



REPUBLIC OF MALAWI

PROGRESS REPORT ON PARASTATAL REFORMS



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1.0. INTRODUCTION

The Public Sector Reforms Management Unit (PSRMU) undertook a monitoring exercise on reforms being implemented by Parastatal Organisations from 25th September to 23rd November 2018.

1.1. Objective of the Exercise

The objectives of the exercise were to monitor and track progress made in the implementation of reforms; to identify challenges affecting institutions in the implementation of reforms and to provide technical support to institutions to effectively achieve the intended purpose of the reforms.

1.2. Methodology

In order to achieve the objectives of the monitoring exercise, PSRMU officers conducted the validation by visiting and meeting the implementing officers at each institution. Monitoring and tracking of progress was done through:

- i. Presentation of progress reports by the Parastatal Organisations;
- ii. Provision of documentary evidence by Parastatal Organisations;
- iii. Demonstration of systems/operations/processes/procedures by the Parastatal Organisations;
- iv. E-Photographs by PSRMU of meetings, systems demonstrations etc.
- v. Discussions on areas requiring clarification and challenges that need technical support from PSRMU.

2.0. SCHEDULE OF PROCEEDINGS

Monitoring of reforms took place from the 25th of September, 2018 to the 23rd of November 2018.

NO.	DATE	PARASTATAL ORGANISATION
1	25/09/18	Airports Development Limited (ADL)
2	25/09/18	National Oil Company of Malawi (NOCMA)
3	26/09/18	Tobacco Control Commission (TCC)
4	27/09/18	National Library Services (NLS)
5	27/09/18	Technical, Entrepreneurial, Vocational Education and Training Authority (TEVETA)
6	01/10/18	Malawi Energy Regulatory Authority (MERA)
7	01/10/18	Nurses and Midwife Council of Malawi (NMCM)
8	02/10/18	Malawi College of Health Sciences (MCHS)
9	03/10/18	Central Medical Stores Trust (CMST)
10	03/10/18	Pharmacy Medicines and Poisons Board (PMPB)
11	04/10/18	National Council for Higher Education (NCHE)
12	04/10/18	Small and Medium Enterprises Development Institute (SMEDI)
13	05/10/18	Competition and Fair Trading Commission (CFTC)
14	08/10/18	Central Region Water Board (CRWB)
15	08/10/18	Lilongwe Water Board (LWB)
16	09/10/18	Roads Fund Administration (RFA)
17	09/10/18	Copyright Society of Malawi (COSOMA)
18	10/10/18	Roads Authority (RA)
19	12/10/18	Lilongwe Handling Company (LIHACO)
20	19/11/18	Malawi National Examination Board (MANEB)
21	19/11/18	University of Malawi (UNIMA)
22	19/11/18	Malawi Institute of Education (MIE)
23	19/11/18	Southern Region Water Board (SRWB)

24	20/11/18	National Herbarium and Botanical Gardens (NHBG)
25	20/11/18	Agricultural Development and Marketing Corporation of Malawi (ADMARC)
26	20/11/18	Malawi University of Science and Technology (MUST)
27	20/11/18	Malawi Council for the Handicapped (MACOHA)
28	21/11/18	Blantyre Water Board (SRWB)
29	21/11/18	Malawi Communications Regulatory Authority (MACRA)
30	21/11/18	Malawi Broadcasting Corporation (MBC)
31	21/11/18	Malawi Bureau of Standards (MBS)
32	22/11/18	Malawi Postal Corporation (MPC)
33	22/11/18	Public Private Partnership Commission (PPPC)
34	22/11/18	Malawi College of Accountancy (MCA)
35	22/11/18	Malawi Accountants Board (MAB)
36	22/11/18	Malawi Housing Corporation (MHC)
37	23/11/18	Electricity Supply Corporation of Malawi (ESCOM)
38	23/11/18	Electricity Generation Company (EGENCO)
39	23/11/18	Malawi Revenue Authority (MRA)
40	23/11/18	Malawi Gaming and National Lotteries Board (MBNLB)

It should be noted that some of the Parastatals were not visited due to their tight schedules. These are Lilongwe University of Agriculture and Natural Resources (LUANAR), National Food Reserve Agency (NFRA), Agricultural Development and Marketing Corporation (ADMARC), Malawi Council for the Handicapped (MACOHA) and Malawi National Council for Sports (MNCS). Arrangements will be made to visit them to validate the Progress reports that these Parastatals were requested to submit in lieu of the visit reports.

2.1.0. AGRICULTURE AND WATER SECTOR

2.1.1. TOBACCO CONTROL COMMISSION (TCC)



Introduction

The PSRMU team led by the Director of Technical Services, Ms. Emmie L. Galafa undertook a monitoring exercise at Tobacco Control Commission (TCC) on Wednesday, 26th September, 2018 from 9:00 am to 12:00pm. Other team members were the Director of Planning and Management, Mr Sibusiso Jere; Chief Reforms Officer, Mrs. Emily Tembo; Principal Reforms Officer, Mr Blessings Mbewe and Principal Reforms Officer, Ms. Gloria M.P. Banda.

The TCC team was led by the Human Resources and Administration Manager, Mr Medson Kamala, and other members were the Finance Manager, Mr Deston Katenje and the Planning and Research Manager, Hellings H. Nasoni.

Mandate of TCC

The mandate of the Tobacco Control Commission as a regulatory body, created by Government is spelt out in the Tobacco Auction Floors Act Cap 65:03 and Tobacco Act Cap 65:02. Its principal functions as outlined in the two Acts of Parliament are to:

- a. Advise Government on the sale and export of tobacco.
- b. Promote and expand the sale of tobacco.
- c. Collate statistics relating to tobacco.
- d. Carry out market studies and disseminate information relating to tobacco.
- e. Control and regulate the production and sale of tobacco in Malawi.
- f. Register and license tobacco selling floor operators, buyers, commercial graders, and other service providers.

Reform Areas and Implementation Progress

The Commission is implementing the following key reform areas:

Reform Area I: Grower Registration

Planned activities

- i. Continue registering farmer for 2018/19 season
- ii. Resolve system bugs
- iii. Enhance Farmer Management System (FMS)
- iv. Commence registration for 2018/19 season
- v. Improve farmer access to TCC services: conduct field registration for 2018/19 season

Progress Made

- i. Farmer registration & licensing continue (47,000 farmers licensed);
- ii. System bugs not fully resolved due to misunderstanding between the Commission and the service provider on contractual obligations
- iii. Farmer Management System (FMS) enhanced late in Sept 2018;

- iv. Registration & licensing for 2018/19 season commenced on 1st June 2018
- v. Field registration exercise delayed due to registration cards stocking shortages

Benefits

- i. **Traceability:** customers are able to trace the origin of every tobacco in case of any problem;
- ii. **Product integrity:** Buyers are assured of the quality of the product because they are able to follow the production activities;
- iii. **Secured orders:** Customers can buy more when they are assured of traceability and product integrity.

Challenges and possible solutions

- i. **Delays in addressing system bugs and enhancement:**
 - a. The Commission sought legal advice in addressing the disagreements between TCC and the system suppliers.
 - b. The Commission engaged with system suppliers to resolve the system challenges.
- ii. **Delays in registration cards stocking**

There were delays in stocking of registration cards. The Commission will review the stocking levels.

Reform Area 2: Tobacco Production

Planned activities

- i. Timely secure trade requirement from tobacco buyers
- ii. Allocate production quota to tobacco growers on the basis of trade requirements
- iii. Strengthen market intelligence and networking
- iv. Strengthen competition

- v. Strengthen information dissemination
- vi. Produce reliable Cost of Production
- vii. Pay off the loan balance for the new office block
- viii. Exercise self-financing

Progress Made

- i. The Commission requested submission for 2018/19 trade requirements but there were delays in honouring the requests;
- ii. The Commission effected quota allocations for 2018/19 season;
- iii. The Commission subscribed with Euromonitor;
- iv. Networked with Tobacco Board of India;
- v. Held discussions and lobbied with Chinese government to continue buying Flue Cured Tobacco from Malawi;
- vi. The Commission produced first edition (January – July 2018) of TCC Magazine. The Commission upgraded TCC website; the Commission conducted media interfaces to update on progress for tobacco market.
- vii. Participated in the review of input and yield survey to determine updated COP.
- viii. The Commission cleared the loan for the new office block.
- ix. The Commission boarded off some of its assets in Lilongwe and Limbe.

Benefits

- i. Stable tobacco prices;
- ii. Financial stability for the Commission;
- iii. Reduced budgetary pressure;

Challenges and possible solutions

- i. Delays in submission of trade requirements. The Commission engaged with respective buying companies;

- ii. No upfront declaration by Chinese Government on volumes needed.
The Commission continued with discussions;
- iii. Some farmers do not know the exact land size dedicated to tobacco.
TCC needs to map each farm to get exact hectareage;

Reform Area 3: Grower returns

Planned Activities

- i. Regulate the transport charges on the basis of weight;
- ii. Conduct technical audit on tobacco institutions to as to establish unwarranted charges;
- iii. Effective monitoring and evaluation;

Progress Made

- i. The Commission developed maximum charges per kg per km;
- ii. The technical audit is yet to be done;
- iii. The Commission during its monitoring and evaluation on transport charge implementation and compliance, discovered high levels of compliance with isolated cases of non-compliance

Benefits

- i. Increased returns to a farmer
- ii. Increased investment opportunities from tobacco growers;
- iii. Increased interest in tobacco business

Challenges and possible solutions

- i. **Shunting fees:** Some transporters applied shunting fees over and above the regulated rates. The Commission disciplined the concerned transporters

Reform Area 4: Financial sustainability

Planned activities

- i. Reduce budget pressures through paying off of the loan for the new office;
- ii. Boarding off of the Commission's properties in Limbe and Lilongwe

Progress Made

- i. The Commission cleared the loan balances in September 2018;
- ii. The Commission sold out its properties in Lilongwe and Limbe.

Benefits

- i. Stable and sustainable income source for the Commission;
- ii. Effective industry regulation especially on the service providers;
- iii. Effective service delivery by the Commission

Challenges and possible solutions

- i. There were delays in making payments towards the sold properties;

Reform Area 5: Environmental Management

Planned activities

- i. Plant trees on selected site in all divisional offices
- ii. Monitor the tree survival rate

Progress Made

- i. The Commission planted 12,000 trees (3,000 trees in each divisional office)
- ii. The Commission monitored the survival rates which was found to be between 75% to 80%;

Benefits

- i. Environmental management;
- ii. Adequate supply of curing and building materials for tobacco;
- iii. Preservation of farms;
- iv. Stable climate.

Challenges and possible solutions

- i. Resource constraints to support the programmes; the Commission should consider allocating more resources

Reform Area 6: Regulatory framework

Planned Activities

- i. Improve corporate governance;
- ii. Develop regulations from guidelines
- iii. Tobacco Bill awareness and lobbying
- iv. Strengthen institutional capacity

Progress Made

- i. The Commission reviewed and disseminated some policies (medical, corruption policy, fleet management)
- ii. The Commission inducted executive management (Director of Technical Operations, Deputy Chief Executive Officer) in corporate governance in South Africa
- iii. The Commission reviewed and approved 2018/19 IPS contracts.
- iv. The Commission engaged with joint Committees of Parliament in September on the Tobacco Bill lobbying for support when the Bill is tabled in Parliament.
- v. The TCC Board approved the Functional Review Report
- vi. The Commission facilitated the staff participation (accounts, audit and procurement) in continuous professional programmes

Benefits

- i. Smooth operations in the execution of activities

Challenges and possible solutions

- i. Political environment affected the progress on Tobacco Bill
- ii. Delay in Government approval of the Functional review will delay implementation.

Table 1: ANNUAL TOBACCO SALES: 2010 to 2018

YEAR	VOLUME (kgs)	REALIZATION (US \$)	AVERAGE PRICE (US \$)
2010	220,198,081	416,426,442.33	1.89
2011	237,171,460	293,738,339.66	1.24
2012	79,822,638	177,819,249.50	2.23
2013	168,667,601	361,837,328.89	2.15
2014	191,967,541	361,564,472.74	1.88
2015	192,690,303	337,403,053.87	1.75
2016	195,124,994	276,389,956.96	1.42
2017	106,536,815	212,514,062.69	1.99
2018	202,002,664	337,496,582.76	1.67

TABLE 2: ANNUAL EXPORT VOLUMES (Kgs): 2010 to 2017

	BURLEY	FLUE CURED	DARK FIRED	ALL TYPES
2010	137,030,690	24,785,870	4,508,96	166,324,956
2011	113,301,013	24,409,739	4,208,800	142,117,552
2012	137,856,801	15,729,703	3,748,139	157,334,642
2013	71,929,964	11,896,429	3,785,183	87,611,576
2014	81,197,593	10,131,673	3,601,305	94,930,571
2015	85,370,466	16,839,905	2,537,694	104,748,065

2016	110,875,610	16,464,254	3,024,015	130,363,879
2017	116,864,374	14,649,266	2,904,730	134,418,370

TABLE 3: ANNUAL EXPORT AVERAGE PRICES (US\$/ Kg): 2010 to 2017

	BURLEY	FLUE CURED	DARK FIRED	ALL TYPES
2010	4.06	4.60	3.82	4.13
2011	3.30	3.78	3.84	3.39
2012	3.39	3.93	3.30	3.44
2013	3.93	5.64	3.02	4.12
2014	3.92	5.42	3.72	4.07
2015	3.93	4.38	3.41	3.99
2016	3.59	4.46	3.68	3.70
2017	3.49	4.57	3.81	3.62

Observations and Action Points

- i. There is need for TCC to check and control cross boarder tobacco trading
Action: TCC to engage stakeholders to discuss avenues of lasting solutions

- ii. There is need for TCC to work on environment conservation such as rain water harvesting and tree planting
Action: PSRMU to monitor and trace the progress in the TCC reform on Environmental Management i.e. rain water harvesting and tree planting

- iii. Existence of unpatriotic transporters
Action: Commission to enhance compliance in transportation of tobacco so that farmers are protected

2.1.2. BLANTYRE WATER BOARD (BWB)



Introduction

The PSRMU undertook a monitoring visit to Blantyre Water Board (BWB) on Wednesday, 21st November, 2018 from 09:00 am to 12:00 pm. The PSRMU team comprised the Director of Planning and Management, Mr Sibusiso Jere; Chief Reforms Officer, Mrs. Emily Tembo; Principal Reforms Officer, Mr Blessings Mbewe and Principal Reforms Officer, Ms. Gloria M.P. Banda.

The BWB team was led by the Chief Executive Officer, Mr Daniel Chaweza; Director of Distribution and Commerce, Mr Verson Kafodya; Projects Manager, Mr Booker Waya; Network Engineer, Ms Judith Tembo; Planning Manager, Mr Andrew Masiye; Revenue Manager, Mr Joel Chigoneka; Distribution Manager, Mr Bright Mziliwanda; Projects Engineer, Mr Owen Mahlon and Electrical/Mechanical Officer, Engineer Luke Dette.

Mandate of BWB

The Blantyre Water Board is mandated to provide reliable and affordable water supply services to the population of Blantyre City and its surrounding areas. Currently the Board, in addition to serving the City of Blantyre, supplies parts of Thyolo and Chiradzulu Districts covering a total area of over 83,000 hectares.

Reform Areas and Implementation Progress

BWB is implementing the following Reform Areas:

Reform Area 1: Reduce Non-Revenue Water (NRW)

Progress Made:

A total of 79 DMAs have been worked on and the level of non-revenue water in these DMAs has been reduced to below 20%. Some of the DMAs worked on include: Chichiri Prison, Kameza Gulliver, Lower Nyambadwe, Mudi Compound; Maone, Kriswick, Manyowe, Chilobwe- Chatha, Ndirande Gamula, Namiwawa-Forest, Ngumbe-Army, Chirimba proper, South Lunzu Area 10, Mapanga-Makalanga, Angelo, South Lunzu Area 2, South Lunzu Area 8, Chimwakhunda, Chinyonga, Naperi, Makata Industrial, Chirimba Industrial, Old Zomba Road and Chilomoni Fargo.

More than 35 out of 52 DMAs in Kabula Zone have NRW of below 20%. Limbe Zone has 41 DMAs and more than 23 DMAs have NRW of below 20%. Soche Zone has 34 DMAs, and more than 14 are below 20%.

- i. The Board so far has collected 99% of its data for GIS and the hydraulic model. The Board is now able to update and analyse its water distribution system. This will lead to improved management of physical and commercial losses and result in reduction of non-revenue water.
- ii. The Board undertook a second Meter Validation Project in the months of October and November 2017. After the completion of the first Meter Validation Project in January 2017, the Board witnessed the growth of connected accounts in its billing database from 43,479 as at May 2016 to 48,272 in January 2017 at the end of the project. The average monthly billed consumption of post-paid connections from January to August 2017 after the exercise was 1,235,036 m³. The Board had been experiencing sluggish growth in billed consumption with increasing number of accounts being billed 0 to 5 m³ monthly.

- iii. There were some positive results gained during the project's two months of meter reading cycles. The billed consumption for the post-paid connections started improving from the month of October, 2017.
- iv. The total billed consumption was 1,541,205 m³ while in November, the billed consumption was 1,420,250 m³.
- v. There were also about 25% of the new connection done between January and December 2017 which were not yet connected in the system. About 19% of the accounts installed and connected in the system were not billed.
- vi. A total of 6,500 faulty meters were placed and 5,709 aged meters were also replaced.
- vii. A total of 4,488 long disconnected accounts have been uprooted and suspended from the Board's customer database out of the reported 5,829 long disconnected accounts.
- viii. A total of 35.1 kilometres pipeline has been replaced in the distribution system while 15.9 kilometres of pipeline has been lowered during the period under review. Some of the areas include:
 - o Maone/Makhetha = 480 meters
 - o Mpingwe = 145 meters
 - o Bvumbwe = 200 meters
 - o Bangwe/ Mondywa = 225 meters
 - o Chigumula Church = 179 meters
 - o Chazunda Trading = 1,318 meters
 - o Nancholi Primary = 120 meters
 - o Nancholi Mpagaja = 120 meters
 - o Manja Apostolic = 1,110 meters

- Chilobwe Chensomba = 800 meters
 - Chilobwe Hills = 1,190 meters
 - Nancholi = 1,218 meters
 - Chitawira- Ntonya = 1,505 meters
- ix. On site mobile billing, the Board successfully piloted Limbe Zone and decided to extend to all other zones with improved version of technology to ensure that the sales agents are being monitored while taking meter reading.
- x. The procurement of meter reading technology and 57 mobile gadgets is in progress and awaits the “no objection” from PPDA.

Benefits

- i. Reduction in NRW
- ii. Increase in sales volume and amounts
- iii. Improved response time to attendance to faults, complaints and pipe bursts
- iv. Increased availability of water to customers
- v. The new meter reading technology will improve meter reading efficiency and will result in improved revenue generation and collection as well as reducing the commercial losses.

Challenges and possible solutions

- i. The main challenge continued to be poor cash flow of the Board making it difficult to procure all the required fittings in time and invest in NRW reduction initiatives.

Reform Area 2: Reduction in Energy Costs / Sourcing an Independent Power Plant

Progress Made:

- i. The Board has so far developed a Project Proposal on Independent Power Plant and submitted to Ministry of Finance, Economic Planning and Development for inclusion in the Public Sector Investment Programme (PSIP) for possible funding in 2019/20 financial year.
- ii. Possible financiers and implementers approached including TBEA of China, Ignite Energy of South Africa, Sinohydro, Toshiba, and NEC.
- iii. Project proposal for solar farm at Nguludi Turnoff has been submitted to Scottish Water.
- iv. The Board is adhering to the implementation of the agreement of observing on peak and off peak pumping periods with ESCOM and strict monitoring of the agreement is in place.
- v. The power factor correction units have been performing to the acceptable standards thereby ensuring efficient power use.
- vi. Designs for power factor correction units for Walker's Ferry and Chileka were completed. The procurement processes for the power factor units for both stations are in progress and the 'no objections' from the PPDA have been obtained.
- vii. Energy check meters installed at Walker's Ferry and Chileka pumping stations were monitored and performance is satisfactory.
- viii. The Board completed de-staging all four pumps in the new motor hall at Chileka Pumping Station which were oversized to ensure reduction in the energy consumption.

Benefits

- i. The reduction in the monthly bills will mean a relief on the operation costs as such the Board would be able to invest in other critical activities such as network improvement thereby reducing non-revenue water and improving service delivery.

Challenges and possible solutions

- i. The Board has not yet identified the potential financier for the alternative energy source. However, the Board will continue searching for financiers with the Ministry of Finance.
- ii. The electricity bills have been unstable ranging from MK 570 million in July 2017 to MK 655 million in May 2018. This instability is a result of number of factors beyond the Board's current strategies in place. Furthermore, the Board is expecting the electricity bills of about MK 938 million for the month of October following the tariff increase which was effected in the month. ESCOM has increased its tariff twice in the month of July and October, 2018 respectively. The increase in electricity tariff has been a huge shock in the Board's financial position. It is the Board's expectation that urgent investment in the alternative source of power will be the only solution.

Reform Area 3: Installation of Prepaid Meters

Progress Made:

- i. The Board has installed a total of 8,279 prepaid meters. The Board is still installing the pre-paid meters in Namiwawa. Other areas that have been installed prepaid meters include New Naperi, Soche East, Nkolokosa, Chitawira, Chinyonga, Old Naperi, Kanjedza, Mudi Estate, Chichiri, Chiwembe, Mandala, Sunnyside, Mount

Pleasant, Mandala and Nyambadwe. The Board has also installed prepaid meters to 68 kiosks in selected areas.

- ii. The Board is also procuring 20,000 prepaid meters and the contracts with the suppliers were done and awaits the delivery of the consignment.

Benefits

- i. The installation of the prepaid meters will greatly assist the Board to improve on collection including arrears and hence improved service delivery.

Challenges and possible solutions

- i. The Board has been encountering resistance from some customers especially in low density areas of Nyambadwe, Sunny Side and Mount Pleasant. This poor corporation has delayed the completion of installation process of pre-paid meters in some areas. Furthermore after getting clearance to go ahead with installation of prepaid meters in Government institutions some institutions are protesting the arrangement highlighting the delays by Treasury in releasing monthly funding as the reason. However the Board has been engaging the customers to improve their cooperation during the installation process.

Observations and Action Points

- i. Public institutions – Ministries, Departments and Agencies (MDAs) like Malawi Defence Force, Malawi Police Service, Malawi Prisons Service, Central Hospitals have exorbitant outstanding long overdue water bills and are not even honouring their payments. At the same time such institutions are in the forefront in resisting the installation of pre-paid water meters at the institutions.

Action Points:

- a. BWB to write PSRMU with full details all Public Institutions that are owing the company on the water bills for intervention.
 - b. Thereafter PSRMU to write Treasury on a plausible and concrete solution on bill settlement by the debtors
- ii. It was noted that ESCOM is overcharging BWB using flat commercial rates on the power supply to Water Board Intake Stations.

Action: PSRMU to consult ESCOM because ESCOM's commercial rates being charged on other public institutions are unrealistic considering that such institutions are there not for profits/gains but providing essential services of national importance to its citizenry.

2.1.3. SOUTHERN REGION WATER BOARD (SRWB)



Introduction

The PSRMU undertook a monitoring visit to Southern Region Water Board (SRWB) on Monday, 19th November, 2018 from 2:00 pm to 5:00 pm. The PSRMU team was led by the Director of Technical Services, Ms. Emmie L. Galafa. Other members were Mr. Sosten Chinkonda, Chief Reforms Officer and Mr. Papiya Mwahara, Reforms Information Officer.

The SRWB team was led by Chief Executive Officer, Engineer Robert Hanjahanja. Other members were Director of Human Resources and Administration, Mr D. Chambamba; Projects Engineer, Mr T. Kapalamula; Human Resource Management Officer, Mrs Rosemary Mulewa; Management Accountant, Mr Keith Chalera; Public Relations Officer, Ms Ritta Makwangwala; Director of Operations, Mr E.M. Mbesa and Director of Finance, Mr H. Napolo.

Mandate of SRWB

Southern Region Water Board was established by the Waterworks Act of 1995 to supply water for domestic, public and business purposes to all districts in the Southern Region except the Blantyre City and its periphery.

Reform Areas and Implementation Progress

SRWB is implementing the following reform areas:

1. Climate Smart Energy Solutions
2. Implementation of on spot billing
3. Fast tracking the implementation of pre-paid meters
4. Reduction of Non -Revenue Water

Reform Area I: Climate Smart Energy Solutions

Planned Activities

- i. Identify Contractor
- ii. Implementation of the project

Progress Made

- i. The project was successfully executed by SAWA Group of Companies in Chikwawa at a cost of MK59, 072, 242.36 resulting in savings in electricity bills which translates to annual saving of MK7.2 million. The board is also able to achieve maximum production of 25,364 cubic metres which translates to an additional annual revenue of MK126, 100,000

Reform Area 2: Implementation of on-spot billing

Planned Activities

- i. Roll out On-Spot Billing in Pilot Project in Zomba

Progress Made

- i. On-spot billing was successfully rolled out in July, 2016 and the focus has been on Zomba Scheme. With the commencement of pre-paid water meters, the roll out plan was reconsidered and focus is on areas that are not served with pre-paid water meters.

Reform Area 3: Fast tracking the Implementation of Pre-paid Meters

Planned Activities

- i. Install 500 prepaid meters and the meter boxes (US\$ 110,151.85)
- ii. Procurement of additional 5000 prepaid water meters using bank leasing facility (MK953,542,024.83)

Progress Made

- i. Meter boxes have been installed on pre-paid meters for the targeted 500 meters. So far 244,128 and 95 pre-paid meters have been installed at St Marys, Kalimbuka and Old Naisi respectively.
- ii. For the additional 5000 prepaid meters, procurement process began

Benefits

- i. The Board expects improved customer service,
- ii. customers will be more careful in water usage and this will minimize waste,
- iii. reduction in dispute of bills,
- iv. improved cash flow,
- v. reduced cost of debt collection and
- vi. an improved corporate image

Reform Area 4: Reduction of Non-Revenue Water

Planned Activities

- i. Develop and implement Non-Revenue Water Strategy
- ii. Enter into PPP arrangements to reduce NRW

Progress Made

- i. NRW was at 27% in September, 2017 and it rose to 29.3 in June, 2018.
- ii. The Board entered into a service contract partnership with Vitens Evides International (VEI) from Netherlands to improve NRW and works.

New reform Area:

The Board is considering catchment management as a new reform area.

Observations and Action Points

There will be need for thorough consultations with relevant stakeholders to implement the reform area on catchment management (Forestry Department, Councils and others)

Action Points:

- i. SRBW to formerly submit the proposed new reform area to PSRMU for scrutiny and approval
- ii. The PSRMU to engage the MNRE&M and all relevant stakeholders on catchment management of Mulunguzi River Source and Dam at Zomba Plateau

2.1.4. LILONGWE WATER BOARD (LWB)



Introduction

The PSRMU conducted a monitoring exercise at Lilongwe Water Board (LWB) on Monday, 8th October, 2018 from 2:00 pm to 5:00 pm. The PSRMU team was led by the Director of Technical Services, Ms. Emmie L. Galafa. Other members were Director of Planning and Management, Mr. Sibusiso Jere; Chief Reforms Officer, Mrs. Emily Tembo; Principal Reforms Officer, Mr. Blessings Mbewe and Reforms Information Officer, Mr. Papiya Mwahara.

The LWB team was led by the Chief Executive Officer, Engineer Alfonso Chikuni. Other members were Corporate Planning Manager, Mr. Gustaff Chikalema; Director of Finance, Mr. Silli Mbewe; Project Implementation Unit Manager, Mr. Ephraim Banda; Financial Accountant, Mr. Gladwell Mphande; Project Supervisor, Mr. Steven Kazembe and Project Engineer, Mr. Ronald Gundamtengo.

Mandate of LWB

The mandate of the Lilongwe Water Board is to supply potable water to the City of Lilongwe and its surrounding areas designated as supply area.

Reform Areas and Implementation Progress

Lilongwe Water Board is implementing the following reform areas:

Reform Area I: Reduce Non-Revenue Water

Planned Activities

- i. Enter a PBWOP with international water operator (VEI) for the period 2015 to 2019
- ii. Development NRW Strategy by June 2016
- iii. Physical Loss Reduction
 - a. Establishment of District Metered Areas (DMAs) by September 2016
 - b. Implement leak detection activities in DMAs
 - c. Establishment of a Call Centre by December 2016
 - d. Lowering of exposed pipes
 - e. Implement pressure management in high pressure areas
 - f. Install advanced reservoir level monitoring equipment to avoid overflows (SCADA) by December 2016
 - g. Replacement of frequently bursting old pipes and valves by June 2017
- iv. Commercial Loss Reduction
 - a. Implement meter replacement program (4000 water meters) to realize 3750 m³/day of supply which will benefit 37500 people
 - b. House to house surveys to eliminate illegal connections thereby realizing 6250m³/day to benefit about 65,000 people
 - c. Customer perception survey by December 2016 to build credibility and attain customer support

Progress Made

- i. Entered a PBWOP with international water operator VEI for the period 2015 to 2019. PBWOP in progress
- ii. Developed and implemented NRW Strategy
- iii. Physical Loss Reduction
 - i. 109 District Metered Areas (DMAs) were established by September 2016
 - ii. Continuous implementation leak detection activities in DMAs
 - iii. Call Centre established
 - iv. Ongoing lowering of exposed pipes
 - v. Ongoing implementation pressure management in high pressure areas
 - vi. Advanced reservoir level monitoring equipment is under procurement. In the interim LWB using IMOSYS as a means of water level monitoring and management system
 - vii. Ongoing replacement of frequently bursting old pipes and valves.

Commercial Loss Reduction

- i. Implemented meter replacement program (4000 water meters) to realize 3750 m³/day of supply which will benefit 37500 people
- ii. Conducted house to house surveys to eliminate illegal connections thereby realizing 6250m³/day to benefit about 65,000 people. The Board is planning to implement another one
- iii. Incorporated Customer perception survey in the Mid-Term Review of Strategic Plan to build credibility and attain customer support

Benefits

- i. Cheapest new water source by reducing NRW
- ii. Increased sales
- iii. Improved level of service to customers – 16 to 20 hours

- iv. Reduced downtime on pipe breakages
- v. Helps staff better understand the operation of the distribution system – Capacity building

Challenges and possible solutions

- i. Organizational behaviour
- ii. Technical Capacity
- iii. Inadequate financial capacity for the activities that include replacement of aged facilities including old pipes

Possible Solutions

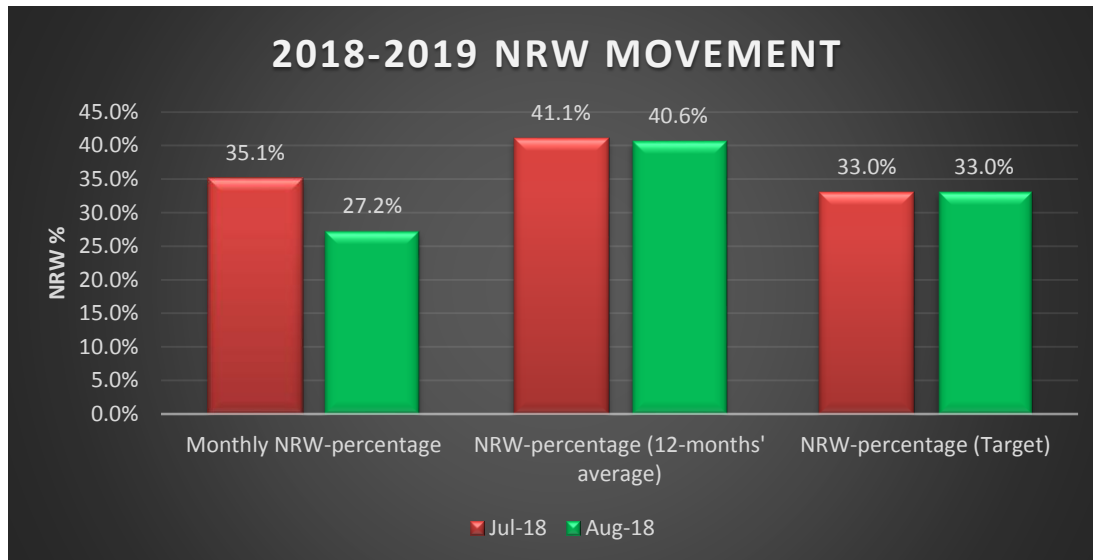
- i. Change of attitude towards work through Change Management programs and Team building exercises. Change Management Sensitization workshops and activity follow up meetings took place among several improvements it was noted there is improved time keeping and therefore productivity. Time registers can attest to this.
- ii. Capacity building trainings in various areas related to NRW reduction undertaken i.e Hydraulic Modeling
 - a. LWB working on accessing loans, grants, private partnership and innovative partnerships with private sector. Proposal submitted to JICA on NRW reduction
 - b. Developed Priority Investment Plan led by VEI

Non-Revenue Water Movement

The monthly NRW moved down from 35.1% reported in July to 27.2% in August 2018, and the annual rolling average has also moved down from 41.1% in July to 40.6% in August 2018.

The NRW section will continue to implement NRW reduction activities in all the DMAs in each zone in a bid to reduce NRW figure to reasonable levels. The figure

below shows NRW movement in the months of July to August 2018. Figures for September 2018 are not yet out



Reform Area 2: Develop a Management Information Systems (MIS)

Planned Activities

- i. Identify user needs on Management Information Systems by March 2016;
- ii. Develop MIS tool by June 2016;
- iii. Capacity building of staff in MIS by October 2016;
- iv. Operationalization of MIS by December 2016;

Progress Made

- i. User needs analysis done with assistance from VEI and implementing partner
- ii. The project scope later changed to Enterprise Resource Planning (ERP) system
- iii. An ERP Manager for Technical Assistance was recruited in May 2018
- iv. An implementation Plan was developed to guide ERP Implementation processes

- v. As an interim measure LWB has developed excel based Balanced Score Card (BSC) as a Management Information Systems

Benefits

- i. Facilitates planning
- ii. Minimises information overload
- iii. Encourages decentralisation which in turn facilitates timely execution of activities
- iv. Brings coordinated implementation of strategies and tactics
- v. Optimizes business processes - it assembles, processes, stores, retrieves, evaluates and disseminates information

Challenges and possible solutions

- i. Staff capabilities to identify areas and functionalities of the MIS /ERP system
- ii. A fully fledged ERP system to be used as an MIS tool takes long to develop.
- iii. Staff uptake/adoption of the BSC use is still a challenge

Possible Solutions

- i. Orientation and capacity building through Technical Assistance in short to medium term while developing the full ERP, LWB will be using an excel based Balanced Score Card (BSC). Make the BSC compulsory for all quarterly reports

Reform Area 3: Establishment of 24/7 Call Centre

The objective of this reform area was to provide a platform for customers where customers would communicate, ask questions, report faults and provide any information that would result in the board addressing their concerns thereby satisfying their needs.

Planned activities.

- i. Installation of two servers, Primary and Secondary Servers

- ii. Provision of SIP lines by three internet service providers, MTL, Airtel and TNM
- iii. Setting up Call Centre room
- iv. Furnishing Call Centre room
- v. Setting up computers as well as the dashboard
- vi. Staffing of the call centre

Progress Made

- i. Installation of two servers, Primary and secondary Server done
- ii. Provision of SIP lines by three internet service providers, MTL, Airtel and TNM done
- iii. Call Centre room set and staffed
- iv. Currently under testing stage and to be fully operational by end November, 2018.

Benefits

- i. Quick response to customer queries
- ii. Improved customer perception

Reform Area 5: Construction of Modern Office Complex

The project objective is to construct an office complex for Madzi House to be located at LWB Head Office, Lilongwe. The project will cost MK1.1 Billion and it will be funded by Lilongwe Water Board.

Planned Activities

- i. Procure Design Consultancy
- ii. Procure Contractor
- iii. Procure Supervision Consultancy
- iv. Implement Project

Benefits

- i. To promote open culture by having modern offices that have no barriers

- ii. Promote skills development
- iii. Improve image
- iv. Provide decent work environment

Progress Made

The following activities were done

- i. Signing of a Construction Contractor (City Building Contractors).
- ii. Signing of a Contract with a Supervising Consultant (Kamwaza Design Associates).
- iii. Commencement of construction works on 6th March 2018 of a 365 day contract.
- iv. Mobilization and earthworks in progress
- v. Design change from concrete portal frame to steel portal frame completed to reduce the time by 11 weeks.
- vi. Work progress is at 25% against time lapse of 53%

Reform Area 6: Development of Lake Malawi Water Source for Lilongwe - Long Term

The identification of the Lake Malawi as a raw water source for water supply, hydropower generation and irrigation will help supply water to Lilongwe City and the surrounding areas providing water security beyond the year 2045 and support large scale irrigation farming, hydropower generation, fish farming and livestock production amongst other uses.

Planned activities

Phase I Prefeasibility Study – US\$ 300, 000

- i. Development of Concept Note
- ii. Development of TORs
- iii. Stakeholder Consultations
- iv. Invitation for Expression of Interest

Phase 2 Feasibility Study US\$ 1, 000,000

- i. Refinement of TORs
- ii. Advertise for Feasibility Study
- iii. Submission of Feasibility Study
- iv. Review of Feasibility Study

Phase 3 Preliminary and detailed designs US\$ 3, 000,000

- i. Advertise for combined Preliminary Designs and Detailed Designs
- ii. Procurement of Consultant
- iii. Review of Designs

Phase 4 Implementation

- i. Implementation
- ii. Resource Mobilization
- iii. Execution

Progress Made

Change of Project Approach

A decision was made to implement the project under Engineering, Procurement and Construction (EPC) arrangement and it was dubbed “Rhino Project”

- i. LWB sought clearance from ODPP to conduct restricted tendering. This was based on Contractors that expressed interest and experience in EPC
- ii. No Objection was granted
- iii. Bidding documents were issued to shortlisted contractors. The contractors are:
 - a. Sino Hydro Corporation Limited
 - b. PW Engineering Ltd
 - c. Khato Civils
 - d. Mota Engil
 - e. China Railway No 21
 - f. CMC di Ravenna

- iv. Bid submission done by only three bidders - Sino Hydro, Khato Civils and Mota Engil
- v. Evaluation of bids- Khato Civils and South Zambezi JV Ltd emerges successful bidder
- vi. ODPP granted no objection to award contract to Khato Civils and South Zambezi JV Ltd.
- vii. Discussions and negotiations with EPC
- viii. Contract to be signed after completion of negotiations
- ix. Special Purpose Vehicle established as an operation model to secure loan repayment

Benefits

- i. Additional safe and clean water to the residents of Lilongwe City and those on the way from Salima
- ii. Improved reliability of supply - 24hrs and adequate pressure
- iii. Water available for hydropower generation
- iv. Water available for irrigation

Challenges and Possible Solutions

- i. Feasibility studies not done for emergency project
- ii. Investment funds not available
- iii. Development and funding for RAP
- iv. Conflicting priorities from stakeholders
- v. Environmental and Social Impacts

Possible Solution

- i. Lobby Government for funding as it is a multi-sector project
- ii. Government to make application for Bank loan and engage development partners
- iii. IDA portfolios can be used but Government needs to apply

Observations and Action Points

- i. The supply of water from Lake Malawi project is taking too long to be completed. All activities on Development of Lake Malawi Water Source for Lilongwe are on hold.

Action: PSRMU to follow up with Ministry of Finance on status of loan acquisition.

2.1.5. CENTRAL REGION WATER BOARD (CRWB)



Introduction

The PSRMU conducted a monitoring exercise at Central Region Water Board (CRWB) on Monday, 8th October, 2018 from 9:00 am to 12:00 pm. The PSRMU team was comprised of the Director of Technical Services, Ms Emmie L. Galafa; the Director of Planning and Management, Mr Sibusiso Jere; the Chief Reforms Officer, Mrs. Emily Tembo; Principal Reforms Officer, Ms. Gloria M.P. Banda and the Principal Reforms Officer, Mr Blessings Mbewe.

The CRWB team was led by the Director of Finance and Administration, Mr. Ernest Mtawali. Other members were the Zone Manager, Mr. Moses Kulera; the Operations Manager, Mr. Alex D.G. Chambo and the Commercial Services Manager, Mr. Steve Ottoman.

Mandate of CRWB

Central Region Water Board is responsible for providing water supply and sanitation services in the Central Region of Malawi except Lilongwe City.

Reform Areas and Implementation Progress

CRWB is implementing the following reform areas:

Reform Area 1: Pilot Pre-Paid Water Metering on Institutional and Commercial Customers

Progress Made

- i. Pilot phase of the prepaid metering system was completed. Full roll-out of the system awaits availability of finances. In order to roll-out the project, Board requires a total sum of K5.2 billion to migrate 28,000 customers from post-paid system prepaid system.
- ii. Status of Pre-paid investment project proposals

Board has submitted the following proposals on prepaid meters for possible financing:

No.	Possible Financier	Required Amount	Status
1	Pension Fund (Reserve Bank of Mw)	K5.2 billion	Board is working on the investment proposal before submission to the Board of Directors and Government for approval.

2	Government through Public Sector Investment Programme (PSIP)	K5.2 billion	Board has integrated pre-paid metering system into the investment proposals on rehabilitation and expansion of water works that have been submitted Government under PSIP.
3	Internal Resources (Public arrears to procure additional 400 meters targeting high consuming individual customers)	K200million	Board engaged Government on public arrears and payment is expected within the first half of the financial year

iii. Performance of the Piloted Prepaid Metering System

- a. Board procured prepaid water metering system at a cost of K212 million comprising of following gadgets;
 - Water meters (15mm, 20mm, 25mm, 50mm, 80mm and 100mm) totalling 416 units

- Point of sales machines were 22 units
 - Tables gadgets were 25 units
 - Data concentration units were 10 units
 - Mobile data collection machines were 15 units and
 - A software for prepaid system
- b. The prepaid meters were distributed to **416** customers selected based on their monthly water consumptions. The selected customers were spread across the 13 schemes namely; Kasungu, Mchinji, Mponela, Madisi, Dowa, Ntchisi, Dedza, Ntcheu, Dedza Sec School, Salima, Chipoka, Salima Lakeshore and Nkhotakota. However, 23 meters belonging to security agencies were not installed awaiting Government approval.
- c. Payments of the pre-paid water tokens are done through the Banks. Between the period March to September 2018 Board has collected a total sum of K240 million. The prepaid system has factored in a debt recovery ration of 60:40 which commenced in July 2018.

Reform Area 2: a) Pilot Solar Energy Water Pumping System in Dedza and Madisi Schemes

Progress Made

- i. FIRD installed Solar pumping systems in Madisi and Dedza.
- ii. The solar system started operating from July 2017

Benefits

The solar pilot project has reduced energy costs from:

- i. Madisi Plant – from 271kWh to 143kWh
- ii. Dauya Plant – from 285.4kWh to 126 kWh
- iii. Mponela Plant- from 150kWh per day to 122kWh

Other efficiency performance benefits include:

- i. Improved energy reliability,
- ii. Continuous production due to Increased pumping hours,
- iii. Continuous water supply to consumers, and
- iv. Improved profitability.
- v. Minimum maintenance because of the use of frequency converters.

b) Solar Project Investment

Progress Made

- i. The Board has included the Malawi Drought Recovery and Resilience Project (MDRRP) under solar project.
- ii. Board has integrated solar projects as part of the rehabilitation and expansion projects Board has submitted to Government under the Public Sector Investment Programme.

Note: The full roll-out of solar project requires a total sum of \$7.5 million.

Reform Area 3: Diversify Revenue Generation through Production of Bottled Water

Progress Made

- i. Bid evaluation is completed and awarding of the contract of supply of a production machine awaits availability of finances.
- ii. The total investment project is K280 million plans to finance the project through public arrears of K2.4 billion owed by Government.

Benefits

- i. Improve cash-flow to the Board;
- ii. Increased profitability of the Board
- iii. Create employment;

Reform Area 4: Introduce Leak Detection System and Non-Revenue Water

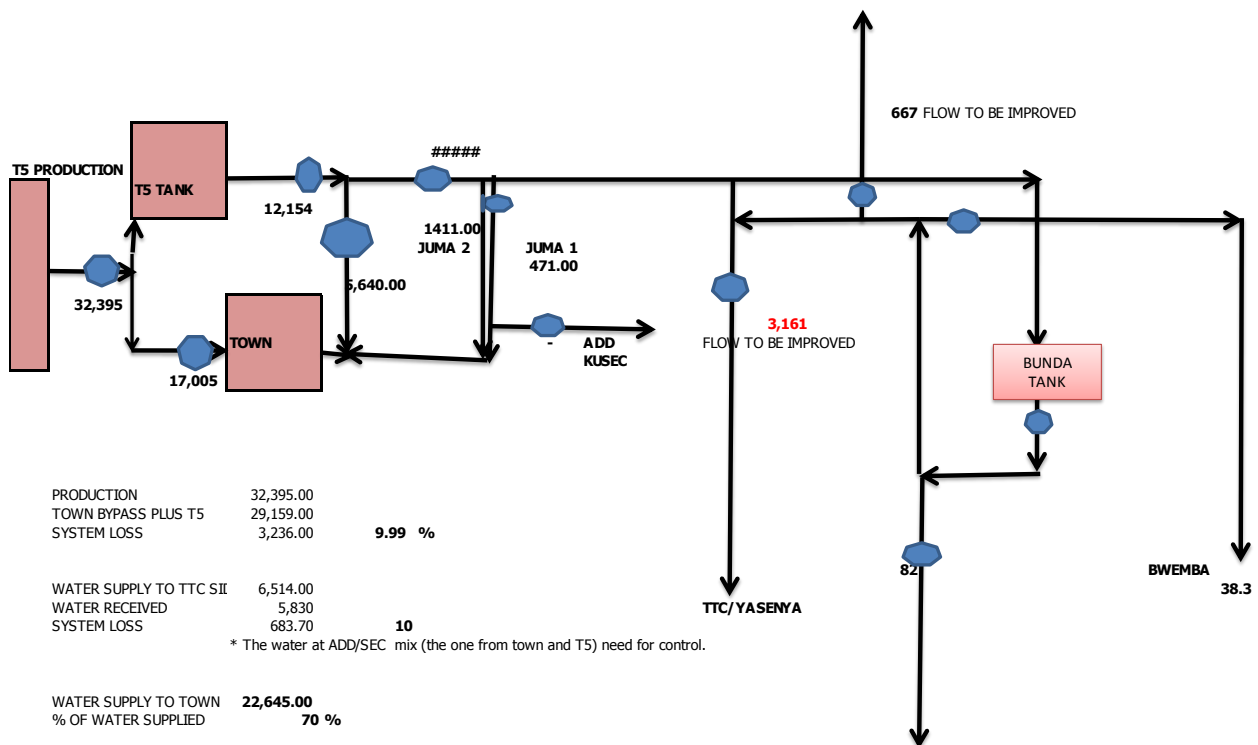
Progress Made

- i. Procurement of materials- Bulk meters and control devices procured and installed
- ii. Undertaking non-revenue water (NRW) reduction activities- awareness/consultative meetings were done. Meters and isolation valves fitted for the first DMA in Kasungu. However, the activity is ongoing as NRW reduction involves more than devices installation.
- iii. Board has integrated non-revenue water reduction as part of the rehabilitation and expansion projects Board and has since submitted to Government under the Public Sector Investment Programme.

Benefits

- i. Reducing non-revenue water;
- ii. Increasing sales volumes; and
- iii. Improved cash generation.

District Metering Areas for Kasungu



Reform Area 5: Outsourcing of Meter Reading in Kasungu, Ntcheu, Salima and Nkhotakota Water Supply Schemes (fully completed)

Progress Made

- i. Board planned to outsource meter reading in the four (4) major schemes of Kasungu, Salima, Ntcheu and Nkhotakota. The outsourcing of meter reading was completed in 2018. In order to consolidate on the gains achieved, Board is rolling out the programme in the schemes of Dedza and Mchinji.

Benefits

- i. More accurate meter readings;
- ii. Water bills produced timely;
- iii. Timely identification of faulty water meters;
- iv. Increased sales volumes and revenue;
- v. Improved cash collection efficiency;
- vi. Reducing customer billing complaints; and
- vii. Reducing non-revenue water levels.

Below is the performance of the outsourced Schemes during the period July to September 2018;

Reform Agenda	Expected Output	Outcome	Impact
Outsourcing of meter readers- Kasungu	1.0. More accurate meter reading	1.1. 3% sales adjusted for inaccurate billing from 5% in the quarter ending 30 June 2018	Incorrect revenue affected planned activities customer complaints over billing

			inaccuracies
1.	2.0. Water bills produced timely	2.1. Production of water bills by 15 th of every month achieved	2.1. 72% arrear accounts paid
2.	3.0. Timely identification of faulty water meters	3.1. Sales volumes increase by 13%	3.1. Revenue growth of 12% achieved
3.	4.0. Increased sales volumes and revenue	4.1. Sales able to cover all costs	3.1. 10% profitability achieved
4.	5.0. Improved cash collection efficiency	5.1. 72% arrear accounts paid	5.2. Improved cash position to facilitate operations
5.	6.0. Reducing non-revenue water levels	6.1. Increased sales by 13%	3.1. Revenue growth of 12% achieved

Reform Agenda	Expected Output	Outcome	Impact
Outsourcing of meter readers- Ntcheu	1.0. More accurate meter reading	1.1. Zero billing related adjustments	Zero customer complaints over billing inaccuracies

6.	2.0. Water bills produced timely	2.1. Production of water bills by 15 th of every month achieved	2.1. 63% arrear accounts paid
7.	3.0. Timely identification of faulty water meters	3.1. Sales volumes increase by 10% from quarter ending 30 June 2018	3.1. Revenue increased by 12% from quarter ending 30 June 2018
8.	4.0. Increased sales volumes and revenue	4.1. Sales able to cover all costs	3.1. 10% profitability achieved
9.	6.0 Improved cash collection efficiency	5.1. 63% arrear accounts paid	5.2. Improved cash position to facilitate operations
10.	7.0. Reducing non-revenue water levels	7.1. Increased sales by -10%	3.1. 12% increase in sales revenue from quarter ending 30 June 2018
Reform Agenda	Expected Output	Outcome	Impact
Outsourcing of meter readers- Salima	1.0. More accurate meter reading	1.1. Zero Sales adjustments related to inaccurate billing	1.100% billing accuracy 2. Zero customer complaints over billing inaccuracies

11.	2.0. Water bills produced timely	2.1. Production of water bills by 15th of every month achieved	1. 69% of arrear accounts paid 2. Collection efficiency of 51% achieved
12.	3.0. Timely identification of faulty water meters	3.1. Sales volumes increased by 9% from the quarter ending 30 June 2018	3.1. Revenue increased by 10% from the quarter ending 30 June 2018
13.	4.0. Increased sales volumes and revenue	4.1. Sales able to cover all costs	3.1. 8% profitability achieved
14.	7.0 Improved cash collection efficiency	5.1. 69% of arrear accounts paid	5.2. Improved cash position to facilitate operations
15.	8.0. Reducing non-revenue water levels	8.1. Increased sales by 9 %	3.1. Revenue growth at 7%
Reform Agenda	Expected Output	Outcome	Impact
Outsourcing of meter readers- Nkhotakota	1.0. More accurate meter reading	1.1. Sales adjustments at 1% of total sales.	99% billing accuracy 2 Customer complaints reported

16.	2.0. Water bills produced timely	2.1. Production of water bills by 15th of every month achieved	2.1. 77% arrear accounts paid
17.	3.0. Timely identification of faulty water meters	3.1. Sales volumes increase by 4%	3.1. Revenue maintained at the level for the quarter ending 30 June 2018
18.	4.0. Increased sales volumes and revenue	4.1. Sales able to cover all costs	3.1. 7% profitability achieved
19.	8.0 Improved cash collection efficiency	5.1. 77% arrear accounts paid	5.2. Improved cash position to facilitate operations
20.	9.0. Reducing non-revenue water levels	9.1. Increased sales by -4%	3.1. Revenue growth at 3%

Reform Area 6: New water Connection (New Reform Area)

Main reform area is that customers will be procuring New Water Connection Materials on their own in order to speed up connections. CRWB will only be supplying meters.

Progress to-date

- i. Technical Specification prepared
- ii. Section criteria for potential vendors done
- iii. Board is working on pre-qualification of suppliers

Benefits

- i. Reduce time of connection customers from 60 to 28 days

- ii. Increased sales volumes and revenue;
- iii. Reduce number of customer complaints;
- iv. Improved cash-flow;

Observations and Action Points

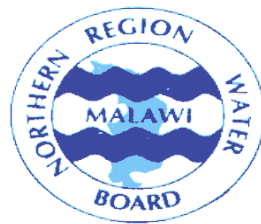
- i. SRWB faces challenges in the implementation of the reforms due to huge debts owed by the security Public Institutions

Action: OPC to re-engage Treasury on the issue.

- ii. PSRMU observed that there is a challenge with solar powered system. When the solar energy is not available water supply is intermittent. Furthermore Solar powered water supply is limited to very few customers

Action: CRWB to engage in full the Solar Project Investment drive.

2.1.5. NORTHERN REGION WATER BOARD (NRWB)



Introduction

The PSRMU conducted a monitoring visit to Northern Region water Board (NRWB) on Monday, 5th November, 2018 from 9:00am to 12:00pm. The inspection of the works for Mzimba Integrated Water Supply and Sanitation Project which is being implemented by the Board was undertaken on Thursday, 8th November, 2018 from 10:00am. The PSRMU team was led by the Director of Planning and Management, Mr. Sibusiso Jere. Other members

were the Chief Reforms Officer, Mr Sosten Chinkonda; the Principal Reforms Officer, Mr. Blessings Mbewe and Reforms Information Officer, Mr. Papiya Mwahara.

The Northern Region Water Board team comprised of the Finance Manager, Mr. Mlandwana Ndhlovu and the Internal Auditor, Andrew S. Mhone. The Chief Executive Officer, Mr Titus Mtegha welcomed the PSRMU but was engaged in another meeting.

Mandate of NRWB

Northern Region Water Board is mandated to supply water for the City of Mzuzu, Urban areas and other peri-urban areas in the Northern Region. Their customers consist of individual households, institutions, commercial entities and communal water points.

Reform Areas and Implementation Progress

The NRWB is implementing the following reform areas:

1. Establishment of a fully-fledged e-Customer Service Centre
2. Implementation of pre-paid water meters
3. Introduction of on-spot continuous billing system
4. Reduction of non-revenue water to 25% by 2020
5. Adoption of an alternative source of energy

Reform Area 1: Establishment of a fully-fledged e-Customer Service Centre

Planned Activities

- i. Introduce a fully-fledged Customer Service Centre in Mzuzu and Karonga
- ii. Introduce a toll-free line
- iii. Introduce an e-customer service system

Progress Made

- i. The Board launched the Customer Care Centre in Mzuzu within Shoprite premises.

- ii. The Board engaged a consultant to upgrade the Customer Care Centre to an e-Customer Care Centre

Reform Area 2: Implementation of pre-paid water meters

Planned Activities

- i. Scale-up prepaid meters

Progress Made

- i. The Board secured funding for the procurement and installation of 15,000 pre-paid water meters and the procurement of the meters is underway

Reform Area 3: Introduction of on-spot continuous billing system

Planned Activities

- i. Introduce on-spot continuous billing system

Progress Made

- i. No progress has been registered in this reform area as it is yet to be implemented

Achievements

- i. NRWB successfully launched the District Water Metering Areas in Mzuzu that have helped in the reduction of non-revenue water from 37% to 33% thereby realizing an annual gain of MK204 million.
- ii. The Board has successfully installed the GIS which is helping in asset management and reduction of non-revenue water.
- iii. The Board procured 6000 post-paid water meters to replace stuck metres in Mzuzu.

Inspection of works under Mzimba Integrated Water Supply and Sanitation Project

The Works under Mzimba Water Supply and Sanitation Project which is being co-financed by the Malawi Government, the African Development Bank (AfDB) and Opec Fund for International Development (OFID) to the tune of US\$ 22.79 million started on 2nd May, 2017 and it was expected to be completed on 2nd November, 2018. The Contractor is Sawa Group (SG) and the Consultants are Gauff Ingenieure (JBG). The project missed the deadline and it is expected to be handed over to the Malawi Government in December, 2018.

Under this project, the treatment works for Mzimba Water supply have been significantly upgraded to cater for the expansion of Mzimba District and emerging developments such as the Mombera University which is currently under the early stages of its establishment. The project is projected to cater for a total of seventy five thousand (75,000) people by the year 2035.

Observations

This project is an example of success stories of projects which are being implemented under the Public Sector Investment Programme (PSIP). The quality of the works for Mzimba Water Supply Water Project is superb and the project is nearing its completion and it will soon be handed over to the Northern Region Water Board. It was pleasing to note that the Board had attached an Assistant Resident Engineer to understudy the contractor to ensure that there is transfer of knowledge and smooth transition from the project contractor to the Board. It is this Assistant Resident Engineer who conducted the PSRMU team throughout the Main Water Treatment Plant at Matecheta.

Observations and Action Points

1. High cost of investment versus tied up capital in debtors derails speedy implementation of the planned activities
Action: OPC to holistically reactivate the debtors issue with Treasury
2. Slow pace of acceptability of the emerging technologies particularly for public institutions that resist adopting the pre-paid water meters.

Action: NRW to pursue contact and dialogue with the uncooperative Public institutions

2.2.0. EDUCATION SECTOR

2.2.1. UNIVERSITY OF MALAWI



Introduction

The PRSMU conducted a monitoring visit to the University of Malawi (UNIMA) on Monday, 19th November 2018 from 2:00pm to 4:00 pm. The PSRMU team was led by the Chief Director, Mrs Seodi V-R White. Other members were the Director planning and Management, Mr. Sibusiso Jere; the Chief Reforms Officer, Mrs. Emily Tembo; and the Principal Reforms Officer, Ms. Gloria M.P. Banda.

The UNIMA team was led by the Pro Vice Chancellor, Prof. Alfred Mtenje. Other members were University Registrar, Dr. Bennedicto Wokomaatani Malunga; University Finance Officer, Mr. Henry C. Chiwaya; Senior Assistant Finance Officer, Mr. Davie Kasinje; University Internal Auditor, Mr. Elwyn Kuntenga; Vice Principal- Chancellor College, Prof. Samson Sajidu; Principal-Polytechnic, Prof. Grant Kululanga; Principal-College of Medicine, Dr. Mwapatsa Mipando; ARCC&M, Mr. Alfred Banda and SAR(P&HR), Mrs. Catherine Mnyanga.

Mandate of UNIMA

The mandate for the University of Malawi (UNIMA) is as follows:

1. Advancing knowledge and promoting wisdom and understanding;

2. Dissemination, promotion, and preservation of learning; and
3. Offering education of the highest university standard.

Reform Areas and Implementation Progress

UNIMA has made progress in the following Reform Areas:

Reform Area 1: Conducive Organic Character

Planned Activities

- i. Create legal environment for institutional productivity by reviewing the UNIMA Act 1998 and prepare an amended Bill
- ii. Promote high performance culture and enhanced staff accountability by developing and implementing a robust Performance Management System (PMS)
- iii. Increase staff retention and industrial peace by developing competitive Staff Conditions of Service which ensure staff retention and career progression based on the PMS
- iv. Commitment to NESP inclusiveness by developing a UNIMA Gender Policy

Progress Made:

- i. Government approved delinking of the University of Malawi in July, 2017;
- ii. an Independent Taskforce on Delinking engaged colleges and University Office in February, March and August, 2018;
- iii. draft bills for the three new universities and a technical report was presented to Council on 21st September, 2018 and later submitted to Ministry of Education Science and Technology for further processing;
- iv. Chancellor College will be the new University of Malawi, College of Medicine and Kamuzu College of Nursing will be merged into the Malawi University of Health Sciences (MUHES) whilst the

Polytechnic will be the Malawi University of Business and Applied Sciences (MUBAS)

- v. the PMS was approved by Council on 15th June, 2016;
- vi. Business Partners were recruited in August, 2017 to champion the PMS;
- vii. the PMS was being operationalized in various cost centres of the University of Malawi;
- viii. Further leadership/management orientations were being conducted at college level.
- ix. Council deferred consideration of the revised Conditions of Service and related Unitary Salary Structure due to delinking;
- x. the matter of developing Conditions of Service would be taken over by the new universities;
- xi. The development of HR policies to guide the new universities is almost completed.
- xii. Council already approved the Gender Policy in 2017;
- xiii. All College Deans and Managers were trained in gender mainstreaming; and the trainings were supported by Ministry of Gender and UNDP.

Reform Area 2: Sustainable financing and funding

Planned Activities

- i. Wide options for diversifying self-generated income by increasing the proportion of self-generated income of the recurrent budget;
- ii. Industry including the Alumni contributing the resource base of the University of Malawi by developing an innovative resource mobilisation strategy and developing a policy on student unit cost and staff-student ratios;
- iii. Robust estate management systems by developing an Estates Management and Development Policy;

- iv. Better and conducive living accommodation for local and foreign students by engaging PPP Commission supporting construction of halls of residence; and expanding infrastructure, rehabilitating and maintaining the University facilities;
- v. UNIMA utilizing international engagement to expand provision of teaching and learning services to the society by establishing the Confucius Institute at KCN.

Progress Made:

- i. Council approved policies on Economic Fee Paying Students and Admission of International Students.
- ii. UNIMA contributed to the development of the National Strategic Framework for Income generation in Malawian Public Higher Education Institutions.
- iii. A draft Resource Mobilization Strategy was completed.
- iv. A Draft Alumni Trust Deed was produced and is awaiting registration.
- v. Three MOUs were signed with private sector institutions (FDH Bank, Standard Bank and NICO Insurance).
- vi. The policy on student unit cost and staff-student ratios is under implementation.
- vii. Development of the Estates Management and Development Policy has not taken off.
- viii. The project for construction of students' accommodation is at commencement stage for Chancellor College, College of Medicine and Polytechnic.
- ix. Evaluation of bids is underway for Kamuzu College of Nursing
- x. Government expansion program (AfDB/WB) construction works advanced at CC and the Polytechnic.
- xi. Satisfactory rehabilitation works in the constituent Colleges of UNIMA through PSIP.

- xii. The Governments of Malawi/China signed an MOU towards the construction of the Confucius Institute. Provision of Chinese lessons expanded throughout the country.

Reform Area 3: Quality products and services

Planned Activities:

- i. PhD holders being more prepared to undertake research by developing a Staff Training and Development Policy and developing recognition agreements with staff representatives.
- ii. Improve the access to and quality of teaching, learning and research in the University by operationalization and or/ developing policies
- iii. UNIMA participating in joint national, international research and industry collaboration by enhancing the quality of outreach services to inform practice and review of policies

Progress Made:

- i. Recognition Agreements have not been signed due to elusiveness of staff.
- ii. Council established the Staff/Student Welfare Committee to engage with staff and students on welfare matters.
- iii. Quality Assurance Directorates in place
- iv. ODEL Policy awaits Senate's approval
- v. Senate approved the Post-Doctoral Fellowship Policy; Affiliation Policy and Intellectual Property Rights Policy.
- vi. UNIMA participated in the review of a concept note on expanding access to higher education. The workshop was organized by National Council for Higher Education (NCHE)/Ministry of Education Science and Technology
- vii. UNIMA's Centre for Ethics has now been operationalized.
- viii. Industry coming forward to work with and assist the University in its various programmes.

Reform Area 4: Foresight and Strategic Leadership

Planned Activities

- i. Improve accountability and compliance commitments by enhancing strategic management and corporate governance and establishing the relevance and quality of University of Malawi graduates.
- ii. Improve the image of the University by developing a communication and marketing strategy.

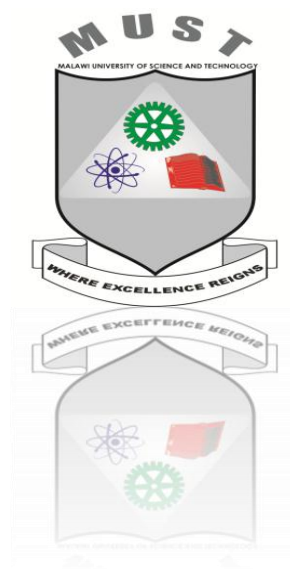
Progress Made:

- i. Senior Leaders and Managers acquired skills in Corporate Governance.
- ii. UNIMA Tracer study report was presented to senior management and later to Senate on 31st October, 2018.
- iii. A draft Communication Strategy has been finalized and awaits validation by key internal stakeholders.

Observations and Action Points

- i. UNIMA is faced with the delinking process challenge
Action: PSRMU to facilitate a meeting to discuss the delinking process with all stakeholders and PSRMU to follow up with Ministry of Education on the status of the draft bills.

2.2.2. MALAWI UNIVERSITY OF SCIENCE AND TECHNOLOGY (MUST)



Introduction

The PSRMU team undertook a monitoring visit to the Malawi University of Science and Technology (MUST) Tuesday, 20th November, 2018 from 9:00 am to 12:00 pm The PSRMU team was led by the Director of Technical Services, Ms. Emmie L. Galafa. Other members were the Chief Reforms Officer, Mr. Sosten Chinkonda and the Reforms Information Officer, Mr. Papiya Mwahara.

The Malawi University of Science and Technology (MUST) team was led by the Vice Chancellor, Professor Address Malata. Other team members were Deputy Vice Chancellor, Professor Jonathan Makuwira, Dean of Ndata School of Climate and Earth Sciences, Prof. Leonard Kalindekafe, Human Resource Officer, Mr. Maxwell Banda and University Librarian, Mr Maxwell Thawani.

Mandate of MUST

The Malawi University of Science and Technology (MUST) was established by Government through an Act of Parliament in 2012 to promote the development, adaptation, transfer and

application of science, technology and innovation for macro and micro economic development in Malawi.

Reform Areas and Implementation Progress

The University is implementing the following reform areas:

1. Inclusive Education
2. Widening Access
3. Governance
4. Funding and Finance

Reform Area 1: Inclusive Education

Planned Activities

- i. Development of a Disability Inclusion Policy
- ii. Establish MUST Scholarship Fund to help needy students.

Progress Made

- i. The development of the Disability inclusion Policy-the draft plan has been developed and is awaiting Council approval.
- ii. MUST Scholarship Fund was established and is operational

Reform Area 2: Widening Access

Planned Activities

- i. Construction of students hostels under Public Private Partnerships (PPP)
- ii. Conduct MUST Girls' Science Camps

Progress Made

- i. Construction of students' hostels under PPP-MUST signed a contract with MM Consortium for the construction of a 2600 bed space hostel accommodation to be completed by December, 2019.
- ii. MUST Science Camp for girls –on going, three Camps organized since 2016.

Reform Area 3: Governance

Planned Activities

- i. Revision of Policies
- ii. Development of a Students Information Management System

Progress Made

- i. Revision of Policies-Performance Management System and Training Policy revised and approved by Management. They will be tabled before Council for approval.
- ii. Students' Information Management System to cater for registration of students on line, payments, Library use and administration of Examination will be completed by 1st January, 2019.

Reform Area 4: Funding and Finance

Planned Activities

- i. Development of Grant and Contracts Accounting Manual
- ii. Development of Resource Mobilisation Strategy and Implementation Plan
- iii. External Partnerships
- iv. Research and Consultancies

Progress Made

- i. Grant and Accounting Manual developed and approved by Management. To be presented to Council for approval.
- ii. Draft Resource Mobilisation Strategy and implementation Plan developed and approved by management. To be presented to Council for approval.
- iii. External partnerships MOU signed with international Universities in order to assist in multi partner projects and mentoring faculty. The university had signed MOUs with nine (9) Institutions as at 30th October, 2018.
- iv. As at 30th October, 2018, nineteen (19) consultancies had been won.

Observations and Action Points

- ii. It was observed that MUST is making very commendable progress.
- iii. The PSRMU team was taken on a tour of the Campus where it was noted that MUST has a magnificent Library with an efficient booking system. The library is also very spacious and has rooms awaiting stocking. Over 5000 new books were sourced under external partnerships and were being shipped to Malawi.
- iv. The PSRMU team toured the university's teaching hospital currently operating as a dispensary. MUST had secured a donation of medical equipment to be used by the teaching hospital but that there was need for Government to assist with funding for freighting the consignment into the Country.
- v. Courses such as Medical Imaging and Immunology that MUST is offering are the first of its kind in Africa.
- vi. A visit was made to the rehabilitated Chinese camp that has been turned into hostels, the facility has eased the enormous pressure that exist for students hostels. It is accommodating over 200 students

Action:

- i. PSRMU to engage Treasury and lobby for financial support towards the importation of the medical equipment. US \$ 1000 is needed for shipping and processing costs.
- ii. To engage PPC on the status of hostels construction at MUST which is dragging since 2015
- iii. OPC to endorse the request by MUST to the Norwegian Embassy for the construction of a Girls' hostel.

2.2.3. MALAWI COLLEGE OF HEALTH SCIENCES (MCHS)



Introduction

The PSRMU undertook a monitoring visit to the Malawi College of Health Sciences (MCHS) on Friday, 2nd October, 2018 from 2:00 pm to 4:30 pm. The team was led by the Director of Technical Services, Ms. Emmie L. Galafa. Other members were Director of Planning and Management, Mr. Sibusiso Jere; Chief Reforms Officer, Mrs. Emily Tembo; Principal Reforms Officer, Mr. Blessings Mbewe and Reforms Information Officer, Mr. Papiya Mwahara. The MCHS team was led by the Acting Executive Director, Mr. Pearson Namachotsa; the Finance Manager, Mr. Enock Dzimbiri and the Principal- Lilongwe Campus, Mr Davis Nyirenda.

Mandate of MCHS

Malawi College of Health Sciences is primarily engaged in the training of health workers that form a vital component of Government plans to improve the health of the nation's population. The College runs Certificate and Diploma Courses approved by Regulatory Bodies.

Reform Areas and Implementation Progress

MCHS is implementing the following reform areas:

Reform Area 1: Training Quality Improvement Initiative

Planned Activities

- i. Nominate members of the Students' Training Quality Improvement Task Force.
- ii. Consult with Stakeholders on Training Quality Improvement.
- iii. Solicit Education Standards from Regulatory and Accreditation Bodies.
- iv. Consolidate Standards.
- v. Set up Campus Quality Improvement Committees.
- vi. Induct Quality Improvement Committees.
- vii. Develop Monitoring and Evaluation Framework.
- viii. Develop Quality Improvement Budget.

Progress Made

- i. Developed Monitoring and Evaluation Tool.
- ii. Developed Quality Improvement Budget
 - a. Parliament engaged to assist College to change order to Act.

Benefits

- i. Improvement of the quality of training at the College
- ii. An effective monitoring and evaluation system

Challenges

- i. Delay in release of guidelines by some regulators

Solution.

Follow ups with the regulators helped.

Reform Area 2: Affiliation of the College to Other Universities

Planned Activities

- i. Brief Malawi College of Health Sciences Board of Governors about the affiliation.
- ii. Establish an Affiliation Committee.

- iii. Identify relevant institutions for affiliation.
- iv. Engage with identified institutions to determine requirements.
- v. Fulfil requirements for affiliation.
- vi. Apply for affiliation.
- vii. Obtain approval for affiliation.

Progress (1st July to Mid-September, 2018)

- i. Applied for affiliation to Mzuzu University.
- ii. Applied for affiliation with Universities in India.
- iii. Held a teleconference with University of North Carolina of USA to map out way forward. A team of experts from USA scheduled to come to MCHS soon.
- iv. Training needs for Degree Programme in Nursing conducted.
- v. Curriculum for Degree programme to be done in Mponela from 8th to 12th October, 2018.

Benefits

- i. Status of Malawi College of Health Sciences (MCHS) will improve.
- ii. MCHS will be able to offer Degree Courses.
- iii. Quality of training will improve.

Challenges

- i. Need for more lecturers with Master's Degree qualifications.
- ii. Inadequate laboratories and library resources.

Solutions

- i. Lecturers sent on scholarship to study for Masters and PhD.
- ii. Negotiated with UNIMA to share resources.
- iii. Use adjunct lecturers.

Reform Area 3: Transfer of College Buildings Infrastructure to Board of Governors.

Planned Activities

- i. Brief Board of Governors.
- ii. Engage Ministry of Justice, Department of Statutory Corporations and Ministry of Health.
- iii. Apply for Title Deed from Ministry of Lands, Housing and Physical Planning.
- iv. Obtain Title Deed.

Progress (1st July to Mid-September, 2018)

- i. Obtained Valuation Reports for Building Infrastructure in all campuses of the College.
- ii. Submitted a letter to Ministry of Lands, Housing and Physical Planning to request to have building Infrastructure transferred to the College's Board of Governors.

Benefits

- i. The College can stand on its own and have own vote for funding by Government.
- ii. MCHS can insure its infrastructure.

Challenges

- i. It has taken a long time to have valuation process finalized.

Solution

- i. Continuous engagement of the Building Department helped.

Observations and Action Points

- i. The mandate of MCHS is derived from a Ministerial order and not an Act of Parliament. Due to financial challenges being faced at the colleges there is strong need that its mandate be derived from an Act of Parliament. MCHS engaged Parliament only.

Action: MCHS to submit a Concept Note on the proposed reform area to the PSRMU

- ii. A tour was made to the Eye Clinic and it was observed that this unit could be a source of extra funds for the College once it drew a plausible Business Plan as a reform area.

Action: MCHS to draw and submit a Business Plan as a proposed reform area to the PSRMU.

2.2.4. NATIONAL COMMISSION FOR SCIENCE AND TECHNOLOGY (NCST)



Introduction

The PSRMU undertook a monitoring visit to the National Commission for Science and Technology (NCST) on Monday, 1st October, 2018 from 2:00 pm to 4:00 pm. The PSRMU team was led by the Director of Planning and Management, Mr Sibusiso Jere. Other

members were the Chief Reforms Officer, Mrs. Emily Tembo and Principal Reforms Officer, Ms. Gloria M.P. Banda.

The NCST team comprised of the Director of Planning, Mr. Alick Manda; Director of Finance and Administration, Mr. Pongolani Msakambewa; and Director of Documentation and Information Services, Mrs. Gift A. Kadzamira.

Mandate of NCST

The NCST draws its mandate from the Science and Technology Act of 2003 to promote the advance of science and technology in Malawi as provided for in the National Science and Technology Policy of 2002.

Reform Areas and Implementation Progress

NCST is implementing the following Reform Areas:

Reform Area I: Research and Development (R & D)

The reform areas of focus are:

- i. R&D performing institutions should have a reporting link with NCST.
- ii. Strengthen NCST's capacity to fully implement its functions as enshrined in the Science and Technology Act of 2003.

Progress Made:

- i. Developed National Research Agendas (Research Priorities) in Agriculture, Natural Sciences and Energy; Industrial and Engineering.
- ii. Developed digital repository of STI information (research reports, R&D institutions, researchers in Malawi).
- iii. Developed web-based R&D survey tools.
- iv. Functional review included in the 2018/19 budget and is awaiting implementation.

- v. Signed MoU with Techno-Brain on ICT Digital Empowerment Programme.
- vi. Signed MoU with COMESA and Bahgat Group of Companies of Egypt on Science and Technology Research and Development (including training in Nanotechnology, Biotechnology, Household Appliance Technology Development, Medical Research).
- vii. Introduced Small Grants Scheme.
- viii. Conducted workshops on proposal writing and writing for publishing.

Reform Area 2: Innovation, Technology Transfer and Commercialization

The focus on the reform area is to construct multi-purpose Science, Technology & Innovation infrastructure with Office Park, Science and Technology Park, Technology Incubator Centre, Science Museum, specialized labs, conference centres, amongst others.

Progress Made:

- i. Multipurpose STI Infrastructure Project included in the Public Sector Investment Programme (PSIP) database.
- ii. Secretary for Lands, Housing and Urban Development made commitment to allocate five (5) hectares of land to the project near Kamuzu International Airport.

Reform Area 3: Resource Mobilization Mechanism

Progress Made:

- i. Concept on Science and Technology Fund developed and submitted to MOEST for consideration
- ii. Engaged MITC on a number of occasions and got assurance that they will consider including Technology Cluster in Special Economic Zone to be established near KIA

Observations and Action Points

NCST is facing a challenge to secure a piece of land where to construct a multi-purpose Science, Technology & Innovation infrastructure. Therefore, NCST requested PSRMU to intervene on the matter.

Action:

- i. PSRMU advised NCST to write to PSRMU on the matter for intervention.
- ii. PSRMU to remind MLH&UD on previous requests on land allocation to Public Institutions implementing reforms.

2.2.5. NATIONAL LIBRARY SERVICE (NLS)



Introduction

The PSRMU team led by the Director of Technical Services, Ms. Emmie L. Galafa, undertook a monitoring exercise at National Library Services (NLS) on Thursday, 27th September from 9:00 am to 12:00pm. Other team members were the Director of Planning and Management, Mr Sibusiso Jere, Chief Reforms Officer, Mrs. Emily Tembo; Principal Reforms Officer, Mr Blessings Mbewe and Principal Reforms Officer, Ms. Gloria M.P. Banda. The NLS team comprised of the National Librarian, Mr. Gray Nyali and the Principal Accountant Ms. Memory Kumbemba.

Mandate of NLS

The Malawi National Library Service Board is a Statutory Corporation established under the Act of Parliament, No. 31 of 1967. It operates under the technical leadership of the Ministry of Education, Science and Technology. Its main task is to operate national-wide public library and information services in Malawi. Its statutory responsibilities, as stipulated in the Act, are to promote, establish, equip, manage, maintain and develop libraries in Malawi. Its activities are aligned to the National Education Sector Plan (NESP). Its Vision is to become a world class library.

Reform Areas and Implementation Progress

The National Library Service is implementing the following reform areas:

Reform Area 1: The Amendment of the National Library Service Act Number 31 of 1967 to reflect new roles of the National Library Service.

The National Library Service would like to contribute to the Development Agenda of Malawi through its Reforms programmes. That is why it is amending the National Library Service Act number 31 of 1967.

Planned Activities

- i. Following up on the approval of National Library Service Act No 31.
- ii. Consultation meetings with Ministry of Education, Science and Technology and Ministry of Justice & Constitutional Affairs

Progress Made

- i. Very little progress

Benefits

- i. Giving the National Library Service legal mandate to carry out its operations.
- ii. Adhering the set International Standards of a National Library

Challenges and possible solutions

- i. The change of the Principal Secretary at the Ministry of Education, Science and Technology Headquarters and retirement of the Former Director of the Directorate of Inspectorate and Advisory Services without proper hand over to his successor.

Reform Area 2: Introduce cost-sharing with Library users

Planned Activities

- i. Production of User Entry Receipts;
- ii. Public Sensitisation through Media;
- iii. Meeting with Parliamentary Cluster on Education, Science and Technology;

Progress Made

- i. So far MK1, 500,000 has been collected from July 2018 to Mid-September 2018.
- ii. User Entry Receipts distributed.

Benefits

- i. Increased Revenue for Library Operations.
- ii. Improved service to the Library Users.
- iii. Improved quality education in Malawi.

Challenges and possible solutions

- i. Resistance from the public who have been used to free library services.
- ii. Risk of being sued due to application of an Act that has not been approved and endorsed by Parliament.
- iii. Slow progress in the amendment of the National Library Service Act number 31 of 1967 to reflect user contribution.

Reform Area 3: Acquire Legal Deposit Rights from Government in order to ensure that all Malawian publishers supply NLS with one copy of every publication

Planned Activities

- i. Follow-up on the amended Submitted draft MNLS Act

Progress Made

- i. No progress, the Parent Ministry has not yet provided a feedback

Benefits

- i. Improved collection of written works produced by Malawians.
- ii. Future production of Malawi Bibliography
- iii. Preservation of Malawian Written Heritage

Challenges and possible solutions

- i. Slow progress in the approval of Amendments

Solution

- i. All concerned stakeholders to be involved at all stages

Reform Area 4: Designate NLS as a regulator of Library Standards in Malawi both Public and Academic

Planned Activities

- i. Develop standards for school, Secondary and Tertiary institutions.
- ii. Partner with the National Council for Higher Education.
- iii. Push for the amendment of the National Library Service Act number 31 of 1967.

Progress Made

- i. Standards for Primary and Secondary schools developed in partnership with the Ministry of Education, Science and Technology.
- ii. Currently informal discussions with the National Council for Higher Education is in Progress.

Benefits

- i. High standards of Libraries attained.
- ii. Improved standards of teaching, learning and research

Reform Area 5: Establishment of Centre for the Book

The National Library Service intends to establish a Centre for the Book for Malawi. The Centre for the Book will be a specialist unit of the Malawi National Library Service. It will provide key information about the book world to all stakeholders by promoting the importance of books, libraries, reading and writing for our national development agenda. It will promote and provide access to local books for all Malawian Citizens in their mother tongue. This Centre of the Book should include a printing House. Currently the National Library Service produces its own Werengani Series Books through other publishing houses. The National Library established its own Book Restoration unit in 2014 and the Book Publishing Equipment can complement this activity.

Planned Activities

- i. Identifying special structure to house Centre for the Book.
- ii. Setting up Children Reading Corners.
- iii. Signing Partnership Agreements with Book Publishers.
- iv. Early grade Reading Programmes.
- v. Training courses for writers.
- vi. Book Fairs.
- vii. Procurement of Mobile vans.

Progress Made

- i. Equipment for setting up a Cinema at Headquarters in progress funded by REI Foundation.
- ii. Storytelling sessions still continuing at the Headquarters and about to be rolled out to 6 more centres of the NLS.
- iii. Early grade reading programmes still taking place on Saturdays.
- iv. 3 More Children Reading Corners to be set up at Luchenza, Thandire and Falls Libraries.
- v. The National Library Service has so far published 64 titles of the popular Werengani Series.

Benefits

- i. The availability of locally published books in vernacular languages.
- ii. The promotion of Malawian stories and Culture.
- iii. The preservation of the Malawian Written Heritage.
- iv. The promotion of early reading programmes.
- v. The development of writing skills.

Challenges and possible solutions

- i. Slow progress in the approval of the amended Act for the Malawi National Library Service.
- ii. Poor funding for the National Library Service activities.
- iii. Still relying on one Mobile Library Van due to poor funding.

Possible Solution

- i. The Government to increase funding to the National Library Service to match that of other Parastatals under the Ministry of Education, Science and Technology.
- ii. The Government to enact the amended National Library Service Act number 31 of 1967.

Reform Area 6: Increased funding for preservation services

The Malawi National Library Service to be a custodian and provider of the nation's key knowledge resources. This will include the setting up of Presidential Libraries in future either as separate units or as departments and sections within the National Library Service.

It is already mandated by the Act to collect and preserve published documents and make them accessible. It will ensure that knowledge is not lost to posterity and that information is available for research.

The National Library's collection contains a wealth of information, books published in Malawi, periodicals, government publications, official foreign publications, maps, technical reports and newspapers.

Documents too fragile to be photocopied will be reformatted by the National Library's reprographic services onto photographic film, microfilm or microfiche, or in digital format.

Planned Activities

- i. Lobbying Government to increase budget allocation as approved by the National Library Service Board budget for 2018 /19.
- ii. Writing several appeal letters to the Secretary to Treasury in the Ministry of Finance to revise funding to the National Library Service.

Progress Made

- i. No progress has been made so far in this reform area because the actual budget Ceiling from Government for 2018/19 is MK563m which is by far below the actual requirement.

Challenges and Possible solutions.

- i. The allocated budget ceiling of MK 563,000,000 for 2018/19 for National Library Service is still far below the proposed one that would help the institution deliver its service to the public efficiently.
- ii. Staff morale to work for the National Library Service is down leading to mass resignations and brain drain.

- iii. The Public Universities will pouch all trained staff from National Library Service due to huge differences in salaries being offered to staff in grades with same qualification.
- iv. Malawi written cultural values will be depleted and lost forever.
- v. The future generations will not have the knowledge of their ancestors.

Solutions

- i. Government commitment to increase funding as approved by the Public Service Reforms Commission.
- ii. Functional Review of the National Library Service Structure to establish clear career path.
- iii. Staff salaries to march those offered by Public University Libraries since MNLS is also under the Ministry of Education, Science and Technology.

Reform Area 7: Enhanced Use ICT services. Develop branches as centres of information and knowledge through partnership with MACRA

The National Library Service would like to take lead in providing digital content to the ICT Infrastructure in Malawi. In collaboration with Department of E-Government and Malawi Communications Regulatory Authority (MACRA) the National Library should make its branch libraries as centres of information and knowledge. It should partner with MACRA to make the Telecentres vibrant in spreading and creating ICT awareness to the people of Malawi in urban and rural areas. MACRA TELECENTRES to be placed under the National Library Service Management for professional information service delivery and guidance and monitoring.

Planned Activities

- i. Partnering with the Malawi Communications Regulatory Authority (MACRA) in the Information and Communications Technology projects.

- ii. Stakeholders Workshops.
- iii. Procuring computers and accessories.
- iv. Installing computer network works with Internet connection in all the sixteen branches of the National Library Service.
- v. Subscribing to the Malawi Library Consortium to start procuring e-resources.
- vi. Increasing e-documents in the National Digital Repository.

Progress Made

- i. Baseline of National Library Service Headquarters Building and Mzuzu branch has been conducted.
- ii. Hosting of a joint MNLS and National Archives of Malawi NetDiploma Workshop on 18-19 September, 2018 at the Malawi National Library Service

Benefits

- i. Increasing access to valuable information through ICTs in Malawi.
- ii. The Network for Digital Public Library of Modern Africa (NetDiploma) is a two year initiative spear-headed by the Northumbria University in the United Kingdom. In line SDG17 and the United Nations Addis Ababa Convention the NetDiploma project seeks to build a sustainable global multi-stakeholder network to mobilize and share knowledge and identify future collaborative research required to build a Digital Public Library of Africa (DPLAF) that will promote access to information for everyone and support economic and cultural development.
- iii. Improving ICT Mass literacy in Malawi through the Library branches and the telecentres.

Challenges and possible solutions

- i. Slow progress from MACRA on the completion of the baseline of the remaining branches and procurement of computers and its associated accessories.
- ii. Delay in the production of an MoU between the National Library Service and MACRA by the MACRA Legal officer,

Solutions

- i. Regular reminders to MACRA to commit to the set agreement with the National Library Service as outlined in the reform area 7.
- ii. Strengthening the partnership with the Department of E-Government in Mass ICT literacy Programmes

Observations and Action Points

NLS reforms implementation is faced with various challenges that are pulling down the process. Major are:

- i. Lack of progress by parent Ministry to process the draft amended NLS Act. It is over two years since the draft was submitted to the MoEST.
- ii. Lack of progress on the Functional Review implementation by the parent Ministry leading to massive brain drain from NLS to Public Universities.
- iii. Slow progress from MACRA on the Partnership Agreements with NLS.
- iv. Lack of financial resources to acquire additional Mobile vans for all the regions and headquarters.
- v. Lack of financial resources to build the modern ten storey purpose built National Library.

Action: NLS was advised to write the PSRMU on all the challenges/issues discussed for the intervention of OPC

2.2.6. MALAWI ACCOUNTANTS BOARD (MAB)



Introduction

The PSRMU undertook a monitoring visit to the Malawi Accountants Board (MAB) on Thursday, 22nd November, 2018 from 10:35am to 12:00 pm. The PSRMU team consisted of the Director of Technical Services, Ms. Emmie L. Galafa and Reforms Information Officer, Mr. Papiya Mwahara. The Malawi Accountants Board (MAB) was represented by the Chief Executive Officer Mr. Dumbo A. Muwalo.

Mandate of MAB

The Malawi Accountants Board was established by the Public Accountants and Auditors Act (Cap 53:06) 2012, to regulate the reporting of financial matters and provide direct oversight over professional accountancy bodies and auditors in order to promote high quality reporting of financial and non-financial information by entities, promote the highest professional standards amongst auditors and accountants and ensure compliance and enforcement of applicable local and international accounting and auditing standards.

Reform Areas and Implementation Progress

The Board is implementing the following reforms:

1. Mandatory Registration of Accountants
2. Visibility
3. Revenue and financial stability
4. Audit Quality Assurance Reviews for Public and Audit Firms
5. Automation of Processes

6. Purchase of Land from Malawi Housing Corporation

Reform Area 1: Mandatory Registration of Accountants

Planned Activities

- i. Register all Accountants in Malawi

Progress Made

- i. The number of registered accountants has grown from 550 in 2014 to 607 by October 2018.

Reform Area 2: Visibility

Planned Activities

- i. Publicise MAB activities
- ii. Engage all relevant stakeholders

Progress Made

- ii. MAB revitalised its logo from black and white to red blue and white for vitality
- iii. Advertised in the Daily Papers MAB's mandate, functions and achievements
- iv. Advertised in the Daily Papers names of accredited institutions and are eligible to conduct accounting, auditing and training of accountants in Malawi
- v. Conducted consultative meetings with auditors and audit firms and professional accountancy bodies
- vi. Updated the website on all new developments in the profession

Reform Area 3: Revenue and financial stability

Planned Activities

- i. Develop regulations that will open other sources of revenue.
- ii. Sensitise Audit Firms to Register.
- iii. Conduct Audit Quality Assurance Reviews for ten (10) Audit Firms.

- iv. Sensitise Professional Accountancy Bodies to be accredited.

Progress Made

- i. Initially, MAB's revenue had been ICAM levies from student and member fees. Now MAB opened other avenues which include inspection and accreditation of accountancy training institutions. A total of 10 colleges were inspected and 7 accredited thereby raising K1.2 million.
- ii. MAB also accredited one (1) professional accountancy organization and renewed the license of two other organizations and generated approximately K10 million.

Reform Area 4: Audit Quality Assurance Reviews for Public and Audit Firms

Planned Activities

- i. To review ten (10) Audit Firms and twelve (12) principals (partners).

Progress Made

- i. MAB has conducted 15 Audit Reviews from 2017 to 2018
- ii. Registered 26 out of 27 Audit Firms between 2015 and 2018.
- iii. In conjunction with ICAM, organised a training session in June, 2018; on Audit Quality Assurance Reviews aiming at addressing existing deficiencies.

Reform Area 5: Automation of Processes

Planned Activities

- i. To buy an accounting package that will assist in coming up with financial reports and budgets in an effective and efficient manner.
- ii. To install the system and train the users in readiness for operations.

Progress Made

- i. Currently, MAB has completed automating the Finance Department and is working on automating the Technical Department.

Reform Area 6: Construct MAB Offices

Planned Activities

- i. Purchase land from Malawi Housing Corporation
- ii. Lease of the plot by June, 2019

Progress Made

- i. MAB has purchased land from Malawi Housing Corporation to the tune of MK40 million which will be used to construct MAB offices.
- ii. MAB has applied for plot lease to the MHC

Challenges and Possible Solutions

- i. Financial constraints.
- ii. Resistance by some stakeholders to collaborate in activities.
- iii. Lack of internal and external capacity to conduct audits
- iv. Good number of accountants in government not registered.
- v. Weak legislation.

Observations and Action Points

- i. Noting that MAB has issues with their legislation, PSRMU advised MAB to consider and submit a reform area to review the weak legislation.
- ii. It was observed that the absence of a fully automated system is hindering the registration of accountants in the Public Sector.
- iii. MAB was advised to consider employing a Public Relations Officer to complement its visibility reform

2.2.7. MALAWI INSTITUTE OF EDUCATION



Introduction

The PSRMU undertook a monitoring visit to the Malawi Institute of Education (MIE) on Monday, 19th November, 2018; from 8:00am – 11:00am. The PSRMU team was led by the Director of Technical Services, Ms. Emmie L. Galafa. Other team members were Chief Reforms Officer, Mr. Sosten Chinkonda and Reforms Information Officer, Mr. Papiya Mwachara.

The Malawi Institute of Education (MIE) team was led by Director (DSTD), Mr. Davie Kambankadzanja and other team members comprised Director (EMDRC), Mr Peter Ngunga; Acting Director (DCD), Ms. Nairet Molande and Public Relations Officer, Mr. Moses Mailosi.

Mandate of MIE

The Malawi Institute of Education (MIE) was established in 1979 and is mandated to design, develop, monitor and evaluate Primary, secondary and primary teacher education curriculum; publish and evaluate curricula materials, provide continuing professional development to education personnel and conduct education related research.

Reforms Areas and Implementation Progress

The organization is implementing the following reform areas:

1. Review the Primary School Curriculum;
2. Review the Secondary School Curriculum;
3. Review the Primary Teacher Education Curriculum;
4. Create an Electronic Catalogue.

Reform Area 1: Review of the Primary School Curriculum

Planned Activities

- i. Reviewing primary school curriculum
- ii. Training primary school teachers in action research
- iii. Assessing needs on early grade literacy and numeracy

Progress made

- i. The syllabuses have been aligned to the NRP books.
- ii. 63 titles of supplementary readers have been developed (41 for Chichewa and 22 for English) for standard 1-4.
- iii. Improved Standard 1 Teachers' Guide has been introduced by reducing the length of the dialogues, reducing the length of read aloud passages and inserting use of local language instructions.
- iv. Finalized development of standards 1-4 English and Chichewa teachers' Guides.
- v. Trained 100 Primary school teachers in Action Research to enable them carry out their action research projects in their respective schools.
- vi. All sixteen TTC went through a training on Early Grade learning (EGL) focusing on literacy, numeracy, and education foundation studies.

Reform Area 2: Review of the Secondary School Curriculum

Planned Activities

- i. Orienting Secondary School Teachers on the reviewed curriculum

- ii. Conducting a Baseline Study on the implementation of the reviewed curriculum
- iii. Monitor and evaluate the implementation of the reviewed curriculum.
- iv. Support the implementation of the reviewed secondary school curriculum
- v. Evaluate Senior Secondary School text books on the revised Curriculum

Progress made

- i. No formal monitoring and evaluation was done but the organization was able to glean some information during the base line study for the senior secondary school curriculum.
- ii. Developed the training manual on scientific investigation following the introduction of Physics and Chemistry.
- iii. Developed a source book on geographical information system.
- iv. Evaluation of senior secondary school textbooks for the reviewed secondary curriculum is yet to be done, MIE was waiting for approval from the Ministry of Education for printing of gap filling texts. Ministry to tender for gap filling texts.

Reform Area 3: Review of Primary Teacher Education Curriculum

Planned Activities

- i. Hold a Regional Conference in support of the review of the Primary Teacher Education Curriculum
- ii. Situation analysis and needs assessment
- iii. Symposium and conceptualisation
- iv. Syllabus and materials development
- v. Consultations and refining of materials
- vi. Printing and distribution of materials
- vii. Orientation of teacher educators

Progress made

- i. Printed syllabuses for the 11 syllabuses.
- ii. Developed modules for 11 subjects for year 1.
- iii. Printed year 1 modules.
- iv. Distributed year 1 modules.
- v. Oriented TTC lecturers to year 1 materials.
- vi. Rolled out of the new TTC curriculum in January, 2019.
- vii. Developed year 2 modules for terms 2 and 3.
- viii. Oriented lecturers to year 2 materials.
- ix. Monitored the implementation of the revised curriculum.
- x. Developed a curriculum and assessment (60% Lecturers' assessment and 40% MANEB).
- xi. Developed an early grade learning source book.
- xii. Supported lecturers in the training of Teaching Practice Schools on the new curriculum.

Reform Area 4: Creation of an Electronic Catalogue

Planned Activities

- i. Procuring equipment for digitising MIE Library Publications
- ii. Setting up an electronic catalogue
- iii. Installing solar power for server room
- iv. Training Library staff in website maintenance

Progress made

- i. Equipment was procured and installed.
- ii. The electronic catalogue was set up.
- iii. The solar power for the server was not acquired because of financial constraints.
- iv. Staff were trained in digitization of publications.

Challenges

- i. Persistent power supply interruptions resulting in delays to meet deadlines.
- ii. Unanticipated budgetary cuts.

Observations and Action Points

MIE expressed concern that despite assurances from the parent Ministry funds are not being provided for the procurement of a Printing Press.

Justification for the reform:

- i. With a Printing Press MIE would be financially independent, this would eventually provide relief to government in terms of supporting MIE financially
- ii. It would be more cost effective to print resources at MIE than government outsourcing the service abroad as is the current situation.

Action: PSRMU to engage Ministries of ES&T and FEP&D on the stagnated process of facilitating the procurement of a Printing Press for MIE.

2.2.8. MALAWI COLLEGE OF ACCOUNTANCY (MCA)



Introduction

The PSRMU team led by the Director of Technical Services, Ms. Emmie L. Galafa, undertook a monitoring exercise at the Malawi College of Accountancy (MCA) on Thursday, 22nd November, 2018 from 8:30 am to 10:30 am. The other member was the Reforms Information Officer, Mr. Papiya Mwahara. The MCA team was led by the Principal, Mr. Aggripa Phiri. Other members were the Head of Programmes (Blantyre Campus), Mr Francis Moto Jnr; the Blantyre Campus Director, Mr. Gideon Kalumbu and the Management Accountant, Ms. Zione Madona.

Mandate of MCA

The MCA created through a Government Order, the Malawi College of Accountancy (Board of Governors) of 1980 is mandated to offer training in accountancy, finance and related business courses.

Reform Areas and Implementation Progress

The College is implementing the following reform areas:

1. Infrastructure Development
 - Mzuzu Developing a new campus
 - Additional teaching facilities and hostels, kitchen and cafeteria at the Lilongwe campus

- Additional teaching facilities at the Blantyre Campus
- 2. Functional and operational review on employee management.
- 3. Realign College with Ministry of Finance under the Office of the Accountant General.
- 4. Increased access to Government managed training scholarships.

Reform Area 1: Infrastructure Development

Planned Activities

- i. Design plans and construct additional 6 classrooms and a lecture theatre in Blantyre and Lilongwe Campuses
- ii. Acquire land, design project and construct a campus comprising an administration block, 8 classrooms, library and a lecture theatre

Progress Made:

- i. Priority has been given towards the construction of the new Mzuzu campus. Offer of Lease of Land received from Regional Commissioner for Lands (N) on 12/08/16 and required fees settled on 17/08/16.
- ii. Re-submitted request through MoEST for inclusion in 2019/20 PSIP. Also exploring alternative sources of funding with EP&D's PSIP unit. The College planned to contribute K150m to the project as a sign of commitment

Reform Area 2: Functional and operational review on employee management.

Planned Activities

- i. Conduct a functional review
- ii. Revise conditions of service and salary structure
- iii. Design Performance Management System

Progress Made:

- i. DHRM&D completed the exercise and already the Board approved. Government approved some key positions e.g. Campus Directors, Assistant Registrars approved and employed.
- ii. Moreover, new Conditions of Service have greatly improved; College's staff attraction and retention rate, resulting in motivated staff and improved service delivery and improved student enrolment.

Reform Area 3: Realign College with Ministry of Finance under the Office of the Accountant General.

Planned Activities

- i. Liaise with Ministry of Education, Science and Technology to lead the process.

Progress made

- i. The reform has been dropped but the College was advised to enhance cooperation with Ministry of Education to achieve better coordination.

Reform Area 4: Increased access to Government managed training scholarships for MCA staff

Planned Activities

- i. Conduct Training Needs Assessment (TNA) and submit training requirements to DHRM&D

Progress made

- i. Training Needs Assessment done.
- ii. Submitted training requirements submitted to DHRM&.
- iii. Discussions ongoing.

Proposed New Reform Areas

MCA proposed a reform to attract more females to venture into the accounting profession.

Challenges and possible solutions:

- i. Project costs turning out to be far higher than originally thought.

Solution: To construct in phases.

- ii. The requirement to remit 40% of surplus as dividend is hampering efforts to expand the infrastructure of the College.

Solution: The College has since engaged Treasury for dividend waiver.

Observations and Action Points

- i. A tour was conducted to the Campus specifically the library and teaching facilities and the congestion was noted
- ii. The college is expanding in terms of intake and programmes being offered and therefore need additional infrastructure and space to accommodate the growth. However resources are inadequate to develop new infrastructure and land for Lilongwe Campus was withdrawn from the college.

Action:

- i. MCA to seek PPP interventions to develop the necessary infrastructure.
- ii. PSRMU to engage Treasury on the Development Budgetary needs for MCA
- iii. PSRMU to remind MLH&UD on the issue of land for MCA Lilongwe Campus

2.2.9. MALAWI NATIONAL EXAMINATION BOARD (MANEB)



Introduction

The PSRMU undertook a monitoring visit to the Malawi National Examination Board (MANEB) on Monday, 19th November 2018 from 9:00 am – 12:00 pm. The PSRMU team was led by the Chief Director, Mrs Seodi V-R White and other team members were Director of Planning and Management, Mr. Sibusiso Jere; Chief Reforms Officer, Mrs. Emily Tembo; and Principal Reforms Officer, Ms. Gloria M.P. Banda.

The MANEB team was led by the Executive Director, Mr. Gerald Chiunda. Other members were Director (Examinations Administration), Mr Gerson Mutala Phiri; Director of Finance, Mr. Thomas Dokotala, Principal Administrative Officer, Mr. Michael Lazaro; and Mrs. Mayamiko Chiwaya, Public Relations Manager.

Mandate of MANEB

The mandate of MANEB is to conduct academic and other examinations at the conclusion of any approved course in Malawi as it may be considered in the public interest. Award Certificates and Diplomas to successful Candidates in such examinations.

Reform Areas and Implementation Progress

MANEB is implementing the following Reform Areas:

Reform Area 1: Abolishment of Junior Certificate of Education (JCE) Examination

The JCE examination which was meant for selection and certification was not contributing much to those purposes and government yielded minimal returns for the financial resources invested in this examination. In this regard, approval was sought and granted to abolish JCE examination.

Progress Made:

- i. The reform area was fully implemented and the last JCE examination was administered in 2016.

Benefits:

- i. Schools have more time for learning and preparation for high stakes examination since the JCE examination was interfering with teaching and learning.
- ii. A lot of funds, currently about K2 Billion are now being used for more worthwhile activities.

Challenges

Institutions that depended on the examination to encourage learning are desperately seeking means for enhancing and strengthening assessment systems in schools to prepare students for MSCE examination.

Reform Area 2: Abolishment of Printing of Certificates for the Primary School Leaving Certificate of Education (PSLCE) examination

About 230 000 candidates pass the PSLCE examination each year. Printing and distribution of the PSLCE certificates is a costly and an unnecessary expenditure considering that the certificates are neither used for admission into Form One nor for employment. Institutions are satisfied with knowledge of pass as per results print out issued by MANEB.

Progress Made:

- i. The reform has been fully implemented.
- ii. MANEB has not printed PSLCE certificates since October 2015.

Benefits

The resources that could have been used for certificates production and logistical support during delivery of the certificates are being channelled to other worthwhile activities.

Challenges

There have been no challenges on the implementation of this reform.

Reform Area 3: Empowerment of MANEB to decide on regulations for registration of candidates and examination fees

In October 2015 Government empowered MANEB to revise examination fees and devise strategies for registering candidates and payment of examination fees.

Progress Made:

MANEB, with the approval of its Board of Directors, revised other service fees upon consideration of prevailing economic conditions.

Benefits

Service fees revisions have increased MANEB's resource base thereby positively impacting on Government's financial resources.

Challenges

Although MANEB has been empowered to decide on the revision of examination fees, the revision itself is subject to Government's approval through the Ministry of Education,

Science and Technology. In essence, the revision of fees remains Government's prerogative.

Reform Area 4: Electronic marking of candidate's scripts

Currently candidate's scripts are presented to the examiner (marker) who indicates on the script scores for the parts of questions and total marks for the paper. The examiners therefore have to turn to all pages in the script.

The current marking procedure has the following challenges:

- a. markers spend time looking for the questions in the script ,
- b. examiners inhale a lot of dust from the paper, making it a health hazard,
- c. too much exposure to the white paper causes sight/ eye problems to some examiners,
- d. examiners may be influenced by performance of the candidates in other parts of the paper making the scores unreliable,
- e. prone to errors; and
- f. ferrying of cartons containing scripts from one point to another is costly.

To address the challenges above, MANEB had plans to introduce electronic marking whereby candidates' scripts were to be scanned and electronic candidates' responses would be presented to the examiners for marking. Addition of scores and completion of mark sheets would be done automatically.

Progress Made

MANEB has been following countries that had embarked on e-marking with keen interest. From other countries' experiences, MANEB's perspective is that it should not venture into this project.

Benefits

It was envisaged that;

- i. examiners would mark faster thereby reducing marking period and expenditure on the exercise,
- ii. time for processing of results would be reduced facilitating timely release of examination results,
- iii. examiners would also find marking more friendly and that their accuracy would improve making examination results more reliable and
- iv. the in-built quality control measures in the system would ensure quality and examiner consistency in marking.

Challenges

MANEB feels it is not feasible to embark on the e-marking project for the following reasons;

- i. as a country our internet services are still not reliable,
- ii. MANEB does not have the adequate and necessary infrastructure e.g. computers for every marker,
- iii. countries that embarked on this project have abandoned it because it is expensive and not conducive to small economies and
- iv. there is likelihood that some markers would be tempted to inflate scores since marking would be done at home.

Reform Area 5: Development of in-house printing capacity

Primary School Leaving Certificate of Education and Junior Certificate of Education examination materials were securely printed by MANEB using digital copiers which have some challenges as follows:

- i. Copiers last for a year only,
- ii. Consumables are expensive,
- iii. Copiers require a lot of routine services,
- iv. Copiers do not detect and reject unprinted copies and are slow; and
- v. Copiers print on A3 paper and require manual collating.

Progress Made:

- i. A heavy duty conventional printing machine with its accompanying folding machine was procured and installed in July 2018.

Benefits

- i. Printing time will be reduced and collating of the security documents will be done by the machine. This will enhance security of examination materials since there will be less exposure of the security documents. Furthermore the machine detects and rejects unprinted sheets thus improving quality of examination paper.
- ii. The machines are durable lasting over fifteen years.

Observations and Action Points

- i. It was observed that MANEB has implemented a lot of Administrative support reforms over and above those submitted to PSRMU like:
 - Fuel and Fleet Management
 - Communications Management
 - Security Systems
- ii. It was observed that MANEB is having serious internet problems i.e. some of their machines require internet connection for upgrades.
Action: PSRMU encouraged MANEB to consult E-Government on internet problems.

2.2.10. NATIONAL COUNCIL FOR HIGHER EDUCATION (NCHE)



Introduction

The PSRMU team led by the Director of Technical Services, Ms. Emmie L. Galafa, undertook a monitoring exercise at National Council for Higher Education (NCHE) on Thursday, 4th October, 2018. from 2:00 pm to 4:00 pm. Other team members were the Principal Reforms Officer, Mr Blessings Mbewe and Reforms Officer Information Officer, Mr Papiya Mwahara. The NCHE team was composed of the Chief Executive Officer, Dr. Ignasio Jimu and Policy Research and Planning Specialist, Dr John Sadalaki.

Mandate of NCHE

The National Council for Higher Education was established by an Act of Parliament No. 15 of 2011 to regulate the Higher Education sub-sector. NCHE is mandated to promote and coordinate education provided by higher education institutions.

Reform Areas and Implementation Progress

NCHE is implementing the following reform areas.

Reform Area I: Facilitation of the development of the Overarching Higher Education Act for all higher education institutions (HEIs) in the country;

Planned Activities

- i. Consultative meetings with various stakeholders
- ii. Supporting the Ministry of Education, Science and Technology in drafting the Bill
- iii. Validation meeting with stakeholders.
- iv. Development of Cabinet paper.
- v. Sensitization and lobbying Members of Parliament to support the Bill.
- vi. Consideration of the Bill by Parliament.
- vii. Dissemination of the Bill to the general public.

Progress Made

- i. Planning and desk reviews were conducted.
- ii. The first consultative meeting with the Ministry took place on 23rd February, 2016. It was attended by the MoEST, HEIs and NCHE.
- iii. The brainstorming meeting took place with various stakeholders
- iv. Zero draft of the bill was developed (13th -16th September,2016)
- v. There has been three consultative meetings conducted on the zero draft (9th -13th January,2017)
- vi. Consolidation of the stakeholders' input into the zero draft was done on 24th and 25th April,2017
- vii. Status report presented at the Higher Education [I]-SWG-ESIP II, 3rd and 4th Quarter meeting (organised by the Ministry of Education Science and Technology) on 29th June, 2017.
- viii. Status report presented at the Sectorial Reforms Conference of 21st August, 2017 which called for more consultations within the universities.

- ix. A meeting for Vice Chancellors, Principals and Registrars from public and private universities was held on 5th October, 2017 to brief them of the outcome of the Sectorial Reforms Conference.
- x. A meeting for Vice Chancellors, Principals and Registrars from public and private universities was convened on 2nd November, 2017 to facilitate another round of consultations within the universities.
- xi. A meeting to make final preparations for consultations within universities was scheduled in December, 2017 but did not take place as universities were tied up in activities to winding up the year.
- xii. Progress has since stalled as a result of a change in focus in view of the unbundling of UNIMA. The Ministry asked NCHE to focus on reviewing NCHE's Act.

Benefits of Overarching Bill

- i. An Overarching Higher Education Sector Act (encompassing both public and private HEIs, regulatory bodies and other stakeholders) will ease challenges of coordination and conflicting mandates within the higher education subsector.

Challenges and possible solutions to the Overarching Bill

- i. Acceptance and adoption of the HEI Act within the higher education sector.
- ii. More consultations and sensitisation meetings needed.

Reform Area 2: Facilitation of the process of opening up of the provision of the training of lawyers to other universities

Planned Activities

- i. Consultative meetings with various stakeholders.
- ii. Lobbying Government to enactment of the bill.

- iii. Lobbying MPs on the Bill.
- iv. Parliamentary approval.
- v. Public awareness on the Bill.

Progress Made

- i. Legal Education and Legal Practitioners Bill, 2017 sent to Parliament during November, 2017 sitting of Parliament and sent back for amendments.
- ii. NCHE sent input from private universities (Blantyre International University & Catholic University) offering law programme to Council for Legal Education for their review in preparation for re-submission of the Bill to Parliament.
- iii. Council for Legal Education is working with the Ministry of Justice to have Bill send back to Parliament

Benefits

- i. Widened access of the law programme to many students.
- ii. Increased availability of lawyer/client ratio.

Challenges and possible solutions

- i. Need for quality standards controls.
- ii. Regular monitoring of the training programmes.

Reform Area 3: Establishment of a sustainable funding mechanism through the introduction of a higher education levy

Planned Activities

- i. Desk review.
- ii. Concept Note done by the Vice Chancellors of the public universities.
- iii. Consultations with stakeholders.
- iv. Drafting of Draft Bill.
- v. Drafting of Cabinet Paper.

- vi. Approval by Parliament.

Progress Made

- i. Concept note developed.
- ii. Consultative meeting conducted with southern region based public and private universities on 18th and 19th May, 2017.
- iii. Concept note revised to reflect the private higher education institutions involvement.
- iv. Universities in the central and northern regions are yet to be engaged in the second quarter of the year (October- December, 2018).

Benefits

- i. Establishment of a higher education levy will make higher education sub-sector become sustainable financially and will also improve the quality, access and management of the sector through the provision of.
- ii. Increased access to higher education through increased number of students to access student loans.
- iii. Delivery of efficient quality assurance services and regulatory mechanisms.
- iv. Provision of higher learning support systems like internet bandwidth.
- v. Continuous Development Programmes for the higher education subsector.
- vi. Sustained research and development on the higher education subsector

Challenges and possible solutions

- i. Acceptance and remittance of the levy.
- ii. Extensive consultations and sensitization need to take place.

Reform Area 4: Enhancement of the autonomy of the Council

Planned Activities

- i. Review of the current NCHE Act.
- ii. Draft of NCHE regulations.
- iii. Consultations with stakeholders.
- iv. Refinement of the regulations.
- v. Parliament approval.

Progress Made

- i. Identification of areas of the NCHE Act which need to be amended.
- ii. Draft NCHE regulations being developed alongside the HE Overarching Act.
- iii. Consultation done on the regulations.
- iv. Refinement of the regulations.
- v. Consolidation of the stakeholders' input was done on 24th and 25th April, 2017.
- vi. The Clauses on the Regulations slotted into the draft Overarching Bill on 24th and 25th April, 2017.
- vii. Meetings to strengthen and align the regulations to regional standards planned for October, 2018.
- viii. Stakeholders meetings on the regulations will follow.

Benefits

- i. Review of the NCHE Act resulting in improved promotion and coordination of higher education.
- ii. Improved cross-cutting sector conditions of engagement and best practices.
- iii. Council empowered in decision making through regulations.

Challenges and possible solutions

- i. Acceptance of the amendments by the higher education subsector.
- ii. Extensive consultations are required to get buy in from the stakeholder.

Overall Challenges

- i. Cash flow constraints affecting scheduling of activities;
- ii. Busy schedules and equally important commitments in the partner institutions;
- iii. Changing priorities as a result of structural changes/developments in the public higher education sector; and
- iv. Layers of stakeholders/gatekeepers - who to consult, when and how.

Observations and Action Points

- i. The parent Ministry directed the suspension of the process of formulation of the Overarching Higher Education Act with the reasoning that the public universities unbundling needs to precede the Overarching Higher Education Act.

Action: PSRMU proposed to organise a meeting with all stakeholders to arrive at a consensus

- ii. NCHE lamented on the slow pace of reforms implementation due to insufficient budgetary provision from Treasury against its needs

Action: OPC to liaise with MFEP&D on NCHE's budgetary needs

- iii. NCHE lacks legal basis in some parameters of their jurisdiction e.g. autonomy of the Council, introduction of a HE levy, Opening up of the Law Programme

Action: NCHE needs to work out on legal instruments as per its reform areas in a speedy manner

2.3.0. ENERGY AND NATURAL RESOURCES SECTOR

2.3.1. THE ELECTRICITY SUPPLY CORPORATION OF MALAWI (ESCOM)



Introduction

The PSRMU undertook a monitoring visit to the Electricity Supply Corporation of Malawi (ESCOM) on Friday, 23rd November 2018 from from 9:00 pm to 12:00 pm. The PSRMU team was led by the Director of Planning and Management, Mr Sibusiso Jere. Other members were Chief Reforms Officer, Mrs. Emily Tembo and Principal Reforms Officer, Ms. Gloria M.P. Banda.

The ESCOM team was led by the Chief Executive Officer, Alexon Chiwaya. Other members were Director of Human Resource and Administration, Mr Daphter Namandwa; Director of Planning and Development, Mr Michael Gondwe; Director of Procurement and Disposal of Assets, Mr Patrick Liphava; Director of Distribution and Customer Services, Mr Alfred Kaponda; Director of System and Market Operator, Mr Patrick Kadewa; Director of Legal

Services and Company Secretary, Ms Matilda Zande; Ag Director of Finance, Mr Jack Mhango and Senior M&E Manager, Mr Tanda Kadam'manja.

Mandate of ESCOM

ESCOM's mandate is to procure, transmit, distribute and retail electricity in Malawi. It may also retail electricity to neighbouring countries. In addition ESCOM operates the Optic Fibre Communication business which currently is being created into a subsidiary.

Reform Areas and Implementation Progress

ESCOM is implementing the following Reform Areas:

Reform Area 1: Unbundling of ESCOM

Progress Made:

- i. Assets Validation and Revaluation – validation of Fixed Asset Register for ESCOM and EGENCO remains work in progress. In the period, two teams from both parties were carrying out the needful demarcation of assets.
- ii. System and Market Operator (SMO) and Single Buyer – The function of SMO was established with a substantive Director appointed.
- iii. Establishment of the Single buyer function awaits Government direction. Currently, ESCOM performs the function of the single buyer.
- iv. Establishment of EGENCO – effective July 2017 – June 2018, an interim one year power purchase agreement with EGENCO was implemented.
- v. Currently negotiations with EGENCO on long term power purchase agreements per station are at advanced stage.

Reform Area 2: Finalization of Installation of Prepaid Meters

Progress Made:

- i. At the end of October 2018, 371,731 of the total customer base of 421,229 were on prepaid meters and ESCOM intends to migrate all 950 large power users to prepaid solution.
- ii. Under Phase 1, the project targets to migrate 121 Government and quasi –Government institutions to prepaid meters by June 2019.
- iii. Phase 2 – the balance of 820 customers will be completed in the next financial year of 2019/2020.

Challenges and possible solutions

- i. Transfer of assets and liabilities – it has taken longer than planned on the mutual allocation of some border assets between ESCOM and EGENCO.
- ii. Initial trading arrangements between EGENCO and ESCOM – negotiations on the initial revenue sharing arrangement and interim of PPA took longer than planned.
- iii. ESCOM's cash flow challenges negatively affected the steady flow of required materials to complete the project of prepaid meter installation as planned hence with approval from the Government, ESCOM approached various banking institutions to mobilise some finances.
- iv. High outstanding bill arrears with Central Government and Quasi Government institutions which stood around MK5.4billion as at September 2018 and thus the reason ESCOM plans to migrate all Central and Quasi Government institutions.

Observations and Action Points

- i. Failure to pay for electricity bills by the security public institutions is affecting operations of ESCOM.

Action: PSRMU to call for a meeting for Government key stakeholders with ESCOM to discuss on the way forward.

- ii. It was also observed that there is a long outstanding issue of Assets and Liabilities between ESCOM and EGENCO.

Action: PSRMU to facilitate a stakeholders' meeting to resolve the issue.

2.3.2. THE ELECTRICITY GENERATION COMPANY (EGENCO) MALAWI LTD



Introduction

The PSRMU undertook a monitoring visit to the Electricity Generation Company (EGENCO) Malawi Ltd on Friday, 23rd November 2018 from 2:00 pm to 4:30 pm. The PSRMU team was led by the Director of Planning and Management, Mr Sibusiso Jere. Other members were Chief Reforms Officer, Mrs. Emily Tembo and Principal Reforms Officer, Ms. Gloria M.P. Banda.

The EGENCO team was comprised of the Director of Planning and Development, Mr Labren F. Sondhi; Director of Human Resource and Administration, Mr Hannison Banda; Director of Operations, Mr Rex Mhone and Deputy Director of Finance, Mr Delano Ulanje.

Mandate of EGENCO

The Electricity Generation Company (Malawi) Limited, EGENCO, was carved out from Electricity Supply Corporation of Malawi (ESCOM) as its main reform of unbundling following the liberation in the power market after the Electricity Amended Act, 2016 gazetted on the 16th August 2016.

EGENCO is, therefore, mandated to improve reliability of existing hydro power plants, increase hydro electricity generation capacity and diversification of sources of power from predominantly hydro to a power mix.

Reform Areas and Implementation Progress

EGENCO is implementing the following Reform Areas:

Reform Area 1: Tedzani III Hydropower Plant Rehabilitation and Upgrade

The project is intended to improve plant efficiency and reliability and will add a total of 10MW to the existing 52.7MW capacity of the Plant.

Progress Made:

- i. Most of the required parts and equipment have been delivered to the site.
- ii. The implementation phase was scheduled between August 2018 and May 2019 starting with one unit at a time.

Reform Area 2: Implement Tedzani IV Hydro Power Plant

Progress Made:

- i. The project implementation phase commenced in June 2018 after EGENCO committed to finance a local component comprising cement and re-bars.
- ii. As of 31st October 2018, the overall progress percentage was at 25%. The major works were waterway excavation and concrete casting at the intake and waterway.

Reform Area 3: Dredging and Excavation, River Training Works and Repair of Damaged Spillway Gates at Tedzani

Progress Made:

- i. The project commenced in July 2017.
- ii. As of 31st October 2018, the overall project progress was at 62%.

Reform Area 4: Solar Diesel Hybrid (Likoma and Chizumulu)

The project seeks to have a 1MW Solar power plant for Likoma and 0.5MW Solar panel for Chizumulu.

Progress Made:

As of 31st October 2018, the Company was in the process of procuring a contractor; awaiting proposals after bidding.

Reform Area 5: Weed and Sediment Management Project (MCC Funding)

The project will improve weed harvesting capacity at Liwonde and build capacity within EGENCO to dredge Kapichira intake ponds. Overall, the outages due to environmental degradation will be reduced and reservoirs will hold sufficient water for peak hours.

Progress Made:

As of 31st October 2018, construction of DMPA was still in progress, the delivery of dredging equipment (including pipes and accessories), 2 Tipper trucks and dredger had been done.

Reform Area 6: Implementation of Remaining 36MW of 46MW of Diesel Gensets Plants

The Company managed to implement Phase II (6 MW Mzuzu Diesel Plants) and Phase III (36MW for Kanengo and Mapanga) after unbundling of ESCOM. The project will provide additional capacity for peaking, standby and for system voltage improvement.

Progress Made:

- i. As of 31st October 2018, most of the installation works and commissioning tests were completed at Mapanga and 74,927.33kWh were generated during testing period.
- ii. Handing over for commercial use of the plant was scheduled for mid-November 2018 after staff training and clearance of some defects.
- iii. At Kanengo, 4 of the 5 plants were in place and installation works are in progress.

Reform Area 6: Wovwe Extension

The project is intended to extend the current capacity at Wovwe.

Progress Made:

As of 31st October 2018, the consultant had presented results of the Discharge Optimization Analyses and commencement of Phase II of the project will depend on the success of Feasibility Study that is underway.

Challenges

- i. Erratic and delayed payments from the Single Buyer (ESCOM) to the Company.
- ii. The Off-taker is still working with the Single Buyer (ESCOM) so there is a possibility of a conflict of Interest.
- iii. Regulator failing to make some decisive decisions.
- iv. The Regulator Malawi Energy Regulatory Authority (MERA) has not issued a license because it is demanding extra pay from the Company despite that it was already paid for and only needs to be transferred.
- v. There has been delays in demarcation of assets between EGENCO and ESCOM. Some assets have not been legally transferred to EGENCO.

Observations and Action Points

- i. The erratic and delayed payments from the single buyer ESCOM to EGENCO is a serious issue that needs to be addressed since this is affecting the core operations of the company. Such a practice by a single buyer would also limit other possible investors into power generation.

Action: PSRMU to engage concerned authorities and stakeholders in a consultative meeting on the way forward.

- ii. It was observed that the Regulator (MERA) is failing to make some decisive decisions i.e. the issue of ESCOM unbundling delays and failure to issue power generation licence transfer from ESCOM to EGENCO is affecting the operations of EGENCO.

Action: PSRMU to engage the Ministry of Natural Resources Energy and Mines and concerned parties on the matter.

- iii. As stipulated by EGENCO prospects exist that the restructured power industry will do better if the implementation of the adopted model is done in time and as was proposed.

Action: PSRMU to engage all parties concerned or involved in the power energy sector and find the solutions to the improvement of the power energy in the country.

2.3.3. NATIONAL OIL COMPANY OF MALAWI



Introduction

The PSRMU team led by the Director of Technical Services, Ms. Emmie L. Galafa, undertook a monitoring exercise at National Oil Company of Malawi Limited (NOCMA) on Tuesday, 25th September, 2018 from 2:00 pm to 4:30 pm. Other team members were the Director of Planning and Management, Mr Sibusiso Jere; Chief Reforms Officer, Mrs. Emily Tembo; Principal Reforms Officer, Mr Blessings Mbewe and Principal Reforms Officer, Ms. Gloria M.P. Banda.

NOCMA was led by Director of Finance and Administration, Mr. Richard Milanzi and the Director of Operations, Mr. M. Lubeni.

Mandate of NOCMA

National Oil Company of Malawi (NOCMA) was established under Companies Act of 1984 in December, 2010 to undertake the following functions - manage a strategic reserve facility; provide at a fee hospitality to new entrants as one way of promoting competition; and promote upstream oil and gas exploration.

Reform Areas and Implementation Progress:

NOCMA has been undertaking the following reforms that are administrative in nature and are fully implemented:

1. Transfer of the Distribution Fund to MERA to reward oil marketing companies (OMCs) that supply rural/remote areas;
2. Clarify NOCMA's role in upstream activities; and
3. Introduce a Dry Port Concept for running Strategic Fuel Reserves (SFRs).

NOCMA continues undertaking the following reforms areas:

Reform Area I: Develop guidelines for Bulk Procurement System and Gazette the Guidelines

Progress Made

- i. **Improved stock holding in SFRs**

At the time of preparing this report NOCMA had 41.5 million litres of fuel in its SFRs comprised of 17.2 million litres of petrol and 24.3 Million litres of diesel. This stock represents more than 40 days of the national fuel demand.
- ii. **Promotion of competition in the oil and gas industry**
 - a. NOCMA has opened access to its products to OMCs outside the PIL consortium and independent fuel retail business operators. At the time of preparing the report NOCMA customer base had increased from one (1) reported in August 2017 to eleven (11).
 - b. Furthermore NOCMA signed four hospitality agreements with fuel importers to utilise idle assets in Chilumba, Chipoka and Mchinji depots. The four investors namely are: KH Petroleum, Haman Company, Sawa Fuels and Dalitso Oils would not have the opportunity to import fuel into the country if they had not entered into hospitality agreements with NOCMA.
- iii. **Liquid Fuels and Gas (Supply and Production) Regulations**
 - a. On 15th September, 2017 the Malawi government gazetted the amended Liquid Fuel and Gas (Product and Supply) Regulations. The amendment links importation of fuel to available and proven storage facilities that any business entity desiring to venture into the fuel importation business has.

- b. MERA is working out the roadmap of implementation of the conditions as set out in the regulations. At the time of preparing this report Malawi had the following proven fuel storage facilities:

Table 1: National proven fuel storage capacities

Operator	Petrol storage capacity (M3)	Diesel storage capacity (M3)	Paraffin storage capacity (M3)	Total (M3)
Puma	2,114	5,544	240	7,898
Total mw	1,680	2,210	320	4,210
Engen	400	710	215	1,325
Petroda	402	1,235	180	1,817
PIL	1,050	1,850	0	2,900
NOCMA	19,660	42,160	0	61,820
Total capacity	25,306	53,739	955	80,000

- c. Based on the gazetted Liquid Fuel and Gas (Production and Supply) Regulations NOCMA expects to be given a 77% fuel importation quota of the national fuel demand.

iv. Strategic Fuel Reserves (SFR) Regulations.

On 12th June, 2018 the Government of Malawi gazetted the Strategic Fuel Reserves Regulations. This follows a lengthy process of consultations with stakeholders in the industry. The gazetted regulations recognise the following major issues among other:

- a. NOCMA as the SFRs Manager;

- b. SFRs to have a holding capacity of 60 days of continuous consumption without replenishment;
- c. All wholesale license holders to purchase from SFRs at least once every month as per MERA's guidance;
- d. NOCMA to replenish stocks after 30 days;
- e. SFRs to be financed through a liquid fuels levy in the price build up determined by MERA; and
- f. Government to finance initial stocks in the SFRs.

At the time of preparing this report NOCMA was still consulting MERA on the modalities of implementation of the gazetted regulations.

v. **SFR Financing Model**

- a. The current fuel pricing regime was based on the model of importation where an importer distributes products to its customers (wholesale license holders) at the entry borders. The cost of operating SFRs was not factored into the petroleum price build-up. Minus the administrative and other head office costs, the cost of operating a fuel reserve is pegged at MK13.00 per litres. The importers margin currently at MK2.00 per litre leaves a gap of MK11.00 per litres on the cost of managing SFRs. This in effect means that NOCMA is operating the SFRs at a loss.
- b. According to Part II, section 5 of the revised Liquid Fuels and Gas (Production and Supply) (Strategic Fuel Reserve Storage) Regulations, 2018, '*The strategic fuel reserves shall be maintained at a liquid fuels and gas product holding capacity of not less than sixty days of continuous consumption without replenishing, in*

accordance with regulation 116 of the Liquid Fuels and Gas (Production and Supply) Regulations.’

- c. Currently, NOCMA is not complying with this requirement since commissioning of the SFRs, due to lack of capitalization. In order to meet this minimum reserve requirement, NOCMA requires US\$35 million (about K26 billion) to procure 60 million litres which is equivalent to the sixty days’ holding capacity at the time of preparing this report.
 - d. Therefore, NOCMA has made a request for funds for:
 - Procurement of strategic fuel stock; and
 - Management and operation of the SFR depots.
 - e. It is envisaged that, with such funding, the SFRs will be fully stocked up over a period of four years. NOCMA is lobbying Government of Malawi to introduce a SFR Levy to cover the stocking of the SFRs and to cover their operational and management costs without impact the pump price. This would be done in form of restructuring of schedule number 38 for fuel levies to incorporate the SFR Management levy.
- vi. **Supporting SFRs ancillary projects**
- a. Through the storage levy NOCMA initiated a number of ancillary projects in the SFRs. The access roads, the brick wall fences, additional oil water separator pits, and fall arrest systems were completed in all SFRs. At the time of preparing this report NOCMA had completed installation of the rail line at Lilongwe SFR and was about to complete civil work for a similar project at Blantyre SFR.

- b. NOCMA engaged a consultant to design the loading and offloading facility for the rail siding. At the time of compiling this report the process of appointing a contractor for the construction of the facility was in progress. It is expected that the completion of this project and the commencement of importation of fuel by rail will have positive impact on the landed cost of fuel into the country which will trickle down to the pump price.

Major Achievements

- i. The attainment of 41.5 million litres of fuel stocks is a great achievement for NOCMA. It implies that the nation could still be wet even in the event of disruption in the fuel supply chain for at least 40 days.
- ii. NOCMA played a huge role in the process leading to the gazetting of the amendment to Liquid Fuel and Gas (Production and Supply) Regulations and the SFR Management Regulations. It is expected that these regulations will shape the future of fuel supply security in the country.
- iii. NOCMA believes that it has stirred real competition in the oil industry. Fuel is a strategic commodity and therefore leaving fuel importation to private sector alone was a grave mistake. NOCMA has opened up access to its products and storage facilities to other operators. This arrangement is expected to have a long term impact to the security of fuel supply in the country

- iv. NOCMA has consolidated its position as a Strategic Fuel Reserve Manager through implementation of operating systems and staff capacity building. The company continues to learn best practices through collaboration with international oil industry players in its quest to be a par with world class companies in the industry.

Challenges:

- i. NOCMA faces a number of challenges in the implementation of its mandates as indicated in the table below:

Table 2: Challenges and recommendations to overcome challenges

Challenge	Recommendations to overcome challenges
1. Perception by some industry players that NOCMA is disrupting the industry norms which has led to NOCMA to operate in a hostile environment.	❖ Enhancement of public relation management through awareness programs.
2. Lack of capitalisation of NOCMA operations.	❖ Lobbying Government to capitalise NOCMA especially on purchase of the strategic stock.
3. Small importers margin that falls short of meeting the cost of operating SFRs	❖ Lobbying Government to introduce SFR Management levy in the fuel price build-up by restructuring the schedule 38 of the fuel levies.
4. Delays in implementation of the provisions in the Liquid Fuel and Gas (Production and Supply) Regulations and the SFR Management Regulations by the Regulator	❖ Lobbying with the Regulator for the speedy implementation of the said Regulations.

❖ **Major Observations**

- i. ESCOM has been buying fuel from NOCMA on credit for the running of generators but has not been meeting the costs. There is an outstanding bill of about MK7 Billion that ESCOM owes NOCMA. This is affecting the operations of NOCMA specifically in paying its suppliers.
- ii. The Monetary benefit of supplying fuel for NOCMA is too little. NOCMA gets MK2 per litre as compared to wholesalers who after buying fuel from NOCMA will get MK46 per Litre.

❖ **Action Points**

- i. NOCMA to enhance public relation management through awareness programmes.
- ii. PSRMU to engage government on the possible capitalization NOCMA especially on purchase of the strategic stock.
- iii. PSRMU to help facilitate the introduction of SFR Management levy in the fuel price build-up (restructuring the schedule 38 of the fuel levies.)
- iv. NOCMA to push MERA for the speedy implementation of the Liquid Fuel and Gas (Production and Supply) Regulations and the SFR Management Regulations.

2.3.4. MALAWI ENERGY REGULATORY AUTHORITY (MERA)



Introduction

A monitoring exercise to Malawi Energy Regulatory Authority (MERA) was held on Monday, 1st October, 2018 from 2:25 pm to 4:30 pm. The PSRMU team was led by the Director of Technical Services, Ms. Emmie Galafa. Other members were Director of Planning and Management, Mr Sibusiso Jere; Principal Reforms Officer, Mr. Blessings Mbewe and Reforms Information Officer, Mr. Papiya Mwahara.

The MERA team was led by Director of Energy Regulation, Mr Welford D. Saiwa. Others were the Director of Finance, Mr Z. Ng'oma; Senior Economic Regulation Specialist, Mr. D. Mwangonde; Senior Fuel and Gas Specialist, Mr. George Ndilowe, and Economic Regulation Specialist, Mr. Chimwemwe Dunkalo.

Mandate of MERA

The mandate of MERA is to regulate the activities of the energy industry in accordance with the Energy Regulation Act 2004 and the Energy Laws.

Reform Areas and Implementation Progress

MERA is implementing the following reform areas:

Reform Area I: Development of a regulatory framework for management of strategic fuel reserves; and Creation of an Independent Petroleum Importation Coordinator.

Planned Activities

- i. MERA was required to review energy laws to provide for the creation of an independent petroleum importation coordinator, a Government procurement agent; and
- ii. To develop regulations for the management of strategic fuel reserves.

Progress Made

- i. Prepared Liquid Fuels and Gas Bulk Procurement and Strategic Fuel Reserve Storage Regulations in collaboration with NOCMA;
- ii. The Regulations designated NOCMA as the Sole importer of fuel as well as the Manager for Strategic Fuel Reserves;
- iii. The Regulations were submitted to Ministry of Justice for consideration and finalisation in July 2016;
- iv. Ministry of Justice advised that designating NOCMA as the sole importer/coordinator would violate a number of provisions in various Acts of Parliament;
- v. It was advised that Government must first review the Energy Policy and amend a number of provisions in various Acts of Parliament before NOCMA is designated as a sole importer;
- vi. MERA, NOCMA, MNREM and Ministry of Justice developed strategic fuel reserve regulations to operationalize the National Strategic Fuel Reserves in Lilongwe, Blantyre and Mzuzu so that NOCMA is able to administer them.
- vii. Strategic Fuel Reserves Management Regulations were gazetted on 12th June 2018
- viii. Operationalization of the strategic reserve regulations awaits NOCMA's fulfilment of obligations as stipulated in the regulations

i.e. obtaining approval for funding of the strategic reserves operations and stocking, improved operational efficiencies and an approved stocking plan for the reserves.

- ix. Government has approved the new energy policy for implementation;

Benefits

- i. Established legal framework for an independent petroleum importation coordinator creating opportunities for economies of scale and affordable entry requirements for small scale operators; and
- ii. Security and sustainable fuel supplies following achievement of 90 days cover due to establishment of the strategic fuel reserves.

Reform Area 2: Develop regulatory tools in contribution to the creation of a framework for Independent Power Producers (IPPs); and Review draft framework for Independent Power Producers (IPPs)

Progress Made

▶ Regulatory Tools

- i. The Electricity (Amendment) Act 2016 was passed by Parliament in June 2016 and assented to by the President in August 2016. The Act is now in force;
- ii. Stakeholder consultations for the regulatory tools were done during development period;
- iii. Peer review comments were done by CRISIL, Consultants on MERA Benchmarking Study and Capacity Building;
- iv. A peer review was done of the following MERA draft regulatory tools:
 - a. Power Purchase Agreement (PPA);
 - b. Grid Code;
 - c. Renewable Energy Feed in Tariffs (REFTs);

- d. Renewable Power Plant Connection Code; Transmission Connection Agreement;
 - e. Tariff Methodology;
 - f. Market Rules, Market Procedures; and
 - g. Distribution Code;
- v. Noted areas for amendments, which were incorporated in the final frameworks;
 - vi. MERA approved the regulatory tools and are now in force;
 - vii. Following unbundling of the Electricity Supply Industry (ESI), new licensees were created within ESCOM comprising System Market Operator (SMO) and Single Buyer (SB);
 - viii. MERA created Grid Code Technical Committee (GCTC) and Market Rules Review Panel to register Market Participants and provide a forum for resolving operational and market issues.
 - ix. The forums reviewed and adopted the Market Rules and Grid Code. They also considered and adopted Market Procedures and together with the Market Rules and Grid Code presented them to MERA with amendments for approval;
 - x. MERA approved the regulatory tools and are now in force.
 - xi. MERA is to formally write the Market Participants to advise effectiveness of the Market Rules and Market Procedures in line with the requirements of the Market Rules.
 - xii. MERA developed licensing conditions for Single Buyer and System Market Operator and have been approved by the Board;
 - xiii. MERA developed and consulted market participants on technical Key Performance Indicators (KPIs). The process is in progress and on completion will be submitted to the Board for approval.
 - xiv. The KPIs will form part of licensing conditions.
 - xv. MERA Capacity building was undertaken from July to September 2017 by CRISIL. Participants were drawn from MERA, ESCOM and EGENCO. The program was to provide the institutions hands on capacity to implement the newly developed regulatory tools;

- xvi. Outcomes from the program included regulatory processes and procedures and key performance indicators for compliance by the regulator and industry.
- xvii. MERA requires to learn experiences from countries that have implemented similar program;

► **IPP Framework**

- i. An IPP framework for solicited and unsolicited independent power producers (IPPs and UIPPs, respectively) was done and approved by Government for implementation;
- ii. The peer review recommended open bidding to solicit IPPs, including where Government had committed as unsolicited;
- iii. ESCOM received bids for the procurement of 70MW from Solar IPPS using the solicited IPP Framework and the Public Procurement Act; and
- iv. Evaluation of the bids was concluded and four firms (JCM Solar, Phanes Group, Voltalia and Atlas Energy) were awarded the contracts.
- v. MERA has so far received, processed and approved Power Purchase Agreements (PPAs) between ESCOM and the following IPPs –
 - a. JCM Solar for two sites of 40MW in Salima and 20MW in
 - b. Nkhotakota; HE Power for 41MW of hydro on Bua River in Kasungu;
 - c. Aggreko for three sites of 35MW in Blantyre (Chichiri) 20MW in Lilongwe (Kanengo) and 23MW in Kasungu (Mtunthama);
 - d. Imports from Zambia at distribution of 20MW; and
 - e. Ndiza (Mulanje Mountain) of 8MW.

Benefits

- i. The regulatory tools provide common rules. Hence, creating a level playing ground for all operators in the electricity supply industry for a fair trade and competition;
- ii. Competition will improve efficiency, effectiveness, quality of service and reliability in the electricity supply industry; and The regulatory tools shall provide transparency, rule of law and increased confidence among investors;
- iii. The regulatory framework has opened up the ESI for private sector participation and hence ensures accelerated investments.

Observations and Action Points

MERA requested PSRMU to follow up on the progress on unbundling of ESCOM since there seemed to be problems in the finalization of the same relating to rationalization of Assets and liabilities

Action: PSRMU to engage the MNREM and all relevant stakeholders on the issue.

2.3.5. NATIONAL HERBARIUM AND BOTANIC GARDENS OF MALAWI (NHBG)



Introduction

The PSRMU undertook a monitoring visit to the National Herbarium and Botanic Gardens of Malawi (NHBG) on Tuesday, 20th November 2018 from 9:00 am – 12:00 pm. The PSRMU team was led by the Chief Director, Mrs Seodi V-R White. Other team members were Director of Planning and Management, Mr. Sibusiso Jere; Chief Reforms Officer, Mrs. Emily Tembo; and Principal Reforms Officer, Ms. Gloria M.P. Banda.

The NHBG team was led by the Director General, Prof. James O.H. Seyani. Other members were PSO, Dr. Zacharia Magombo; Curator of Botanic Gardens, Dr. Mphamba Kumwenda; Accountant, Mr. Vincent Namutwa and Administrative Officer, Mrs. Grace Kasongo.

Mandate of NHBG

The National Herbarium and Botanic Gardens of Malawi (NHBG) was established by an Act of Parliament No. 7 of 1987 with the mandate to develop and manage herbaria and botanic gardens.

Reform Areas and Implementation Progress

NHBG is implementing the following Reform Areas:

Reform Area 1: Operational Reforms (Develop/Review Operational Instruments)

Progress Made:

- i. Implementation of revised and approved terms and conditions of service pending.
- ii. Implementation of revised and approved organisational structure pending.
- iii. Implementation of newly developed and approved career path pending.
- iv. Midterm review of the 2014-2019 Strategic plan pending.

Benefits

The NHBG will have been streamlined to improve efficiency and service delivery.

Challenges

- i. Poor funding to finance above activities.
- ii. Prolonged delay could risk implementation being overtaken by events.

Reform Area 2: Legal Reforms (Botanic garden land ownership and scope of the NHBG Act)

Progress Made:

- i. Internal senior staff consultations on provision of the NHBG Act requiring attention and any suggested new areas for consideration.
- ii. Consultative meetings on review/amendment of the NHBG Act with Council and relevant stakeholders yet to be conducted.
- iii. Registrar of Lands South has authorised the Survey Department to resurvey the Zomba National Botanic land to produce a new deed plan so that the NHBG can apply for Title Deeds.

- iv. Agreement with Surveys Department reached to conduct boundary and topographic survey of the Zomba National Botanic Garden land.
- v. Deed Plan pending survey of the Zomba National Botanic Garden.
- vi. Application for Title Deed for Zomba National Botanic Garden pending production of Deed Plan.
- vii. One consultative meeting with relevant stakeholders including site visit for Mzuzu Botanic Garden conducted.
- viii. Topographic survey and boundary resurvey of Mzuzu National Botanic Garden completed.
- ix. Reminder to Commissioner for Lands for Title Deed for Mzuzu National Botanic Garden made.

Benefits

- i. Land ownership which in turn will enable the NHBG to develop Zomba and Mzuzu National Botanic Gardens.
- ii. Enhancement of income generation of the NHBG.

Challenges and possible solutions.

- i. Prolonged red tape processes in Government.
- ii. Issues of encroachment delaying progress.

Reform Area 3: Capital Reforms (Infrastructure development and acquisition of Equipment)

Progress Made:

- i. Finalisation of review of Master Plan for the Lilongwe National Botanic Garden pending emerging issues especially impact of ongoing road construction along the Presidential way and the Area 18 interchange which will affect land size and other plans.
- ii. Cabinet Paper which will pave way for Public Private Partnership in infrastructure development of the botanic gardens pending.

- iii. Installation of irrigation system Phase 1 in Lilongwe National Botanic Garden underway:
 - a. Consultative meetings with relevant stakeholders (including the OPC, Irrigation Department, Physical Planning) undertaken.
 - b. Procurement processes for the works of installing the irrigation system as required by public procurement law followed and contracts awarded.
 - c. Pump house renovated.
 - d. New submersible pump acquired and installed.
 - e. Two new water tanks (five thousand litres each) installed.
 - f. Pipe system to take water from the pump house to the new water tanks installed.
 - g. Construction of weir for holding water in Lilongwe River (in Area I3) before it can be pumped underway.
 - h. Construction of pump house for the pumps underway but yet to be finalised.
 - i. Construction of a guard house for security personnel underway but yet to be completed.
 - j. Toilet facility for the personnel at the pump station by the Lilongwe River constructed and finalised.
 - k. Renovation of pumping station by the Lilongwe River underway but yet to be finalised.
 - l. Pipes to Lilongwe National Botanic Garden from the Lilongwe River through the City Centre and Capital Hill installed.
 - m. Construction of concrete tank for holding up to 600,000 litres of water in the Lilongwe botanic garden underway but yet to be completed.
 - n. Installation of underground pipes, control valves and sprinklers in the Lilongwe National Botanic Garden underway but yet to be completed.

- iv. Construction of plant propagation structures finalised but not yet handed over as the contractor has to iron out certain aspects (i.e. replace plastic material of the tunnel shed, smoothen out corners of the metallic bars of the sheds, and replace the screen cloth material with the specified type).
- v. Topographic survey of Zomba Botanic Garden pending finalisation of the boundary demarcation.
- vi. Topographic survey and boundary resurvey of Mzuzu National Botanic Garden commissioned and completed draft report available.
- vii. Improvement of the irrigation system of Mzuzu National Botanic Garden underway:
 - a. Pump house constructed.
 - b. Water pump procured and installed.
 - c. Water pipes from pump house to water tanks installed.
- viii. Construction of barbed wire fence being constructed around Zomba National Botanic Garden to enforce ownership and security.
- ix. Rehabilitation and extension of nursery at Zomba National Botanic Garden completed.

Benefits

- i. Increased income generation with the NHBG gradually becoming financially independent.
- ii. Improved service delivery in line with the NHBG mandate.
- iii. Improved security to our living plant collections.

Challenges and possible solutions

- i. Inadequate and delayed funding as infrastructural development requires large sums of money in comparison with current levels of Government subvention. Increased Government funding and

resource mobilisation through project proposals and Public Private Partnerships.

- ii. Delays of partners (Government Departments) in the execution of activities.

Reform Area 4: Financial Reforms (improved income generation and financial resource management)

Progress Made:

- i. Installation of local area network pending.
- ii. Application of Sage VIP Premium Payroll Modules:
 - a) Personnel History Module pending,
 - b) Leave Management Module pending,
 - c) General Ledger Module pending,
 - d) Business Intelligence Manager pending,
 - e) Loan Module pending,
 - f) Job Costing Module pending
- iii. Application of Sage Pastel Accounting modules:
 - a) Cashbook Module pending,
 - b) Accounts Receivables Module pending,
 - c) Accounts Payables Module pending,
 - d) Invoicing, Import Cost Allocations Module pending,
 - e) Sales and Purchase Order Entry Module pending,
 - f) Project Costing and Tracking module pending,
 - g) Customer Relationship Management Module pending,
 - h) Report Designer Module pending.

Benefits

- i. Improved financial services delivery (e.g. invoicing customers with professional and customised invoices, accurate and timely generation of VAT returns, effectively manage and control staff loans, improved leave management, etc.).

- ii. Improved financial management (e.g. accurate management of income and expenses, accurate keeping of accounts, minimise accounting errors, etc.).

Challenges and possible solutions

- i. Inadequate funding to renew subscriptions.
- ii. Lack of local area networking.
- iii. Persistent power cuts delaying data input.

Observations and Action Points

- i. The PSRMU observed that the NHBG need to have the land issue resolved in all the three (3) regions. Finalisation of the survey of Botanic land and issuance of title deeds is delaying.

Action: PSRMU to engage Ministry of Lands on resolving of land issues with the institution

- ii. NHBG lamented on the lack of adequate resources to effectively implement reforms.

Action: PSRMU to lobby the Treasury for possible increase in financing to NHBG.

2.4.0. FINANCIAL SECTOR

2.4.1. MALAWI REVENUE AUTHORITY (MRA)



Introduction

The PSRMU team undertook a monitoring visit to the Malawi Revenue Authority (MRA) on Friday, 23rd November, 2018 from 9:25 am to 12:00 pm. The PSRMU team was led by the Director of Technical Services, Ms. Emmie L. Galafa and other members were the Chief Reforms Officer, Mr. Sosten Chinkonda and the Reforms Information Officer, Mr. Papiya Mwachara.

The Malawi Revenue Authority (MRA) team was led by the Head of Modernisation, Mrs Nancy Nyamilandu and other team members were Modernisation Officer, Mrs Emma Mwale; Support Programme Manager, Mrs. Chipso Chisala and DTD Programme Manager, Mrs Zion Malani.

Mandate of MRA

Malawi Revenue Authority was established by an Act of Parliament No.14 of 2000 with the mandate to assess, collect and account for specified revenues.

Reform Areas and Implementation Progress

MRA is implementing the following reform areas:

1. Integrated Tax Administration System (ITAS) - Msonkho Online.

2. E-payment System.
3. Electronic Fiscal Devices (EFDs) for VAT administration.
4. Installation of Cargo Scanners at Mwanza, Dedza, Songwe, Lilongwe and Blantyre.
5. Migration from ASYCUDA ++ to ASYCUDA World Technology.
6. Interface of ASYCUDA (MRA) with MALTIS (Road Traffic) and i24/7 System (Interpol).

Reform Area I: Integrated Tax Administration System (ITAS)-Msonkho on line.

Progress

i. Registration and Property Information Module

The Business Requirement Specification for Registration module was completed. Development of the Registration Module was also completed except for interfaces with NRB, Immigration, Registrar General Department and Department of Road Traffic. The Registration User Acceptance Testing (UAT) was done successfully. Of particular importance is that the Registration module is in two parts, the Portal and Back office. So far, the Registration portal has been signed-off while the Back office part is yet to be signed-off as MRA identified additional issues that needed the JV's attention or commitment to rectify before sign-off. The process of getting JV commitment has been progressing and is almost complete.

ii. Taxpayer and Revenue Accounting Module

Accounting Business Requirement Specifications was signed-off, and Accounting Design has been finalized. Development of Chart of Accounts was also completed. Development of Taxpayer and Revenue Accounting Module is still continuing and is almost complete. First and second release for internal system testing has

been done. The 3rd Release of the module is undergoing internal system testing.

Accounting UAT Planning is still in progress. The first draft of Accounting test cases is ready and undergoing review by MRA. Testing has been scheduled for late January 2019. Development of the User Manual is also underway.

iii. Return Processing Module

Returns Processing Business Requirements Specifications (BRS) is almost complete. The review of the Unified Processing and Case Management component was completed. The release of the BRS awaits incorporation of tax returns whose design was delayed due to unforeseen analysis complexities. Returns Module Design continues, however, its completion is dependent on the completion of Returns Requirements Capture. Work on Returns Draft UAT Plan has been put on hold until the BRS will be finalized and Accounting UAT Plan completed.

iv. Payments, Refunds and Exemptions Processing Module

Business Requirements Specifications for Payments, Refunds and Exemptions Processing Modules were signed-off.

v. Audit Module

Draft BRS is being prepared. JV Tax Adviser met MRA representatives to discuss Risk Criteria and Audit.

vi. Data Cleaning and Migration

After a meeting on 1st October, 2018, MRA decided to do a fresh data capturing exercise and not just data cleaning as it was earlier agreed. Training of supervisors and process of recruiting additional officers commenced on 29th October 2018.

vii. Interfaces

It is expected that for Msonkho Online to work effectively it must be interfaced with other systems both internal and external. So far, the following is the progress on interfacing Msonkho Online with other systems;

The NRB interface design is now complete and ready for development. Immigration interface awaits completion of development of the e-Permits system. Interface with Registrar General's Malawi Business Registration System looks doubtful due to functionality gaps in the MBRS. The interface with the Department of Road Traffic and Safety Services will now commence as it awaited the signing of MoU between MRA, DRTSS and Police, which includes Msonkho Online. Internally, the interface with ASYCUDA World, EFDNIS and E-Payments is at design stage. The interface design for SAP has been completed but awaits agreement on proposal from TTCS, the supplier of SAP.

viii. Training

In its effort to prepare the project team and system users for the ITAS, the following trainings were offered:

- a. Project Delivery Capacity Building-Project Team members were trained in areas of project Management, Business Analysis, Change Management and User Acceptance Testing.
- b. End User ICT Skill Training-Basic ICT skills training delivered to all Domestic Taxes officers.
- c. Selected officers were trained in the use of International Standard Industry Classification to classify taxpayer activities.
- d. Several trainings delivered to ICT staff to prepare them for system support.

ix. Change Management

Change Management Plan and Strategy was accepted. The Change Strategy recommended the branding of the ITAS project which resulted in naming our ITAS “Msonkho Online”. Implementation of the Change Management plan is still underway. Change management activities during the year included the published communications like News Letters, articles and Msonkho Update, Hot Chair sessions, and stakeholder engagement.

Reform Area 2: e-payment system (my tax online)-99%

Progress:

The E-Payment system was rolled out early 2017/18 and has been monitored during the past months. Its performance has been good in the utilization and uptake of the system. There are more than 4,000 users registered so far to use the system. So far, over 70% revenue collected by MRA is through the E-payment platform. All the eight banks that the Authority is in working arrangements with are transacting successfully and effectively. There are plans to intensify awareness for both internal and external stakeholders to successfully manage changes. The project is about to close out after an evaluation and all other issues will be handled by the Finance division of the MRA as their normal processes after project hand over.

Reform Area 3: Electronic Fiscal Device (EFD) -77%

Progress:

- i. During the review period, the project has seen a total of 15,714 devices acquired against a target of 16,000 representing 98% acquisition rate and by the end of June, 2018, a total of 6,562 taxpayers had acquired machines against target of 8,000 representing 82%.

- ii. The “Lisiti Langa campaign” that was launched during the year with the aim of inculcating the culture of demanding a receipt was closed in July 2018. By the end of the campaign, a total of 447,776 entries from 6,588 devices were registered. The campaign was a success as indicated by the rate at which the entries increased every week; an indication that the message to demand a fiscal receipt reached out to many. This was the main activity for the project under the review period and the project is now about to close out after an evaluation report, and has since been handed over to Domestic Taxes division.

Reform Area 4: Installation of Cargo Scanners-81%

Progress Made:

- i. Cargo Scanners are installed at Songwe, Mwanza and plans are at an advanced stage to install one scanner at Dedza
- ii. Construction works for Songwe Scanner Shade have been finalized and piloting of scanning operations started on 25th October, 2018. So far three (3) members of staff have been trained on the usage of the machine and interpretation of images. The remaining works which are also at an advance stage include, construction of by-pass road around the scanning shade and erecting a boom gate as well as the fence and warning signage to the public on the dangers of radiation.
- iii. At Dedza procurement of the contractor to prepare the temporary site where the scanner will be located while waiting for One Stop Border (OSBP) Project, is underway. Evaluations were completed and waiting for Internal Procurement Committee to approve the report and submit to PPDA for no objection to award the contract.

- iv. In Blantyre, the Authority has finalized development of Business Case for the establishment of the Inland Examination Centre where the Scanner will be located. The Business Case is undergoing vetting processes at the moment before the process of identifying and procuring land commences.

Reform Area 5: Migration from Asycuda ++ to Asycuda World Technology

Progress:

The system was rolled out to 22 Customs stations in January, 2018 and it was officially launched in February, 2018 by Secretary to the Treasury at the function which took place at Mount Soche Hotel. The Project is now on close out phase and the project team is doing final touches including handovers. The Project evaluation is on course and the draft report is being prepared in readiness for project closure by 31st December, 2018.

Reform Area 6: Improvement of the Interface of ASYCUDA with MALTIS (ROAD TRAFFIC) and I-24/7 System (INTERPOL)

The objective of the project is to interface the DRTSS system with ASYCUDA and Malawi Police Services (MPS) - Interpol Department in order to provide for the exchange of data for motor vehicles. The interface is aimed at reducing the malpractice of fraudulently registering motor vehicles with the DRTSS without paying proper taxes with MRA.

Progress

The project is at 98% completion rate. All developments to enable MRA to receive vehicle registration notifications from DRTSS which was long overdue were completed and rolled out in September, 2018. A Memorandum of Understanding (MOU) between MRA, DRTSS and MPC for the operationalization of the system was approved by the parties concerned and was signed on 15th November 2018.

Benefits of Reforms in MRA

The reforms have contributed in terms of increased revenue collection for the organization, and ultimately, increased country development. Most of these reported reforms are undergoing the last phase of implementation in readiness for closure within the second quarter of 2018/19.

Observations and Action Points

- i. MRA has made strides in the implementation of the reform areas. It has since managed to roll out the main reforms initiatives, thus ASYCUDA World, RTD- MRA interface, E- payment and EFDs.
- ii. MRA noted that only 30% of government institution are using E- payment and the rest are transacting manually.
Action: PSRMU to engage Ministry of Finance to appreciate the problem and find possible solutions
- iii. Prolonged delay in the Installation of public scanners due to inadequate funding for scanner shades
Action: PSRMU to engage Ministry of Finance, Economic Planning and Development for possible funding
- iv. Delay to identify land for scanner operations for Blantyre Inland Port
Action: PSRMU to engage Ministry of Lands for allocation of land to MRA
- v. Government is losing revenue because some borders are not being manned due to lack of power supply e.g. Chikwawa, Phalombe
Action: PSRMU to explore with MNREM the possibility of linking such border posts to MAREP.

- vi. Lack of infrastructure in some border posts e.g. Phalombe
Action: PSRMU to engage Ministry of Finance for possible financing

2.4.2. PUBLIC PRIVATE PARTNERSHIP COMMISSION (PPPC)



Introduction

The PSRMU undertook a monitoring visit to the Public Private Partnership Commission (PPPC) on Thursday, 22nd November 2018 from 2:00 pm to 4:30 pm. The PSRMU team was led by the Director of Planning and Management, Mr Sibusiso Jere. Other members were Chief Reforms Officer, Mrs. Emily Tembo and Principal Reforms Officer, Ms. Gloria M.P. Banda. The PPPC was represented by the Chief Executive Officer, Dr. Jimmy Lipunga.

Mandate of PPPC

The PPPC is mandated to facilitate the development and implementation of public private partnership arrangements for purposes of fostering efficient delivery of infrastructure and services as a means of achieving sustainable economic growth.

Reform Areas and Implementation Progress

PPPC is implementing the following Reform Projects:

Reform Area I: Strengthening the Legal and Regulatory Framework

Progress Made:

- i. PPPC approached the Ministry of Transport to work towards the establishment of independent regulators in rail, marine and air transportation. The new Civil Aviation Authority Act was enacted and passed in 2016.
- ii. The PPPC in collaboration with MACRA and the Department of E-Government are scheduled to facilitate the dissemination of information in relation to the covenants in the new laws of the Communication Act 2016 which is aimed at improving the regulatory environment.
- iii. The PPPC is also working with the National Council for Higher Education to strengthen regulation of public universities.
- iv. The PPPC has initiated consultations with the Ministry of Agriculture and Water Development on strengthening of the regulatory environment.
- v. PPPC has initiated its own review of the PPP Act in order to address identified gaps in the legislation.

Benefits of the Reform Area

The Reform area ensures that the quality of service delivery is acceptable and this would minimize the risk of dissipation of infrastructure as technical regulation will enforce minimum technical standards and this would also ensure that services are priced at an affordable level.

Challenges

- i. There is a general restriction against the establishment of new institutions as part of public sector reforms.
- ii. The legal framework in some sectors do not provide for adequate resources to support the creation of independent regulators.

Reform Area 2: Resource Mobilisation

Progress Made:

- i. PPPC has contacted all the known donor agencies for possible funding. The effort involved targeted visits followed up with formal applications.
- ii. The African Development Bank (AfDB) is working towards establishing a multi-sector project which would incorporate support towards capacity building and infrastructure development through PPP arrangements.
- iii. Through the World Bank, US\$ 72 million is being earmarked for the Digital Malawi Project and US\$ 300 million for the Shire Valley Irrigation Project.
- iv. Roads Fund Administration is financing the toll road project.
- v. Public Private Infrastructure Advisory Facility (PPIAF) is considering to directly finance the feasibility studies in relation to projects that were identified during the scoping exercise.
- vi. Ministry of Finance has expressed commitment to increase support towards PPP projects development from proceeds of the national budget and donor aid.

Benefits of the Reform Area

- i. A Project Development Facility will help to speed up the development of PPP projects and will relieve the Treasury from the obligation to finance feasibility studies for PPP projects.

- ii. Intervention by PPIAF, World Bank and AfDB will help to speed up the international connectivity.

Challenges and Possible Solution

- i. Lack of donor commitment to support the projects. The PPPC would continue to engage the donors through the Ministry of Finance and the PPPC would also explore the possibility of transferring the execution of feasibility studies to private sector.

Reform Area 3: Capacity Building and Establishment of PPP Nodes in Line Ministries and Public Authorities

Progress Made:

- i. PPPC has carried out a number of seminars targeting the Ministries of Education, Defence, Home Affairs, Transport, Energy and Tourism.
- ii. A list of bankable projects currently exists after a series of scoping workshops and studies involving line Ministries.
- iii. PPP Units have been established within the Ministries of Transport, Education, Tourism, Local Government, Agriculture and Energy.
- iv. A high level PPP Steering Committee that includes the Chief Secretary and the Secretary to the Treasury has been established.
- v. Training of Senior Management in the Ministries of Justice and Finance has been done but due to staff turnover, a new training cycle need to be developed.
- vi. New PPPC Commissioners were engaged recently and would require significant capacity building within the forthcoming months.

Benefits of the Reform Area

- i. The establishment of the PPP Units is strengthening the capacities of MDAs and Contracting Authorities particularly in the area of PPP monitoring.
- ii. The establishment of the sectorial regulators will further help the contracting authorities to better monitor the delivery of services.

Challenges and Possible Solutions

- i. High staff turnover in Line Ministries is affecting PPP projects and way forward is on-going efforts in capacity building.

Reform Area 4: Construction of a Purpose Built Office Complex

Progress Made:

- i. The PPPC has acquired land in the Central Business District of Blantyre, formerly the Blantyre Branch of the Malawi Rural Finance Company.
- ii. The PPPC engaged the SMC to carry out a feasibility study for purposes of developing a head office complex through a PPP approach.
- iii. The feasibility study as approved by the Ministry of Finance, and it is expected that a tender will be floated anytime.

Benefits of the Reform Area

- i. The construction of an office building will result in significant savings in rentals and there will be a greater sense of security and privacy.

Challenges and Possible Solutions

- i. Identifying resources. PPP is pursuing the option of a PPP arrangement for the project.

Reform Area 5: Establishment of a Development Bank

Progress Made:

Ministry of Finance is to establish an Agriculture Development Bank with proceeds of the Malawi Savings Bank and the Investment Development Bank.

Benefits of the Reform Area

The Bank would facilitate access by Malawians to lines of credits availed by international financial institutions and this would allow the bank to borrow and finance long term investments.

Challenges and possible solutions

- i. The establishment of a Development Bank should be thoroughly analysed and lessons learned from the now defunct Malawi Development Corporation.

Observations and Action Points

- i. It was observed that there is need for the PPPC to be working in liaison with the Economic Planning Commission on issues of Projects.
- ii. PPPC is making good progress in the implementation of reforms, however, its being encouraged that the institution should establish a Reform Implementation Executive Committee.
- iii. It was noted that most Public institutions and Local Council are not aware of the operations of PPP arrangement

Action: PPPC to orient Public Sector Institutions and local councils on the operations of PPP arrangements

2.4.3. ROADS FUND ADMINISTRATION (RFA)



Introduction

The PSRMU team led by the Director of Technical Services, Ms. Emmie L. Galafa, undertook a monitoring exercise at Roads Fund Administration (RFA) on Tuesday, 9th October, 2018 from 2:15pm to 4:00pm. Other team members were the Director of Planning and Management, Mr Sibusiso Jere; Chief Reforms Officer, Mrs. Emily Tembo; Principal Reforms Officer, Mr Blessings Mbewe; Principal Reforms Officer, Ms. Gloria M.P. Banda and Reforms Information Officer, Mr. Papiya Mwahara.

The RFA team was led by Director of Finance, Mr. Alex Makhwatha. Other team members were the Company Secretary, Mr. Ezra Dzoole and Director of Audit, Mr. Francis Haiya.

Mandate of RFA

The Roads Fund Administration has a mandate to raise, administer and account for funds for construction, maintenance and rehabilitation of public roads.

Reform Areas and Implementation Progress

Roads Fund Administration is implementing the following Reforms Areas.

Reform Area 1: Introduce toll fees

This Reform has an objective to broaden and diversify the Roads Fund revenue base and is expected to raise at least K7.0 billion annually for the Roads Fund.

Progress Made

- i. Carried out a feasibility study to ascertain the viability of the project. The study indicated that currently it is not feasible to toll our roads using a Private Public Partnership (PPP) model because of low traffic volumes. Huge subsidies will be required to fund operating costs.
- ii. The Ministry of Transport and Public Works then approved that a pilot toll gate be constructed to toll one of the roads using own resources and personnel. In this regard, a Consultant is currently preparing designs and bid documents to toll a section of the M1 road (between Chingeni and Zalewa) and these documents are expected to be ready by May 2019.

Reform Area 2: Introduce Road Access fees

The objective of this reform is to enhance the Roads Fund income earnings base and is expected to Increase revenue for the Roads Fund and raise about **MK300 million** per annum.

Progress Made

- i. This reform area has been implemented in full. Road Access Fees were gazetted and rolled out from 1st November 2017.
- ii. Currently, the Roads Fund Administration is collecting on average **MK22 million** per month from Road Access Fees. Just like on International Transit Fees, the collection of Road Access Fees has been outsourced to the Malawi Revenue Authority (MRA).

Reform Area 3: Automate RFA payment system

This reform is aimed at enhancing operational efficiencies of the RFA and service delivery standards in respect of contractors' payment systems. The implementation of this reform will reduce payment turnaround time from 7 working days to 4 working days and reduced stationery and related costs by 20% (at least MK15 million per year).

Progress Made

- i. This reform area has been implemented in full. Roads Fund Administration rolled out the Sunflow system effective 1st July 2018 which has integrated the payment and general ledger application systems.
- ii. RFA payment systems and processes have been streamlined, resulting in:
 - a. Timely processing of payments and reduction in the payment's turnaround time from 7 days to 5 days;
 - b. Direct payments to contractors through electronic funds transfers (EFT); and
 - c. Reduction in number of documents being printed and the eventual savings in stationery related costs.

Reform Area 4: Introduce automated Fuel Adjustment

This reform had an objective to preserve the value of fuel levy rate by changing fuel levy rate structure from an absolute figure per litre to a percentage of the pump price and increase fuel levy rates average from 4% of the pump price to at least 11% of the pump price (11% of the pump price was the original percentage in 2008 but got eroded).

Progress Made

- i. This reform area has been implemented in full. Effective 1st July 2015, fuel levy is being calculated as a percentage of the In-Bond Landed Cost (IBLC) i.e. an indirect reference to the pump price.
- ii. Effective 1st July 2015, fuel levy rates for both petrol and diesel were increased and have been at least 9% of the pump price.
- iii. Annual fuel levy collections have significantly and steadily increased from MK11 billion in 2014/15 (before the reforms) to MK20 billion in 2015/16; MK27 billion in 2016/17 and MK31 billion in 2017/18.

Reform Area 5: Introduce Roads Fund Board

The objective of this reform was to frontload financing of periodic maintenance of paved roads so that the public should enjoy the benefits whilst payment to be made over a period of time.

Progress Made

- i. This reform area has been implemented in full.
- ii. A total of **MK7 billion** was raised from NBS Bank Limited for the dualisation of the Area 49 – Area 18 – Parliament Building roundabout road. The bond will be repaid over a period of 5 years (with an option of early repayment) at interest rate referenced to a **90-day Treasury Bill plus 1.75%**.
- iii. An additional **MK3 billion** has been raised from NBS Bank Limited for the construction of a Clover Leaf Interchange to replace the Area 18 roundabout.

Observations and Action Points

- i. The Reforms team noted that the changes in the original plan of the construction of the Parliament and Bingu Stadium affected the completion time of the project
- ii. It was observed that there is need for stakeholder consultations to improve the road network in cities, towns, municipalities and districts. RFA is eager to assist in financing the road networks.

Action: PSRMU to propose this as a reform area for Ministry of Transport and Public Works

2.5.0. HEALTH SECTOR

2.5.1. NURSES AND MIDWIVES COUNCIL OF MALAWI (NMCM)



Introduction

The PSRMU conducted a monitoring exercise at Nurses and Midwives Council of Malawi (NMCM) on Monday, 1st October, 2018 from 9:30 am to 11:30am. The PSRMU team was led by the Director of Technical Services, Ms. Emmie L. Galafa. Other members were Director of Planning and Management, Mr. Sibusiso Jere; Principal Reforms Officer, Mr. Blessings Mbewe and Principal Reforms Officer, Ms. Gloria M.P. Banda,. The NMCM was led by the Registrar, Dr. Isabella Musisi who was accompanied by Senior Administrative Officer, Mrs Immaculate Mpitapita and Accountant, Mr Ausesio Abitoni.

Mandate of NMCM

Nurses and Midwives Council of Malawi (NMCM) is mandated to maintain quality nursing and midwifery services to the public.

Reform Areas and Implementation Progress

NMCM is implementing the following reform areas:

Reform Area 1: The Review of the Nurses and Midwives Act

Progress Made

- i. The review of the Act was finalised and submitted to Ministry of Justice for legal advice.
- ii. On 7th November 2018, held a meeting with representative from Ministry of Health, Ministry of Justice, Kamuzu College of Nursing and Nurses Organisation of Malawi to develop a Cabinet Paper on the amendment of Nurses and Midwives Act of 1995. The Amendment Act will be presented to Cabinet for approval.

Reform Area 2: Increase NMCM visibility - Establishment of Regional Offices

Progress Made

- iii. Currently continuously engaging DHRMD to finalise the Functional Review Report.
- iv. A report has been produced that incorporated the concerns of NMCM.
- v. Report is to be submitted to Appointments and Finance Standing Committee and the recommendations will be submitted to the Board for approval which will then be submitted to government through the Department of Statutory Corporation.

Challenges

Delay in finalizing the Functional Review Report is deterring progress in the implementation of the regional offices.

Reform Area 3: Increase in Financial Base and Sustainability

Progress Made

- i. NMCM is in the process of introducing Mpamba and Airtel Money transfer facility to be able to reach out to at least 99.9% of Nurses and Midwives actively practicing or those working in projects.
- ii. The process has been finalised and contracts have been signed with service providers.

Observations and Action Points

- i. The NMCM is engaging the Ministry of Justice directly without engaging the Ministry of Health on the review of the Act.
Action: PRSMU to check with Ministry of Justice to find out the current position of the Act under review.
Action: NMCM to formally write the Ministry of Health and copy PRSMU to find out the progress on the review of the Act.
- ii. The NMCM is failing to make progress on staffing due to the lack of feedback from DHRMD on the Functional Review Report
Action: PSRMU to contact DHRMD and DSC on the way forward on the Functional Review Report and the follow up implementation of the FRR

2.5.2. THE PHARMACY MEDICINES & POISONS BOARD (PM&PB)



Introduction

The PSRMU undertook a monitoring visit to the Pharmacy, Medicines and Poisons Board (PMPB) on Wednesday, 3rd October, 2018 from 2:20 pm to 4:30 pm. The PSRMU team was led by Director of Technical Services, Ms. Emmie L. Galafa. Other team members were the Director of Planning and Management, Mr Sibusiso Jere; Chief Reforms Officer, Mrs Emily Tembo; Principal Reforms Officer, Mr. Blessings Mbewe and Reforms Information Officer, Mr. Papiya Mwahara.

The Pharmacy, Medicines and Poisons Board (PMPB) team was led by the Acting Registrar, Mr. Mphatso Kawaye and his team comprised the following members: Chief Drug Analyst, Mr Steven Chapima; Chief Inspector, Mr Wilford Matheya and ACHRAO, Mrs Mary Mkali.

Mandate of PMPB

The Pharmacy, Medicines and Poisons Board was established through an Act of Parliament No. 15 of 1988 as a Drug Regulatory Authority responsible for regulation of medicines, pharmacy practice and enforcement of the associated legal provisions in the legislation.

Reform Areas and Implementation Progress

The PM&PB is implementing the following reform area:

Reform Area 1: Introduction of the Tips Off Anonymous Programme

Planned Activities

- i. Design and implement a reporting and reward system.
- ii. Collaborate with the Office of Inspector General of Global Fund in conducting timely investigations.
- iii. Training investigators in Intelligence gathering and investigations.

Progress Made

- i. Functioning Reporting and Reward structure now in place.
- ii. MOU with Office of Inspector of Global Fund now finalised.
- iii. A total of 25 tip off reports received from July to September 2018. Total reports since implementation of programme is 276. Investigations in 145 (54%) reports completed. 25 convictions completed with 3 custodial sentences, others fined and no suspended sentence.
- iv. No Trainings conducted to date.

Benefits:

Contribute towards the deterrence against thefts of medicines and other medical supplies from health facilities; improve availability of medical products for health care delivery in public health facilities; and reduce illegal drug vending. In the long term, data received through this programme will enable mapping of hot spots for illegal drug handling activities and identification of weak points in the supply chain security of health products and serve to facilitate relevant management decision making.

Challenges and possible solutions:

Tips could overwhelm investigation capacity as well as ability to give rewards; possibility for reprisals against investigators once their identities are known: Employ more investigators and enhance collaborations for more resource mobilisation to ensure sustainability of the program; Lobby Government to provide adequate security for investigators.

Reform Area 2: Repeal of the PMP Act of 1988 and Replace with the Pharmacy and Medicines Regulatory Authority Act

Progress Made

- i. Pharmacy and Medicines Regulatory Authority Act enacted by Parliament on 7th December, 2018.

Benefits:

Modernisation of the institution to deliver comprehensive services that meet international standards; introduction of capacity to regulate medical devices, traditional medicines and eventually foods.

Reform Area 3: Construction of a New Medicine Quality Control Laboratory

Planned Activities

- i. Undertake construction of the project in phased manner according to availability of resources
- ii. Undertake phased implementation of capacity building initiatives in preparation for accreditation of the Laboratory

Progress Made

- i. 100% structure completion by 31 December, 2018
- ii. Over 90% of 1.2 Billion Kwacha project cost paid.
- iii. Procurement of new Lab equipment through Global Fund NFM-II Grant (USD 593,000) underway.

- iv. Phase II of implementation of the capacity building proposal approved (USD 121,240).

Benefits:

- i. Improved testing and analytical capacity
- ii. enhanced image and recognition of the institution to international level;
- iii. attainment of ISO certification and or WHO Prequalification; and
- iv. Improved revenue.

Reform Area 4: Recognition, Promotion & Registration of Traditional Medicines

Planned Activities

- i. Conduct a national stakeholders meeting on traditional and complementary medicines (TCM)
- ii. Conduct regional meetings with TCM dealers on draft regulations and discuss their challenges
- iii. Finalise Draft Regulations with MOJ and submit to Minister of Health for signing

Progress Made

- i. National stakeholders meeting on Traditional and Complementary Medicines (TCM) conducted
- ii. Regional meetings with TCM dealers on draft regulations and discuss their challenges conducted
- iii. Draft Regulations are at the process stage with Ministry of Justice

Benefits:

Change attitudes through demystification of beliefs associated with the production of local herbs, promote and protect the interests of traditional

healers as innovators; promote safety of the members of the public as consumers; and improve the quality of local herbs.

Challenges and possible solutions:

Suspicious (majority of practitioners understand practice to be the same as the medicine (herb) that is sold in the shops); reluctance to provide information; exaggerated claims that lack evidence; pressure on PMPB to conduct research; and the trade is vulnerable to extortionist tendencies (where scrupulous people visit healers simply to get information on their concoctions and later start mixing the same to make money at the expense of the traditional healers). PMPB is now working together with MTHUO as an instrumental institution to communicate to the healers/traditional medical practitioners for meaningful progress that brings trust and transparency.

- There is need to organise many consultative meetings with local healers and the escalation of the meetings which be very costly.

Observations and Action Points

- i) For a long period the position of Registrar has been vacant. With the incumbent on acting position. 85% of senior posts are vacant and there is just administrative acting positions in a few posts. This demotivates officers.

Action: PSRMU to write Comptroller of Statutory Corporations on the issue

- ii) The prominent challenge in the slow pace of resolving disagreements between owner of a neighbouring infrastructure and ESCOM to ensure timely power supply to the new Lab building was noted.

Action: PSRMU to follow up with the DOB who is handling the issue

2.5.3. CENTRAL MEDICAL STORES TRUST(CMST)



Introduction

The PSRMU undertook a monitoring visit to the Central Medical Stores Trust (CMST) on Wednesday, 3rd October, 2018 from 9:30 am to 12:00 pm. The PSRMU team was led by Director of Technical Services, Ms. Emmie L. Galafa. Other team members were the Director of Planning and Management, Mr Sibusiso Jere; Chief Reforms Officer, Mrs Emily Tembo; Principal Reforms Officer, Mr. Blessings Mbewe and Reforms Information Officer, Mr. Papiya Mwahara.

The CMST team was led by the Chief Executive Officer, Mr. Feston Kaupa. Other team members were Director of Pharmaceutical Operations, Dr. Moses Chisale; Human Resource and Administration Manager, Mr. Joe Kalilangwe; Distribution Manager, Mr. Rex Kuyeli; Finance Manager, Mr. Vincent Chilinda and Quality Assurance Manager, Mr. Alfred Edwin.

Mandate of CMST

CMST is mandated to procure, warehouse, sale and distribute medicines and medical supplies in all public health facilities in Malawi

Reform Areas and Implementation progress

CMST is implementing the following Reform Areas:

Reform Area 1: Warehousing and Distribution:

Progress Made

- i. Availability of medicines and medical supplies was on average at 61% based on the Must Have List.
- ii. A steady improvement in the supply fill rate of 77% products for District hospitals and health centres while the supply rate for Central Hospitals averaged 59%.
- iii. The National Pharmaceutical Warehouse (NPW) was commissioned in November 2017 creating additional space of 3000 pallet space.
- iv. Distribution tonnage capacity increased by more than 100% (from 115 to 217) and Last Mile Distribution (LMD) discrepancies, which are expressed as percentage of number of Proof of Deliveries (PODs), reduced from 0.7 per cent to 0.1 per cent.

Reform Area 2: Procurement:

Progress made:

- iv. 70% of activities in the procurement plan amounting to K11.3 billion against planned procurements of K16.24 billion was implemented due to late conclusion of tenders.
- v. In the 2017-2018 FY, there were two times more procurements realized through Request for Quotations (RFQ) with a reduction of 50% compared to the 2016-2017 FY.
- vi. Pre-qualification of 65% suppliers for the indefinite quantity contracts.

Reform Area 3: Finance:

Progress made:

- i. CMST received at total of K11.1 billion for the Ministry of Finance, Economic Planning and Development through zero coupon promissory notes and in cash as part of settlement of arrears accumulated from previous years.

Reform Area 4: Integration of Parallel Supply Chains:

Progress made:

- i. Following CMST's 2017 achievement of an 85% rating (2016 – 66%) of the second independent assessment of implementation of the 36 benchmarks of the integration of the parallel supply chain (PSC) systems into the national system through CMST a roadmap for a 3-year phased integration was developed and approved.
- ii. Mapping of current PSC systems and development of integration options and engagement of a project management team (PMT) are some of the initial activities that has been funded by The Global Fund for implementation in Q1 and Q2 of 2018-19.

Reform Area 5: Online requisitioning and webpage development:

Progress made:

- i. The CMST website was developed and is operational
- ii. An online ordering system called OPENLIMIS was launched.it replaced the ACCPAC system
- iii. DHOs and CHDs were inducted on the system
- iv. There is effective implementation of online ordering

A summary of progress on the implementation of the six (6) Corporate Strategies is as follows:

- i. **Ensure organisational financial controls, planning and effectiveness and sustainability.** Collection of old debt arrears and the payment by MoH and NLGFC of funds for the approved drug budget for 2017-18 assisted CMST to settle long outstanding debts due to suppliers.

- ii. **Build and implement customer focused organisational systems to become the preferred national health commodity supplier:** Regional Branches achieved steady progress on the key performance indicators for customer focused systems as follows: 80% on line ordering, 100% invoicing produced with dispatches. However, there were delayed submission of orders by facilities and non-availability of some key stock items.
- iii. **Execute procurement planning and operations to efficiently fulfil customer demands:** Customer demands were met by implementing pre-qualification of suppliers and products and placing several products on indefinite quantity products and use of Buy Malawi Strategy (BMS).
- iv. **Establish and utilise information systems to build an organisational culture of planning, responsiveness, accountability and business unit integration:** The Trust and facilities registered 100% use of the OPENLIMIS despite some users facing challenges of failing to access unit prices in the systems.
- v. **Continuously improve operational and management systems:** All warehouses staff were successfully trained in the application of warehouse SOPs in the following categories: Receiving, Dispatch, Distribution, Inventory Control, and Good Warehousing and Distribution practices.
- vi. **Engage stakeholders to address current and emerging national public health challenges in the Country ;** The Trust prepared a notice on the use of Mannitol Intravenous injection to avoid unnecessary rejections by users following observations of crystallizations in the product during the winter period. This notice was formally sent to PMPB for further distribution to facilities.

Observations and Action Points

- i. CMST to fill the vacant position of Director of Procurement, a crucial post in the reform processes

Action: PSRMU to follow up with the Department of Statutory Corporation and Ministry of Health to expedite the process.

- ii. CMST requires full recapitalization for a working capital.

Action: PSRMU to follow up with Treasury for special Government funding or a Grant/Loan by Development Partners.

2.6.0. INDUSTRY TRADE AND TOURISM SECTOR

2.6.1. MALAWI INVESTMENT AND TRADE CENTRE (MITC)



Introduction

The PSRMU team led by the Director of Technical Services, Ms. Emmie L. Galafa, undertook a monitoring exercise at Malawi Investment Trade Centre (MITC) on Friday, 28th September from 9:05am to 10:30am. Other team members were the Director of Planning and Management, Mr Sibusiso Jere; Principal Reforms Officer, Mr Blessings Mbewe and Principal Reforms Officer, Ms. Gloria M.P. Banda. MITC was led by the Chief Executive Officer, Mr Clement Kumbemba accompanied by Director of Planning and Research, Mr. Felix Kadewere and Director of Finance, Mr Makwemba Malonje.

Mandate of MITC

The MITCs derives its mandate from the Investment and Trade Promotion Act of 2012. The mandate as stipulated in investment and trade legislation are:

- a. To conduct investment and trade promotion in priority sectors.

- b. To act as a one stop service centre to ensure that any required permits are transmitted to the relevant public sector agency expeditiously.
- c. To approve and process applications for investment certificates for prospective investors.

Reform Areas and Implementation Progress

MITC is implementing the following reform areas

Reform Area I: Construct purpose built accommodation for the One-Stop-Shop for Investment

Planned Activities

- i. Site Survey and analysis
- ii. Production of sketch designs
- iii. Production of Architectural Drawings
- iv. Production of Structural Engineering Drawings and Specifications
- v. Production of Service Drawings (Mechanical & Electrical Drawings) and Specifications
- vi. Production of Landscape Drawings and Specifications
- vii. Production of Bills of Quantities
- viii. Formulate viable financial model in light of estimated costs from the BOQ report
- ix. Firm up GoM financing and solicit any deficit from private sector
- x. Obtain Board Approval of designs and financial model
- xi. Float International Tender
- xii. Tender evaluation
- xiii. Approval of Tender evaluation
- xiv. Contract award
- xv. Pre-contract meeting
- xvi. Site Handover
- xvii. Mobilization Period

- xviii. Commencement of construction works
- xix. Construction period estimated at 104 weeks

Progress Made

- i. The activities up to 'x.' have been done. The main constraint is securing funding for the project.
- ii. MITC is considering BOT model to finance the project. From the bills of quantities, the cost of the project is estimated at USD32 million. MITC approached PPP Commission to procure a private party to finance construction of the building using a BOT model. PPP Commission have since identified a consultant to conduct the feasibility study and provide transaction advice. The PPC has also identified a transaction advisor for the PPP arrangement.

Benefits

Once the building is done:

- i. MITC will have a purpose-built office to facilitate the activities for the investors and exporters.
- ii. MITC will save on funds it is currently paying to rental and also generate additional income through rentals.

Challenges and possible solutions:

- i. Although the project appeared in 2017/18 PSIP, it did not get any budget allocation and this may send a wrong signal to prospective private developers as lack of commitments on part of government.
- ii. MITC lacks the financial capacity to effectively implement the project and relies heavily of government funding.

Reform Area 2: Introduction of levies

Planned Activities

- i. Identify possible areas for levies.

- ii. Develop concept papers on levies.

Progress Made

The Centre submitted a proposal on an Export Development levy to the Ministry of Finance through the parent Ministry in time for the 2017/2018 budget. The levy was targeted on raw export.

Benefits

MITC will have a stable source of guaranteed income to fund its activities.

Challenges and possible solutions

- i. Faced with budgetary constraints and high tax burden on the productive sectors, Treasury is not keen on introducing additional levies.
- ii. MITC will revive the negotiations with Treasury to explore alternative options.

Reform Area 3: MITC should conduct a review of its Act under BEEP project

Planned Activities

- i. Literature review and in-depth Key informant interviews.
- ii. Validation of Benchmarking report.
- iii. Prepare & submit interim report/bill.
- iv. Consultative workshops on interim report/bill & regulations.
- v. Consultative workshops on final interim report/bill & regulations.
- vi. Submit a Cabinet paper.

Progress Made

- i. Cabinet committee considered the Investment and Export Bill on 16th August 2018 and made some directives on the same.

Benefits

- i. It will improve on the operation efficiency of MITC as the new bill will improve on its mandate.

Challenges and possible solutions

- i. The bill provides for a regime for the administration of incentives. But the issue of tax incentives is privy to the Ministry of Finance and the Malawi Revenue Authority, who have revenue interests as a priority.

Reform Area 4: MITC should review incentives for investors to promote value addition

Planned Activities

- i. Recruitment of Consultant;
- ii. Review and approve inception report;
- iii. Data collection, analysis, report writing and preliminary presentations;
- iv. Final validation of the report.

Progress Made

- i. The consultant has finalized the report and submitted to MOITT. The next phase is to send the report to Treasury to consider implementing the recommendations.

Benefits

- i. Investors and exporters will be facilitated easily.

Reform Area 5: Establishment of an MITC office in Tete under the Malawi Consulate Office

Planned Activities

- i. Identify an Office Building;
- ii. Procurement of the project vehicle;
- iii. Project staff recruitment;
- iv. Appointment and clearance of local staff for the project;
- v. Commencement of project operations and launch.

Progress Made

All the activities above have been done.

Benefits

Expand the reach of MITC in terms of trade promotion and export growth into Mozambique.

Observations and Action Points

- i. It was expressed by MITC that there is need for a legal backing (Policy) on Special Economic Zones.
- ii. It was also expressed by MITC that Feasibility Studies are proving to be a constraint for Investors. There is need for a reform in this area.

Action: MITC was encouraged to liaise with the MITT and other relevant stakeholders on the issues and give a feedback to PSRMU in the week beginning 8th of October, 2018.

2.6.2. MALAWI BUREAU OF STANDARDS (MBS)



Introduction

The PSRMU team undertook a monitoring visit to the Malawi Bureau of Standards (MBS) on Wednesday, 21st November, 2018 from 2:15pm to 5:00 pm. The PSRMU team was led by the Director of Technical Services, Ms. Emmie L. Galafa and other members were the Chief Reforms Officer, Mr. Sosten Chinkonda and the Reforms Information Officer, Mr. Papiya Mwahara.

The Malawi Bureau of Standards (MBS) was led by the Deputy Director General, Mr. Willie Muyila. Other team members were Director of Testing Services, Mr Stephen Kuyeli, and Director of Metrology Services, Mr Thomas Senganimalunje.

Mandate of MBS

Malawi Bureau of Standards (MBS) was established by an Act of Parliament in 1972 and revised as Act No 14 of 2012 to promote metrology, standardization and quality assurance of commodities and of their manufacturing, production, processing or treatment.

Reform Areas and Implementation Progress

The Bureau is implementing the following reform areas:

Reform Area 1: Implementation of the Standardization Quality Assurance and Metrology (SQUAM) Project

Progress made

- i. The construction works are in progress and now at 80% but the expected completion date has not yet been determined by parties after missing the deadline in February, 2018
- ii. Capacity building training programme is being implemented
- iii. Laboratory equipment was procured
- iv. Accreditation of MBS laboratory-aflatoxin testing was achieved
- v. Quality improvement programme (development of quality and food safety management systems) to SMEs was implemented

Reform Area 2: Revision of Cess levy from 0.2 % to 0.5 %

Progress made

The Cess regulations were gazetted and were fully implemented effective July, 2016.

Benefits

Malawi Bureau of Standards has increased its revenue and enabled them support the construction project with one billion kwacha (MK1,000,000,000).

New Reform Areas

The new reform areas are an extension of the current SQUAM project and are aimed at expanding the services of MSB and decentralizing some services from the MBS Headquarters in Blantyre to the regions. The new reform areas are as follows:

New Reform Area 1: Establishment of a facility for testing and calibration of mobile tankers, water meters and electricity meters

The objective of this reform is to reduce losses, enhance product integrity and to ensure fair trade between suppliers and consumers of petroleum products, water and electricity.

Progress made

- i. Land was procured at Maone Industrial Park in Blantyre for the construction of the facility.
- ii. Preliminary site survey done and development of layout design is in progress.

New Reform Area 2: Quality monitoring of liquids fuels imported into Malawi

The objective of this new reform area is to improve the quality of fuels imported into Malawi and reduce economic loss through vehicle/engine failures as well as improving engine efficiencies

Progress Made

- i. Procurement of the equipment expected to be completed by end of December, 2018.
- ii. An MOU between MBS and MERA was signed on monitoring of fuels in Malawi.
- iii. Conducted meetings with stakeholders such as MERA, Petroleum Importers Limited, Petroleum Industries, Transporters and Ministry of Energy.

New Reform Area 3: Testing and inspection of renewable energy technologies and electronic products

The objective of this reform is to test and inspect renewable energy technologies and electronic products

Progress Made

- i. Construction of testing laboratory infrastructure is under way (construction of MBS Complex under SQUAM Project).
- ii. An MoU between MBS and MERA has been signed on monitoring of renewable energy technologies in Malawi.
- iii. Detailed proposal on testing capacity development in electrical and renewable energy products was approved by MBS Board.

Benefits of Reforms

The reforms that MBS is pursuing will help to turn around the economic fortunes of Malawi through trade facilitation and positively contribute to the livelihoods of Malawians.

Observations and Action Points

- i. A site tour was conducted to the burnt down laboratories and it was noted that this is negatively affecting service delivery.

Action: There is need to hasten completion of the SQUAM project which contains state of the art laboratories.

- ii. A site tour to the Metrology laboratories campus was made where it was noted that operations were affected due to the theft of laptops and desk tops that are part of the essential lab equipment. It was also observed that all the new SQUAM laboratories' equipment had been shipped into the country awaiting the completion of the new labs.

Action: There is need to hasten completion of the SQUAM project in fear of theft of the new sophisticated equipment whose security is not guaranteed at the Metrology laboratories campus.

2.6.3. SMALL AND MEDIUM ENTERPRISES DEVELOPMENT INSTITUTE (SMEDI)



Introduction

The PSRMU team led by the Director of Technical Services, Ms. Emmie L. Galafa undertook a monitoring exercise at Small and Medium Enterprise Development Institute (SMEDI) on the Thursday, 4th of October, 2018 from 9:30 am to 12:00pm. Other team members were the Director of Planning and Management, Mr Sibusiso Jere; Chief Reforms Officer, Mrs. Emily Tembo and Principal Reforms Officer, Mr Blessings Mbewe.

The SMEDI team was led by the Chief Executive Officer, Mr. Rodrick Chattaika. Other members were the Director of Planning, Mr. Richard Zidana and the Human Resource and Administration Manager, Mr. Mike Mafuta.

Mandate of SMEDI

SMEDI was incorporated on 16th June, 2012 as a Parastatal Body charged with the mandate of promoting the growth and development of Micro, Small and Medium Enterprises (MSMEs) in Malawi. Prior to that this role was performed by three separate institutions namely; Malawi Enterprises Development Institute (MEDI), Small Enterprises Development Organization of Malawi (SEDOM) and Development of Malawi Enterprises Trust (DEMAT).

The mandate of SMEDI is to:

- a. Support the creation of an enabling environment;
- b. Enhance access to financing for MSMEs;
- c. Support collective and individual Entrepreneurs and build sustainable Malawi MSMEs;
- d. Improve information availability on and to MSMEs; and
- e. Enable MSMEs to compete in new markets

Reform Areas and Implementation Progress

SMEDI is implementing the following reform areas:

Reform Area 1: Repositioning SMEDI to respond effectively to the needs of Malawian MSMEs

Planned Activities

- i. Conduct a functional review of the organisation to determine the appropriate staffing levels to effectively deliver its mandate;
- ii. Seek approval from Government to implement the functional review recommendations;
- iii. Conduct internal consultations to review organisational strategy and mandate, review literature and compile the draft strategic plan;
- iv. Validate the strategic plan with stakeholders;
- v. Seek Board approval to adopt the new strategic plan.

Progress Made

- i. The functional review exercise was successfully completed. It was done by the Department of Human Resource Management and Development under OPC. The functional review report was further discussed and adopted by the Board of Trustees of the company.

- ii. Approval was sought and granted by OPC. An establishment warrant was also issued to that effect, reflecting the new functional structure of SMEDI. Implementation is about to commence, with recruitment of some new positions e.g. Senior Marketing and Business Development Officer and Centre Manager for Mponela Enterprise Development Centre.
- iii. Internal consultations on the review of the organisational strategy were completed by October 2016 as planned.
- iv. A strategic plan was developed and validation exercise was duly completed by end December, 2016
- v. New strategic plan was adopted by the Board of Trustees and implementation commenced on 1st July, 2017

Benefits

- i. The reform area has resulted into a structurally-responsive and strategically-focused institution.

Challenges and possible solutions

- i. The review process of the strategic plan ideally required both external and internal stakeholder consultations. However, financial resource constraints did not permit
- ii. As a solution, only internal consultations were done i.e. within SMEDI as well as the Ministry of Industry, Trade and Tourism.

Reform Area 2: Streamlining SMEDI Head Office operations

Planned Activities

- i. Minimize office space by occupying half of the current office space;
- ii. Move the training function and its personnel to Enterprise Development Centre at Mponela;
- iii. Construct addition office space to accommodate the reduced staff compliment at Head office.

Progress Made

- i. Movement of the training function of the Institute was duly completed. Staff in the Training Department were moved to Mponela in 2017 as planned.
- ii. Construction of office accommodation was earmarked to be funded by proceeds from disposal of idle assets. It has taken long to get necessary approvals from Ministry of Finance, Economic Planning and Development to get a nod to sell the assets. However, we finally have Government approval to dispose the assets. Currently we are discussing the modalities of disposal with Public Procurement and Disposal of Assets Authority.

Benefits

Administrative costs hence releasing more resources to improved service provision by the Trust.

Challenges and possible solutions

Delays in the approval processes which has affected implementation, not only for this reform area, but also other reform areas whose conclusion is dependent on proceeds realized from the disposal.

Reform Area 3: Introducing structured training programmes in business management and related courses as an income generating strategy.

Planned Activities.

- i. Develop curricula for Business Management Courses
- ii. Apply for accreditation of training programmes;
- iii. Market the training programmes;
- iv. Recruit/enroll students.

Progress Made

- i. Curriculum development for Business Management Course has been completed. The curricula were developed in such areas as entrepreneurship, business management, basic accounting and book-keeping, coaching and mentoring as well as customer service.
- ii. Initial discussion with NCHE took place in February 2017. SMEDI is in the process of completing the requirements of NCHE in preparation for accreditation.
- iii. SMEDI has arranged partnerships with Malawi Institute of Tourism and Mzuzu University to issue certificates jointly as an interim measure.
- iv. Marketing of the training courses was done through print media advertisement, social media and direct contacts. Adverts are also flighted whenever SMEDI wants to recruit students.
- v. Student enrolment commenced in 2018 and three cohorts have already been trained, graduating a total of 70 students.

Benefits

Increased income generation. Under this initiative, the Institute has been able to generate over K20 million. Part of this income was generated by the Lodge through accommodation of trainees.

Challenges and possible solutions

Limited space at the Enterprise Development Centre as more projects and activities are coming up. There is need to expand the centre in terms of classrooms, conference facilities and offices. In the meantime, plans are underway to start constructing an additional conference room.

Reform Area 4: Revamping the Poultry Demonstration Unit in Blantyre

Planned Activities

- i. Assessing infrastructure facilities;

- ii. Upgrade and renovate the infrastructure;
- iii. Recruit staff to run the facility on day to day basis;
- iv. Procure inputs, overheads and equipment.

Progress Made

- i. The project site has been rejuvenated through the establishment of a Leather Design Studio (under European Union/COMESA support through Ministry of Industry, Trade and Tourism).
- ii. Two (2) permanent and three (3) temporary members of staff are currently designated to run the facility. More to be recruited when it becomes fully operational.

Benefits

Improved financial independence of the trust through increased own income generation.

Challenges and possible solutions

Source of start-up capital is through disposal of assets. Delays in the same has tremendously affected progress under this area.

Reform Area 5: Managing and strengthening the operations of the Board and Lodge at Mponela

Planned Activities

- i. Assessing infrastructure facilities;
- ii. Upgrade and renovate the infrastructure;
- iii. Recruit staff to run the facility on day to day basis.

Progress Made

- i. Assessment of infrastructural facilities was done in 2017
- ii. Renovation is being done in phases commencing with upgrading of 12 rooms financed by company savings and resources from

consultancies. Complete renovation awaits successful disposal of assets.

- iii. All needed personnel to run the lodge were successfully recruited in 2017.

Benefits

- i. Improved financial independence of the Trust through increased own income generation. On average, the lodge generates K27 million in income per quarter.

Challenges and possible solutions

- i. Delayed full refurbishment of the accommodation facility due to undue delays in assets disposal. As can be seen from the report, nevertheless management has taken the initiative to start the process through other savings from within.

Observations and Action Points

- i. Processes for the disposal of idle assets remain outstanding for a long period and thereby affecting the implementation of other reform areas that depend on finances to be realised from the auction of the idle assets

Action: SMEDI should push further with the DPPDA for speedy process of their application to dispose idle assets.

2.6.4. COMPETITION AND FAIR TRADING COMMISSION (CFTC)



Introduction

The PSRMU team led by the Director of Technical Services, Ms. Emmie L. Galafa undertook a monitoring exercise at Competition and Fair Trading Commission (CFTC) on Friday, 5th October, 2018 from 2:05pm to 4:30pm. Other team members were the Director of Planning and Management, Mr Sibusiso Jere; Chief Reforms Officer, Mrs. Emily Tembo and Principal Reforms Officer, Mr Blessings Mbewe.

The CFTC team was led by the Director of Compilation, Mr. Richard Chiputula. Other members were Director of Consumer Affairs, Mr. Lewis Kulisewa and Economist, Mr. Augustine Nyirenda.

Mandate of CFTC

CFTC has a mandate to regulate, monitor, control and prevent acts or behavior which is likely to adversely affect competition and fair trading in Malawi.

Reform Areas and Implementation Progress

CFTC is implementing the following reform areas:

Reform Area 1: Amendment of the Competition and Fair Trading Act to eliminate existing gaps and provide for on-spot fines for some consumer violations

Planned Activities

- i. Publicize the reforms widely;
- ii. Hold quarterly Steering Committee meeting;
- iii. Process the Amendment Bill for the CFTA so that it can be presented to and passed by Parliament.

Progress Made

- i. Reforms publicized through stakeholder sensitization meetings that the Commission held during the quarter.
- ii. Quarterly steering committee meetings were not held due to other commitments.
- iii. The Amendment Bill was forwarded to the Ministry of Justice and Constitutional Affairs for finalization and processing.
- iv. The Bill was not tabled in the June 2018 sitting of Parliament. The Bill is expected during the June 2019 sitting.

Benefits

Once the reform is implemented the CFTC expects the following benefits:

- i. Effective enforcement of competition and consumer protection laws.
- ii. Quicker and straight forward resolution of some consumer cases.
- iii. Enhanced voluntary compliance by traders and enterprises.
- iv. Diversified resource base for the CFTC.

Reform Area 2: Amendment of the Consumer Protection Act to harmonize with the Competition and Fair Trading Act and allow CFTC be the designated authority to enforce the CPA

Planned Activities

- i. Publicize the reforms widely;
- ii. Hold quarterly Steering Committee meeting;
- iii. Process the Amendment Bill for the CPA so that it can be presented to and passed by Parliament.

Progress Made

- i. Reforms publicized through stakeholder sensitization meetings that the Commission held during the quarter.
- ii. Quarterly steering committee meetings were not held due to other commitments.
- iii. The Amendment Bill was forwarded to the Ministry of Justice and Constitutional Affairs for finalization and processing. However, the Bill was not tabled in the June 2018 sitting of Parliament. The Bill is expected during the June 2019 sitting.

Benefits

Once the reform is implemented the CFTC expects the following benefits:

- i. Elimination of gaps and conflicts in the CPA.
- ii. Consistency and harmonised law enforcement of the CPA and the CFTA.
- iii. Removal of the uncertainty on the enforcement of the CPA.
- iv. Cost efficiency as it removes the financial burden on government to establish a different government agency.

Reform Area 3: Alignment of sectorial laws to competition and fair trading laws

Planned Activities

- i. Widely publicize the reform area;
- ii. Hold quarterly meetings for the Steering Committee;

- iii. Recruit consultant/s to undertake the aligning of sectorial laws to the CFTA;
- iv. Commencement of the consultancy on the aligning of sectorial laws to the CFTA.

Progress Made

- i. Reforms publicized through stakeholder sensitization meetings that the Commission held during the quarter.
- ii. Quarterly steering committee meetings not held due to other commitments.
- iii. Consultant identified through a public tender. However, consultant yet to be commissioned due to lack of finances.
- iv. The Commission has submitted project proposals to various development partners, but is yet to secure technical support.

Benefits

Once the reform is implemented the CFTC expects the following benefits:

- i. Eliminate inconsistencies between the CFTA and sectorial laws.
- ii. Eliminate conflict of interest between the CFTC and other market regulators.
- iii. Effective enforcement of competition and consumer protection laws.
- iv. Avoid duplication of functions.

Challenges and possible solutions

- i. Workload at the Ministry of Justice and Constitutional Affairs, resulting in delay in presenting the Bill to Parliament.
- ii. Lack of financial resources to undertake a fully blown consultancy assignment in the current financial year.

Possible solution

- i. Bilateral engagement and follow ups.
- ii. Trying to engage other stakeholders including Development Partners.

Reform Area 4: Construction of own Office Complex

Planned Activities

- i. Identify land where to construct the office complex;
- ii. Recruit consultant to develop the designs and architectural framework (drawings);
- iii. Designing and drafting architectural drawings for the office complex.

Progress Made

- i. Land for office construction has not yet been allocated by the Ministry of Lands and Housing. The Commission has been following up with Ministry but to no avail.
- ii. Designs and architectural drawings have not been developed. This is awaiting allocation of land since the designs and architectural drawings are dependent on the nature of the land to be allocated.

Benefits

Once the reform is implemented the CFTC is expected to get the following benefits:

- i. Reduction CFTC operation costs.
- ii. Diversified resource base for the CFTC.
- iii. Easily accessible offices to the general public.

Challenges

- i. Land is yet to be allocated.
- ii. Funding for the construction works may be affected by inflation.
- iii. Designing and drafting architectural drawings yet to be completed.

Possible solutions

- i. Continued engagement with the Ministry of Lands to allocate suitable land.
- ii. The project has been included under PSIP for 2016/17 financial year by the Ministry of Finance and Economic Planning.
- iii. Exercise awaiting acquisition of land.

Observations and Action Points

- i. CFTC has challenges to secure land to construct offices despite numerous communication with relevant stakeholders.
Action: PSRMU to re-engagement the Ministry of Lands to allocate suitable land for construction of an office complex.
- ii. Reforms on the legislation frameworks have stalled allegedly due to works of a similar nature being undertaken by the Ministry of Finance.
Action: PSRMU to follow up with Ministry of Finance on the matter.

2.6.5. MALAWI GAMING BOARD AND NATIONAL LOTTERIES BOARD



Introduction

The PSRMU team undertook a monitoring visit to the Malawi Gaming Board and National Lotteries Board (MGB & NLB) on Friday, 23rd November, 2018 from 11:00 am to 12:30 pm. The PSRMU team was led by the Director of Technical Services, Ms. Emmie L. Galafa and other members were the Chief Reforms Officer, Mr. Sosten Chinkonda and the Reforms Information Officer, Mr. Papiya Mwahara.

The Malawi Gaming Board and National Lotteries Board was led by the Chief Executive Officer, Mr. Master Maliro. Other team members were Director of Operations, Mr Dave Saeluzika; Company Secretary, Mrs Ofwa Alide; Director of Finance, Mr Paul Chiumia and Director of Social Projects, Mr Emmanuel Ted Nandolo.

Mandate of MGB & NLB

The Malawi Gaming Board and the National Lotteries Board were established by the Acts of Parliament to regulate, control and license gaming and lottery activities in Malawi.

Reform Areas and Implementation Progress

The Board is implementing the following reform areas:

1. Finalizing the enactment of Malawi Gaming and Lotteries Authority (MAGLA) Bill.

2. Reduction of import duty on gaming lottery equipment.
3. Establishment and support of viable PPP and joint venture arrangements related to the promotion of gaming, lottery and tourism.

Reform Area 1: Finalising the enactment of MAGLA Bill

Progress Made

The Bill has since been discussed in the Legal Affairs Committee of the Cabinet and will soon be presented for discussion in the full Cabinet before tabling in Parliament.

Reform Area 2: Reduction of Import duty on gaming and lottery equipment

Progress Made

Treasury to continue considering tax incentives on case by case basis while waiting for the comprehensive tax review which include tax incentives for gaming and lottery industry.

Reform Area 3: Establishment and support of viable PPP and joint venture arrangements related to the promotion of Gaming, Lottery and Tourism

Progress Made

The Board constructed a Fifty-two million Kwacha (K52,000,000) Blantyre City Curio Market; constructed a fourty million Kwacha (K40,000,000) Lilongwe City Curio market; sponsored Tourism events like Takulandirani Tourism Expo, Mulanje Porters Race, Tourism Street carnivals.

Reform Area 4: Corporate Social Investments

Progress Made:

a) Support to Health sector

The Board implemented the following Corporate Social Investments in the health Sector:

- i. Gate-way Clinic in Blantyre to decongest QECH;

- ii. Zolozolo Clinic in Mzuzu to decongest Mzuzu Central Hospital.
- iii. Chisitu Clinic Maternity Wing in Mulanje.
- iv. Lura Clinic Maternity Wing in Rumphi.
- v. Namitambo Clinic Mortuary in Chiradzulu.

b) Support to the Education Sector

- i. Electrification of a girls' hostel and construction of a kitchen at Chingale Community Day Secondary School in Namitembo Area in Zomba District.
- ii. Establishment of a six million Kwacha (K6,000,000) Bilila Education Trust in Ntcheu to cater for needy Secondary school students.

Benefits of undertaking reforms

- i. Growth of the industry.
- ii. Increased job creation.
- iii. Improved service delivery.
- iv. Improved financial performance.
- v. Improved Corporate Social Investments.

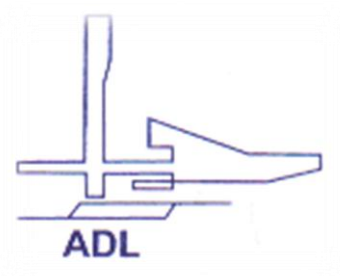
Observations and Action Points

- i. The Board has registered progress in all activities which are under their control and implemented a number of Corporate Social Responsibility activities which have improved the lives of ordinary Malawians.
- ii. The enactment of the MAGLA Bill has taken a long period at Capital Hill
Action: PSRMU to follow up with Cabinet Office further action on the Malawi Gaming and Lotteries Authority (MAGLA) Bill.
- iii. The reform area 2 “Reduction of Import duty on gaming and lottery equipment” has stalled because of prolonged period for the MFEPD to

communicate its stance on the comprehensive tax review of the entire tax regime which include tax incentives for the gaming and lottery industry
Action: PSRMU to intervene by following up with the MOFEPD.

2.7.0. INFRASTRUCTURE AND TRANSPORT SECTOR

2.7.1. AIRPORTS DEVELOPMENT LIMITED (ADL)



Introduction

The PSRMU team led by the Director of Technical Services, Ms. Emmie L. Galafa undertook a monitoring exercise at Airports Development Limited (ADL) on Tuesday, 25th September, 2018 from 9:00 am to 12:00pm. Other team members were the Director of Planning and

Management, Mr Sibusiso Jere; Chief Reforms Officer, Mrs. Emily Tembo; Principal Reforms Officer, Mr Blessings Mbewe and Principal Reforms Officer, Ms. Gloria M.P. Banda.

The ADL team was led by the Chief Executive Officer, Mrs Rhoda Gadama Misomali. Other team members were the Financial Controller, Mr. David Pankomeni; Company Secretary, Ms Grace Hiwa; Human Resources Manager, Mr. Amin Nkungula; ICT Manager, Mr. Kenneth Chitseko; Senior Procurement Officer, Mr. Joseph Munthali; Engineering Manager, Mr. Sunganani Dzinkambani and Deputy Financial Controller, Mr. Noel Machilika.

Mandate of ADL

ADL is mandated to perform the following functions:

- i. To purchase, acquire, provide, construct, use, take on lease, develop, establish and maintain an aerodrome at Lilongwe and elsewhere in Malawi.
- ii. To purchase or otherwise acquire houses, offices, workshops, buildings and premises and any fixed or movable machinery.
- iii. To purchase, take on lease or in exchange, rent or otherwise acquire or obtain options in respect of or over other interests in lands, concessions, estates, including housing estates, block of flats and offices and agricultural grounds.
- iv. To develop and turn to account and lay out the lands of the company in town, suburban or other lots for building purposes.
- v. Carry out preventative and corrective maintenance on all the building infrastructure and property at the airport on a continuous basis.
- vi. Carry out periodic, planned comprehensive facilities and equipment improvements and replacement i.e. passenger (CUTE) and cargo.

Reform Areas and Implementation Progress

ADL is implementing the following reform areas;

Reform Area 1: Common Use Terminal Equipment (CUTE) System Installation at KIA

Planned Activities

- i. Purchase of Materials at a cost of MK66million,
- ii. Installation of Local Area Network (LAN),
- iii. Configuration of System in South Africa and Malawi by SITA Engineers from India.

Progress Made

Common Use Terminal Equipment (CUTE) System has been installed and is now fully in use and all Airlines are using the system.

Benefits:

- i. Uniformity in passenger checking system by all airlines, hence reducing congestion,
- ii. Improving passenger convenience,
- iii. Improving safety and security for checked in passengers and their baggage,
- iv. CUTE revenues: the table below shows the revenues since 2015/16 financial.

	2015/16 MK	2016/17 MK	2017/18 MK	2018/19 MK(3 months)
CUTE	46,383,602.92	110,213,484.59	134,633,092.89	28,388,415.36

Reform Area 2: Car Park Automation at KIA

Planned Activities

- i. Purchase of various equipment,
- ii. Cost for further road extension to expand Pay point Area at MK5.5million,
- iii. Relocation of Police road block building and barrier,

- iv. Construction of third exit lane and pay point.

Progress Made

- i. Car Park Automation at KIA has been fully implemented effective 18th November, 2015.

Benefits:

- i. Optimization of Car park fees from MK2million a month to MK5 million a month.
- ii. Enhancement of safety and security.
- iii. The Car Park Automation System is on a Build Operate Transfer (BOT) with Servest Parking Limited of South Africa on a five year arrangement whereby the civil works will be transferred at One Kwacha Value (MK1).

The revenues have moved from an average of MK2.3 million per month to following levels as per table below:

	2015/16 MK	2016/17 MK	2017/18 MK	2018/19 MK
Carpark Automation	9,365,073.54	18,624,163.01	20,221,803.52	7,348,664.67

Challenges and possible solutions

- i. Frequent Power Outage by ESCOM causing disturbance to the system- Installed a Gen set for back up.
- ii. Long Queues at peak times-resolving by extension of pay point area, and possibility of another pay point area – currently in progress.

This Reform Area is completed and removed from Performance Rating.



Reform Area 3: Car Park Automation at Chileka

Planned Activities

- i. Purchase of various equipment at MK120million;
- ii. Conduct Feasibility.

Progress Made

Feasibility done in October to November 2015.

NOTE: This Project is now put on pending and not subject to performance assessment under ADL due to awaiting developments on the New Chileka International Airport Construction Project and is consequently removed from the Performance Rating Form.

Benefits:

- i. Optimization of Car park fees.
- ii. Enhancement of Safety and Security.

Challenges and possible solutions

- i. Redesign and re-rerouting of road at Chileka which may be costly.
- ii. Awaiting mandate expansion for ADL to manage key airports in Malawi.

Reform Area 4: ADL Mandate Expansion- to manage and operate both the landside and airside of all key airports in Malawi

Planned Activities

- i. Draft Articles, Memorandum of Association, Organogram, Mission, Vision, Functions for new set up,
- ii. To engage Ministry of Transport, Departments of Statutory Corporation and Human Resources and Management on Organisational Structure,

- iii. Engage Ministry of Transport,
- iv. Conduct inspection tours of the Airports.

Progress Made

- i. Draft Articles, Memorandum of Association, Organogram, Mission, Vision, and Functions for new set up done in November 2015.
- ii. Engaged Ministry of Transport.
- iii. Conducted inspection tours of the Airports:-
 - Chileka – 19th January, 2016.
 - Karonga – 22nd January, 2016.
 - Mzuzu – 23rd January, 2016.
 - Likoma – First Inspection Tour done on 4th and 5th April 2016.
 - Reports of Inspection Tours for Chileka, Karonga, Mzuzu Airports done, submitted to the Board and discussed.
- iv. Work on Likoma Airport completed (plumbing, electrical works, carpentry; water tank installation, painting of terminal building, runway markings and perimeter fence repairs).
- v. Handover of management from DCA to ADL and launch on the works done at Likoma on 6th December 2016
- vi. An assessment to connect to the Solar Power Plant done, Leases for houses to accommodate critical staff from MRA, Police and ADL signed in November 2016.
- vii. MRA and Malawi Police, Immigration and ADL personnel positioned and started operations.
- viii. Work on ADL regularisation of Title for the land for Airport and future acquisition for land for a Restaurant/Lodge/Hotel in progress with District Commissioner of Likoma Island and Land Surveyors in progress. Awaiting Ministry of Transport involvement.
- ix. Commenced revenue collection for aircraft parking and landing fees on 1st October 2016.

Benefits:

- i. Improved service delivery.
- ii. Enjoyment of economies of scale (e.g. airports can have bulk purchases of common commodities like chairs, check in counters, trolleys and equipment).
- iii. Reduced management costs as same top management will oversee the running and management of the airports.
- iv. Stakeholders to enjoy consistent standards of operation.
- v. Enhanced safety and security of Likoma Airport operations.
- vi. Likoma Airport Revenue Collection :-

	2016/17 MK	2017/18 MK	2018/19 MK
Landing and Parking	2,197,764.37	2,598,597.22	426,685.03
Passenger fees	1,785,157.83	3,143,401.96	2,633,347.89

Challenges and possible solutions

- i. Low revenue from small airports like Mzuzu, Likoma and Karonga.
- ii. Best practice advocates separation of regulatory and oversight function from management and operations of airports.
- iii. Removal of conflict of interest and enhancement of transparency by not having one institution combining the above functions.
- iv. Absorbing staff from other departments with no commercial orientation or business sense in operations.
- v. Resistance to change.
- vi. No major activities to attract tourists at Likoma.
- vii. Lack of banking facilities.

Reform Area 5: Airport Development (USD30) International Passengers and USD8 Domestic Fees (USD3) per Passenger- Introduction of additional revenue sources

Planned Activities

- i. Submission of Board Paper to ADL Board of Directors,
- ii. Submission of a Paper to Ministry of Transport and Public Works,
- iii. Consultative process with Ministry of Transport and Public Works planned for end January 2016 and February 2016,
- iv. Consultation with other stakeholders: Zambia Airports Corporation Ltd and Tanzanian Airports Authority,
- v. Consultation with the Airports Council International (ACI) and Collecting Agency.

Progress Made

- i. Submission of Board Paper to ADL Board done and supported- October 2015/ December 2015,
- ii. Submission of paper to Ministry of Transport Done in December 2015,
- iii. Research and consultation with other airport companies – Zambia Airports Corporation Ltd, Tanzania Airports Authority and Aeroportos de Mozambique completed,
- iv. A Board paper on findings from Zambia Airports Corporation Ltd and Aeroportos de Mozambique in line with item 4 above was submitted to the Board of ADL in June, 2016 and approved,
- v. Trip to Zambia by ADL, Ministry of Transport, DHRM, Ministry of Tourism and Ministry of Finance done from 22 to 27 January 2018.

Benefits:

- i. Increased revenue collection.

- ii. Improved infrastructure and equipment in airports from ploughed back revenues.

Challenges and possible solutions

- i. Approval by Ministry of Transport of the regulations to implement the Airport Development charge is delaying.
- ii. Need to work out how fees will be collected from airlines in the first three months of implementation since some air tickets are bought in advance.

Reform Area 6: Passenger Service Fees Retention

Planned Activities

- i. Submission of Paper to the Office of the President and Cabinet through the Ministry of Transport on the proposed ratio of retention fees was done.

Progress Made

- i. Submission of paper to the Ministry of Transport done on 23rd September, 2015.
- ii. Re-submission of Paper done to Ministry of Transport on 17th March 2016.
- iii. The Passenger Service Fees Retention Proposal is awaiting Government decision.

Benefits:

- i. To develop airports and improved infrastructure and equipment in airports.

Challenges and possible solutions

- i. Approval by Treasury (Ministry of Finance) based on prior experience as this issue has been tabled on several occasions and several meetings have taken place with little progress.

Reform Area 7: Baggage Conveyor Belt replacement-KIA

Planned Activities

- i. Identifying of Supplier through Procurement Process,
- ii. Rehabilitation and replacement of belt for existing conveyor belt with new one.

Progress Made

- i. Exercise being done concurrently with the Japanese Team on Rehabilitation and Expansion Project for KIA 2017-18.
- ii. New belt purchased and installed for Conveyor Belt in November, 2015.
- iii. Another new belt acquired for stock for K5.4 million arrived on 28th March, 2016 in Malawi at Air Cargo and cleared in April, 2016,
- iv. Two new conveyors baggage belts (Carousels) to be installed during the KIA expansion and rehabilitation project.

Benefits:

- i. Reduction of delays and congestion for the arriving passengers.
- ii. Proper baggage handling and ease of collection.

Challenges and possible solutions

- i. Until the new baggage carousels is installed, passengers will continue to experience some inconveniences from the repaired old system since KIA requires at least two new carousels.

Reform Area 8: Outsourcing of Aviation Security to Private Operator

Planned Activities

- i. Letter to PS Transport,
- ii. PS to discuss with Security Committee,
- iii. Once approval obtained, procurement of services from private security companies,
- iv. Implementation, monitoring and review.

Progress Made

- i. Letter to PS Transport – Done.
- ii. Awaits response.

Benefits:

- i. Enhancement of safety and security.

Challenges and possible solutions

Resistance to change slowing pace of implementation.

Reform Area 9: Review of Ownership of Strategic Properties/ Facilities at the Airport: fuel facility, Skynet, MPICO and MANICA properties

Planned Activities

- i. Review of current title deed/ leases in force,
- ii. Establish ownership of Properties/ facilities,
- iii. Assess ways of getting back properties not owned by the Company with consultation to external lawyers,
- iv. Research on what other Airports Companies have done within the region,
- v. Recommend to the Board the possible ways of getting back the Properties/Facilities,
- vi. Report to the PSRMU,
- vii. Implement the approved recommendations.

Progress Made

- i. Review of current title deed/ leases in force,
- ii. Ownership of Properties/ facilities established ,
- iii. Assessment of getting back properties not owned by the Company in consultation with external lawyers done,
- iv. Conducted research on what other Airports Companies have done within the region.

Benefits:

- i. Revenue optimisation from Concessions.
- ii. Full control of Airport land and buildings.
- iii. Enhancement of safety and security.

Challenges and possible solutions

- i. Process of revoking leases/ title deeds.

Reform Area 10 (a): Seeking Strategic Partner in Duty Free Shops

Planned Activities

- i. Advertise for Investors to Partner with the Company,
- ii. Evaluation of submitted offers,
- iii. Report Evaluation Results to Management/Board,
- iv. Award the successful Concessionaire,
- v. Execution of a Concession Agreement,
- vi. Seek Permits to operate Duty Free Shops.

Progress Made

- i. Advertise for Investors to Partner with the Company - Done.
- ii. Evaluation of submitted offers – Done.
- iii. Report Evaluation Results to Management/Board – Done.
- iv. Award the successful Concessionaire – Done.

- v. Execution of a Concession Agreement –Done.
- vi. Permits to operate Duty Free Shops granted.

Benefits:

- i. Revenue Optimization.
- ii. Improve Airport Duty Free Shop standards.
- iii. Offering better services to the customers.

Challenges and possible solutions

- i. Obtaining permits from relevant Stakeholder Ministry of Finance and MRA taking long.
- ii. Investors are discouraged by small number of passengers at the airport hence they are planning to withdraw their business.

(b) Seeking strategic partner in diplomatic duty free shops at ADL House and at border posts

Planned Activities

- i. Advertise for Investors to Partner with the Company,
- ii. Evaluation of submitted offers,
- iii. Report Evaluation Results to Management/Board,
- iv. Award the successful Concessionaire,
- v. Execution of a Concession Agreement.

Progress Made

- i. Advertised for investment to partner with the Company,
- ii. Submitted offers were evaluated,
- iii. A report of the evaluation results was submitted to Management/Board,
- iv. The successful applicant was awarded the contract,

- v. Letter written to MRA and Ministry of Finance on the management of duty free shops is awaiting decisions.

Benefits:

- i. Revenue Optimization.
- ii. Improve Diplomatic Duty Free at the ADL House and Border posts standards.
- iii. Offering better services to the customers.

Challenges and possible solutions

- i. Obtaining permits from relevant Stakeholder Ministry of Finance and MRA taking long.

Reform Area II: Installation of Baggage Reconciliation System (BARS) at Kamuzu International Airport (KIA) and Chileka International Airport (CIA)

Planned Activities

- i. Call for expression of interest,
- ii. Development of the system specifications,
- iii. Advertise for Suppliers of Services – Expression of Interest,
- iv. Evaluation of submitted offers – Expression of Interest,
- v. Call for Detailed Proposals from successful expression of interest,
- vi. Report Evaluation Results of proposals to Management/Board,
- vii. Award the successful Concessionaire,
- viii. Execution of a Concession Agreement.

Progress Made

- i. Call for expression of interest was done,
- ii. Development of the system specifications was done.
- iii. Advertisement for Suppliers of Services – Expression of Interest was made,
- iv. Evaluation of submitted offers – Expression of interest – was done,

- v. Called for Detailed Proposals from successful Expression of Interest.

Benefits:

- i. Offering better services to the Passengers.
- ii. Revenue Optimisation from Concession.
- iii. Enhancement of Safety and Security for Passenger Bags.

Challenges and possible solutions

- i. The installation awaits in advance of one month BARS fees as per the signed contract with the supplier. This is yet to be collected since the BARS fees have been incorporated into Airport Development charge which is yet to roll out.

Reform Area 12: Installation of Cute System at Chileka International Airport (CIA) LAN Installation and Configuration

Planned Activities

- i. Discussion with SITA Inc.,
- ii. Consultations with Stakeholders and Airlines,
- iii. Advertise for Local Area Provider (LAN) and Evaluation of bids,
- iv. Award the successful applicant,
- v. Installation and configuration of LAN,
- vi. Installation and configuration of CUTE equipment and system.

Progress Made

- i. Discussion with SITA Inc. was conducted,
- ii. Consultations with Stakeholders and Airlines are in progress,
- iii. Advertised for Local Area Provider (LAN) and Evaluation of bids,
- iv. Awarded the successful applicant,
- v. Installation and configuration of LAN was done.

Benefits:

- i. Offering better services to the Passengers.
- ii. Enhancement of Safety and Security for Passengers.

Challenges and possible solutions

- i. Resistance from some Airlines.
- ii. Cash flow challenges to procure the equipment.

Observations and Action Points

- i. It was observed that the toll-gate at KIA is normally congested during peak hours.
Action: ADL to construct with speed the additional planned facilities.
- ii. It was observed that the parent ministry is not giving feedback on various issues hence affecting implementation of reforms that would unlock finances for running the Airports
Action: PSMU to intervene by holding various meetings with involved stakeholders e.g. ADL, Ministries of Transport and Finance.
- iii. It was observed that the Project for expansion of the Terminal Building at KIA from a Japanese Grant of JPY 3,675,000,000 (MK 25,000,000,000) was progressing at a commendable pace and completion date is March, 2019.

2.7.2. THE ROADS AUTHORITY (RA)



Introduction

The PSRMU undertook a monitoring visit to the Roads Authority on Wednesday, 10th October, 2018 from 10:25am to 12:00pm. The PSRMU team was led by the Director Technical Services, Ms. Emmie L. Galafa. Other team members were Director of Planning and Management, Mr Sibusiso Jere; Chief Reforms Officer, Mrs Emily Tembo; Principal Reforms Officer, Mr. Blessings Mbewe and Reforms Information Officer, Mr. Papiya Mwahara.

The Roads Authority team was led by the Chief Executive Officer, Engineer Emmanuel Matapa. Other members were Director of Finance and Administration, Mrs Anda Msiska; Director of Planning and Design, Mr Francis Dimu; Chief Engineer, Mr Isaac Kunkeyani; Procurement Specialist, Mr Moses Malinda and Acting Director of Maintenance, Mrs Florence Ndenguma;

Mandate of RA

The Roads Authority (RA) is mandated to ensure that public roads are constructed, maintained or rehabilitated at all times; and to advise the Minister and where appropriate, the Minister responsible for Local Government on the preparation and the efficient and effective implementation of the Annual National Roads Programme.

Reform Areas and Implementation Progress

The Roads Authority is implementing the following reform areas:

Reform Area I: Review of the Public Roads Act

The Public Roads Act was enacted in 1964 and the last amendment was in 1989. It is therefore outdated and requires a review. The Ministry of Justice is working on the review of the Public Roads Bill. The focus of this reform therefore is for the RA to champion the review process until the amended Public Roads Act Bill is passed into law.

Progress Made

- i. Ministry of Justice and Constitutional Affairs shared the draft Road Bill on 26th July 2016 with Ministry of Transport and Public Works who shared it with other stakeholders such as Ministry of Local Government and Rural Development, the Roads Authority, the Road Fund Administration for comments.
- ii. The RA proceeded to form a Task force to speed up the review process. The Task force comprising the Roads Authority and Roads Fund Administration finalized reviewing the draft Bill and made a presentation to Management of the two institutions. The Task force compared the draft Bill with the Tanzania Road Act, 2007 and Zambia Roads Act, 2002. As a result, more provisions were incorporated into the draft Public Roads Bill to take care of issues that were not adequately covered such as on compensation for services and properties.
- iii. An initial joint stakeholder meeting was held from 20th to 23rd December 2016, comprising officials from Ministry of Justice and Constitutional Affairs, Ministry of Transport and Public Works, the Roads Fund Administration and the Roads Authority which relooked and consolidated comments from the Task Force.

- iv. The final stakeholder meeting was held from 17th January 2017 up to 20th January 2017 where the Draft Public Roads Bill was finalized and submitted to Ministry of Justice for review.
- v. The Ministry of Transport and Public Works has finalized preparation of the Cabinet Paper for submission of the Bill to Cabinet.

Benefits

The Roads Authority undertook a Road Network Reclassification Study between 2003 and 2006. The Study had two objectives (a) identification and classification of the public road network, and (b) review of the Public Roads Act.

- i. Under the current Public Roads Act, the designated public road network is about 15,451 kilometres. However, the findings of the 2003-2006 study recommended that the public road network would increase to 24,929 kilometres after the findings of the study revealed that the current road network was not effective in providing effective accessibility and mobility for the population of Malawi and thus recommended for the expansion of the road network. Reviewing and amending the current Public Roads Act would therefore facilitate the incorporation of the additional road network into the Act as shown in Table 1.
- ii. The re-classification of the road network re-assigned responsibility of the management of the public roads to various agencies as highlighted in Table 1. Reviewing and enacting the new Public Roads Bill will therefore assist efficient and effective management of the road network.
- iii. New institutions such as the Roads Authority and Roads Fund Administration have been set up through new Acts, namely the Roads Authority Act of 2006 and the Roads Fund Act of 2006

which are not mentioned in the old Public Roads Acts. Reviewing the old Public Roads Act would therefore help to incorporate these two new institutions into the Act.

Challenges

Although the RA was tasked with the responsibility to coordinate and lobby for the enactment of the Public Road Bill and to lead in the reforms progress, finalization of the bill is dependent on how Ministry of Justice and Constitutional Affairs will move on the remaining processes for the bill to be enacted.

Possible Solution

The Roads Authority will continue engaging the Ministry of Justice and Constitutional Affairs through the Ministry of Transport and Public Works to complete the remaining processes for the bill to be enacted.

Reform Area 2: Devolution of Management of the Public Road Network

In accordance with Section 6 and Section 9 of the Public Roads Act 1989, the local councils are designated as highway authorities and they are responsible for the district and urban roads. In accordance with Section 4 and Section 5 of the Public Roads Act, 1989, the highway authority is the Ministry of Transport and Public Works who have delegated their authority to the Roads Authority through the Roads Authority Act of 2006. The RA is currently (in practice) managing the entire public road network.

The devolution of management of the public road network will become even more critical once the new classification is adopted which will result in an increase in the road asset from 15,451 km to 24,929 km, an increase of 61%.

Table 1: Malawi Road Network

Road Class	KM current classification	KM reclassified (un-gazetted)	Organisation responsible for road management	Source of Funding
Main	3,357	4,004	RA	Roads Fund
Secondary	3,125	4,249	RA	Roads Fund
Tertiary	4,121	0	RA	Roads Fund
District	3,500	8,085	RA/ LA	Roads Fund /LA
Urban	1,348	1,580	RA/LA	Roads Fund /LA
Community	0	7,019	LA/ Communities	RF/LA/Donors
TOTAL	15,451	24,929		

Progress Made

Several meetings to come up with a devolution plan have been held by the Ministry of Transport and Public Works, Ministry of Local Government and Rural Development, Roads Fund Administration, and Roads Authority. .

Due to capacity challenges being experienced in the Local Councils the strategy which is being piloted is as detailed below:

Benefits/ Motivation or Factors Supporting Devolution of Management of the Public Roads

- i. There is existing legal and institutional arrangements to support Devolution of Management of the Public Road Network:
 - a. The Roads Authority, RA, will be primarily responsible for the maintenance of the core road network. (Roads Authority Act 2006)

- b. The local councils will be responsible for maintaining the urban, district and other feeder roads (Community roads) as the roads authorities in their own respect. (Local Government Act 1998)
 - c. Roads Fund Administration would be funding both the assemblies and Roads Authority. (Roads Fund Administration Act 2006)
- ii. There is a well-developed Construction Industry having both Contractors and Engineering consultants which could be hired to assist the assemblies/local councils in managing the road network under their jurisdiction.

Councils engaging Consultants and Contractors

- i. The Local Councils on their own should be engaging Civil Engineering consultants to assist them in planning and implementing road maintenance activities and thereafter hire contractors to do the actual construction.

Under this strategy the Councils through Local Government would engage three Civil Engineering Consulting firms on annual retainer bases (one per region) to provide engineering services to all the councils. The Engineering Consultants would not only provide engineering services but also build capacity in the Councils. The Engineering Consultants could be tasked with the following specific responsibilities;

- a. **Engineering Designs**, the Consulting Engineer should be mandated to carry out Road Inventory Surveys, Feasibility studies, Hydrological Studies, Soils and Materials Investigations, Engineering Designs, preparation of Bills of Quantities, Cost Estimates and Annual Roads Programmes and come up with Annual Roads Maintenance Programmes for each council;

- b. **Pre-contract Services**, the Engineering Consultants should be tasked with the responsibility of preparing Bidding Documents, Expression of Interests, Prequalification of contractors, Invitations for Bids, and management of the Tender Evaluation Process. They should also help with selection of contractors, conducting contract negotiations and contract award;

Construction Supervision, on behalf of the Local Councils, the Engineering Consultants should supervise all road construction and maintenance works by providing Engineers, Inspectors and other necessary staff to various programmes and projects being implemented;

- c. **Certification of Works**, The Consulting Engineer would be certifying completed works while the Local Councils shall be approving payment certificates and forwarding them to RFA for payment.

Pilot Districts Selected to Start Road Maintenance Under the Above Strategy

Under the above strategy 6 pilot districts were identified by Ministry of Local Government and Rural Development where implementation of road maintenance activities started in the (2015/2016) financial year.

The selected pilot districts are M'mbelwa (Mzimba), Kasungu, Lilongwe, Zomba, Blantyre and Mulanje.

Progress Achieved under the above strategy

Progress under the above strategy is as highlighted in Table 2 below i.e. four out of the 6 selected pilot district councils namely Blantyre City, Lilongwe City, Zomba City and Mzuzu City managed to undertake road upgrading and maintenance works within their areas of jurisdiction from 2015/2016 to

2018/2019 Financial Years with funding from Treasury as indicated in the table below. To date a total of MK MK31.0 billion has been committed.

No.	Financial Year	Amount
1	2015/2016	MK7.4billion
2	2016/2017	MK8.5billion
3	2017/2018	MK8.7 billion
4	2018/2019	MK6.4 billion
Total		MK31.0 billion

With World Bank financing, under ASWAP SP II, twelve (12) districts have been targeted for a total distance of 1,200kilometers of road rehabilitation and upgrading works. The district councils are the clients for all these projects. The role of the Roads Authority is to provide technical backstopping. These projects are currently under design stage.

The targeted districts are; Chitipa, Mzimba, Kasungu, Ntchisi, Mchinji, Lilongwe, Dedza, Ntcheu, Zomba, Phalombe, Mulanje and Thyolo.

The Roads Authority’s plan was that by 31^s July 2017, 50% of the Urban, District and Community roads would be handed over to some Local Councils and by 31st July 2018, 100% of the Urban, District and Community roads would be handed over to Local Councils with funding from both Roads Fund Administration and Treasury. However, the district councils seem not to be ready to manage the road networks apparently due to capacity challenges.

d. Challenges

- i. The devolution process is dependent on external stakeholders and is currently championed by the Ministry of Local Government and Rural Development. Devolution will therefore depend on willingness and readiness of councils to receive this responsibility.
- ii. Need for capacity enhancement in road management in local assemblies.
- iii. The absence of a sustainable financial base for road maintenance at the Councils apart from the Roads Fund. (edit)

Observations and Action Points

- i. It was observed that there is lack of capacity in Local Councils in managing road networks

Action: PRSMU to continue engaging Ministry of Local Government to address capacity issues in the Local Councils by among other things doing the following;

- a. Filling open vacancies mainly in Engineering and Accounts divisions in local councils;
- b. Conducting tailor made training to Local Council staff involved in road management activities; and
- c. Improve on provision of other resources such as vehicles, office equipment, computers etc.

2.7.3. LILONGWE HANDLING COMPANY LIMITED (LIHACO)



Introduction

The PSRMU team conducted a monitoring exercise to Lilongwe Handling Company (LIHACO) on Friday, 12th October, 2018 from 9:00am to 11:00am. The PSRMU team was led by the Director of Technical Services, Ms. Emmie L. Galafa. Other members were Chief Reforms Officer, Mrs. Emily Tembo; Chief Reforms Officer, Mr. Sosten Chinkonda, and Ms. Gloria M.P. Banda, Principal Reforms Officer.

The LIHACO team was led by the Chief Executive Officer, Mr. Alick A. Kasaila. Other members were Acting Operations Director, Mr. Lyton Zinyemba and Acting Finance and Administration Director, Mrs. Eunice Kaipa.

Mandate of LIHACO

The LIHACO is mandated to provide passenger, ramp and cargo handling services to national and international carriers and airlines.

Reform Areas and Implementation Progress

The LIHACO is implementing the following Reform Areas:

Reform Area 1: IATA Safety Audit for Ground Operations (ISAGO)

Progress Made:

- i. LIHACO has successfully completed the reform area by obtaining ISAGO registration Certificates for both Lilongwe and Blantyre on 21st October 2016 and 30th August 2017, respectively. The certificates are valid for a period of two (2) years each.
- ii. The ISAGO renewal audit was conducted, utilizing the new ISAGO Audit Programme on 3rd to 9th September 2018.

Reform Area 2: Strategic Partner vs Business Turnaround

The reform area of “Strategic Partner” was dropped because most of the partners were interested in takeovers and now the focus is on ‘Business Turnaround’

Progress Made:

- i. LIHACO is in the process of acquiring a second hand high loader ground equipment which is currently being refurbished at Antroma in South Africa. The high loader equipment is used for cargo and baggage handling services.
- ii. LIHACO is in the process of acquiring an ambulift equipment which is an effective solution for transport, embarkation and disembarkation of passengers with reduced mobility.
- iii. LIHACO is in the process of hiring toilet service unit and aircraft stairs.
- iv. Renovation of both Lilongwe and Blantyre offices was done.
- v. Functional Review was done.
- vi. Reviewed Company policies and conditions of service.
- vii. LIHACO has embarked on review of Business Development Programme to widen its revenue base. The first programme to be operational by January 2019 is the travel bureau.

Observations and Action Points

- i. It was noted that there was need for a formal approval of the reform area “Business Turnaround Strategy.”
Action: PSRMU to check its records to confirm action previously taken on the matter.
- ii. It was observed that LIHACO’s initiative for setting up a Travel Bureau is one way of boosting tourism in the country.
Action: PSRMU team encouraged LIHACO to work with the Ministry of Industry, Trade and Tourism in this venture.
- iii. It was observed that there was no Board of Directors for LIHACO
Action: PSRMU to liaise with Department of Statutory Corporations.
- iv. It was also observed that Tourism levels in Malawi had gone down hence negatively affecting the operations of LIHACO.
Action: PSRMU to engage Department of Tourism on the matter.
- v. Some of the senior positions at LIHACO are filled in an acting capacity, i.e. Finance and Administration Director and Operations Director.
Action: PSRMU to liaise with Department of Statutory Corporations.

2.7.4. AIR CARGO MALAWI LIMITED



Introduction

The PSRMU team conducted a monitoring exercise to Air Cargo Malawi Limited (ACML) on Friday, 12th October, 2018 from 11:00am to 12:00pm. The PSRMU team was led by the Director of Technical Services, Ms. Emmie L. Galafa. Other members were Mr. Sosten Chinkonda, Chief Reforms Officer and Ms. Gloria M.P. Banda, Principal Reforms Officer.

The Air Cargo team was composed of the Chief Executive Officer, Ms. Evelyn Mwapasa, and Director of Finance and Administration, Dr. Antony Zimba.

Mandate of ACML

The mandate of Air Cargo Malawi Limited is to carry on the business of carriage of cargo by air, handling, and storage and to promote any commercial activities related to the business of the company.

Reform Areas and Implementation Progress

Air Cargo Malawi Limited is implementing one Reform Area:

Reform Area: Acquire an Airline Prefix

Planned Activities:

Apply for the Airline Prefix and follow up with the IATA Airline Coding

Office.

Benefits of the reform:

By acquiring its own Airline Prefix, ACML will be more secure. Partnerships and interline agreements with other airlines will be secured hence covering more territories. Own prefix will broaden the revenue and improve the market share for the Company.

Progress Made:

- i. Re-submitted the application for an airline pre-fix to IATA on 23rd January 2017. The wet-lease agreement with Astral Aviation was attached.
- ii. Had follow-up discussions with the Department of Civil Aviation on 13th April 2017.
- iii. The Department of Civil Aviation sent a letter to IATA in support of the application for an airline prefix by Air Cargo Malawi Ltd on 18th April 2017.
- iv. Follow-up communication with the Department of Civil Aviation was done on 20th June and 13th July 2017, respectively.

Challenges

- i. IATA have insisted that an Airline Operator's Certificate (AOC) is a pre-requisite to the prefix.
- ii. IATA have also clarified that wet-lease agreement is not the requirement but an Interline agreement and this is only an addition to the possession of an AOC not a substitution.

Observations and Action Points

It was noted that ACML need to apply for an AOC from the Malawi Civil Aviation Authority. But the challenge is that this Body is not yet established.

Action: PSRMU to engage Ministry of Transport on the formation of the Malawi Civil Aviation Authority.

2.7.5. MALAWI HOUSING CORPORATION (MHC)



Introduction

The PSRMU team undertook a monitoring visit to the Malawi Housing Corporation (MHC) on Thursday, 22nd November, 2018 from 2:15 pm to 4:30 pm. The PSRMU team was led by the Director of Technical Services, Ms. Emmie L. Galafa and other members were the Chief Reforms Officer, Mr. Sosten Chinkonda and the Reforms Information Officer, Mr. Papiya Mwachara.

The Malawi Housing Corporation (MHC) team was led by the Chief Executive Officer, Mrs. Eunice Napolo. Other team members were Director of Administration and Corporate Services, Mr Bob Chimkango and Business Research and Development Manager, Mr Chancy Chaguluka.

Mandate of MHC

Malawi Housing Corporation was established in 1964 by the Malawi Housing Corporation Act to facilitate and provide habitable and affordable houses through plot development, construction and maintenance in an environmentally and economically sustainable manner.

Reform Areas and Implementation Progress

MHC is implementing the following reform areas:

1. Amendment of the Malawi Housing Corporation Act.
2. Establishment of a Research, Planning and Development Department.
3. Procurement of transaction advisory services.
4. Upgrading of Property Management system.
5. Construction of houses.
6. Fast tracking maintenance of houses.
7. Establishment of a dynamic website.
8. Translation of tenancy agreement into vernacular languages.
9. Introduction of customer service management system.
10. Implementation of anti-corruption hotline.

Reform Area I: Amendment of the MHC Act

Progress Made

- i. One hundred percent (100%) achievement. The Act was passed by Parliament and assented to by the President.
- ii. The new provisions are now being enforced/implemented.

Benefits

- i. MHC will be able to realise surplus in the Rent Account
- ii. MHC will be able to venture into other fields such as construction, consultancy and asset management

Challenges

- i. Resistance and misunderstanding on the new provisions

Reform Area 2: Establishment of a research, Planning and Development Department

Planned Activities:

- i. Establish Research, Planning and Development department
- ii. Identify staff internally to roll out Research, Planning and Development activities.

Progress Made

- i. Skeleton staff from the existing Human resources identified
- ii. Recruitment of the Head of the Unit conducted

Benefits

- i. There are regular updates on the conditions of the houses to determine the schedule for maintenance, renovation and upgrading
- ii. New products are developed to meet competitive demands on the market.

Reform Area 3: Procurement of transaction Advisory Services

Planned Activity

- i. Conduct research and enquiries on the procurement of services

Progress Made

Not much has been accomplished. Thirty percent (30%) progress registered during the quarter under review. The Corporation obtained estimates on the cost of the activity through consultations with Audit firms and Commercial Banks.

Challenges

Lack of financial resources has hindered the implementation of this reform area.

Reform Area 4: Upgrading the Property Management

Planned Activities

- i. Procure the upgraded version of ACCPAC property management system
- ii. Procure PMS Modules
- iii. Train users on the new system

Progress Made

- i. Seventy percent (70%) done and this is a repetition of the progress for 2017.
- ii. ACCPAC property management system was procured at an estimated cost of MK50, 000,000.
- iii. The Upgraded PMS is running and
- iv. Task Force to operationalise the system is in place.
- v. Full migration from the old system to the new system was completed in June, 2018.
- vi. The training of user is on-going.

Benefits

- i. Reduced security risk
- ii. Integrated Property Management System
- iii. Customer satisfaction
- iv. There is proper coordination of operations
- v. There is efficiency in the processing of transactions
- vi. There is interactive property management system

Reform Area 5: Expedite the construction of houses

Planned Activities

- i. Construct twenty houses

- ii. Market the projects to potential financiers or partners

Progress Made

- i. Eighty five percent (85%) of work done
- ii. The Housing Policy was approved by the Board.
- iii. The Corporation constructed twenty (20) houses at an estimated cost of MK593,000,000 and the houses are occupied by tenants.
- iv. The Corporation is constructing forty (40) houses at an estimated cost of MK900,000,000.
- v. The Corporation obtained a loan of MK6 billion from National Bank of Malawi for construction of 200 units across major urban centres in the country.
- vi. The Corporation engaged potential investors like Nedebe Holdings Ltd (RSA), Old Mutual Investment Group, FDH Financial Holdings Limited, Africa Consolidated Contractors (Zimbabwe), CGCOC Group Company (China), China Jiangxi Corporation, Peng Fei Group and INFRACO of Zambia among others.
- vii. Signed MoU with Nedebe International Holdings and a financial proposal was submitted by the investor for evaluation. The investor intends to construct 15,000 housing Units with an initial 2,500 units slated for 2019-2022 in all the regions of the country.
- viii. Conducted Technical Due Diligence on Africa Consolidated Contractors of Zimbabwe.
- ix. Signed an MoU with Peng Fei Group of China for the construction of 68,000 prefabricated housing units from 2019.
- x. Signed an MoU with Henani Guoji of China for the construction of 500 houses commencing in 2019. A Financial proposal has been submitted by the investor for evaluation.

Challenges

- i. The cost of borrowing from local financial institutions is too high but the Corporation will balance its borrowing from both local and international financial institutions.
- ii. Delays to get sovereign guarantees from government affect the timing of project completion.

Reform Area 6: Fast tracking maintenance of houses

Planned Activities

- i. Revise regional maintenance float
- ii. Maintain 1,000 houses

Progress Made

- i. Regional Office maintenance float were revised from MK6,000,000 to MK9,000,00 per month.
- ii. Fifty Million Kwacha (K50,000,000) was set aside for maintenance works in the regions.
- iii. 1,102 houses maintained out of the planned 1,000 units.

Challenges

Damage of MHC Houses by tenants.

Solution

MHC will enforce the Tenancy Agreement with tenants to ensure personal liability on tenants who damage MHC property.

Reform Area 7: Establishment of a dynamic website

Planned Activities

- i. Create and upload data on the website

Progress Made

- i. One hundred percent (100%) done. The website is up and running.

Benefits

- i. There is improved visibility of the Corporation
- ii. There is provision of easy access to services being offered by the Corporation
- iii. There is timely provision of information to current and potential clients.

Reform Area 8: Translation of Tenancy Agreement into Chichewa

Planned Activities

- i. Review and amend Tenancy Agreement to accommodate emerging issues
- ii. Procure services of a translator

Progress Made

- i. One hundred percent (100%) done. Translator procured
- ii. Tenancy Agreement translated into Chichewa language.

Reform Area 9: Introduction of Customer Service Management System

Planned Activities

Establish Customer Desks in all regions

Progress Made

Ninety five percent (95%) done and the customer desks have been established in all regions. Training of the officers to be conducted in due course.

Benefits

- i Improved customer relationship
- ii Improved accountability, transparency and commitment
- iii Customer satisfaction

- iv Increased revenue for the Corporation through timely payment of rent
- v Efficient settlement of complaints

Reform Area 10: Installation of an anti-corruption hot-line

Planned Activities

- i. Install Anti-corruption hotline
- ii. Sensitize the public on the hotline

Progress Made

One hundred percent (100%) done. The hotline is in place and awareness raising programme is in progress.

Observations and Action Points

- i. It was observed that there was need for MHC to concentrate on Estate Development to meet the national growing demand for houses
Action: MHC was encouraged to focus on Estate Development reforms

2.8.0. INFORMATION, COMMUNICATION AND TECHNOLOGY SECTOR

2.8.1. MALAWI BROADCASTING CORPORATION



Introduction

The PSRMU team undertook a monitoring visit to the Malawi Broadcasting Corporation (MBC) on Wednesday, 21st November, 2018 from 8:00am to 12:30pm. The PSRMU team was led by the Director of Technical Services, Ms. Emmie L. Galafa. Other members were the Chief Reforms Officer, Mr. Sosten Chinkonda and the Reforms Information Officer, Mr. Papiya Mwahara.

The Malawi Broadcasting Corporation (MBC) team was led by the Director General, Mr. Aubrey Sumbuleta. Other team members were Director of Administration, Mr Gift Nyambalo; Director of Engineering, Mr. Aiden Gumeni and Director of Commercial Services, Mr Frank Binali.

The PSRMU team was also taken on a tour of structural and technological reforms that MBC is undertaking which included construction of disability friendly structures, modernisation of studios and renovation of Kwacha Studios and Chichiri Broadcasting House (BH).

Mandate of MBC

Malawi Broadcasting Corporation was established by the Malawi Broadcasting Corporation Act of 1964 and reconstituted under the Communications Act of 1998 to inform, educate and entertain through objective, professional and independent programming.

Reform Areas and Implementation Progress

The Corporation is implementing the following reform areas:

Reform Area 1: Modernization and digitization of Television and Radio Production Facilities

Planned activities:

- i. Renovate Kwacha TV studios production control room;
- ii. Equip the studios with modern digital production facilities under JICA project;
- iii. Equip news studio and master control room.
- iv. Procure and install modern studio equipment for Lilongwe TV studios;
- v. Purchase six digital ENG cameras for Blantyre and Lilongwe.
- vi. Purchase TV outside broadcasting equipment;
- vii. Purchase radio outside broadcasting equipment.
- viii. Installation of computerized radio broadcasting system.

- ix. Provide play out and production hardware and software for scheduling, billing and commercial trafficking.
- x. Purchase ten digital audio field recorders.

Progress Made:

- i. Renovation of main studio production control room completed.
- ii. Supply, installation and commissioning of modern digital production equipment completed with funding from Japan International Cooperation Agency (JICA) under grant agreement.
- iii. News studio and master control room installed with modern equipment.
- iv. Lilongwe TV studio equipment partially completed, refurbished TV studios with Chinese Government assistance.
- v. Procured six ENG cameras.
- vi. Procured outside broadcasting equipment for Television service.
- vii. Procurement of Radio Outside Broadcasting equipment not done due to financial constraints.
- viii. Engineering workflow designs completed.
- ix. Procurement for supply and installation of studio equipment is under way.
- x. Procured ten audio recorders.

Reform Area 2: Creation of One Newsroom for Television and Radio Services

Planned activities:

- i. Installation of robust internet connectivity and VPN link;
- ii. Provision of cost effective Tele conferencing facilities;
- iii. Holding of joint editorial meetings in the three regions;

- iv. Training for multi-skilling of news staff members;
- v. Facilitation of news managers' exchange visits.

Progress Made:

- i. One newsroom operational in the three regions. Through the use of Tele-conferencing and VPN link the three regions now can hold real time joint editorial meetings.
- ii. The Corporation has now in a phased approach started implementing the following measures to permanently create structures for one newsroom:
 - Refurbishment of Kwacha Newsroom-designs completed.
 - Creation of office space completed.
 - 40 out of 80 newsroom staff relocated.
- iii. Development of multi-skilled newsroom staff. All members of the News Department have been oriented and trained in both TV and radio news production.

Challenges

- i. Inadequate development funding which is never funded sometimes in good time.
- ii. Old transmission network needs to be refurbished.

Observations and Action Points

- i. The Corporation was commended for modernizing the infrastructure and equipment. However insufficient development funding is a constraint towards full completion of the works.
Action: PSRMU to assist the Corporation to lobby for additional resources to enable the Corporation to conduct development activities
Action: PSRMU plans to visit Lilongwe Studio to appreciate developments taking place at the site

- ii. It was observed that there was resistance by some MBC staff members to embrace new way of doing things administratively, financially and technically.

Action: MBC was encouraged to introduce some Human Resource Management Reforms and were given the Malawi Public Service Management Policy and Malawi Public Sector Reforms Policy as guiding tools.

2.8.2. MALAWI COMMUNICATIONS REGULATORY AUTHORITY (MACRA)



Introduction

The PSRMU undertook a monitoring visit to the Malawi Communications Regulatory Authority (MACRA) on Wednesday, 21st November, 2018 from 2:00 pm to 4:30 pm. The PSRMU team was led by the Director of Planning and Management, Mr Sibusiso Jere. Other members were Chief Reforms Officer, Mrs. Emily Tembo and Principal Reforms Officer, Ms. Gloria M.P. Banda. MACRA was represented by the Director of Finance, Mr Ben Chitsonga

and the Economist Mr Andrew Nyirenda. The Chief Executive Officer, Mr Godfrey Itaye just welcomed the team since he was engaged in another appointment.

Mandate of MACRA

The Malawi Communications Regulatory Authority (MACRA) was established under the Communications Act, Cap 68:01 of the Laws of Malawi to regulate and develop Information Communications Technology (ICT) sector in Malawi.

Reform Areas and Implementation Progress

MACRA is implementing the following Reform Projects:

Reform Area I: National Addressing Project

Under the National Address Project – Malawi has adopted numeric postcode system which has divided the country into three postcode zones. The system for the national address has six (6) digits representing the region, district and delivery areas.

Progress Made:

- i. MACRA developed the National Physical Addressing Standards and has been accredited with the International Certification (S-42 certification)
- ii. Pilot phase of the project in Blantyre and has rolled out to Middle density area like Chinyonga; Low Density area – Namiwawa; Industrial Area – Makata & Ginnery Corner; High Density Area – Ndirande; and rural setting – Lirangwe.
- iii. The project would currently be rolling out in Lilongwe, Zomba and Mzuzu.
- iv. MACRA would be extending the project to the whole Ndirande area and the services would be extended to other areas in Blantyre like Mpingwe, Nyambadwe and New Naperi.

Challenges

There is high vandalism on the structures that MACRA has put in the earmarked locations like the sign posts, and poles.

Reform Area 2: Blantyre Smart City Project

MACRA's mission in this project is to transform Blantyre into a technology driven, sustainable and resilient smart city in Malawi with equal access to quality physical and social infrastructure.

Progress Made:

- i. Participated in two study visits in China (sponsored by Huawei) and Singapore.
- ii. Preparations for stakeholders' workshop are in progress.

Challenges and Possible Solution

- i. Lack of comprehensive knowledge on smart city initiatives;
- ii. Non availability of town master-plan.
- iii. **Proposed Solution:** to carry out stakeholders' sensitisation workshop and Blantyre City Council to draw a Master Plan.

Reform Area 3: Forensic Laboratory

The purpose of the project is to establish a forensic laboratory in the country to enhance the drive in combating cybercrimes as well as to improve the justice delivery system for cyber related crimes.

Progress Made:

- i. Developed the concept note for the establishment of the forensic lab;
- ii. Established a Technical Working Group – MACRA, Reserve Bank of Malawi (RBM), Malawi Police Service (MPS);

- iii. Undertaken a study visit to National Cyber Investigation Centre in Kigali, Rwanda; which was attended by six (6) officers as follows: three (3) from MACRA; two (2) from Malawi Police Services; and one (1) from Reserve Bank of Malawi;
- iv. Developed the architectural designs for the forensic lab.

Challenges and possible solutions

- i. Over ambitious proposed structure exceeding MACRA budgets. MACRA is working with Police and Department of Buildings to rework on the drawings;
- ii. Lack of expertise in the area of cyber security in the country.
Proposed Solution: Concept note proposes capacity building for key personnel.

Reform Area 4: E-Waste Management Strategy

MACRA would ensure that there is compliance on E-Waste management involving any electrical and electronic equipment that is discarded or is intended to be discarded or is required to be discarded after use, for instance: Temperature equipment (Freezer, fridges) – Screens (Television, LCD) – Lamps (Fluorescent lamp) – Large equipment (Telecommunication equipment) – Small IT (Mobile phones, computers).

Progress Made:

- i. Four key personnel – three (3) from MACRA and one (1) from the Department of Environmental Affairs were trained in Pretoria, South Africa.
- ii. Developed National Strategy on E-Waste Management.
- iii. Developed a regulatory framework for E-Waste Management.
- iv. International Telecommunications Union (ITU) provided technical assistance for the development of E-waste strategy – Two meetings were held in Lilongwe in December 2017 and April 2018.

Observations and Action Points

i. MACRA's reform project on the National Physical Address is commendable. However, there is need that Blantyre City Assembly should be vigilant in ensuring that developmental structures are protected and not vandalised for this retards development.

ii. Lack of a Master Plan for the Blantyre City is an immense oversight.

Action: PSRMU should urge the Blantyre City Council through the Ministry of Local Government and Rural Development to urgently develop a City Master Plan for Blantyre.

iii. It was observed that most of MACRA's reforms have no specific time frame in terms of start and completion dates

Action: PSRMU to engage MACRA to attach timeframes to all their reform areas.

iv. The concept of Smart Cities is not understood by stakeholders.

Action: MACRA to hold sensitization activities for all stakeholders. PSRMU being a major stakeholder should always be involved.

2.8.3. MALAWI POSTS CORPORATION (MPC)



Introduction

The PSRMU undertook a monitoring visit to the Malawi Postal Corporation (MPC) on Thursday, 22nd November, 2018 from 9:00 am to 11:00 am. The PSRMU team was led by the Director of Planning and Management, Mr Sibusiso Jere. Other members were Chief Reforms Officer, Mrs. Emily Tembo and Principal Reforms Officer, Ms. Gloria M.P. Banda.

The MPC team was led by the Postmaster General, Mr Henry Shamu. Other members were Commercial Director, Mr Joseph Chiusiwa; Director of Finance and Administration, Mr Noel Fole; Human Resources Manager, Mrs Mary Msesa; Controller of ICT Applications, Mr Khwima Mkandawire and ICT Manager Applications, Mr Mike Musa Junior.

Mandate of MPC

The Malawi Postal Corporation (MPC) was established in the year 2000 with the mandate to provide facilities for transmission of postal articles as a commercial entity.

Reform Areas and Implementation Progress

MPC is implementing the following Reform Areas:

Reform Area 1: Commercial – Business Development

Progress Made:

- i. AfDB visit to Malawi - not done.
- ii. Complete refurbishment of two pilot sites (Mangochi and Lilongwe) and the launch was done in Mangochi by H. E on 29th March 2018.
 - a. Integration of MPC payment platform to MDAs – done.
 - b. MOUs signed with MDAs - done.
- iii. Preparatory work for the other eight one stop service delivery centres – this is not done.
- iv. Roll out of e-commerce is in progress as MPC is on UPU Operational Readiness for E-commerce (ORE) for circle 2017 – 2020.
- v. Zapcash has been rolled out and the trial period has ended by 11th November 2018 and awaiting Reserve Bank of Malawi issuing mobile licence to roll out nationally by December 2018.
- vi. Posts Coaches Project approved by Board, Treasury and Procurement Authority and to be roll out early 2019. Procurement of coaches in progress.

Benefits

The e-Post strategy has analysed MPC opportunities on the market and spelt out how the vast MPC network can be turned into an opportunity.

Challenges and possible solutions

Delay in funding approval.

Reform Area 2: Internal processes – Automation of business processes

Progress Made:

- i. Automated Post Offices increased to one hundred and thirty-five (135) post offices were– done while others not done because there is no electricity.
- ii. Financial mode implemented, fixed asset module in progress: and procurement module yet procured due to financial challenges.
- iii. Payroll module of the VIP payroll installed; test done, data migration done but not yet live pending procurement of licence.

Benefits

- i. 30% reduction in direct costs associated with Fast Cash Money Transfer service as a result of Counter automation project implementation.
- ii. The benefits of other ongoing projects yet to be fully realised.

Challenges and possible solutions

- i. Inadequate financial resources to procure required ICT equipment and software.
- ii. Inadequate skills – MPC provided refresher training to staff.

Reform Area 3: Human Resource Management (People)

Progress Made:

- i. Executive Management leadership training by June 2017 - not done.
- ii. Quarterly staff sensitization on performance management system – continuous but stalled.
- iii. Functional review is in progress and awaiting Board's approval.
- iv. Sensitisation of approved condition of service to staff – continuous and done.

Benefits

The benefits are not noticed within the quarter but in the other quarters.

Challenges and possible solutions

- i. Lack of financial resources.
- ii. Change management strategy developed.

Observations and Action Points

- i. MPC as a host of the Mlambe One Stop Integrated Centres, currently situated in Lilongwe and Mangochi, is incurring huge expenditure to run the Centres through hire of security services and gensets than the income it generates. For instance, since the official launch of the Mlambe Centres in March 2018, the cost to run the Centres is approximately amounting to K11 million but what has been generated is only about K200,000
- ii. It was also observed that failure to utilize the Centres by key service providers like the Immigration, Road Traffic, Malawi Revenue Authority, National Registration Bureau is incapacitating the mandate/purpose of the Centres resulting into the Centres not being patronised by the citizenry.

Action: PSRMU to call all key stakeholder MDAs, who are party to the provision of services for the Mlambe Centres for a meeting and come up with a way forward on the sustainability of the Centres.

Action: As a way of increasing its financial base/revenue reform area, it was pleasing to note that MPC has come up with a number of strategies like the Automated Financial Management System; Post Coach Bus Services for passengers.

2.9.0. SOCIAL AND CULTURAL SECTOR

2.9.1. COPYRIGHT SOCIETY OF MALAWI (COSOMA)



Introduction

The PSRMU undertook a monitoring visit to the Copy Right Society of Malawi on Tuesday, 9th October, 2018 from 9:00am to 12:00pm. The PSRMU team was led by the Director Technical Services, Ms. Emmie L. Galafa. Other team members were Director of Planning and Management, Mr Sibusiso Jere; Chief Reforms Officer, Mrs Emily Tembo; Principal Reforms Officer, Mr. Blessings Mbewe and Reforms Information Officer, Mr. Papiya Mwahara.

The COSOMA team was led by Executive Director, Mrs Dora Makwinja. Other members were Senior Licensing Officer, Mr Rosario Kamanga; Assistant Finance Officer, Mr Steve Gangire; Assistant Documentation Officer, Mr Lightwell K. Benjamin and Administrative Assistant, Mrs Maggie Mdhului.

Mandate of COSOMA

COSOMA's mandate is enshrined in the Copyright Act of 1989 which states that the functions of the Society shall be:

- i. To promote and protect the interests of authors, performers, translators, producers of sound recordings, broadcasters, publishers and in particular to collect and distribute any royalties or other remuneration accruing to them in respect of their rights provided for in the Act;
- ii. To maintain registers of works, productions and associations of authors, performers, translators, producers, of sound recordings, broadcasters and publishers;
- iii. To publicise the rights of owners and give evidence of the ownership of these where there is a dispute or an infringement; and
- iv. To print, publish, issue or circulate any information, report, periodical, book, pamphlet, leaflet or any other material relating to copyright, expression of folklore, rights of broadcasters, performers and producers of sound recording.
- v. To advise the Government on matters of Copyright and Related rights in the country.

Reform Areas and Implementation Progress

COSOMA is implementing the following reform areas:

Reform Area 1: Review of the Copyright Act, 1989 and implementation of the New Copyright Act, 2016

Planned Activities

- i. Gazetting developed Regulations for implementation of the new Copyright Act, 2016.
- ii. Carry out additional sensitization meetings for the new Act
- iii. Develop draft regulations

- iv. Carry out Sensitization meetings for the Blank Media Levy System to all key stakeholders

Progress Made

Regulations have been developed as planned and submitted for gazetting.

- i. Sensitization meetings on Blank Media Levy System have been held for all key stakeholders: Importers in all regions, MRA Officers in borders and headquarters office
- ii. 500 copies were printed and distributed to key stakeholders

Benefits

Since enacted into Law, the new Act:

- i. Provides effective enforcement of copyright through enhanced penal provisions.
- ii. Expands the licensing base of COSOMA translating into increased revenue for the Organization as well as its membership.
- iii. Improves access to copyright works by the visually impaired person, libraries, educational and research institutions through liberal provisions on exceptions and limitations on rights of authors.

Challenges

- i. Delay in response from the Ministry of Justice and Constitutional Affairs on finalisation of all draft regulations.
- ii. Introduction of Free Secondary Education which has lowered the licensing base.

Possible solutions:

- i. Send Reminders to the Ministry of Justice on finalisation of the draft regulations.
- ii. Conduct a meeting with the Principal Secretary of the Ministry of Education Science and Technology.

Reform Area 2: Integrated Arts Development Project

Arts SACCO – Artists supported with loans

Planned Activities

- i. Administration;
- ii. Office Automation;
- iii. Enhance security of SACCO banking hall;
- iv. Monitoring and evaluation exercise;
- v. Conducting awareness campaigns;
- vi. Improve corporate governance;
- vii. Conduct financial literacy trainings.

Progress Made

- i. SACCO membership is now at 480
- ii. Artists being supported with loans
- iii. Portfolio has grown from MK 120,000 to MK 8.2 million

Benefits

- i. Smooth running of the project.
- ii. Enhanced efficiency and security of the Arts operations.
- iii. Improved Office administration.
- iv. Improve corporate governance.
- v. Increased membership base.

Challenges and possible solutions

- i. Membership is still low compared to the target set.
- ii. Inadequate financial resources to grow the SACCO.
- iii. Delinquency rate still high at 60%.
- iv. Understaffed office.
- v. The SACCO office still has a manual system of accounting which is prone to errors and mistakes.

Possible solutions

- i. Opening the bond to private radios, television stations and payroll based institutions.
- ii. There is need to engage a private debt collector, possible a legal practitioner, or recruit loans officer.
- iii. There is need to automate the SACCO office.

Reform Area 3: Integrated Arts Development Project

Arts Production and Marketing Cooperative

Institutional Framework for Production and Marketing developed

Planned Activities.

- i. Conduct market survey on the production and distribution of audio and audio-visual products,
- ii. Identification of products, suppliers and stock.
- iii. Identification of distribution points audio and audio-visual distributors.
- iv. Engage Airtel, TNM and Zoono on Mobile distribution
- v. Administration of the project.
- vi. Increase market share of online products.

Progress Made

- i. Distribution/selling points identified and negotiations underway with Spar, Game, Peoples, Shoprite.
- ii. Airtel engaged on mobile distribution services.
- iii. Engaged with events' organisers for distribution of products.
- iv. Client retention strategy in progress.
- v. Artistic works are on GO LUSO media platform

Benefits

- ii. Enhanced distribution points.

- iii. Availability of legitimate artistic products increased.
- iv. Increased income levels to the creators.
- v. Reduced piracy levels.
- vi. Increased market share of physical products.
- vii. Improved quality of artistic products.

Challenges and possible solutions

- i. Delays in disbursement of the funds which has slowed down implementation of activities for the project. Proposed solution is to look for alternative sources of funding.

Reform Area 4: Integrated Arts Development Project

School for the Arts

Planned Activities

Preliminary ground works.

Progress Made:

Ground breaking by Honourable Minister of Culture, Civic Education and Community Development done

Benefits

- i. Improved quality of artistic products.
- ii. Increased levels of artistic products.
- iii. Increased availability of artistic products.
- iv. Enhanced knowledge and artistic skills.

Challenges and possible solutions

- i. The project was incorporated into the development budget however it received no funding for the current year.
- ii. Total project cost is MK 5.1 billion
- iii. Proposed solution is to lobby for funds during the budget review.

Reform Area 5: Adoption of the Intellectual Property Policy

Planned Activities.

- i. Working with Ministry of Justice and the Office of Registrar General for finalisation.
- ii. Conduct sensitization meetings.

Progress Made

- i. The Policy has been aligned with the new format approved by the Cabinet.

Benefits

- i. Mainstreaming of Intellectual Property in all public institutions.
- ii. Effective promotion of Copyright and Intellectual Property in Malawi.

Challenges and possible solutions

- i. Delay by the Cabinet to adopt the draft Policy.
- ii. Delays in response by the Ministry of Justice and Office of The Registrar General for finalisation of the policy.
- iii. Proposed solution is to send reminders to the Ministry of Justice to prioritise the policy for the finalisation.

Observations and Actions Points

- i. Copyright Society of Malawi has been receiving erratic and reduced funding

Action: PSRMU to engage Ministry of Finance on funding to Copyright Society of Malawi

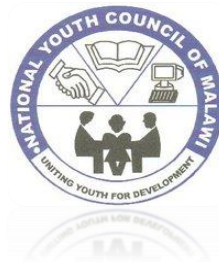
- ii. The School of the Arts Project has not received the funding (Development Budget allocation for 2018/19)

Action: COSOMA engaged the Japanese Government who advised to go through the ST; will next engage EU and UNICEF its traditional DPs.

- ii. The process of reviewing the draft regulations on levies by the Ministry of Justice is taking a long time to complete.

Action: PSRMU to engage Ministry of Justice to expedite draft regulation processing.

2.9.2. NATIONAL YOUTH COUNCIL OF MALAWI (NYCM)



Introduction

The PSRMU conducted a monitoring exercise at The National Youth Council of Malawi (NYCM) on Friday, 5th October, 2018 from 3:10 pm to 4:30 pm. The PSRMU team was comprised of the Director of Technical Services, Ms Emmie L. Galafa; the Director of Planning and Management, Mr Sibusiso Jere; the Chief Reforms Officer, Mrs. Emily Tembo; the Principal Reforms Officer, Mr Blessings Mbewe and Principal Reforms Officer, Ms. Gloria M.P. Banda.

The National Youth Council of Malawi (NYCM) was led by the Chief Executive Officer, Mr. Dingiswayo Jere and other team members were Director of Finance and Administration, Mrs Thembeke Chide and Mr. Mclean Banda, Administration Officer.

Mandate of NYCM

The NYCM is mandated to support youth work and promote youth development through registration, coordination, implementation and evaluation of various youth programmes in Malawi.

Reform Area I: Review the National Youth Council of Malawi Act (No. 22 of 1996) to take on board emerging issues

Planned Activities

- i. Internal gap identification by the secretariat
- ii. Regional meetings with youth leaders and stakeholders
- iii. Conduct drafting sessions to incorporate inputs from stakeholders and youth
- iv. Validation meeting with youth leaders and stakeholders
- v. Submission of final draft.

Progress Made

- i. The Secretariat conducted one day internal meeting with the objective of identifying the gaps in the Act. The gaps were identified and proposed ideas were compiled.
- ii. The Secretariat conducted consultations with youth leader during Annual General Assembly where gaps in the Act were identified by youth leaders.
- iii. The Secretariat has submitted request for funding and Act Review budget to UNICEF and UNFPA to finalise with the remaining stages. The Secretariat is also lobbying government for increased funding to finance some of the remaining activities.

Reform Area 2: Restructuring Organogram of the Council to take on board new Organisational Structure recommended in the current Strategic Plan (2015 –2020)

Planned Activities.

- i. Seek approval to fill positions as non-established positions.
- ii. Carry out a functional review.
- iii. Conduct a Job Evaluation exercise.
- iv. Conduct a Recruitment Exercise.

Progress Made:

- i. The organogram has been reviewed during the strategic plan development.
- ii. The Secretariat is constrained to fill new positions but through partnership with World University of Canada, the Secretariat is recruiting international volunteers.

Reform Area 3: Adopt a social enterprise approach to youth economic empowerment programming to generate wealth for the Council as well as to reduce poverty among the youth.

Planned Activities:

- i. Conduct an Industry and market analysis
- ii. Carry out Financial projections
- iii. Develop Operational plan
- iv. Carry out a Land identification exercise
- v. Conduct Training for youth
- vi. Start Production
- vii. Develop project proposal

Progress Made:

- i. One business plan for Coffee production has been drafted.
- ii. One bee keeping proposal has been developed.
- iii. The Secretariat is searching for potential partners and investors.

Reform Area 4: Develop a Multipurpose Youth Development Centre- Achinyamata Centre (Training facilities, office complex, apartments and sporting facilities)

Planned Activities

- i. Setting up a task force.
- ii. Engaging land surveyors (at LL city Council or private sector).
- iii. Developing architectural Designs (to engage private professional architects)
- iv. Develop a proposal to be submitted to UNICEF, Iceland Aid
- v. Open theatre construction.
- vi. Landscaping (LUANAR and others)
- vii. Engage key stakeholders for the work camp model (DAPP, TEVETA, Technical colleges).
- viii. Private sector engagement meetings.

Progress Made:

- i. Achinyamata Centre concepts has been developed and the concept has been sent to UNICEF.

Observations and Actions Points

- i. It was noted that the Council's budgetary provision was just 25% of the total requirements. Therefore it was constrained to implement its reforms.
Action: The Council intends to engage Treasury and DPs e.g. UNICEF, UNFPA, NAC.
- ii. It was noted and commended that NYCM is in a full drive to raise funds for the construction of the Achinyamata Centre.

- iii. The resource mobilisation activities among others are dinners for the youth and adults, youth golf tournament, soccer bonanza, raffles draws.

2.9.3 TECHNICAL, ENTREPRENEURIAL, VOCATIONAL EDUCATION AND TRAINING AUTHORITY (TEVETA)



Introduction

The PSRMU conducted a monitoring exercise at The Technical, Entrepreneurial, Vocational Education and Training (TEVETA) on Tuesday, 27th September, 2018 from 2:25 pm to 4:30 pm. The PSRMU team was comprised of the Director of Technical Services, Ms Emmie L. Galafa; the Director of Planning and Management, Mr Sibusiso Jere; the Chief Reforms Officer, Mrs. Emily Tembo; the Principal Reforms Officer, Mr Blessings Mbewe and Principal Reforms Officer, Ms. Gloria M.P. Banda. TEVETA was represented by the Director of TP, Mr. Modesto Gomani.

Mandate of TEVETA

Specifically, under TEVET Act (1999) the institution was set up to achieve the following objectives:

- 1) To promote an integrated, demand-driven, competency-based modular technical education and training systems;
- 2) To monitor gaps between supply and demand of skills;

- 3) To support the adoption of appropriate technologies;
- 4) To promote managerial and business skills, and a spirit of entrepreneurial culture with regard to wage and self-employment;
- 5) To facilitate sound and sustainable financing and funding mechanisms for technical education and training; and
- 6) To facilitate and bring together the expertise and moderate the different the different interests of stakeholders of technical education and training

Reform Areas and Implementation Progress

TEVETA is implementing the following reforms areas:

Reform Area 1: Hand over TEVET Levy Collection to Malawi Revenue Authority

Planned Activities

Under this reform area TEVET Authority planned to do the following activities:

- i. Gazette Rules and Regulations for MRA levy collection,
- ii. Sign MOU with Malawi Revenue Authority,
- iii. Sensitize employers on MRA Levy collection Monitor Levy collection by MRA,
- iv. Conduct Levy audits,
- v. Review legal frameworks of the two organizations,
- vi. Collect Levy using the new management.

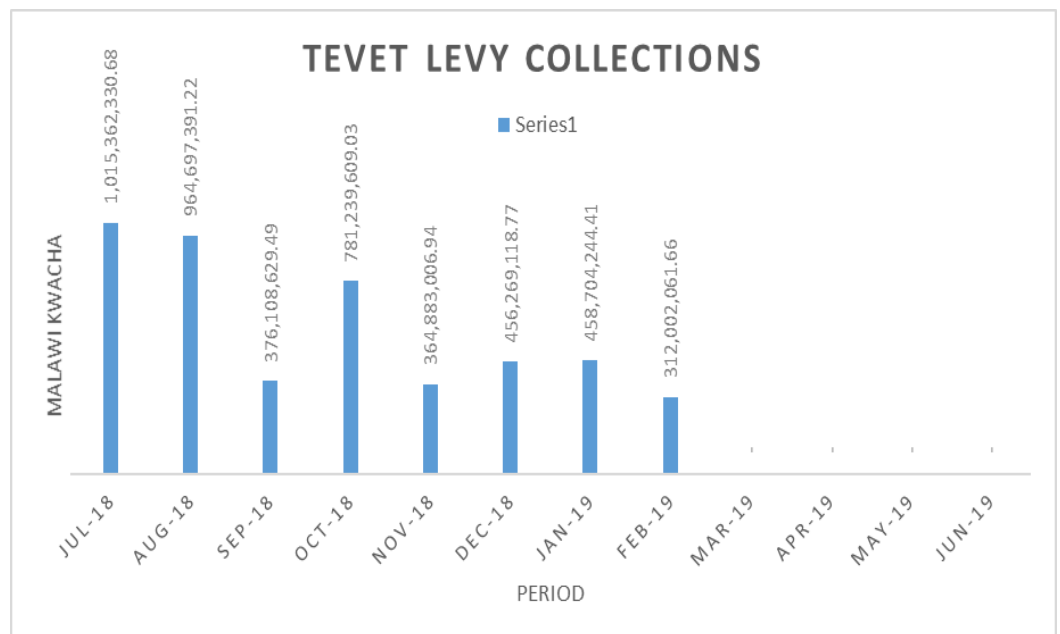
Progress Made

There has been good progress made under this reform area.

- i. The Memorandum of Understanding was signed;
- ii. Employers were sensitized through sensitization meetings held in Blantyre, Lilongwe and Mzuzu.
- iii. Malawi Revenue Authority recruited and allocated staff dedicated to support the reform and induction is on-going.

- iv. Legal frameworks are being reviewed and rules and regulations will be developed after the review of the legal frameworks is finished.
- v. New employers are being registered. It is expected that within four years of reform implementation more than 10000 employers will be captured in the TEVET Levy database from about 2000 who were in the database before the reform.
- vi. There has been an improvement on levy collected as there has been a continued vertical jump in levels of collected levy across the years. The pattern remains the same with what used to be collected before engagement of MRA. As indicated in the figure below, it is expected that the trend will improve further considering that MRA is getting experience and fully engaged in this exercise.

Figure 1: Levy collection for 2018/2019



Benefits

This reform will benefit TEVET and Malawi as a nation through increased resources towards skills development. The increased resources will facilitate speedy achievement of the nation objective on skilling Malawians be it in urban and rural areas.

Challenges and Possible Solutions

TLAS is still not fully operational. The Authority continues to use the parallel system with ACCPAC. At a TEVETA/MRA technical meeting, it was reported that TLAS will be rolled out fully beginning 2019/2020 financial year.

Reform Area 2: Establish a Unified TEVET Assessment and Awarding Body

Planned Activities:

- i. Conceptualize the TEVET Unified Assessment and Awarding Body,
- ii. Conduct a study tour on establishment of the TEVET unified assessment and awarding body,
- iii. Conduct a stakeholder consultative meeting on TEVET unified assessment and awarding body,
- iv. Draft cabinet paper on establishment of TEVET unified assessment and awarding body,
- v. Form task team to champion establishment of TEVET unified assessment and awarding body,
- vi. Draft policy for a TEVET assessment and awarding body,
- vii. Draft the legislation for the new TEVET unified assessment and awarding body.

Progress Made

- i. The concept paper for the unified assessment and awarding body was developed which formed a basis for drafting of a Cabinet Paper submitted to Ministry of Labour, Youth, Sports and

Manpower Development. A task team formed to champion the process is currently fully engaged.

- ii. Action Plan for the pilot of summative assessment in the implementation of the harmonized curriculum has been developed and was launched by the Ministry of Labour, Youth, Sports and Manpower Development in January 2017. The task team is working in the interim as the country awaits the formation of the Assessment and Awarding Body. Study tour, stakeholder consultative meetings awaits feedback on the Cabinet Paper from the Ministry. So far two summative exams have been conducted. One in December 2017 and the other one in December, 2018.

Benefits

Once the reform objectives are met on this area, there will be significant reduction of multiple qualifications among TEVET graduates hence increasing confidence of employers on TEVET programmes. Students who subscribe to various assessment and certification bodies will save financial resources by subscribing to one body and time by studying for one assessment. Employers will have no confusion on identifying which qualification is better than the other hence properly remunerate employees with TEVET qualifications. Government will save resources by funding only one body assessing and certifying students from TEVET rather than three bodies as is the situation before the reform.

Challenges and possible solutions

Funding for the Assessment Unit not certain as the unit is always looking towards TEVET Authority to provide the resources. Currently the unit is partially financed through examinations fees collected from the candidates.

Reform Area 3: Review TEVET Qualifications Framework

Planned activities

- i. Engage consultants to evaluate TQF,
- ii. Engage consultants to develop revised TQF,
- iii. Present a revised Draft to Relevant Stakeholders,
- iv. Develop a final draft of TQF,
- v. Engage a legal expert to facilitate development of TQF rules and regulations,
- vi. Submit TQF rules and regulations for gazette,
- vii. Engage a consultant to facilitate development of TQF handbook,
- viii. Publish revised TQF, TQF handbook and TQF rules and regulations,
- ix. Conduct stakeholder sensitization meeting.

Progress Made

- i. Engaged NCHE on the development of the service framework (TQF)
- ii. Not much progress has been registered under this reform because the process was stalled pending the review of the National Qualifications framework (MAQUA Bill)

Benefits

It is envisaged that upon completion of this reform, the TEVET sector would be a first choice career path as it will graduate people straight with degrees and that government will appropriately recognize the qualifications from the TEVET Qualifications Framework. This will facilitate private employers to appropriately remunerate staff with TEVET Qualifications.

Challenges and possible solutions

Lack of capacity for TEVET colleges to handle requirements of the revised TEVET Qualifications Framework. This would be remedied by building human resource capacity of technical college trainers.

Observations and Actions Points

It was observed that there is an increased trend in the TEVET levy collection through MRA. A total MK 5.6 billion was collected in the FY 2018/19

This reform benefits TEVET and Malawi as a nation through increased resources towards skills development. It is these resource that are used to build some of the Community Technical Colleges.

3.0 REPORT CONCLUSION

The monitoring team believes that the exercise was a productive undertaking. The intended purpose of conducting the monitoring exercise was achieved, thus the objectives of the monitoring exercise were met:

- (i) The progress made in the implementation of reforms in Parastatals visited for the period from September, 2017 to September, 2018 was monitored, tracked and noted;
- (ii) Reported progress on selected projects/programmes/sites was validated,;
- (iii) Challenges affecting the Parastatals in the implementation of reforms were observed and in corroboration with the implementing Parastatals, came up with recommendations to address the challenges encountered.

One notable observation by the monitoring team is that there is commendable progress made by the majority of Parastatals in the reforms implementation process. However in almost all the visited Parastatals the prominent issue pulling down the pace at which reforms are being implemented is that of constraints in funding mechanisms of the reforms programmes. It is recommended that the Parastatals get acquainted with the resolutions that were drawn at the Sectorial Conferences that are seen to be a panacea for the funding challenges prevalent in the reforms implementation process.

Other substantive issues related to challenges faced and the pace of reforms implementation in the Parastatals are outlined in detail in the report. The solutions that were explored and agreed during the monitoring visit are also outlined the report. It is expected that the involved Parastatals will act on the recommendations made so that the obstacles met are done away with.

PSRMU will continue to perform its mandate of monitoring the implementation process of reforms to keep them on track so that benefits accrued on each reform area have positive impact both to the institution and the citizenry. Overall the monitoring exercise was a worth-while undertaking that served the visibility of PSRMU and confirmed to the Parastatals the seriousness that government places on the reforms agenda. As stated by the

majority of the visited Institutions, the exercise serve as a motivator as it shows that OPC has keen interest in their performance.