenga Fund's expertise with community savings groups and revolving loans, and solid technical inputs of engineering consultants, and reinforced by the sharing of knowledge and oversight value of the Steering Committee, the project is set to realize its intended benefits.

## **4.2 Project Viability**

4.2.1 The implementing agency, CCODE, has facilitated a number of pro-poor interventions including water and sanitation. It has proven experience, e.g. the Angelo Goveyo housing scheme visited by an AWF mission in 2008, as well as the necessary organisational capacity to handle the overall supervision of this project. The Recipient already has adequate numbers of suitably qualified staff, who will be further reinforced. To facilitate project implementation, support to adequate logistics and office space will be included under this project. CCODE's contribution to project inputs has been secured from other sources.

4.2.2 The project specifically concerns the water and sanitation aspects of the above-mentioned joint initiative between the BCA and CCODE for a low-income integrated urban development scheme. Thus, mobilization of funds for the implementation of the latter, in particular the housing component (estimated at € 240 000), is a precondition for the successful implementation of the present urban poor water and sanitation project. As of August 2009 CCODE has secured € 124 221 towards this end from Homeless International, and negotiations for the remainder of the total amount are ongoing with Slum Dwellers International and expected to reach successful completion within a few months. At present, funds have thus been secured to cover the investment costs of the first phase of the three annual phases adopted for the implementation of the housing development.

## **4.3 Sustainability**

4.3.1 The project builds on already existing community organizational structures, i.e. community savings clubs. Sustainability is underpinned by a strong participatory approach with a clear focus on community capacity strengthening and empowerment. The training of beneficiaries and community technicians and the involvement of the community at all levels of the project will ensure a high degree of ownership of the project and its results, enhance community self-esteem and ensure sustainable operation of the facilities developed. The sustainability of the revolving fund mechanism will be ensured by the effective vetting procedures to be employed in selecting beneficiaries as well as the counselling they will receive. Also, loans will be provided generally as group loans, signed by all individuals in a group, such that advantage can be taken of peer pressure in loan repayments. These measures should reduce the risk of the non-payment of loans, and thereby ensure the availability of resources for subsequent generations of beneficiaries.

4.3.2 The Gender Development Index of Malawi is considered low at only 0.374 (2005). A strong disparity between men and women exists, and problems concerning access to resources based on social and economic status and gender, constitute major constraints to development<sup>15</sup>.

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<sup>15</sup> Malawi: MGDS (2007), IMF, P. 41

Integration of social concerns and gender issues is a key aspect of this project, and special consideration will be given to particularly vulnerable households in the selection of the beneficiaries of the project. These vulnerable families will receive further assistance through the “Skills and Livelihood Programme” run by the NGO, to enable them qualify for the loaning scheme and improve their chances of repaying the loans. All aspects of training under the project will be provided equally to male and female beneficiaries.

4.3.3 The project will contribute directly to the improvement of important environmental issues, which are affecting the urban poor in Blantyre, in particular the lack of appropriate sanitation. In addition to the environmentally friendly esocan toilets, general hygiene and sanitation awareness will be strengthened in the course of the awareness raising and training on hygiene and sanitation. The positive environmental benefits of the project are expected to continue in the longer term as more urban poor households are able to access the special fund for household water and sanitation investments. In general, no significant negative environmental impacts related to the project are envisioned, and implementation will be undertaken in accordance with Blantyre City Environmental Profile<sup>16</sup>.

4.3.4 Finally, the documentation and dissemination of lessons learnt as well as the continued advocacy activities and sustained collaboration with a range of stakeholders will stimulate interest and encourage replication or adaptation of similar interventions elsewhere in Blantyre and beyond.

## **5. CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Conclusions**

5.1.1 The proposed Project will contribute to improving the living conditions of the urban poor in Malawi through improved access to water and sanitation for poor households from the urban slums surrounding the City of Blantyre in Southern Malawi. The project incorporates individual household water connections, soak-aways and ecological sanitation facilities into a low-income residential development. The project approach builds on principles of pro-poor planning and active community participation and empowerment, complemented by the introduction of a special water and sanitation revolving fund and thus creating a multiplier effect at about 8 times on the initial investment, over the lifespan of the revolving fund.

5.1.2 Critical success factors include adequate beneficiary capacity for management of the EcoSan toilets, as well as ensuring the financing for the various phases of the new residential area development. These have been incorporated in the project as elements of the main component, and as conditions to second and third disbursements, respectively.

5.1.3 The project is well nested within national policies and is strongly endorsed by both the Government of Malawi and the Blantyre City Authorities. Similarly, the project is well embedded within the AWF strategy, contributing to strengthening the financial basis for water and sanitation investments, while incorporating several crosscutting issues at the same time. The experiences gathered during project implementation will generate useful knowledge and important lessons for future interventions concerning improved access to water and sanitation for the urban poor. The lessons learnt will be documented and disseminated for replication and adaptation in Malawi and elsewhere.

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<sup>16</sup> Blantyre City Environmental Profile, 125 pp, elaborated under the UN Habitat and UNEP joint ‘Sustainable Cities Program’

5.1.4 The Recipient enjoys the support of a range of other national and international stakeholders, and has the necessary capacity to implement the project.

## **5.2 Recommendations**

5.2.1 It is recommended that an AWF Grant not exceeding € 610 790 be extended to the Centre for Community Organisation and Development (CCODE), Malawi, for the purpose of implementing the project as described in this report, subject to the following specific conditions:

### *5.2.2 Conditions for First Disbursement*

The Grant shall enter into force upon its signature. The first disbursement of the Grant shall be conditional upon the fulfilment of the following conditions:

The Recipient shall

- i) Open a Special Account in Euros at a bank in Malawi acceptable to the AWF;
- ii) Provide evidence that development plans of the 15ha of land have been approved;
- iii) Designate a Project Manager acceptable to the AWF, to execute the project as described;
- iv) Create of the Special Fund for Water and Sanitation Investments for the Urban Poor, including an operational procedures manual of the same, to be approved by the AWF.

### *5.2.3 Conditions for Second and Third Disbursements*

The second and the third disbursements pertaining to the AWF grant will be conditioned upon the submission of evidence that the necessary additional resources have been secured for each phase corresponding to the respective disbursement (§2.5.2).

## ANNEXES

# Annex 1a: Map of Malawi



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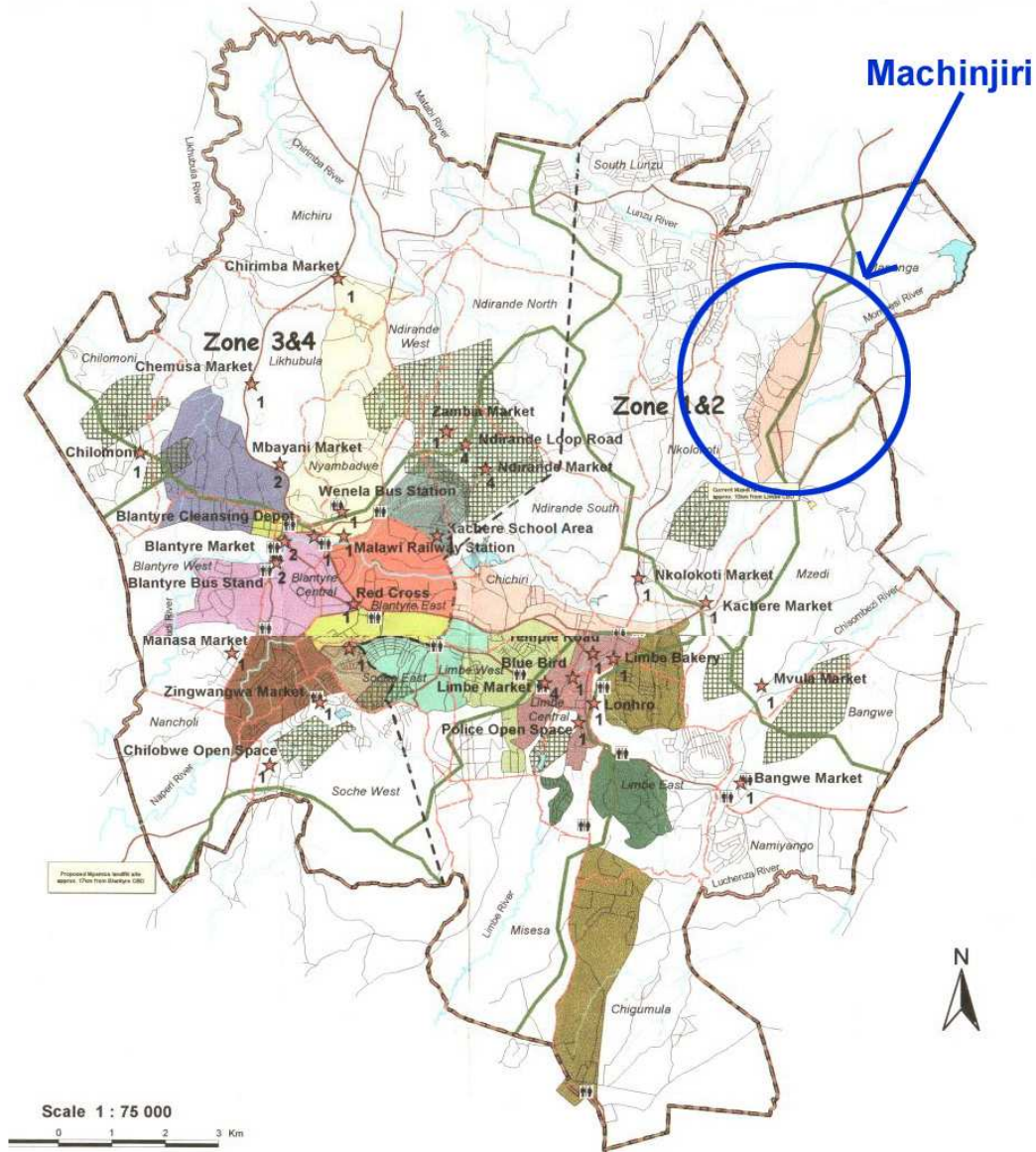
### Disclaimer

*This map was provided by the African Development Bank exclusively for the use of the readers of the report to which it is attached. The names used and the borders shown do not imply on the part of the Bank and its members any judgment concerning the legal status of a territory nor any approval or acceptance of these borders.*

**Annex 1b**

*Project Site located at Machinjiri.*

# Map of Blantyre City



**Disclaimer**

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## Annex 2a: Mchenga Fund Key Information

### 1. When did the Mchenga fund become operational?

The first Mchenga fund loans were provided in July 2006 to the Lilongwe Federation Group Area 49 for housing loans.

### 2. What is the current volume of lending operations?

The following data includes all loans given since the fund became operational.

Year	Loan Amount (MK)	# of Loans
2006	19,300,000	193
2007	53,181,131	565
2008	5,757,902	360
2009	3,470,523	301
<b>Grand Total</b>	<b>81,709,556</b>	<b>1,419</b>

(1€ = 200MK)

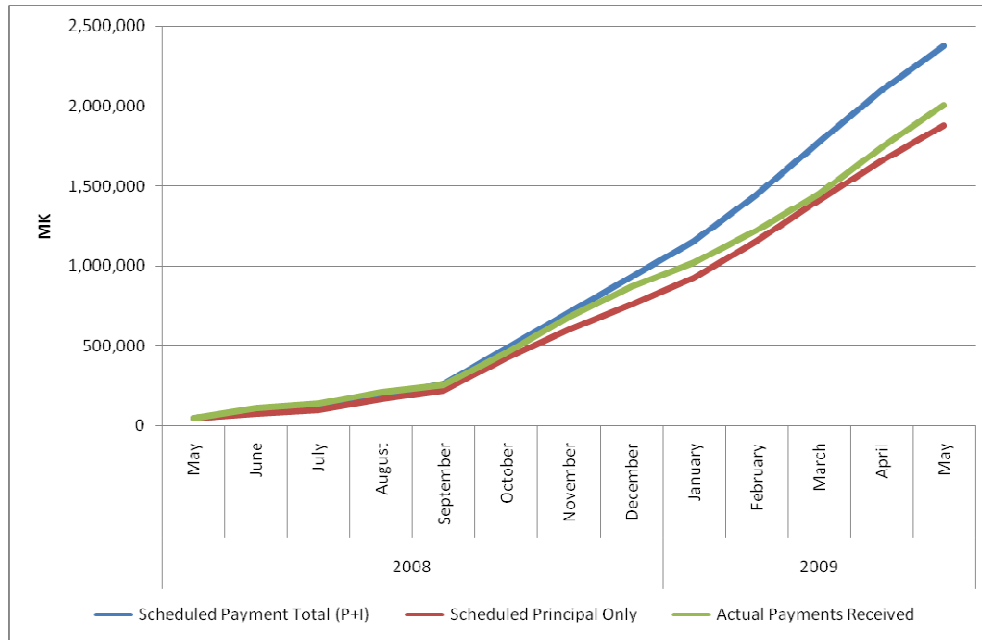
### 3. What is the recovery rate?

The date below reflects loans (MK) given since May of 2008, when new processes were initiated to improve loan recovery rates.

Row Labels	Scheduled Payment Total (P+I)	Scheduled Principal Only	Actual Payments Received	Profit/Loss
<b>2008</b>				
May	50,000	50,000	48,000	-2,000
June	83,916	76,050	106,710	30,660
July	117,856	102,625	139,510	36,885
August	189,316	167,240	212,510	45,270
September	262,234	223,503	255,440	31,937
October	485,826	424,789	453,900	29,111
November	706,964	600,610	675,828	75,218
December	929,854	760,376	870,676	110,300
<b>2009</b>				
January	1,154,937	924,284	1,019,386	95,102
February	1,443,209	1,153,451	1,218,602	65,151
March	1,774,828	1,408,803	1,447,058	38,255
April	2,093,719	1,657,884	1,739,991	82,107
May	2,374,423	1,879,378	2,006,631	127,253

#### Graph Demonstrating CCODE Repayment Rates since May of 2007:

Payments received exceed expected principal repayment rate.



#### 4. Financial statement for the Mchenga fund, which shows incoming and outgoing movements

The data below includes all loans (MK) since the Fund became operational.

Date	Loan Amount	Payment
<b>2006</b>	<b>-19,300,000</b>	<b>530,949</b>
July	-19,300,000	185,764
August		40,680
September		64,360
October		116,478
November		73,180
December		50,487
<b>2007</b>	<b>-53,181,131</b>	<b>2,235,234</b>
January		40,805
February		52,365
March		26,811
April		41,168
May		37,120
June	-8,839,876	35,354
July	-43,481,619	834,513
August		320,889
September		245,101
October	-859,636	253,573
November		176,042
December		171,493
<b>2008</b>	<b>-5,757,902</b>	<b>4,786,045</b>
January		212,358



February		228,834
March		190,623
April	-2,187,269	269,042
May	-500,000	250,703
June		388,690
July		327,567
August	-375,000	592,760
September	-245,463	483,384
October	-1,380,000	646,840
November	-1,070,170	636,089
December		559,155
<b>2009</b>	<b>-3,470,523</b>	<b>2,815,618</b>
January	-2,700,523	548,048
February	-610,000	505,682
March		604,978
April	-160,000	435,748
May		721,162
<b>Grand Total</b>	<b>-81,709,556</b>	<b>10,367,846</b>

## **ANNEX 2b: Sketch model for the operation of the special revolving fund for household water and sanitation investments**

### **OPERATION OF THE WATER AND SANITATION CAPITAL FUND**

To ensure that all the funds contributed towards the costs of Water and Sanitation will in future be used specifically for the same cause a separate bank account for the special fund for household water and sanitation investments will be opened. Loan repayments for Water and Sanitation will be deposited into this account.

Access to the fund will be made available to households, that wish to improve their water and sanitation situation, and who meet the eligibility criteria as stated in Mchenga Fund Operational Procedures or as modified by the Operational Procedures of the Water and Sanitation fund to be setup in parallel. Currently, via the Mchenga Fund, CCODE provides capital to households in the low income communities across the country for them to be able to either construct a sanitation unit or apply for individual household water connections. Currently such an application to the Water Boards is a once off payment of about MK30,000 (€150) to connect from the city network to an individual household meter and the household has to top up to purchase other equipment required beyond the meter. It is expected that households will form groups of between 10 to 20 households in their communities and then be able to apply for either sanitation upgrading or individual household connections. The phase one loan Recipients will also be eligible to apply to this facility for individual household connections and sanitation facilities.

These loans are expected to be repaid over a period of 24months and attract an interest of 1% per month or 12% per annum. This rate is just covering the current prevailing inflation rate in Malawi, which is about 10% per annum. It is expected that the operation costs will be covered through CCODE'S main operating costs so as to ensure that the fund only revolves around the poor and the charges do not make the facility unaffordable to the urban poor.

### **Determination of the ultimate number of beneficiaries and the lifespan of the Water and Sanitation Special Fund**

#### **Water and Sanitation Model**

The following tables and charts show the life time of the project and ultimate number of beneficiaries in real value terms as opposed to the monetary value. It would not be feasible to proceed with the project period beyond year 15. By that time 3627 individuals will have benefitted

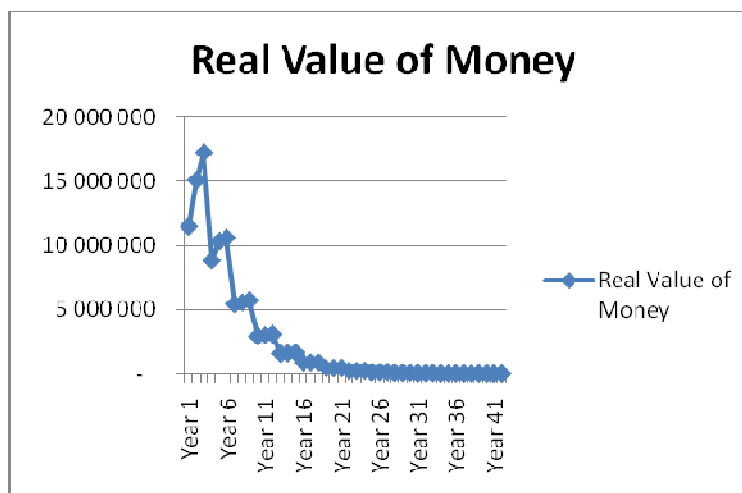
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## Project Life Time

### Assumptions

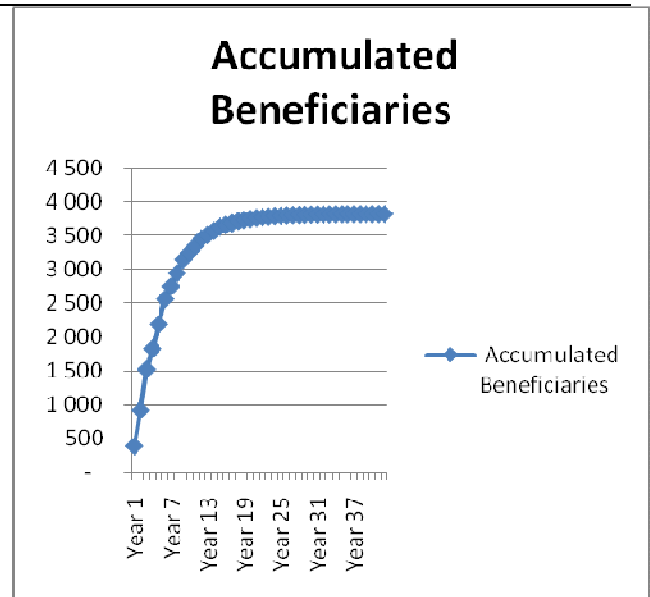
- All repayments are held for the whole year and re injected the following year in an independent revolving system;
- 
- In Years 1, 2 and 3 there are 400, 400 and 200 beneficiaries respectively directly benefiting from the injected fund
- Each individual accesses a loan amount of MK28,750 the entire life time of the project
- 85% of total repayments from a year are re injected into the system the following year
- In the inflation sheet is assumed that there is an inflation rate of 2 which doubles every three years
- Inflation is regarded only after year 3 because the fund is shielded by being in the foreign currency
- An Interest rate of 1% is charged every month on the reducing balance during the first injections while the revolving funds use an interest of 2%
- The injections last for 3 years and 1000 people benefit from it but repayments extend to year 4. (All repayments are made in 2 years)Refer appendix 1
- The repayments are separately revolved in a similar fashion as below

Period	Real Value of Money
Year 1	11,500,000
Year 2	15,117,226
Year 3	17,278,169
Year 4	8,833,169
Year 5	10,360,781
Year 6	10,610,634
Year 7	5,440,470
Year 8	5,575,714
Year 9	5,715,875
Year 10	2,929,419
Year 11	3,002,855
Year 12	3,078,055
Year 13	1,577,587
Year 14	1,617,105
Year 15	1,657,616
Year 16	849,570



Number of beneficiaries

Period	Accumulated Beneficiaries
Year 1	400
Year 2	926
Year 3	1,526
Year 4	1,834
Year 5	2,194
Year 6	2,563
Year 7	2,752
Year 8	2,946
Year 9	3,145
Year 10	3,246
Year 11	3,351
Year 12	3,458
Year 13	3,513
Year 14	3,569
Year 15	3,627
Year 16	3,656



### Annex 3: Stakeholder overview

Name of institution	Rationale for interest of stakeholder
Blantyre City Assembly, BCA	The local government authority in charge, the BCA, has a keen interest in limiting the problems related to uncontrolled spread of slums
Blantyre Water Board, BWB	Responsible for providing potable water supply to all the population of Blantyre City.
Government of Malawi	Currently developing a Water and Sanitation Act and a National Housing Policy through the Ministry of Irrigation and Water Development and the Ministry of Housing and Urban Development
Malawi Homeless People's Federation, MHPF	Will use the lessons learnt in improving development projects in other areas of Blantyre city and in other cities of Malawi
Mchenga Fund	Will be able to expand credit products to include special fund for household water and sanitation investments. This in turn is likely to increase the total loan portfolio and no. of borrowers.
Faculty of Built Environment, University of Malawi	Will benefit from the project in fostering its research and training activities
Water and Sanitation Program, University of Malawi, WASHTED	Will support the design of sanitation facilities.
Homeless International	International NGO and co-financer of integrated urban development scheme.
Slum Dwellers International	International NGO and co-financer of integrated urban development scheme.
United Nations Environment Program, UNEP	Proponent of environmental directions and policy perspectives including Ecosan as environmentally friendly approaches to low cost and sustainable sanitation development.
UN-Habitat, Malawi	Policy interest and advice, urban development as core business

## Annex 4: Analysis of alternative water supply options

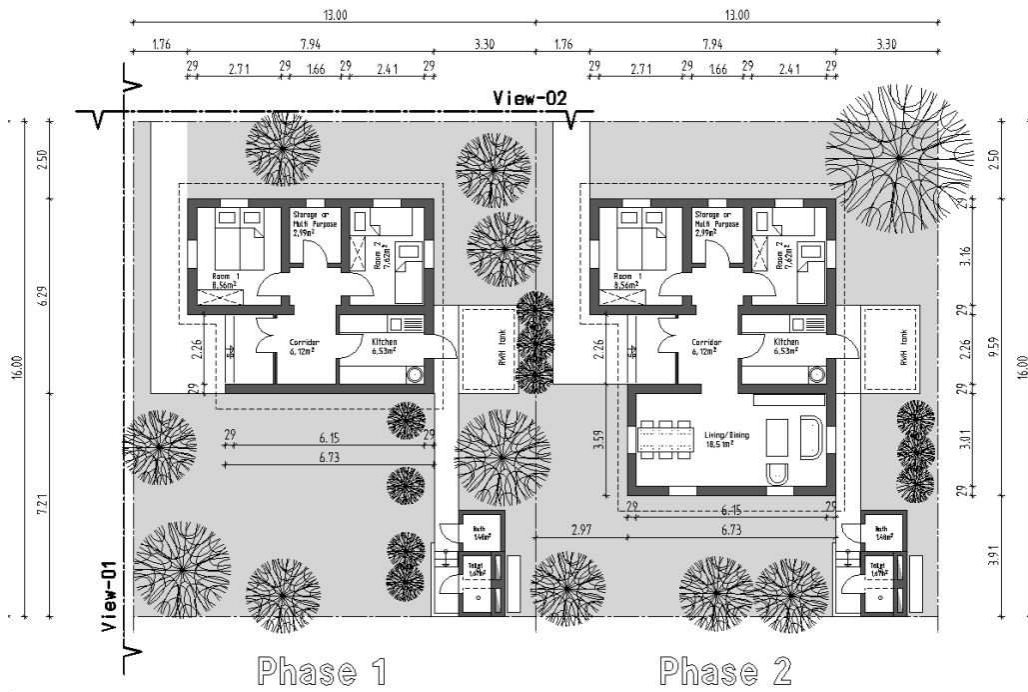
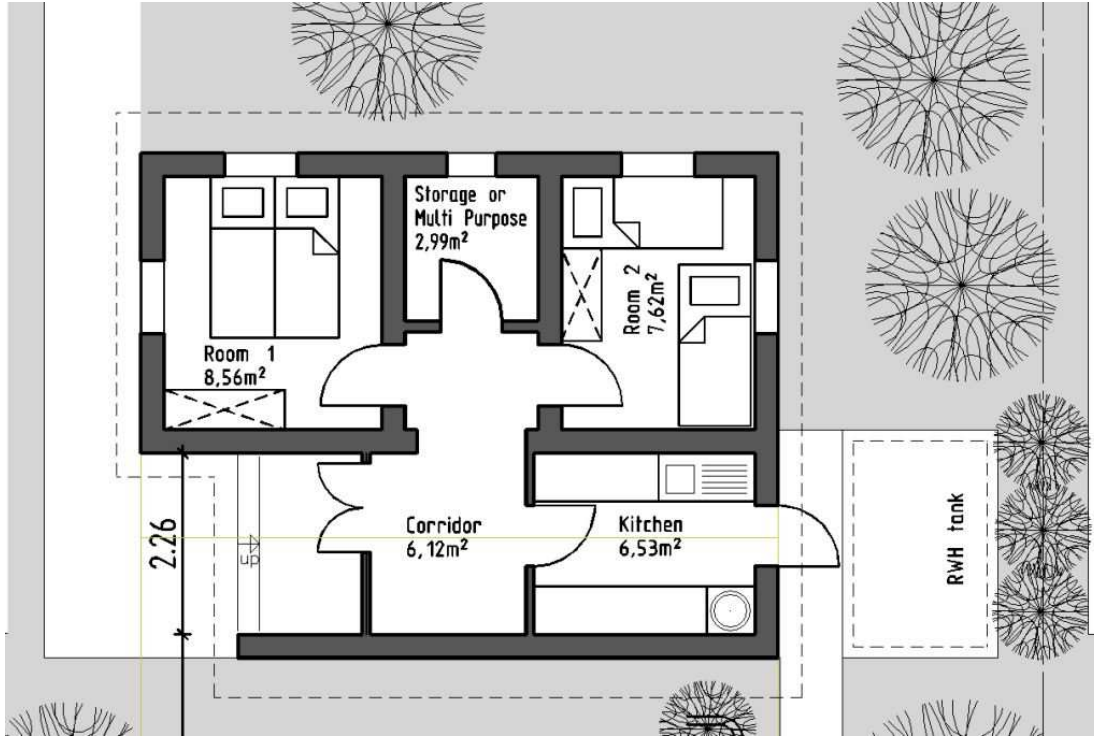
### Water Supply Alternatives Analysis Summary

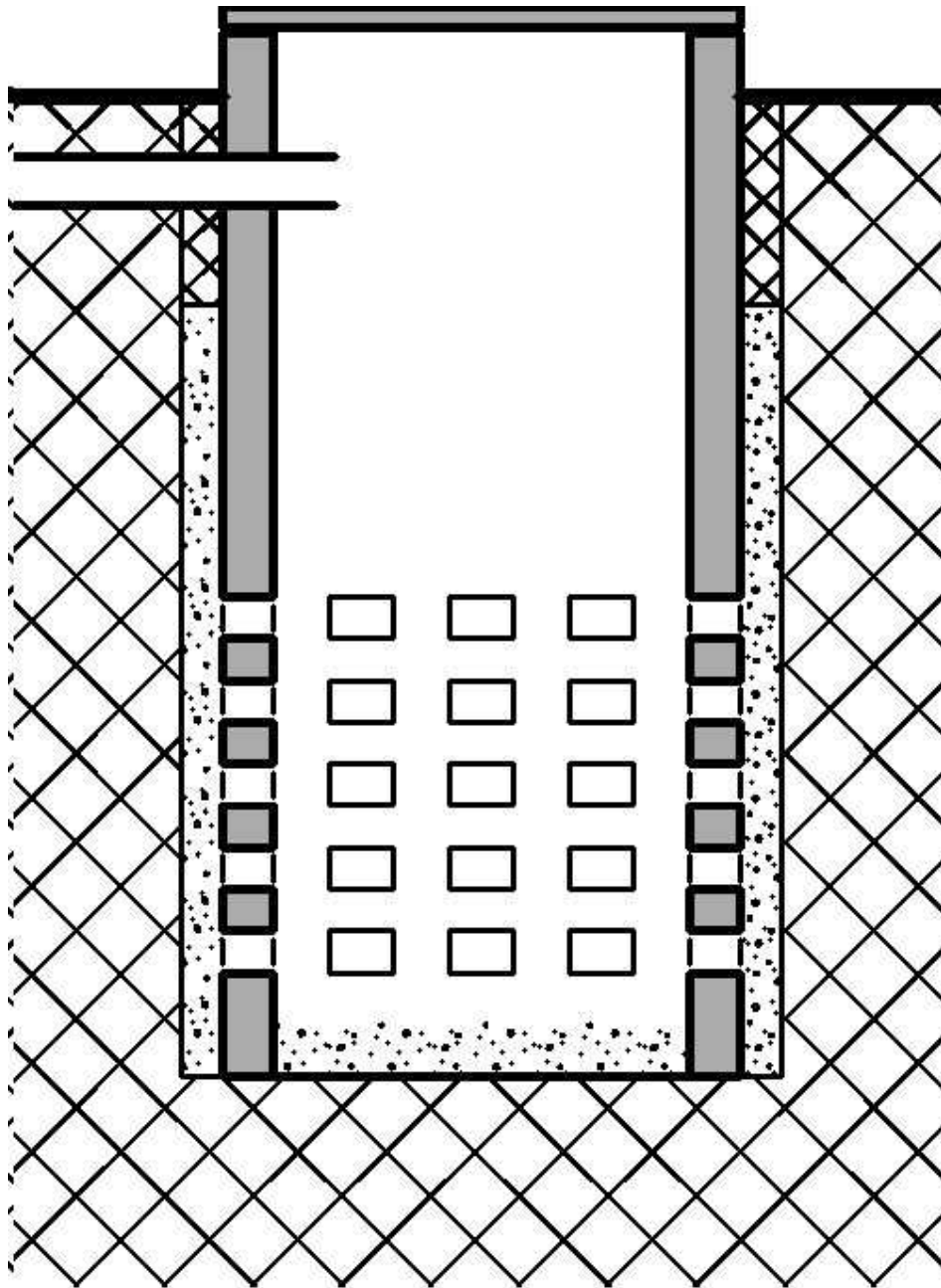
N°	Alternatives	Legal/Institutional Feasibility	Technical Constraints and feasibility	Estimated capital investment cost (€)	Maintenance costs per year (€)	Potability	Overall sustainability	Total Score/350	Rank
		Score/100	Score/50	Score/50	Score/50	Score/50	Score/50		
1	Collection of rainwater run-off and stream water, storage in reservoir, treatment and pumping up to a water tower, distribution.	Will require some negotiations and clearance from the Blantyre City authorities;	Stream is seasonal; require capacity for 5 months storage	872,000	18,000	Medium to High; with proper treatment	Low to medium.	190/350	4 <sup>th</sup>
		70/100	30/50	10/50	10/50	40/50	30/50		
2	Roof water collection system for 500 individual roofs	No issues	Will require capacity for 5 months storage	445,000	5,000	Low to Medium (periphery of town – no lead in fuel)	High (individual responsibility)	250/350	2 <sup>nd</sup>
		100/100	40/50	20/50	25/50	20/50	45/50		
3	Rainwater collection using a concreted surface, storage in reservoir, treatment and pumping up to a water tower, distribution.	Will require some negotiations and clearance from the Blantyre City authorities	Will require capacity for 5 months storage	859,000	15,000	Medium to High; with proper treatment	Low to medium.	215/350	3 <sup>rd</sup>
		80/100	40/50	10/50	15/50	40/50	30/50		
4	12 Boreholes at 250 people per borehole.	Not permitted within city boundaries by the Blantyre City authorities; the site is within the city – will require protracted negotiations.	To be confirmed by geophysical studies	274,000	4,000	Medium to High	Low to medium.	165/350	5 <sup>th</sup>
		10/100	30/50	30/50	25/50	40/50	30/50		
5	Connection of each of the 500 households to the City Water Network	No issues	Main pipes with high pressure located 500m away. Supply un-reliable but can be mitigated with minimal household storage.	79,500	3,000	Medium to High; with proper treatment	Low to Medium (risks of disconnections due to non payment of bills.	305/350	1 <sup>st</sup>
		100/100	45/50	50/50	50/50	40/50	20/50		

NB: Capital investment costs will be loaned out to each household, which will repay and the repaid amounts will be loaned out to further sets of households, at least five times over.

## Annex 5: Drawings of houses and individual sanitation facilities.

### Sketches of Components of the Housing, Soak-away and Ecosan Facilities PLANS OF HOUSES





**Soak away**



## **Ecosan Technical Specifications**

### ***Description***

The Ecosan toilets are urine diversion toilets that are constructed with 2 vaults. One vault is used first and when it is full, they use the next vault. When the second vault is full, the first vault is ready to be opened again. The first vault is closed for 6 months in order to allow decomposition of the human manure and also to allow pathogens to die-off. When the second vault is full, then the first vault can be used again.

### ***Faeces holding capacity***

The faeces holding capacity varies depending on the number of people in the household. The minimum dimension is 1.5m x 1.5m x 1m. The dimensions for the 2 vaults is calculated considering the following: number of people in the household, litres of faeces produced in 6 months, and number of months for the vault to be closed

### ***Approximate time between emptying***

The approximate time between closing and emptying a vault is 6 months or more. This timeframe ensures that pathogens are inactivated and bad bacteria (i.e. helminthes) is eliminated. Research shows that *Ascaris Lumbricoids* dies before 6 months, making it safe to re-use the faeces as garden fertilizer after a period of 6 months. In addition, soil and ash are added after each defecation to reduce smell and to inactivates the micro-organisms as well as increase the PH. Water is not allowed to be thrown in the toilets because moisture is related to the organism survival in soil and faeces so a drying process decreases the number of pathogens in the manure prior to being emptied.

### ***Treatment of faeces***

Treatment is primary by directly adding ash in the toilet when one defecates or secondarily by closing the vault for six months. The combination of safe storage and fast destruction of the pathogens in excreta are needed in order to prevent contamination of the environment. Inactivation of pathogens will also occur on agricultural land after application of the humanure as fertilizer and on crops. The inactivation is dependent on ambient temperature, moisture and sunshine (that will increase the temperature, decrease the moisture and affect pathogens by UV-light. In the soil, the naturally occurring microorganisms will also compete with the introduced pathogens and enhance their die-off. The additional reduction with time, constituting a “barrier function in agriculture” is of additional importance, especially for crops that are to be consumed raw. For safe handling of other crops and to reduce cross-contamination during food preparation, the withholding period (time between fertilization and harvest) is of importance.

### ***Safety measures in handling dried faeces***

When emptying the vaults to remove the dried faeces, the people handling the faeces wear gloves, and make sure that they wash their hands after handling the waste.

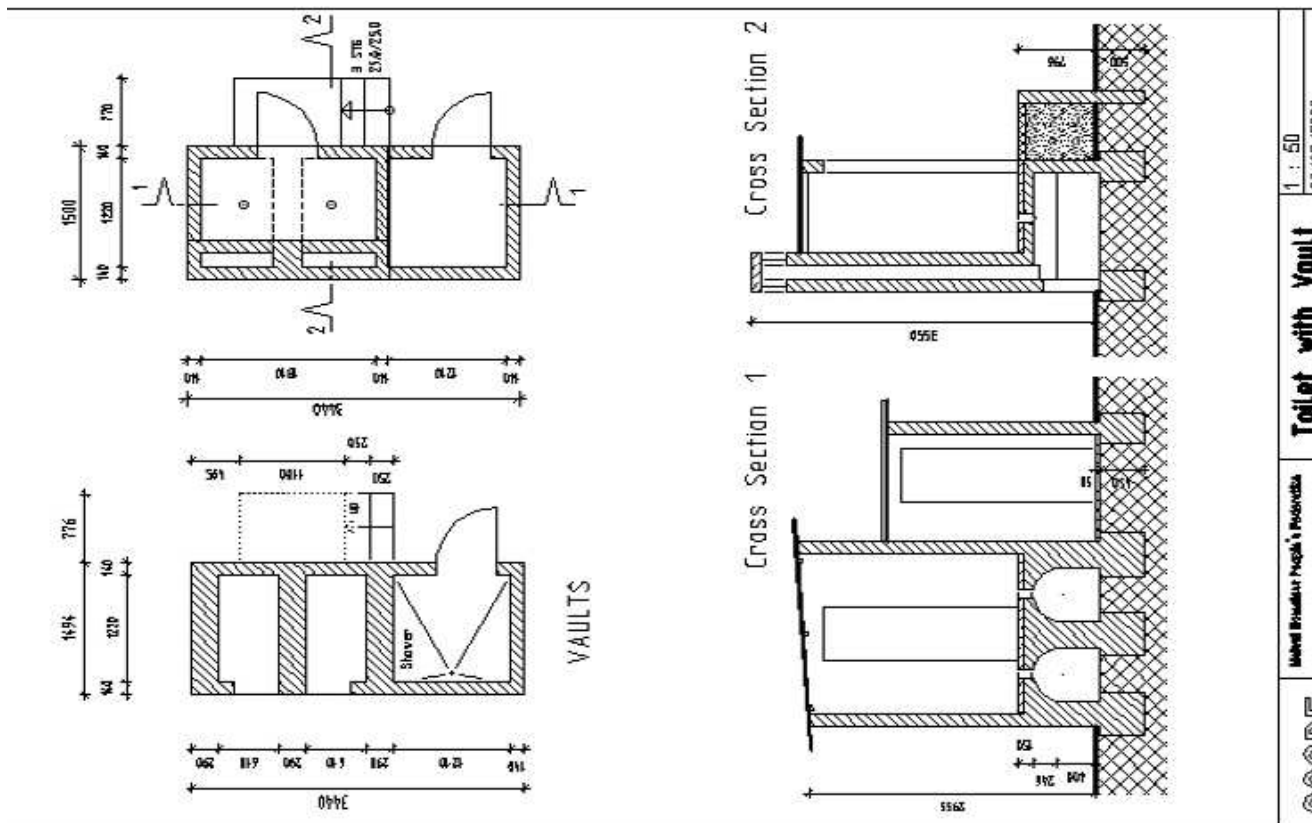
### ***Specific safety measures in handling the diverted urine***

The urine diversion toilet is designed in such a way that there is no contamination of urine by faeces. Human urine is not considered to be an important source of transmission of disease due to low prevalence. There is a range of other pathogens that have been detected in urine but their presence may not be considered significant for the risk of environmental transmission of disease. The survival of various microorganisms in urine through time is affected by the storage conditions.

The main risks of disease transmission from handling and using human urine are related to faecal cross-contamination of urine and not from the urine itself. Even though some pathogens may be excreted in urine, the faecal cross-contamination that may occur by misplacement of faeces in the urine-diverting toilet is the most significant health risk. This risk is mitigated through proper training on maintenance and use of the toilet.

Studies have been performed with different microorganisms added to the urine and their inactivation followed over time. For the urine, mainly temperature and an elevated pH (~9) in combination with ammonia have been concluded to affect the inactivation of microorganisms. For single households, the urine mixture can be used without storage for all type of crops, provided that the crop is intended for the household’s own consumption and that one month passes between fertilizing and harvesting, i.e. time between last urine application and consumption.

*Sketch of “Skyloo” Ecosan toilette*



### Annex 6a: Plan for sourcing of funds for the housing development.

Funding Agency	Amount (Euro)	Status
Homeless International	86,267	<i>Secured</i> Contributions already transferred to the Mchenga Fund
Homeless International	33,180	<i>Confirmed</i> Contributions confirmed and to be transferred to the Mchenga Fund this financial year
Slum Dwellers International	120,553	<i>Outstanding</i> Negotiations currently taking place for both Capital and Technical Assistance support amounting to US\$300,000

### Annex 6b: Cost Estimates for the Housing Development (500 homes).

					Contributors		
				Total (€)	CCODE (€)	Blantyre City Assembly (€)	Beneficiaries (€)
Acquisition of 15 ha Land	LS	1	219 913	219 913		219 913	
Land Planning and Development (surveying, roads, drainage)	LS	1	31 475	31 475		25 290	6 185
Construction of Houses*	Units	500	633	316 263	217 302		98 961

### Budget for the Water and Sanitation Aspects

Components	AWF	CCODE	BENEFICIARIES	TOTAL
Component 1: Water and Sanitation Development	396 218	-	147 718	543 936
Component 2: Community Development and M&E	94 042	-	-	94 042
Component 3: Project Management	75 287	41 270	-	116 557
Sub-Total	565 546	41 270	147 718	754 535
Contingencies (Physical 5%, Price 3%)	45 244	3 302	11 817	60 363
<b>Total</b>	<b>610 790</b>	<b>44 572</b>	<b>159 536</b>	<b>814 897</b>

CCODE will source funds as shown in Annex 6a, for the development of the housing development; the Blantyre City Assembly has provided 15ha land valued as shown above. The beneficiaries will contribute in-kind by providing local building materials such as stones, sand and bricks for the construction of their individual homes and the water and sanitation facilities.

**Annex 7: CCODE registrations, Government endorsement and financial statement**



NON-GOVERNMENTAL ORGANISATIONS BOARD OF MALAWI

**CERTIFICATE OF REGISTRATION**

This is to Certify that

**Centre for Community Organisation and Development**

Has complied with the requirements of section 4 and section 20 of the  
Non-Governmental Organisations Act No. 3 of 2001 and has been  
registered under this Act to operate  
in Malawi as a

**NON-GOVERNMENTAL ORGANISATION (NGO)**

Given under our Hands and seal this  
28<sup>th</sup> day of February 2006

  
.....  
Board Chairperson

  
.....  
Registrar

Registration Number: NGO/R/06/02





# Council for Non Governmental Organisations in Malawi (CONGOMA)

## Certificate of Membership

is hereby granted to:

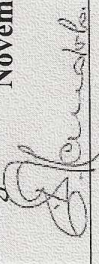
### **CENTRE FOR COMMUNITY ORGANISATION AND DEVELOPMENT - CCODE**

to certify that they are a member of the Council for Non Governmental Organisations  
in Malawi (CONGOMA)

Registration Number: C 256 / 2005

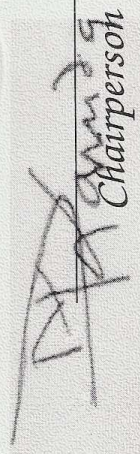
Certificate Number: 01 / 107

Date granted: November 21<sup>st</sup>, 2006



Executive Director



  
Chairperson

Validity: Jan - Dec 2006



THE TRUSTEES INCORPORATION RULES  
**CERTIFICATE OF INCORPORATION**

I HEREBY CERTIFY that .....  
THE REGISTERED TRUSTEES OF THE CENTRE FOR .....  
COMMUNITY ORGANISATION DEVELOPMENT (CCODE) .....

is this day incorporated under the provisions of the Trustees Incorporation Act, 1962, and that the device affixed hereto of the common seal is approved.

GIVEN under my hand at ..... this ..... day of .....  
LI LONGWE .....  
November ..... twenty thousand and ..... THREE.



*[Signature]*  
FAUL J. MAULIDI MF  
Minister of Justice and Attorney-General

Tel. No. (265) 01 770 344/ 221  
Fax No. (265) 01 773 737  
Email : [afmchiela@yahoo.com](mailto:afmchiela@yahoo.com)



Tikwere House  
City Centre  
Private Bag 390  
Lilongwe 3  
MALAWI

## MINISTRY OF IRRIGATION AND WATER DEVELOPMENT

WD/CONF/1/1

21<sup>st</sup> November, 2008

The Director  
African Water Facility  
African Development Bank  
Lilongwe

Dear Sir,

### IMPROVING ACCESS TO WATER AND SANITATION FOR THE URBAN CITY OF BLANTYRE CITY PROJECT

I, undersigned, representing Ministry of Irrigation and Water Development in Malawi hereby declare that I am familiar with the work of CCODE and wish to endorse the above mentioned project as described in the request for funding. The NGO is duly registered in Malawi and is in good standing with all statutory requirements according to the laws of Malawi and provides credible services that are fully compatible with the National Water Policy. For the particular project being proposed for financing by the African Water Facility, I have received and reviewed the requisite documentation justifying the project and I am satisfied with them. In the case the project would be accepted for financing from the African Water Facility, I am in agreement that it will contribute to the framework of our National Plan for Water Supply Development.

Yours faithfully

A handwritten signature in black ink, appearing to be 'R.W.M. Nakanga'.

R.W.M. Nakanga

**FOR/SECRETARY FOR IRRIGATION AND WATER DEVELOPMENT**



# The City Assembly of Blantyre

The Secretariat  
Town Hall  
Civic Centre  
Kasungu Crescent  
Private Bag 67

All correspondences to be addressed to :

The Chief Executive  
Phone: (265) 01 870 211  
Fax: (265) 01 870 508 / 01 870 417  
E-mail: bcadministration@sdpn.org.mw

26 November 2008

The Director  
African Water Facility  
African Development Bank

Dear Sir,

## IMPROVING ACCESS TO WATER AND SANITATION FOR THE URBAN POOR IN THE CITY OF BLANTYRE

I, undersigned, representing Blantyre City Assembly, urban local authority in Malawi, hereby declare that I am familiar with the work of Centre for Community Organisation and Development (CCODE) and wish to endorse the above mentioned project as described in the request for funding. The NGO is duly registered in Malawi and is in good standing with all statutory requirements according to the Laws of Malawi and provides credible services that are fully compatible with the National Water Policy, government low cost housing initiatives and harmonised urban development. For the particular project being proposed for financing by the African Water Facility, I have received and reviewed the requisite documentation justifying the project and I am satisfied with them. In the case the project would be accepted for financing from the African Water Facility, I am in agreement that it will contribute to the framework of our National Plan for Water Supply Development. At local level the project will help determine improvement of sanitation in the low income areas of the City. Despite having good annual rainfall, the City is always faced with perennial water problem. The project will therefore attempt to address the water problems, improve safe water supply and socio-economic empowerment of the low income residents in the City of Blantyre.

Yours faithfully,

Costly Chanza  
Director of Town Planning and Estates Services  
For: **CHIEF EXECUTIVE**

## **Audited Financial Statements 2008 - CCODE**

(SEE SEPARATE DOCUMENT ATTACHED)



## Annex 8: Implementation Schedule

CCODE: Improving Access to Water and Sanitation for the Urban Poor in the City of Blantyre

Activity Schedule	Duration in months																																						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36			
Procurement of Consultancy Services & goods and Activities leading up to Grant Effectiveness	█																																						
<i>Component 1: Water and Sanitation Development</i>																																							
Detailed Design of Water and Sanitation facilities																																							
Construction of Ecosan Toilets																																							
Extension of City water network to site (500m)																																							
Connection of homes to city water network																																							
Construction of soak-aways*																																							
Construction of water kiosks																																							
<i>Component 2: Community Mobilisation, Capacity building and M&amp;E</i>																																							
Setup Special Water & sanitation fund and provide loans to poor Blantyre households																																							
Technical training on construction, operation and management of ecosan facilities																																							
Community to community Exchange visits for learning																																							
Public awareness, Mobilisation of Community and Strengthening of relations with BCA																																							
Baseline surveys																																							
Monitoring & Evaluation (Mid-term review & drawing of Lessons Learnt Studies )																																							
Devolution workshop + publication and dissemination of lessons																																							
<i>Component 3: Project Management</i>																																							
Acquisition of Capital Assets (vehicle...)																																							
Steering Committee & Stakeholders meetings; Launching & handover																																							
Coordination & supervision (monitoring and evaluation, reports and organisation of workshops )	█																																						

## Annex 9a: Cost Estimates (Budget)

COST ESTIMATES (€ - excluding taxes)								
	mm=man-months; LS=Lump Sum							
Item N°	Project Output Components and Activity Cost Items	Units	Q'ty	Unit Cost (€)	Total	AWF Contributions	Recipient Contribution (€ - excluding taxes)	
							CCODE	Community
	<b>Component 1: Water and Sanitation Development</b>							
1	Water and Sanitation Consultant (Detailed Designs)	mm	2	9 500	19 000	19 000		
2	Site Supervisor (Construction Engineer)	mm	30	1 500	45 000	45 000		
3	Site Foremen (Construction Technicians)	mm	60	750	45 000	45 000		
4	Construction of Ecosan Toilets*	Units	1 000	230	230 214	126 471		103 743
5	Extension of city water network to the project site	LS	1	9 000	9 000	8 100		900
6	Connection of individual homes to the city network, including meters	Units	1 000	150	150 000	135 000		15 000
7	Construction of soak-aways*	Units	500	91	45 722	17 647		28 075
	Contingency (physical 5%, price 3%)	%	8		43 515	31 697	-	11 817
	<b>Sub-total Component 1</b>				<b>587 451</b>	<b>427 915</b>	-	<b>159 536</b>
	<i>Sub-total Component 1 - Excl Contingency</i>				<i>543 936</i>	<i>396 218</i>	-	<i>147 718</i>
	<b>Component 2: Community Development and M&amp;E*</b>							
8	<i>Technical support</i>							
8.1	Technical Training on construction of ecosan facilities	group	12	1 399	16 792	16 792		
8.2	Technical Training on operation and management of ecosan facilities	group	50	144	7 200	7 200		
9	Community to community exchange visits for learning	visit	10	694	6 938	6 938		
10	Public Awareness Meetings	meeting	3	1 600	4 800	4 800		
11	Media sensitization on loans for ecosan and water connection (Brochures, Radio & TV programmes)	LS/yr	2	4 530	9 060	9 060		
12	Engagement with Government stakeholders, Steering Committee & Stakeholders meetings; Launch & handover Ceremonies	LS	1	23 252	23 252	23 252		

13	Baseline surveys (NGO)	mm	4	1 500	6 000	6 000		
14	Project Monitoring and Evaluation and Drawing of Lessons Learnt (External Consultant + Devolution workshop + publication and dissemination of lessons, including on the internet)	LS	1	20 000	20 000	20 000		
	Contingency (physical 5%, price 3%)	%	8		7 523	7 523		
	<b>Sub-total Component 2</b>				<b>101 566</b>	<b>101 566</b>		
	<i>Sub-total Component 2 - Excl Contingency</i>				<i>94 042</i>	<i>94 042</i>		
	<b>Component 3: Project Management *</b>							
15	Vehicle	Units	1	20 000	20 000	20 000		
	Office furniture and equipment	LS	1	3 574	3 574	3 574		
16	Operating costs (rents, office supplies, telecom, utilities)	month	30	520	15 585	15 585		
17	Staff missions to support M&E consultant	Units	2	844	1 688	1 688		
18	Monthly meetings on vetting and loan disbursements	meeting	30	286	8 580	8 580		
19	Community led monitoring & evaluation process (monthly)	month	30	241	7 230	7 230		
20	Monthly site visits (Lilongwe to Blantyre) by CCODE management	visit	30	621	18 630	18 630		
21	CCODE Staff salaries (tasks include monitoring and evaluation, reports and workshops organisation)	LS	1	41 270	41 270		41 270	
	Contingency (physical 5%, price 3%)	%	8		9 325	6 023	3 302	-
	<b>Sub-total Component 3</b>				<b>125 881</b>	<b>81 310</b>	<b>44 572</b>	<b>-</b>
	<i>Sub-total Component 3 - Excl Contingency</i>				<i>116 557</i>	<i>75 287</i>	<i>41 270</i>	<i>-</i>
	<b>Total Amounts (€ - excluding taxes)</b>				<b>814 897</b>	<b>610 790</b>	<b>44 572</b>	<b>159 536</b>
	<i>Total Contingencies</i>				<i>60 363</i>	<i>45 244</i>	<i>3 302</i>	<i>11 817</i>
	<i>Total - Excl Contingency</i>				<i>754 535</i>	<i>565 546</i>	<i>41 270</i>	<i>147 718</i>
				%	100	<b>74,95</b>	5,47	19,58
	* See details attached on the following pages							

## Annex 9b: \*Detailed Cost estimates – Soak-aways, ecosan facilities, Capital Assets and Community Mobilisation and training

### \*Bill of quantities for construction of Soak-aways (MK)

DESCRIPTION	QUANTITY	UNIT COST	TOTAL	COMMUNITY CONTRIBUTION
Bricks	500	3,00		1 500,00
Cement	2	2 350,00	4 700,00	
Sand	1	3 000,00		3 000,00
Stones and Duarry Stones				4 000,00
Labour charge (Builders)	1	1 900,00	1 900,00	
Excavation	LS	2 000,00		2 000,00
<b>TOTAL COSTS</b>			<b>6 600,00</b>	<b>10 500,00</b>

1€=187MK

MK

MK

### \*Bill of quantities for construction of Ecosan toilets (MK)

DESCRIPTION	QUANTITY	UNIT COST	TOTAL	COMMUNITY CONTRIBUTION
Cement	3	2 350,00	7 050,00	
Cement for soil stabilisation	1	2 350,00	2 350,00	
Sand	1		-	5 000,00
Dambo soil	1		-	3 000,00
Quarry stone	1	-		5 000,00
Iron sheets 12"	3	1 600,00	4 800,00	
wire nails	1	350,00	350,00	
2 x4 soft wood	2	500,00	1 000,00	
230m D.P.C	1	300,00	300,00	
door frame	2	800,00	1 600,00	
Doors	2	2 000,00		4 000,00
PVC pipe (110mm)	1	600,00	600,00	
PVC pipe (40mm)	1	600,00	600,00	
Locks and Hinges	1	400,00		400,00
Labour charge (Builders & carpenters)	1	4 000,00	4 000,00	
Urine Collection Container	1	1 000,00	1 000,00	
Excavation	LS	2 000,00		2 000,00
<b>TOTAL COSTS</b>			<b>23 650</b>	<b>19 400</b>

MK = Malawi Kwacha,

1€=187MK

**\*Cost estimates for capital assets**

*CAPITAL ASSETS	Qty	UP (MK)	AWF (MK)	CCODE	Blantyre City Assembly	TOTAL Euro
Motor vehicle	1	4 000 000,00	4 000 000,00			20 000,00
Office Furniture		350 000,00	350 000,00			1 924,24
Office Equipment		300 000,00	300 000,00			1 649,35
<b>Sub total</b>		<b>4 650 000,00</b>	<b>4 650 000,00</b>			<b>23 573,59</b>

**\* Community Mobilisation, Training and Project Management Cost Details**

	Description	Unit Cost	Quantity	Total in MK	Total in Euro
<i>Cost Item</i>	<b>Component 2: Community Development and M&amp;E*</b>				
8	<i>Technical support</i>				
<b>8.1</b>	<b>Technical Training on construction of ecosan facilities</b>				
	Cement ( 5 bags in 12 areas	2350	60	141000	705
	Wire nails per kg	400	72	28800	144
	2 x4 soft wood	450	180	81000	405
	230m D.P.C	500	12	6000	30
	sand	22000	12	264000	1320
	Bricks + Transport	10500	12	126000	630
	Trainers Allowance	2000	240	480000	2400
	Trainees Allowances	1000	1200	1200000	6000
Builders Training Materials	Tape measure (5m)	650	36	23400	117
	Building level	1000	36	36000	180
	Building Trowel	1350	36	48600	243
	Builder Line	1150	36	41400	207
	Conner Square	1000	36	36000	180
	Trowel Conners(in and out)	1150	36	41400	207
	Shine Trowel	1550	36	55800	279
	Pronto	800	36	28800	144
	Hack Saw	1100	36	39600	198
	Plane No.5	6900	12	82800	414
	Marking gauge	3900	12	46800	234
	Tape measures (5m)	650	36	23400	117
	Try Square	395	36	14220	71,1
	Set of Chiessels	3500	12	42000	210
	Cross Cut Saw	1900	12	22800	114
	Ball Saw	1100	36	39600	198
	Tenon saw	1900	12	22800	114
	Hammers	1250	24	30000	150
	Adze	2500	12	30000	150

	Screw drivers	395	36	14220	71,1
	Hack Saw	1400	24	33600	168
	Deep Plough	12000	12	144000	720
	Communication	5600	24	134 400	672
				<b>3 358 440,00</b>	<b>16 792,20</b>
<b>8.2</b>	<b>Technical Training on operation and management of ecosan facilities</b>				
	Refreshments and Lunch (10 people/group for 100 groups)	500	1000	500 000	2 500
	Transport for Facilitators	250	600	150 000	750
	Allowances for facilitators	500	300	150 000	750
	Writing pads	150	1000	150 000	750
	Flip charts	900	100	90 000	450
	Masking tape	500	20	10 000	50
	Photocopying	10	4000	40 000	200
	Ream of Paper	1500	50	75 000	375
	Markers	100	100	10 000	50
	Communication	1400	100	140 000	700
	Hall Hire	2500	50	125 000	625
				<b>1 440 000,00</b>	<b>7 200</b>
Total 8.2+8.1		<b>23 992,20</b>			
<b>9</b>	<b>Community to community exchange visits for learning</b>				
<b>9,1</b>	Onsite learning visits by community leaders to successful projects to encourage other communities to mobilize and become involved (contributing to replication and scale-up)				
	Transport to/from LL ( 4 members for 3 days)	4000	40	160 000	800
	Per Diems	6000	120	720 000	3 600
	Communication	1400	10	14 000	70
	Local Transport during Visit	500	200	100 000	500
				<b>994 000</b>	<b>4 970,00</b>
<b>9,2</b>	Meetings with community leaders (market chiefs & village chiefs) who would like to apply for a Mchenga fund loan for a household toilet and individual water connections.				
	Refreshments	100	2400	240 000	1 200
	Communication	1400	24	33 600	168
	Transport	500	240	120 000	600
				<b>393 600,00</b>	<b>1 968,00</b>
	<b>Total</b>			<b>1 387 600,00</b>	<b>6 938,00</b>
<b>10</b>	<b>Public Awareness Meetings</b>				
	Tent for public awareness campaign	30 000	3	90 000	450
	Chair rental	30 000	3	90 000	450
	Refreshments ( 500 people * K100)	50 000	3	150 000	750
	Banners ( 30,000 for 3)	30 000	3	90 000	450

	Media (TV, radio, drama, musicians)	80 000	3	240 000	1 200
	Transport for participants	100 000	3	300 000	1 500
				<b>960 000</b>	<b>4 800</b>
<b>11</b>	<b>Media sensitization on loans for ecosan and water connection (Brochures, Radio &amp; TV programmes)</b>				
	Leaflets( 1000)	58 000	2	116 000	580
	Posters (500 posters )	56 000	2	112 000	560
	Booklets on sanitation	275 000	2	550 000	2 750
	Radio programmes ( per jingle)	75 000	6	450 000	2 250
	TV documentaries (2 per yr)	292 000	2	584 000	2 920
				<b>1 812 000</b>	<b>9 060</b>
<b>12</b>	<b>Engagement with Government stakeholders, Steering Committee &amp; Stakeholders meetings; Launch &amp; handover Ceremonies</b>				
Steering Committee Meetings and meetings with local government stakeholders to obtain participation in planning and to provide project updates	Conference Room	40 000,00	5	200 000	1 000
	Morning and afternoon teas	1 300,00	160	208 000	1 040
	Buffet lunch	2 300,00	160	368 000	1 840
	Bottled water	170,00	160	27 200	136
	Per diems (Officials)	20 000,00	20	400 000	2 000
	Allowance (federation - Local members )	1 000,00	80	80 000	400
	Allowance (federation - National leaders)	8 000,00	60	480 000	2 400
	Fuel	20 000,00	8	160 000	800
	Communication	2 800,00	4	11 200	56
	Stationery	14000	4	56 000	280
				<b>1 680 000</b>	<b>9 952</b>
Project Launch and Handover Ceremonies	Tent	45 000	2	90 000	450
	P.A. System	20 000	2	40 000	200
	Chair rental	50 000	2	100 000	500
	Refreshments	100 000	2	200 000	1 000
	T-shirts	300 000	2	600 000	3 000
	Banners	30 000	2	60 000	300
	Advertising in newspapers	100 000	2	200 000	1 000
	Media (TV, radio, drama, musicians)	150 000	2	300 000	1 500
	Transport & Allowances for National Community Leaders	8 000	40	320 000	1 600
	Transport for Local Community Members	500	1 500	750 000	3 750
	Fuel for officials	20 000	0	0	0
	Per diems Officials	20 000	0	0	0
				0	0
		100,00		<b>2 660 000</b>	<b>13 300</b>

	Contingency (physical 3%, price 2%)				
	<b>Sub-total Component 2</b>				
	<i>Sub-total Component 2 - Excl Contingency</i>				
	<b>Component 3: Project Management</b>				
15	Vehicle				
	(Office furniture and equipment)*				
<b>16</b>	<b>Operating costs (rents, office supplies, telecom, utilities)*</b>				
	Office rent	40 000	30	1 200 000	6 000
	Office supplies	30 000	30	900 000	4 500
	Telecommunication (tel, fax, e-mail, postage)	25 000	30	750 000	3 750
	Utilities (water and electricity)	8 900	30	267 000	1 335
	Bank fees	6 100	0	0	0
		<b>110 000</b>		<b>3 117 000</b>	<b>15 585</b>
<b>17</b>	<b>Staff missions to support M&amp;E consultant</b>				
	fuel	20000	2	40 000	200
	Per Diems	20000	8	160 000	800
	Community Leaders Transport & Food	1000	132	132 000	660
	Communication	2800	2	5 600	28
				<b>337 600</b>	<b>1 688</b>
<b>18</b>	<b>Monthly meetings on vetting and loan disbursements</b>				
	Lunch allowance (50 people)	500	1500	750 000	3 750
	Communication	1400	60	84 000	420
	Transport (50 people)	500	1500	750 000	3 750
	Hall hire	4400	30	132 000	660
				<b>1 716 000</b>	<b>8 580</b>
<b>19</b>	<b>Community led monitoring &amp; evaluation and vetting process (monthly)</b>				
	Transport (4 people * 10 groups visited per month)	600	1200	720 000	3 600
	Communication	1400	90	126 000	630
	Lunch allowance for team	500	1200	600 000	3 000
				<b>1 446 000</b>	<b>7 230</b>
<b>20</b>	<b>Monthly site visits (Lilongwe to Blantyre) by CCODE management</b>				



	Fuel	20000	45	900 000,00	4 500
	Per Diems	15000	180	2 700 000,00	13 500
	Communication	1400	90	126 000,00	630
				<b>3 726 000,00</b>	<b>18 630</b>
<b>21</b>	<b>CCODE Staff salaries (tasks include monitoring and evaluation, reports and workshops organisation)</b>				
	Mrs Sikhulile Nkhoma, Director (20%)	54 513	30	1 635 379	8 177
	Mr. Sungani Chalemba, Director of Mchenga Fund (20%)	41 178	30	1 235 347	6 177
	Mr. George Maseya, Project Accountant (20%)	24 139	30	724 169	3 621
	Mr. Boniface Kumwenda, Programme Manager Skills and Livelihoods (25%)	45 000	30	1 350 000	6 750
	Miss Liness Chimbwete, Administrator (20%)	28 960	30	868 795	4 344
	Mrs. Tabbie Mnolo, Programme Manager for Water and Sanitation (50%)	72 400	30	2 171 988	10 860
	Mr. John Kaphantengo, Community Liaison Officer 15%	8 944	30	268 305	1 342
				<b>8 253 983,10</b>	<b>41 270</b>

## ANNEX: 10

### Improving access to water and sanitation for the urban poor in the city of Blantyre - Malawi

(1,500 beneficiary households or 9,000 people for the first round of the revolving funds loan)

#### Cost – Benefit Analysis

Project Costs	Monetary Value (€)	Project Benefits	Monetary Value (€)
<b>A. Financial Costs</b>		<b>A. Financial Benefits</b>	
AWF contributions to project capital investments	610 790	Annual revenues from the sale of Ecosan products for 1000 households/yr	120 000
Recipient contributions to project capital investments	44 572	Annual Savings between cost of water from vendors and cost of city water for 1000 households/yr	109 800
Beneficiary Contribution to project capital investments	159 536	<b>B. Socio-Economic and Environmental Benefits</b>	
AWF Staff resources in project processing and supervision of implementation		Decrease in maternal and infant mortality due to improved water and sanitation	
Recurrent Ecosan Maintenance costs for 1000 households/yr.	1 000	Increase in annual productive days, resulting from the improved health of the labour force in the community	
Recurrent Water Supply costs for 1000 households/yr.	27 500	Decrease in expenditure on healthcare bills	
<b>B. Socio-Economic and Environmental Costs</b>		Increase in human capacity due to technical and social training provided under the project	
Pollution generated by construction activities (fumes, dust, noise...)		Marginal employment opportunities created due to construction activities	
Increase in sexually transmitted diseases associated with the movement of labour for construction activities		Increase in time women and children can spend on productive activities to easy access to water and sanitation.	
Socio-economic opportunities lost by other segments of society who could benefit from the resources used up by the project.		Increase in enrolment and reduction of dropout rates for the girl-child	
		Improved human dignity resulting from adequate hygiene and sanitation	
		Reduction in environmental pollution from human waste due to proper sanitation	
<b>TOTAL</b>		<b>TOTAL</b>	

NB: Data to enable the calculation of the monetary value of a number of benefits is not available. Specific socio-economic surveys are required to obtain data for the “willingness-to-pay” or the “human capital” approach<sup>17</sup> to the determination of the monetary value of some costs and the benefits. Nevertheless, the benefits to the population over the 20-year lifespan of the project appear to exceed the capital investments. Furthermore, the revolving fund mechanism into which the funds for initial capital investments will be put will ensure the widening of the reach of the project and increase its impacts with time.

<sup>17</sup> {The health capital related to “effective” labour for example could be obtained from  $\xi^4 = \phi \xi_{it-1}^4 + \rho \Pi + \varepsilon_t + o_t + v_{it}^2$ ; where  $\xi^4$  measures the health capital for effective labour,  $\Pi$  is a vector of exogenous variables (HIV and malaria prevalence),  $\varepsilon_t$  is a time effect,  $o_t$  is a country specific fixed effect and  $v_{it}^2$  is a standard error term}

# The City Assembly of Blantyre



All correspondences to be addressed to:

TP/PM/33

THE CHIEF EXECUTIVE  
TELEPHONE No. 01 870 211  
TEL. ADDRESS "CITY"  
TELEX No. 44 536  
FAX No. (265) 01 870 417

THE SECRETARIAT  
TOWN HALL  
CIVIC CENTRE  
PRIVATE BAG 67  
BLANTYRE  
MALAWI

6 March 2009

The Executive Director  
Centre for Community Organisation and Development (CCODE)  
Area 3, Nasa Building Second floor  
P.O. Box 2109  
**LILONGWE**

Attention: Mrs S. Nkhoma

Dear Sir

**ACQUISITION OF LAND IN AREA 10, SOUTH LUNZU,  
BLANTYRE FOR CENTRE FOR COMMUNITY  
ORGANISATION AND DEVELOPMENT (CCODE)**

Please refer to your application and subsequent meetings regarding the above.

We wish to advise that the City Assembly has offered in principle approximately 15 Hectares of residential land in Area 10, South Lunzu Traditional Housing Area for low a cost housing project. The offer has been to Centre for Community Organisation and Development (CCODE) who are the managers of the Project.

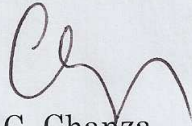
The offer is subject to the following:

- a) Layout and survey works of the site to be carried out by reputable architects and surveyors and in consultation with

the Director of Town Planning and Estates Services and  
Director of Engineering Services

- b) Submission of development plans to the Assembly for town planning decision
- c) Payment of development charges
- d) Grading of roads, provision of drainage works and other engineering works

Yours faithfully



C. Chanza

Director of Town Planning and Estates Services

**For: CHIEF EXECUTIVE**