



SITUATION AND INSTITUTIONAL ANALYSIS

Key findings to develop a strategic plan
for Lilongwe City Council

Abstract

This report documents a rapid review of the institutional structure, capacity and management of the Lilongwe City Council (LCC). It describes key issues surrounding its finances (budget, revenue raising, accounting and control, asset and liability management, and supervision); it investigates key areas of management including governance arrangements, planning, HR, structures and functions, and use of IT. Key services, including roads management, parks and the environment, refuse collection, private sector development and spacial planning are also assessed. Constraints in the legal and policy framework are identified. The purpose of the report is to provide the analytics necessary to develop a concise strategic plan during April of 2020. Though a wide range of issues and problems were identified, the city has the potential to significantly improve its performance and to better serve the citizens of Lilongwe.

The views expressed in this document are those of the author not the LCC.

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EXECUTIVE SUMMARY

INTRODUCTION

This situation analysis was prepared as an input into the Lilongwe City Councils development and implementation of its strategic plan (to cover 2020 to 2024). The analysis was developed over a short period of time (15 work days) and therefore had to prioritize the areas it covered. While it identifies constraints in the legal and regulatory environment faced by the city—most importantly the mismatch between available resources and the city’s service delivery mandate—reforming the local government Act (1998) as result of this work not a possibility. The report avoids recommendations of this nature, and takes a second-best approach. It focusses on documenting issues and constraints which can be reasonably addressed through the efforts of the City itself. It frames problems and builds a consistent story. Where possible it quantifies a baseline, the data describing where the city is. In some cases, it outlines options and solutions (since these are often obvious from the framing of the problem), though this is really a remit of the planning stage.

This report is intended as a living document. The LCC has made a tremendous effort to upgrade the coverage and quality of its data, but significant gaps remain. As the planning process proceeds, the “situation” will be continuously updated. This report provides an imperfect and incomplete snapshot in time. It provides an analysis in four major areas: finance; management; service delivery; and partnerships.

While a focus on systems and processes is appropriate, more important is the organizational culture surrounding change. During mid-2019, several new managers were employed by the city; while they brought with them a positive attitude of reform and possibility, some directorates and staff are still characterized by self-defeat and negativity. In some directorates there is a lack of vision and ambition. The need to modernize is obvious, but many services are provided just as they were in the 1970s. There are a large number of secretaries and messengers; there remain switchboard and telephone operators. Grass is cut by hand; drains are cleaned by hand; streets are swept by hand. Walking around council offices one observes many staff sitting around, under-employed. The office lacks vibrancy and self-confidence. Though the building is suitable, its environment projects a poor image. Most importantly, there is a need to restore integrity as a core value. While there have been many recent positive developments, the depth of change necessary to transform the city remains immense.

FINANCES

Because of the City’s precarious financial situation, it cannot realistically meet the expectations of its residents nor can it provide services at a meaningful, impactful level. Though most of the city’s resources are raised locally, in 2018/9 each resident of the city received, on average, services costing only 3,8726 Kw per person per year (\$US 5.26); on a daily basis this is equivalent to services of only 11 Kwacha per person per day.¹ Because most sectors lack minimum standards, the budget process allocates resources

¹ The Central Government provides most services to residents of Lilongwe. This calculation excludes depreciation costs.

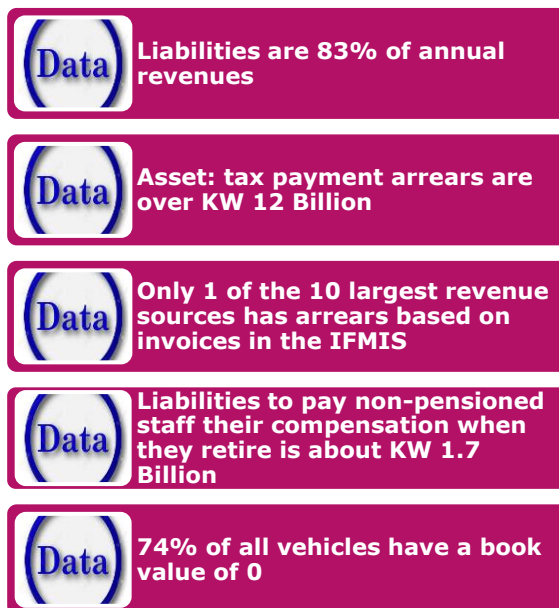
to services based on availability rather than need. It is not known what a minimum bundle of core services would actually cost to provide.

The overall objective is to: **Significantly increase revenues and better allocate and manage resources to expand the delivery of critical services**

The number one priority of the city is to collect property tax. The funding of critical services depends on this. The city must collect the significant arrears owed to it (on the order of KW 12 Billion or equivalent to about 3 years of operation), by first focussing on large tax payers. As a good proportion of these arrears are owned by other government bodies, this should involve working cooperatively with key stakeholders including the Ministry of Local Government and Rural Development (to gain political support) and the Malawi Revenue Authority (as there are extensive obligations owed both ways, from the government to LCC and vice versa). The city will need to update its valuation role, making sure it is complete and reflects realistic market prices. As described in this report, a presence, a contingent of full-time staff in each Ward is essential. The LCC will need to systematically add new rate payers as building and development plans are scrutinized and will need to hire its own assessors. All available staff will need to be allocated to this objective.

The City has unsustainable levels of debt.

As of the end of the 2018 financial year it owed KW 3.2 Million. This is equivalent to 83% of its own source revenues.



The city is owed some KW 12 Billion in property rates. This is equivalent to about 3.5 times annual own source revenue collection.

MANAGEMENT

The overall objective is **to hold staff accountable for performance and results; right-size the LCC based on workload demands based on service delivery standards**. No directorate is using a clear scorecard to assess overall organizational performance.

The relationship between the Secretariat and Councillors is sound, but there are important areas for improvement, especially in oversight, representation, citizen engagement and communication between the executive and legislative branch.

Developing a strategic plan represents an important first step to improve the planning process. Unfortunately, planning is often seen as a requirement of documentation rather than an opportunity to step back, generate new ideas, and be truly visionary. A process of bottom up planning, beginning in Wards, where Wards are allocated development resources based on a clear formula is recommended. The city has numerous subsidiary plans and strategies (for example, its functional review, revenue enhancing strategy, etc.) which provide a solid foundation for future implementation.

The LCC should transform itself from an organization that manages people, and that employs mostly unskilled labour, to an organization that regulates services and that provides services through contracts using modern, state of the art technology. Public private partnerships, the creation of more efficient business processes, and modernization in the delivery of services is a cross-cutting, priority issue, encountered by almost all directorates.

The LCC currently employs 1,634 staff. The wage bill comprised 43% of actual expenditures in the 2018/9 financial year. In general, the large number of staff, their under-utilization, and the inefficient way they work, compromises investments in infrastructure and service delivery. Roughly 2/3 of all staff are laborers. On average these staff are older, on average having served for 25 years. By hand, they sweep the streets and pick up refuse; they clean drains and cut grass. Many are older having served on average for over 25 years. Most are not using anything other than rudimentary hand tools. A similar adoption of old technologies (failure to modernize) is apparent in the office which is full of messengers, telephone operators, and secretaries. Reforms in terms of contracting, absentee management, retirement, and filling key vacancies is required.

The city completed a functional review in 2019. It provides an excellent basis for improving the efficiency of the Council's operations. This report critically reviews and extends this analysis. It recommends extending staffing the Ward level, which will have labor-based sanitation teams, linking grass cutting, drain cleaning, and other basis hygiene activities. It will also have a Ward Executive who would be responsible for supervising projects, solving day-to-day problems encountered by citizens (usually by referring the problem to the appropriate directorate), and collecting data on property development, business licenses, advertising and other issues related to revenue registries. A wide range of issues surrounding the fragmentation and overlap of functions are described.

There is an urgent need to hold staff accountable for results, but there is a lack of performance indicators. There are significant gaps in the identification and collection of performance data. In the current organizational culture, productivity is barely relevant. Where monitoring is taking place, it is largely related to the completion (implementation) of activities; the budget process supports this focus as inputs and costs are assigned at this level of the results chain. A detailed discussion of performance contracts—individual and team-based—is carried out.

SERVICE DELIVERY

The overall objective of reforms in this area is to provide services in a more efficient and cost-effective manner, through improved processes, modernization, and partnerships with the private sector.

A comprehensive program to support **private sector and local economic development** is needed. This should cover a wide range of issues including infrastructure development, ease of doing business, provision of services to street vendors, and public-private dialogue. The focus of the Commerce

The mandate of LCC to **manage the environment**, in perpetuity, for the benefit of future generations, is expansive, while its practice is extremely narrow. Directorate needs to expand, to move away from licensing and revenue collection at markets. Although some progress is being made, to date, the city still has no parks or recreational areas. Within the city, there are five rivers having a combined length of 56 kilometres. Almost all areas along these rivers are either encroached, are unprotected (resulting in degradation mainly through the removal of

vegetation), are being used for cultivation, have had their trees removed, or suffer sand mining or the dumping of sewerage. A wide range of public health issues (pollution, pest control, food handling, public toilets, etc.) face the city but these are under-resourced given their importance.

The city has 371 kilometres of **road**; the repair history of each road, the number of kilometres unpaved, the number of potholes or the conditions of each road are not known, as the city does not maintain a roads inventory database. Though most roads are managed by the Central Government, much more needs to be done in terms of routine maintenance, provision of street lights, regulation and development of bus terminals and public transport.

The 2017 baseline calculates that only 8.7% of all generated **solid waste** is collected; figures were thought to be falling as the population has increased faster than collection capacity. However, the LCC estimates current collection at about 120 tons/day; this implies a collection rate of about 22%. Regardless of the exact figure, only a small fraction of waste is collected. There are problems along the chain from the lack of regulation on generation of solid waste, to collection, sorting, disposal and energy generation. Key issues remain in terms of financing services and identifying which services should be contracted and which should be undertaken in house. The Health Directorate has many interesting ideas which require further pursuit.

The city's **land use plan** envisions significant changes including a drastic reduction in illegal agricultural activity, expansion of residential areas, and the creation of significant areas of green space (including their usage as boundaries against urban sprawl. Without resources, this plan cannot be implemented.

PARTNERSHIPS

The LCC cannot solve its problems in isolation. It will need to convince others and then to negotiate support of its reforms with central government, development partners, and key stakeholders. Its strategic plan will need to communicate change, build confidence, and argue for taking the City as a case study of ambitious reform, whose results, when positive, can be applied more widely for policy purposes by the Ministry of Local Government. The city can potentially serve as a pilot for ambitious reform. Initial discussions with one representative of the MLGRD were very positive. If the City can document the assistance it needs, this will form a first, initial step, in building a useful and working partnership with the Ministry.

There are numerous NGOs and development partners operating in Lilongwe and possible areas of cooperation include: (i) environmental protection, especially rivers and wetlands; (ii) climate change mitigation; (iii) private sector development, especially the informal sector; and (iv) social welfare. The city should hire/appoint a single staff member solely responsible for civil society relations. His or her contract should have clear performance targets for mobilizing assistance.

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ABBREVIATIONS

ADL, Airports Development Limited

CDS, City Development Strategy

CDF, Constituency Development Fund

CEO, chief executive officer

FDH, First Discount House

HR, human resources

ICT, information and communication technology

IDF, investment development fund

IFMS, integrated financial management system

KW, Kwacha

LAPA, Local Authority Performance Assessment

LGSC, Local Government Service Commission

LLC, Lilongwe City Council

M&E, monitoring and evaluation

MHC, Malawi Housing Corporation

MLGRD, Ministry of Local Government and Rural Development

MLHUD, Ministry of Lands, Housing and Urban Development)

MRA, Malawi Revenue Authority

NLGFC, National Local Government Finance Committee

PAYE, pay as you earn

PEFA, public expenditure and financial accountability

PPP, public-private pPartnership

SP, strategic plan

TEVET, a training levy for vocation training paid by employers (1% of wages)

1

INTRODUCTION

1.1 BACKGROUND

This report documents a rapid situation and institutional analysis of the Lilongwe City Council (LCC). It has been prepared over a roughly 2-week period in early February. The city has perhaps 25 sections providing very diverse services; in that light this report could not possibly cover everything the city needs. Strategic decisions were made in terms of the data to collect and the problems to highlight.

Ultimately this report will provide a key input into the development of the LCC's strategic and operational plans. As was pointed out in the inception report, all of these documents build upon one another; they are not as sequential as they might first appear. This report needs to be seen as a living document. Revised information will undoubtedly surface on a regular basis.

FIGURE 1: TRANSFORMATION

- A fundamental change in the structures, cultures, and practices of the city, in ways that profoundly alter the way it will function

The main argument being made is that **in order to meet the service delivery expectations of its residents, the LCC requires a drastic overhaul and transformation, that it needs to "start afresh" and implement fundamental, drastic change and reform.** This situation and institutional analysis intend to:

1. Understand the context under which the city government operates
2. Provide evidence (clear data) and make a convincing case of systematic under-performance, both in terms of service delivery and management
3. Lead to agreement on a prioritized set of problems to solve; hint at possible options and solutions
4. Identify institutional constraints to reform; for example, it is well known that civil service regulations may restrict a Council's ability to hold staff accountable for performance, enter into contract with employees, and outsource service delivery. The analysis will attempt to identify possible areas of freedom and manoeuvrability

The strategic plan and situation analysis should empower the LLC to convince the Ministry of Local Government (and other stakeholders) that the city become a test case, pilot or laboratory for practical, transformational reform. This would support policy making at the national level. Initial discussions with the Ministry were positive in this respect.

1.2 DECENTRALIZATION

In some respects, reforms are significantly constrained by the legal and regulatory environment, by the incomplete decentralization spelled out in the Local Government Act of 1988. In short, the resources available to all local authorities in Malawi are insufficient to

implement mandates. The city is also constrained by public service rules and regulations, and by pay levels that inhibit both flexibility and accountability. These regulatory issues are taken as a given in this report.

1.3 THE PROCESS OF COMPLETING THIS REPORT

Background, written information (reports, plans, spreadsheets) was collected from each Directorate² and retrieved from the internet. To support the review of this data, small workshops and meetings were held with each major Directorate to:

1. Present initial results of the consultant's rapid review
2. Identify key problems and their causes
3. Identify service delivery outputs, outcomes and possible indicators
4. Identifying obstacles to change, including regulatory constraints

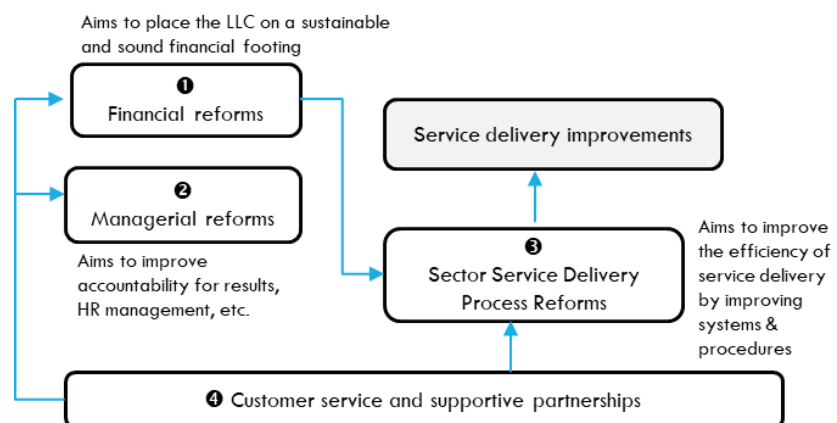
In addition to this, meetings were held with the Chief Executive Officer (CEO); a 2-hour open discussion was held with the Mayor and most Councillors; and interviews were completed with the Ministry of Local Government. A meeting was held with the Communications Unit discussing how best to collect compelling evidence for communication purposes: for example, including photos, complaints, and social media posts. Additional information to collect and actions to take prior to development of the strategic plan were identified and communicated to the LCC.

1.4 STRUCTURE OF THIS REPORT

This report focusses on organization and institutional performance and constraints; in many cases these have a significant impact on the delivery of services. In terms of layout:

- Chapter 2 describes the financial situation of the City
- Chapter 3 investigates governance and management
- Chapter 4 describes key services provided
- Chapter 5 describes the importance of partnerships

FIGURE 2: POSSIBLE COMPONENTS FOR THE STRATEGIC PLAN



In each chapter, the following is described: (i) mandate, background and context; (ii) service delivery trends and data; (iii) problem analysis, and (iv) the institutional setting (relevant legal

² To save space I use shorter names for some Directorates. For example, the Directorate of Parks, Recreation and Environment may be referred to as the "Parks Directorate"

framework) and constraints imposed by the framework. Various annexes support these main chapters.

It is essential to view this study as a work in progress that aims to flush-out major issues as an input into planning and change. Major errors will be corrected as the planning process proceeds.

The structure of this report can be interpreted in two ways.

First, a thematic approach can be taken. Each theme represents a reform. For example, there are reforms in terms of public-private partnership, business processes (modernization), structures, and revenue collection. These are, for the most part, implemented across directorates or sectors. A second approach is to focus on the delivery of services by Directorates, and to link weaknesses in service delivery to a series of common internal reforms.

FIGURE 3: A MATRIX OF REFORMS AND SECTORS

REFORM AREAS	SECTORS		
	Health Directorate	Commerce Directorate	Etc.
1. Finance			
1.1. Revenues			
1.2. Asset Management, etc			
2. Management			
2.1. PPP			
2.2. Business processes			
2.3. Structures, etc.			
3. Service Delivery			

2

FINANCES

2.1 OVERVIEW

This chapter analyses the LCC as an economic entity.

Because of the City's precarious financial situation, it cannot realistically meet the expectations of its residents nor can it provide services at a meaningful, impactful level. Though most of the city's resources are raised locally, in 2018/9 each resident of the city received, on average, services costing only 3,8726 KW per person per year (\$US 5.26); on a daily basis this is equivalent to services of only 11 Kwacha per person per day.³ Because most sectors lack minimum standards, the budget process allocates resources to services based on availability rather than need. It is not known what a minimum bundle of core services would actually cost to provide.

The City has unsustainable levels of debt. As of the end of the 2018 financial year it owed KW 3.2 Million. This is equivalent to 83% of its own source revenues.

FIGURE 4: THE CITY'S FINANCES AT A GLANCE

% of the city's resources mobilized through own sources	87.2%
Value of services per person per day	KW 10.6
Value of services per person per year	KW 3,872
Debt / Revenues	82.8%

NOTE: Data from 2018/9. Figures include donor funds and central government transfers

2.1.1 REGULATORY FRAMEWORK

The Local Government Act (Part VI-Financial Provisions) establishes revenue sources (Schedule 3), fund management, borrowing powers, and accounting and audit requirements. Part V (valuation and rating) outlines the main elements of the property tax. In terms of the institutional framework the following main constraints are evident:

- There is a mismatch between the services the city is expected to provide and the revenue sources assigned it. The central government has access to most lucrative sources, leaving the city (in most cases) with revenue streams that are minor and expensive to collect; grants from the centre are low and unpredictable. While municipal services can be charged, social services are largely free.
- The accounting system and IFMS struggles to provide useful management information for decision-making, such as the budgeted and actual cost of service provision; accounting is single entry and cash-based
- Although property rates are expected to generate the lion's share of revenues, the LCC does not have its own full-time assessors. It interprets §67 of the Local Government Act ("every valuation and the preparation of valuation rolls and supplementary valuation valuer rolls shall be undertaken by a valuer registered under the Land Economy

³ The Central Government provides most services to residents of Lilongwe. This calculation excludes depreciation costs.

Surveyors, Valuers, Estate Agents and Auctioneers Act”), as meaning surveyors must be “independent” of the LCC. **The city is owed some KW 12 Billion in property rates. This is equivalent to about 3.5 times annual own source revenue collection.**

2.1.2 LAYOUT

This chapter reviews financial data and trends. It provides a framework for understanding financial management issues and identifying priority problems to solve.

2.2 DATA AND TRENDS

2.2.1 DATA AVAILABILITY

Over the last year, significant efforts have been made to install basic financial management systems. Progress has been good. For example, an asset registry was developed and the Council’s debts were reviewed. Despite this effort, financial and service delivery data is frequently unavailable or unreliable. The Directorate of Finance remains cautious as financial statements have not been audited since 2012. Staff struggle to download relevant data from the IFMS (integrated financial management system). The data itself is single entry, so crucial information on arrears—in particular the non-payment of taxes—is at best an estimate. A series of supporting “databases” are in use but these are often maintained by the department collecting the revenue, rather than finance. Although staff believe property rate arrears may be on the order of KW 8-10 Billion (equivalent to roughly 2 years of expenditure), a list of who owes what, from which time period, cannot be generated. During the course of this phase, numerous financial requests were made, as documented below. This underlying data is fundamental to implementing a revenue enhancing or expenditure controlling strategy.

TABLE 1: DATA AVAILABILITY

REQUEST	STATUS
Planned and actual revenues for each individual revenue source over the last 3-5 years	Not available
Planned and actual expenditures by directorate over the last 3-5 years	Not available
Detailed budget and actual expenditure by activity (most recent year)	Available
Asset registry	Available
Advances	Available
Debts owed (liabilities)	Mostly Available
Wages by section or by service provided	Not available [1]
List of property owners, their payment of property rates and their arrears	Available
List of businesses, their license payments and their arrears	Not available
List of advertising signs, their amounts due, payments, location and arrears	Not available
List of each market and the revenue collected	Not available
Census of sellers in each market	2017, not provided
Profit and loss statement for the Lilongwe Guesthouse	Not available [2]
List of individual renters at Welena Complex and their arrears	Not in the IFMS

NOTE: [1] A “section” usually pertains to a functional area or service, such as “cemeteries”; [2] records were not being kept in the past. A PPP to upgrade and operate the guesthouse was signed making such records irrelevant.

2.2.2 INCOME/REVENUE DATA

The city raises its own resources and receives transfers from the central government. Several donors provide additional funds, but these are not recorded within the budget or asset management register. Similarly, resources directly raised through the community (in kind or cash contributions) are not recorded. Detailed revenue data can be found in the Annex (page 56). Summary data is as follows

TABLE 2: OVERVIEW; ACTUAL REVENUES (IN KWACHA)

ITEM	2016/7	2017/8	2018/9	%	%All
1. TRANSFERS	293,100,092	725,636,875	497,492,633	100%	14%
1.1. Recurrent	118,590,830	371,018,138	298,122,316	52%	7%
1.1.1. Community Development	0	313,954	93,351	0%	0%
1.1.2. Education	41,601,148	246,315,630	221,907,633	34%	5%
1.1.3. Environment	453,650	2,531,368	1,736,832	0%	0%
1.1.4. Gender	0	0	108,036	0%	0%
1.1.5. General Resource Fund	73,694,534	107,062,419	66,966,096	16%	2%
1.1.6. Sports	1,420,749	9,344,004	3,566,034	1%	0%
1.1.7. Youth	1,420,749	5,450,764	3,744,335	1%	0%
1.2. Development	174,509,262	354,618,737	199,370,317	48%	7%
1.2.1. Constituency Dev Fund (CDF)	0	111,273,367	100,000,000	14%	2%
1.2.2. City Roads	9,358,762	80,265,000	48,000,000	9%	1%
1.2.3. Infrastructure Dev Fund (IDF)	165,150,500	163,080,369	51,370,317	25%	4%
2. OWN SOURCES	2,510,947,094	3,218,521,113	3,381,452,368	100%	86%
2.1. Government Property Rates	0	88,822,484	177,508,960	3%	3%
2.2. Other Property Rates	1,717,301,691	1,876,446,548	1,673,609,711	58%	50%
2.3. Markets	185,918,851	193,086,410	178,681,780	6%	5%
2.4. Other commercial undertakings	54,720,779	118,221,330	124,587,356	3%	3%
2.5. Fees & Service Charges	391,960,919	634,481,055	680,519,692	19%	16%
2.6. Licenses & Permits	161,044,854	307,463,286	546,544,868	11%	10%
3. GRAND TOTAL (1+2)	2,804,047,185	3,944,157,988	3,878,945,001		100%

NOTES: Dev = Development. % is the % of either transfers or own sources, while %All is the % of the grand total. All percentages are based on the 3-year average.

As can be concluded above:

- There has been only minor improvement or change in either local revenues collected or allocation of central government grants. Roughly speaking the council generates about KW 3 Billion or so in own revenues per year.
- Central government transfers are evenly split between recurrent and development. Recurrent transfers largely comprise staff salaries for education. The amount allocated for development is roughly KW 200 Million per year or about KW 2/per person. This is insignificant. Transfers comprise only 14% of the revenue base.
- The LCC relies heavily on property rates. These comprise about 60% of its local revenue base and 53% of its total resources.

The issue of budget predictability is described in section 2.4.

2.2.3 EXPENDITURE

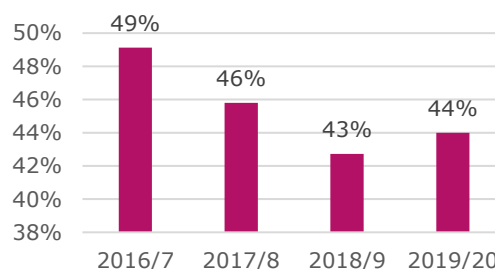
The annex (Table 26, page 57) reproduces the detailed activity budget from January to June of 2020. This is an excellent initiative that can be improved, for management purposes by: (i) allocating staff wages to key activities; and (ii) specifying levels of the output produced or activity implemented. In terms of composition, and as can be seen in the data:

- Personal emoluments comprise 44% of the budget. This figure has remained relatively constant over the last few years
- Expenditure on corporate services (internal support services, typically provided by the Administration, finance and HR departments) is very high. This reduces the funding available for direct service delivery. In the 2020 activity budget, I estimate corporate services to reach 44% of the total planned expenditure. Calculations can be found in the annex, Table 27, page 59.
- Payment of past obligations and failure to invest in asset accumulation is significant and also compromises service delivery. Debt servicing is budgeted at KW 360 Million (10.5% of expenditure); severance pay is budgeted at KW 70 Million (2.1%); and investment in new vehicles is budgeted at KW 228 Million (6.8%). These expenditures alone comprise 19.4% of the total budget.
- The payment of task-based allowances (travel, attendance of workshops) is significant. Ignoring councillor-related allowances, these total roughly KW 104 Million (2.4% of expenditure). These are essentially substituting for pay, and are input based rather than performance based. It would be more efficient to pay bonuses based on meeting targets than the current system...
- In the 2018/9 financial year, overhead costs, comprising public utilities and office supplies and services reached KW 459 Million, or 13% of total expenditure. This included a large increase in utility payments.

The overall level of resources needed, in order to meet certain service delivery standards is not known.

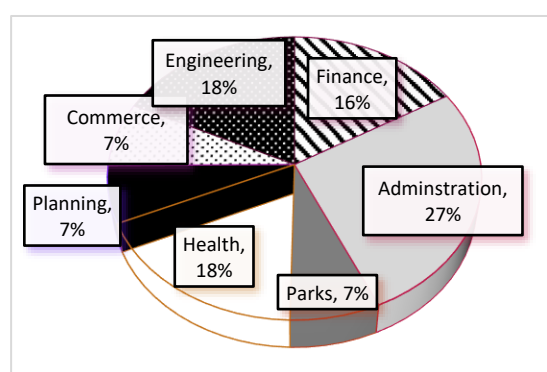
In an environment of scarcity, resource allocation is not driven by needs, standards or clear priorities.

FIGURE 5: PERSONAL EMOLUMENTS AS A % OF TOTAL EXPENDITURE (TREND)



Note: 2019/20 uses the planning January-June 2020 ratio

FIGURE 6: BUDGET BY DIRECTORATE



2.2.4 DEBTORS AND CREDITORS

The city issues loans and advances to its staff. It is also owed money on its rental properties and for payment of refuse collection from businesses.⁴ As can be seen adjacently accounts payable total KW 119 Million, equivalent to 2.5% of the own sources it raises. **These current assets exclude very significant arrears in property rates and other taxes, fees, and charges owed to the council, estimated to be on the order of KW 12 Billion.**

The city has liabilities totalling KW 3.1 Billion (Table 4). This is equivalent to roughly 65% of its own source revenues. These liabilities have had a crippling effect on the council's operations and cash flow. There are also "potential liabilities" in cases where the council wishes to downsize, but does not have the resources to pay compensation. As of June 2018:

- Except for the FDH commercial loan, the liabilities are calculated without accrued interest or penalties
- PAYE (pay as you earn) is a method of collecting income tax from employees, with deductions made by employers. Rates vary from 0% to 35% depending on salaries. LCC's liability (June 2018) stood at 1.5 Billion KW. As can be seen in Figure 7, this figure has grown steadily since at least 2014
- The Malawi Revenue Authority issued a garnish order⁵ to the city, who is now slowly repaying its obligation via a standing order
- The Malawi Revenue Authority began collecting the TEVET levy on 1 November 2015, to fund technical, entrepreneurial and vocational training. It is calculated as 1% of the annual payroll. The liability has grown rapidly, from KW 10 Million in June 2014 to KW 62 Million by June 2018.
- Until July 2015, all pension liabilities were being paid. Since then, KW 134 Million of arrears have accrued. Employees are to pay 5% of their based pay (deducted by the LCC) while the city is to pay a matching payment of 5%

TABLE 3: ADVANCES OWED TO LCC

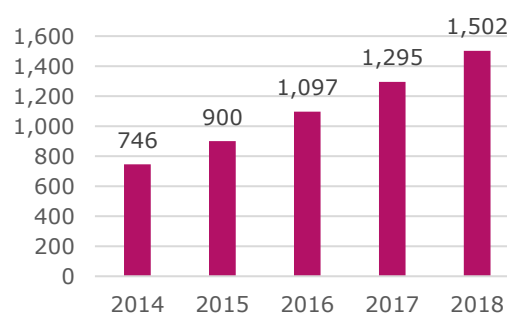
ITEM	VALUE OWED (KW)	# Debtors
Rental property	23,769,162	170
Staff loans	62,124,146	
Refuse debtors	33,043,377	61
Total	118,936,685	
As % of own sources	2.46%	

TABLE 4: DEBTS OWED BY THE LCC

ITEM	AMOUNT
Short term liabilities	198,560,356
Retired Staff Severance	44,674,220
Water Bills	81,680,083
Others	72,206,054
Long term liabilities	2,951,242,335
FDH commercial loan	597,011,750
Property valuation loans	56,943,930
Pay as you earn (PAYE)	1,501,718,113
TEVET Levy	62,026,043
Pension	133,542,500
MPICO – Sewer line	600,000,000
Total Liabilities	3,149,802,691
As a % of own sources	65.2%

NOTE: Data for both tables is as of June 2018

FIGURE 7: GROWTH OF PAYE LIABILITIES (JUNE OF EACH YEAR, IN MILLIONS OF KW)



⁴ Once trash is loaded, an estimate of the volume (in tons) is made and the business is invoiced

⁵ A garnishee order is a common form of enforcing a judgment debt against a creditor to recover money. The court directs a third party that owes money to the judgement debtor to instead pay the judgement creditor.

- The commercial loan to FDH (First Discount House) was made in 2012. Funds were borrowed in order to pay staff. The original loan was for KW 95.3 Million. Since almost no payment on the interest of this loan was made, accrued interest, as of mid-2018 has totalled approximately KW 507 Million. The amount owed as of the preparation of this report is significantly higher than the KW 597 Million documented above. The City is now slowly repaying this loan as a monthly standing order
- The City has two debts to service providers completing property valuations. The first, to Lipimbi, was made for KW 130 Million in 2012; as of June 2018, KW 39 Million remained outstanding. The second, to Park Hill was made for KW 97 Million in 2012; as of June 2018, KW 18 Million was still owed. These payments are being made, largely according to schedule
- The Sewer Line debt of KW 600 Million, is questionable and was incurred during the construction of the national stadium. The stadium was constructed using Chinese assistance, with one of the stipulations being the government finance sewerage. A private businessman financed the investment in sewers and has invoiced the city, though the project was initiated by the central government and the stadium is owned by the central government.

A major obligation that is not included in these calculations is the liability to pay severance compensation once a non-pensioned employee retires. Based on staffing data, only 175 of the 1,634 staff are paid pensions; this leaves 1,459 staff eligible for severance compensation equivalent to 5% of current salary times each year they worked. The average staff member has worked for 25 years and is paid roughly KW 82,000 per month. **This puts the liability (upon retirement) at roughly KW 1.8 Billion or 50% of current annual revenues.** All of this is not due in any given year; the City will need to calculate this liability on annual basis, based on given retirement ages.

TABLE 5: VALUE OF LCC ASSETS AS OF JUNE 2018

ASSET	Items	Value	%
Office Equipment	28	0.00	0.0%
Land and Buildings		1057.62	97.2%
Public Toilets	46	51.13	4.7%
Markets	16	131.56	12.1%
Wenela Complex	1	162.50	14.9%
Chidzanja Building	1	56.55	5.2%
Taverns	12	3.57	0.3%
Official Buildings	17	553.73	50.9%
Civic Office	1	284.51	26.1%
Community Centres	2	54.59	5.0%
Town Hall & Office	1	55.25	5.1%
Works yard	1	48.75	4.5%
Lilongwe Rest House	1	56.78	5.2%
Others	11	53.87	4.9%
Land (# of plots)	12	20.69	1.9%
Nursery Schools/Clinics	11	77.89	7.2%
Plant & Machinery	9	0.00	0.0%
Computer Equipment	10	0.00	0.0%
Vehicles	69	30.72	2.8%
Saloon cars	40	30.72	2.8%
Trucks	3	0.00	0.0%
Refuse vehicles	26	0.00	0.0%
Furniture	58	0.00	0.0%
TOTAL		1088.33	100%

NOTE: all value in Millions of KW

2.2.5 COUNCIL ASSETS

As of 30 June 2018, council assets were valued at KW 1.1 Billion. Many assets are listed as fully depreciated, based on their book value rather than a more realistic assessment of their sales value. The true value of LCC's assets is probably significantly higher.

Most equipment and buildings are old and dilapidated; they are not being replaced due to insufficient resources; this undoubtedly contributes to high maintenance costs. Several assets are also not included in the registry, for example the Kaumu Sewage Treatment Plant, which was constructed as part of a development partner initiative.⁶ All accounts are single entry, so depreciation does not appear as a cost of the City. As can be seen in Table 5:





- The council owns many commercial assets including a business complex (Wenela Complex) and office complex which is partially rented (Chidzania Building), at least 12 taverns, and a rest house and others. A description of some of these, and the problems faced, can be found in Section 2.6 below.
- There are still 12 plots of land which could potentially be used for development purposes

Payment arrears are estimated at KW 24 Million (Table 3).

2.3 FINANCIAL REFORMS

The LCC has identified two main fiscal reforms. First, there is a local revenue enhancement strategy, developed by the Directorate of Commerce, Industry and Trade. Second, there is a strategy for the Finance Directorate.

The Finance Directorate's strategy provides an excellent start. The graphic below compares the content of this strategy with the assessment areas of a PEFA (Public Expenditure and Financial Accountability) assessment, which is typically used by countries to develop their national public financial management reform programs. As can be seen below, the Finance Directorate's strategy is comprehensive and generally adheres to best practice.

FIGURE 8: PEFA FRAMEWORK	FIGURE 9: LCC STRATEGY
 <p>Budget Reliability: The budget is realistic and is implemented as intended. This is measured by comparing actual revenues and with the original approved budget. This reflects the quality of the budget (*)</p>	<p>Budget Management: Improved budget allocation, preparation processes, and tracking</p>
 <p>Transparency of public financial management: Information is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification, output based budgeting (*), transparency of all revenue and expenditure including transfers and projects (*), published information on service delivery performance and easy access to fiscal and budget documentation</p>	<p>The LCC strategy does not revise the structure of the budget as this is determined nationally; it does not address the issue of linking the budget to performance targets.</p>
 <p>Management of assets and liabilities. Effective management ensures investments provide value for money, assets are recorded and managed, fiscal risks are identified, and debts and guarantees are prudently planned and monitored</p>	
 <p>Policy-based fiscal strategy and budgeting. There is a fiscal strategy and the budget is meaningfully scrutinized by the legislature (*). The budget is prepared on time according to a budget calendar</p>	<p>This is included in the action plan of the LCC</p>

⁶ The City owns the plant, so it should appear in its registry.



Predictability and control in budget execution. The budget is implemented within a system of effective standards, processes, and internal controls (including payroll administration, procurement, internal controls on non-salary expenditure and internal audit), ensuring resources are obtained and used as intended. Disbursement is on time (*)

City Rates Billing and Collection: Improved City Rates data management, billing and collection; Strengthened internal control systems



Accounting and reporting. Accurate and reliable records are maintained, and information is produced and disseminated at appropriate times to meet decision-making, management, and reporting needs.

Accounting and Financial Record Keeping: Improved implementation of financial management and accounting systems; Improved reliability of accounting and stores records



External scrutiny and audit. Public finances are independently reviewed and there is external follow-up on the implementation of recommendations for improvement by the executive

Financial Reporting and External Audit Coordination: Enhanced regulatory compliance; Improved accountability and transparency in management of financial resources

Note: * some elements were refined to make them more relevant to the LCC

Merging these two frameworks, the remainder of this chapter investigates problems under the headings: budget; revenue collection; asset and liability management; accounting and internal control; and external scrutiny and audit

2.4 BUDGETING

As stated in our informal workshop with the Directorate of Finance, “**all our problems start with the budget.**” Planning and budgeting is not given the attention it deserves. It is treated as a paper exercise; directorates don’t critically review their work or consider how to improve their performance. There is a weak link between budgets and results.

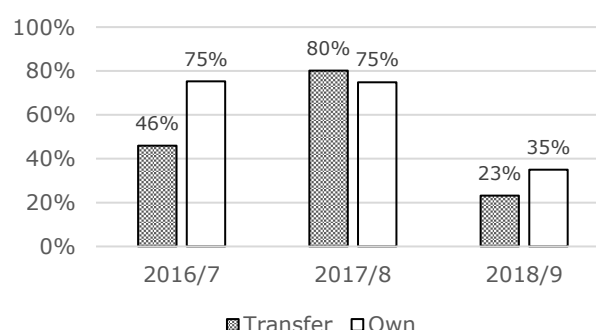
Ideally the budget should identify and cost the provision of services (both recurrent and capital) and segregate the budget according to major types of activities (regulatory, supervisory and support, capacity development, service delivery, infrastructure investment). Budgets should be disaggregated at section level, with section heads responsible for their results. There is a tendency to simply set aside funds on the basis of the previous year and projected input (rather than output) needs. Because of a culture that budgets “don’t matter” expenditures are

FIGURE 10: BUDGET ISSUES TO SOLVE



- Budget **guidance** is inadequate. The budget calendar, ceilings, and allocation rules are not in place or poorly adhered to
- Resources are not allocated to **priorities**; the budget does not reflect strategic change
- **Revenue targets** are not based on statutory requirements to pay
- The budget presentation and classification is **non-transparent**, inhibiting debate and councilor supervision
- The budget not sufficiently linked to service delivery and **performance targets**

FIGURE 11: REVENUE PREDICTABILITY (ACTUAL/ BUDGETED)



routinely reclassified during the implementation stage. In essence, the primary decision made during the budget process is the allocation of resources between competing directorates.

Budget guidelines limiting expenditures on administration, travel, etc., and allocating resources to capital investment based on a clear formula is not in regular use, though some efforts to cut back unnecessary costs have been implemented. For example, meetings outside the city have been banned. The priority of the budget process is not on service delivery but instead accessing resources for administrative purposes. Budgeting and planning are poorly integrated; ideally the LCC should first identify its expected results, then get management and council agreement on these results, and then proceed to cost and adjust these results according to budget availability. The process of establishing and communicating budget ceilings is also unclear.

Budgets are not well presented; they are complex to understand and this undermines the accountability and scrutinization process. Councillors viewed the budget process as a “rubber stamp exercise” where they were not provided information on time and where debate about priorities was minimal. Development and adherence to a realistic well-designed, step-wise, budget calendar (with key intermediate milestones) is required. Councillors were unable to describe to their constituents what projects and services would be provided in their jurisdictions. Civil society and other partners are not involved and simple, easy-to-understand explanations of the budget are not available to the public.

As described below, revenue estimates are not well-founded upon statutory requirements to comply and pay. Because staff were concerned with making revenue projections which would be unrealistic, and where targets would not be met, historical levels of poor collection have become embedded in the system. Both central government transfers and own source revenues are not very predictable. Ignoring even the wild fluctuation of the 2018/9 budget, in the best of worlds actual revenues are on the order of 75% of budgeted revenues (Figure 11). The PEFA standard grading system would award this a grade of D.

2.5 REVENUE ENHANCEMENT

The LCC’s local revenue enhancement strategy (prepared by the Directorate of Commerce: 2016-21) aims to increase revenue collection by 20% per year (adjacent figure). The strategy provides an excellent starting point to improving the Council’s finances. For each revenue source it reviews prior performance, completes a short SWOT analysis, and identifies possible interventions. The sections below provide detailed information for each individual source.

The strategy requires more work and greater detail. It also should establish more general principles guiding the design of the LCC’s overall tax and fee system. These principles might include a focus on strengthening fees for service, removing nuisance taxes, creating revenue retentions schemes, etc. A more

FIGURE 8: OBJECTIVES OF THE 2016-21 LOCAL REVENUE ENHANCEMENT STRATEGY

- Collect at least 85% revenue against budget
- Re-invest at least 25% of collected revenue
- Reduce operational cost of collecting revenue to 10% in any revenue collection centre
- Identify and utilize new revenue opportunities
- Increase revenue collection by 20% per year
- Increase licence fee collection by 25% per year
- Increase market fee collection by 30%
- Improve the legal frame work enforcing revenue collection
- Make short and long-term investments to generate returns
- Collect at least 80% of city rates per annum
- Zero pilferage of resources
- Ensure debts are not more than three years

comprehensive analysis of the problems encountered within the revenue system as a whole includes:

OVERALL ISSUES SURROUNDING REVENUE COLLECTION

Weak prioritization	Human and other resources are not allocated according to revenue potential. For example, the property tax is by far the most lucrative source yet more manpower is devoted to collecting market fees
Fragmentation of the tax system	There are large number of taxes, which are paid independently, rather than as a "one-stop" payment. For example, refuse collection and sewerage fees could be paid together with either property taxes or business licenses. There is a proliferation of nuisance taxes and fees
Maladministration	Corruption, collusion with tax-payers, unbanked receipts, and forgery is commonplace. Electronic payment has a significant opportunity to reduce problems associated with the handling of cash. Most revenue sources do maintain sufficient records on their tax bases (i.e. registries) and therefore projections are based on historical trends (which are affected by corruption) rather than statutory requirements to pay. There is no measure of tax compliance.
High collection costs and bureaucratic business processes	The cost of collecting each revenue sources needs to be calculated, so that sources can be rationalized. Some revenues involve multiple visits to the Council and involve various departments all signing off to different steps (for example, in advertising fees)
Poor allocation of Responsibilities	Public Private Partnerships and outsourcing should be more widely practiced. Within the LCC directorates other than Finance should take the lead only when technical expertise is required (i.e. business license, advertising) not market fees, etc.
LCC Incentives and Accountability	Revenue collectors and directorates do not have realistic and challenging performance targets. All performance agreements with managers should have targets for both revenue enhancement and the establishment of credible data sets. Directorates do not retain a percentage of their collections; there is no performance bonus for exceeding targets.
Taxpayer incentives	There is no overall approach to incentivizing payment (making it easier, linking it to service delivery, etc.)
Partnerships	Other Government agencies (especially the Malawi Revenue Authority) are likely to have important information that can be used to detect non-compliance and underpayment

2.5.1 PROPERTY RATES (PROPERTY TAX; FINANCE DIRECTORATE)

Property rates are the most lucrative source of revenues, accounting for roughly 60% of all monies raised locally. On average, almost KW 2 Billion is raised per year. According to the Local Government Act (1988) the value of property includes both land and all assessable improvements (§68). Though this is typically based on the size and location of the property it is permissible to use purely market rates (§68.2); this practice does not seem widely in use.⁷ The LLC has autonomy to set its own tax rates; these vary according to residential area and are established via By-Law.

⁷ "The total valuation of an assessable property shall represent the fair price or sum which the property would have been likely to realize if it were in existence and in a reasonable state of repair having regard to the type of property and the area in which it is situated and sold at the time of valuation by a willing vendor to a willing purchaser upon the usual terms and conditions and on the assumption that such property was freehold and that there were no leases or mortgages in existence in respect thereof and disregarding any circumstances of a temporary nature." The Local Government Act (§ 65) provides a five-year cycle for undertaking at least one valuation of assessable property and that a supplementary valuation to be undertaken once in every twelve months to ensure that new assessable properties are included in the valuation roll.

There are major arrears in payments both from individuals and government departments. Technically arrears should have a surcharge of 4%.⁸ The Financial Statement for the year ending 30 June 2018 puts the rates receivable at KW 12 Billion, equivalent to about 3 times annual own source revenues.⁹ The following major issues affect property rates

TABLE 6: PROPERTY TAX ISSUES

ISSUES	OPTIONS / POSSIBLE ACTIONS / COMMENTS
Insufficient resources allocated to debt recovery	Genuinely prioritize rate collection. Hire valuers and debt collectors to reflect this priority. Reallocate resources from smaller taxes and fees to property tax. Assign staff to a "large defaulters" unit.
Improve data	The IFMS works well. It should better track property valuation and rates (not just payments). Develop online payment systems
Significant arrears	The city has enforced tax arrears by: charging penalties; naming and shaming defaulters in both print and electronic media; outsourcing services of professional debt collectors, specifically lawyers; and commencing litigation proceedings against defaulters. It plans to begin legal action where arrears are greater than 3 years. It should also: (i) create incentives (discounts) for payment of outstanding balances, contingent upon future compliance (i.e. partial debt forgiveness); (ii) create incentives for debt collection, either within the LCC or through the employment of legal firms collecting debt; (iii) work with the Ministry of Local Government on chasing "politically protected defaulters; (iv) deny issuance of business licences to defaulters; and (v) cooperate with the Malawi Revenue Authority to deny tax clearance
Central Government arrears	Hold discussions with the Malawi Revenue Authority to resolve money owed to the MRA (PAYE) and property rates owed the City. Attempt to negotiate a process to mutually clear debts.
Valuation is inaccurate or incomplete	In all cases valuation should be market based, as is permitted in §68.2 of the Local Government Act. As described in the Annex use the Ward Executive to identify all properties in his or her area. Collect data from the MRA on taxes paid on the sale of properties in Lilongwe. Track advertisements on sales by real estate agencies. Many properties are likely to be more highly valued than valuations currently in use. Match information across data sets and revise valuations. Link data to development and scrutiny fees, finding inconsistencies. There is possible collusion between assessors and property owners. Place valuation under the Directorate of Planning. Create minimum valuations, based on points, as is practiced in Mzuzu. Provide discounts for annual payment, incentivizing early payment.

⁸ Local Government Act, 1998: § 86(2) the "Assembly shall make a surcharge on any rate remaining unpaid sixty days after the date on which such rate becomes payable" (at a surcharge of 4%).

⁹ In the LCC's accounting of rate payment, there is a separately line for payment of rates by government. There is some confusion on this liability, which is large, since Lilongwe, is the capital city. According to the financial statements produced by the LCC the Local Government (Urban Areas) Act Cap. 22:1 exempts the government from property rates, The Amendment found on line, makes no mention of this. It is clearly stated in §85 of the 1998 Local Government Act: "the Government shall pay to the Council fifty per centum of the amount of rates on its assessable property."

ISSUES	OPTIONS / POSSIBLE ACTIONS / COMMENTS
Slow appeals process	Under §76 of the Local Government Act, property owners objecting a property tax determination are required to file such objection to the local authority within twenty-eight days from the first day on which the rate is payable. However, Chunxia and Bwanali (2017) ¹⁰ report property expressed dissatisfaction that often the authority takes long to resolve disputes possibly because no time-frame is specified for it to resolve disputes. Establish a separate "Taxpayers Services" unit in the structure of the LCC.

The data described in this section was extracted from the IFMIS. This is a truly impressive system, listing all properties and managing invoices and arrears. The information I have is missing information from Areas 25, 38, 48, 49 and 56. The IFMS data provided contains property rate information on 32,298 properties. In this data set 31,108 properties (96%) owe some arrears. Arrears total KW 11.7 Billion.

At a minimum, "large taxpayers" over KW 4.4 Billion. This was derived by summing the "customers" listed in the database. Because many customers own multiple properties and the name of each customer is often not entered consistently, the actual figure is probably significantly higher. This figure also does not include the 10 properties listed under Lilongwe City Council, which has arrears of KW 390 Million; there is no reason for the council to pay itself. As can be seen adjacently, there are 10 property owners each with arrears over KW 100 Million. Their total arrears are KW 1.8 Billion.

Institutions and Government hold large areas of land and significant investments in infrastructure. Out of these 106 large taxpayers, the government owes KW 2.1 Billion and institutions owe an additional 876 Million. The 10 largest public sector holders of arrears are listed in Table 8 (2 private taxpayers would have made this top 10 list). Those listed adjacently owe a total of KW 1.7 Billion. In searching the database, at a minimum:¹¹

- Churches owe KW 88 Million
- Banks owe KW 56 Million

TABLE 7: LARGE ARREARS

Size of arrears in KW Millions	Number of customers	Total Arrears
100+	10	1,866,214,539
50 to 100	9	693,539,912
20 to 50	31	1,030,194,098
10 to 20	56	785,237,823
Total	106	4,375,186,371

TABLE 8: LARGEST PUBLIC SECTOR ARREARS

Name	# Properties	Arrears
1. Ministry of Lands	11	350,922,191
2. Malawi Congress Party	1	277,899,863
3. Malawi Government (Unspecified)	4	264,277,471
4. University of Malawi	1	252,632,622
5. Malawi Railways	1	117,380,656
6. Malawi Housing Corporation	4	115,724,591
7. Lilongwe District Council	3	111,444,556
8. Veterinary and Animal Health Department	4	83,029,592
9. National Food Reserve Agency	1	73,486,540
10. Airport Development Limited	8	49,817,453
Total	38	1,696,615,534

¹⁰ Chunxia, Sun and Thomson, Raphael Bwanali, 2017. "Property Taxation under Fiscal Decentralisation in Malawi: What Are the Available Institutional and Governance Arrangements?" *International Journal of African and Asian Studies*, Vol.39.

¹¹ These totals were made using key word searches

- Foreign Embassies owe KW 81 Million; their tax exemption status is not clear
- Tobacco companies owe KW 44 Million
- Dairy companies owe KW 18 Million
- Hospitals owe KW 53 Million
- Garages and car dealers owe KW 49 Million (customer contains the word “motor”)

2.5.2 MANAGEMENT OF COMMERCIAL ASSETS (COMMERCE DIRECTORATE AND OTHERS)

The council is managing numerous commercial assets, yet the return on these investments is not known. Many assets are old and were inherited from times where government intervention in the private sector was more widespread. The Local Government Act (Schedule 2, §12) requires each enterprise keeps separate accounts; that it be profitable at least every other year, and that it reports profits to the Minister.¹² This requirement is not being complied with.

Revenues from the management of commercial assets has been on the order of KW 120 Million per year. Though this is a minor source of revenues, it is fairly easy to collect and has the potential for expansion through public-private partnership. Important procedural and learning possibilities exist. The main commercial activities and some issues include:¹³

TABLE 9: ISSUES / COMMERCIAL ASSETS MANAGED BY THE LCC

ISSUES / ASSET	OPTIONS / POSSIBLE ACTIONS
No official policy of PPP	In general, the LCC should not be in the business of managing commercial enterprises. Where it does so, it should be in a framework of public-private partnership (PPP). An overall PPP policy identifying types of activities, contracts, and guidance would be useful
Commercial accounts are not kept	Financial data on each asset should be kept on a commercial basis, including a proper valuation of the asset, running costs, revenues raised, arrears, etc. A standard for annual profitability should be determined (for example at least 1/15 of the asset's market value).
Lilongwe Rest House	The rest house (located in Area 2) was closed by the Minister of Tourism in 2006/7. It is in a dilapidated condition. The LCC attempted to revamp and run it as a separate business entity, but as a government body it could not make timely and flexible decisions and payments. It took a long time to purchase materials. Because of this the LCC entered into a management agreement with a private company; the contract was awarded in early 2019. According the contract, the company was to expand the structure and begin rental payments in July 2020. The company developed architectural plans to renovate the building, but were rejected by the Council.

¹² “An Assembly may establish, maintain and manage any ferry service, rest-house, hotel, motel, inn, restaurant; canteen, eating house, bar, agricultural store or farm: It should be noted that commercial enterprises must make a profit and be reported to the Minister: (2) The accounts of every trading undertaking shall be kept separately and shall comprise a trading and profit and loss accounts or kept in such other form as the Assembly may direct. (3) Where in any two successive years any trading undertaking has failed to return such reasonable net profit as the Minister may prescribe, the Minister may direct that the Assembly shall- (a) contract out by competitive tender the management of such undertaking or; (b) dispose of its interest upon such terms”

¹³ This excludes Town hall and Community Centre grounds, where I have no information

ISSUES / ASSET	OPTIONS / POSSIBLE ACTIONS
Wenela Complex and Chidzanja Building	Wenela is a business complex, renting office space to various tenants. It was originally established as a dormitory for miners working in South Africa. Chidzanja Building is two story building with one story used by the Commerce Directorate and the other rented out. For both buildings, records of each tenant are maintained. Each has encountered some payment arrears which need to be addressed; tenancy agreements should also be revised and updated. The feasibility of upgrading the Wenela complex through PPP should be explored.
Taverns	The Directorate of Finance lists 12 taverns in its asset registry, though other interviewees claim there may be as many as 40. The taverns were developed by Chibuku Brewery (who entered into agreement with the LCC) which sells "opaque" beer, made from maize and sorghum. It was first brewed during the 1960s in Fort Victoria, Zimbabwe and is found throughout South and Central Africa. At least one of the taverns (near the central market) is said to have rental potential, and discussions were held with a private investor to transform it into a lodge (with monthly rents of KW 180,000 to be paid). According to interviewees many of the original agreements cannot be found.
Town hall and community grounds (2)	The town hall is centrally located, near the river, and with a sense of history. It could potentially be part of a higher profile river-beautification project. There is a potential to expand the building, though parking is a problem and ownership records are apparently unclear. It represents another possibility of PPP.
Sale of tree seedlings	Many trees are sold privately, but the according to the Parks Directorate, prices are lower at the LCC. Unless the LCC is selling seedlings not available elsewhere a full profit/loss statement should be generated.
Other Possibilities	There are numerous possibilities for entering into addition PPP agreements that can both develop public infrastructure and increase the revenue base (see Section 4.2). All that is needed is an idea and available land or space. This should be a priority. Possibilities include: (i) bus terminals; (ii) integrated residential and entertainment areas (satellite cities); (iii) a modern market; (iv) a waste management / recycling plant, (v) parking (see below) and others.

2.5.3 MARKET FEES (COMMERCE DEPARTMENT)

In total there are 44 markets in Lilongwe City,¹⁴ though only 16 are listed in the fixed asset registry. Fees collection is on the order of KW 180 Million per year. At these markets, individual sellers pay KW 100 per day; there are numerous revenue collectors, who are supervised by 1 captain and 4 zone/market masters.¹⁵ Approximately 290 cleaners maintain the markets. In Blantyre the rate is KW 200/day. In theory, the seller is paying for use of the land, the premise, and the amenities (toilets, water, cleaning, refuse collection); since in most cases markets lack most amenities, and in many cases seller constructed their own stalls, the seller is merely renting an area of land in a common selling location.

The cost of the labour used to clean markets and collect revenues is very high; my estimate is that KW 255 Million per year is spent on markets, a figure in excess of the revenues raised.¹⁶

¹⁴ The City Development Strategy list 39 markets. Of these 26 were collecting revenues and 25 had sanitation facilities. 54% were located in Traditional Housing Areas (THAs).

¹⁵ There are 105 revenue collectors in the Commerce Directorate. Data on who is assigned to each market was not provided

¹⁶ Four market masters at KW 142,000 per month; plus, KW 3 Million in overtime; plus 60 revenue collectors at KW 74,000 per month; plus 290 cleaners at KW 55,000 per month.

Given this low net benefit (on average), it is feasible to eliminate both fees and collection at many markets; this will provide economic support to market sellers and improve the image of the LCC. A policy is necessary for determining in which cases high cost revenue initiatives should be eliminated.

Markets face serious problems of corruption and under-collection. In 2017 a census of market sellers was completed, counting the number of sellers present.¹⁷ This report has not yet been provided but it found significant under-collection. There are two basic solutions to the problem:

1. Provide market masters and revenue collectors realistic revenue targets based on a census; failure to meet targets should result in firing
2. Subcontract the management (infrastructure development, cleaning, etc.) and revenue collection to the private sector on a concession basis, using a competitive bidding process.¹⁸

The local revenue enhancement strategy identifies several other possible reforms including: (i) expanding and opening new markets (or formalizing community markets); (ii) revising by-laws to both regulate vendors and establish increased rates (especially where new services are being provided); (iii) enter into PPP arrangements to develop more upscale markets (where land is available) and (iv) explore alternative payment arrangements, including e-Ticketing to better manage paper trails. Fixing problems with markets is easier than other revenue streams.

2.5.4 BUSINESS LICENSES AND OTHER REGULATIONS (COMMERCE DEPARTMENT AND OTHERS)

The Central Government collects license fees from larger companies and foreign-owned firms. In theory, the business license is a regulatory instrument, ensuring compliance with tax, safety and health regulations. A registry of all businesses was not provided by the Commerce Directorate; according to interviews, approximately 5,000 businesses are licensed at an annual license fee of roughly KW 110,000 per license. The Directorate also issues liquor and food licenses.¹⁹ Seven staff are responsible for licensing, but this can probably be reduced in Ward teams are established (see the annex, page 75).

Physical inspection during the licensing process is limited.²⁰ Therefore, the license operates, more or less, as an annual tax on businesses. In its design, it would be useful to treat it this way. The objective should be to eliminate inconvenience, delay and red tape through a business process re-engineering. As described in the revenue enhancing strategy this can be additionally supported through computerized online payments and computerized issuing and printing of licenses. There is no reason a taxpayer should need to leave his or her home in order to receive a license. In terms of the procedure:

¹⁷ An alternative method for estimated the revenue potential at a market is have a staff member from a different directorate accompany the revenue collectors on given days. The process of observation often increases the amounts collected.

¹⁸ This was used in some Districts in rural Tanzania resulting in significant increases in net revenues.

¹⁹ Key By-Laws include the Liquor (Lilongwe City Council) (Liquor Licensing) By-Laws, 2018 and the Local Government (Lilongwe City Council) (Food) By-Laws, 2018

²⁰ During the registration process an enterprise is checked by the Occupational Safety, Health, and Welfare Departments. For new enterprises, the Planning Directorate checks consistency with the land use plan.

- There is no incentive system for increasing revenue collection
- There is no retention of revenues collected by the Commerce Directorate
- The accuracy and functioning of the registry is unknown; in theory, be triangulated (checked) with the Malawi Department of Registrar General and tax departments. In many countries a one-stop shop approach is taken, integrating registration, tax and licensing.
- The business register is mostly based on previous compliance; there are no permanent staff posted at Ward level responsible for physical verification
- The Local Government Act restricts penalties to KW 2000, which is too low

FIGURE 8: SUMMARY OF POSSIBLE BUSINESS LICENSE ACTIONS

- Re-engineer the licensing and payment process to cut red tape by removing regulatory aspects in its design
- Physically verify businesses
- Create performance incentives for revenue collection
- Integrate invoicing for licenses into the IFMIS, as has been done with property rates
- Check information on businesses with the Malawi Department of Registrar General; enter into a cooperation agreement to find unregistered firms; explore having an employee posted at the One Stop Service Centre at the MITC
- Document and collect arrears

2.5.5 PARKING FEES (COMMERCE DEPARTMENT)

Like market fees, a registry of parking areas, the revenues collected and staff appointed, was not provided. Parking fees should be a major source of revenue; it may also contribute to improved traffic management. A major issue is use of informal parking areas, usually on the shoulder of roads, by mini-buses. In Kampala, Nairobi and Dar Es Salaam, parking fees are significant; collection is made through a concession with private companies who issue tickets and collect fees. Like markets, this eliminates the practice of parking attendants pocketing payments. Given the lack of data, even a rough estimate of the potential of this source cannot be provided.

2.5.6 ADVERTISING FEES (PLANNING DIRECTORATE)

Firms must pay the LCC to place an advertisement on public property. Data was unavailable at this time.

The process of getting permission and making payment is unnecessarily bureaucratic. The firm must go the Planning Directorate (responsible for town planning), fill out 4 copies of an application form and attached a sketch plan. A "scrutinization fee" of KW 119,000 is paid. The application is then reviewed by the Town and Country Committee. The fee is non-refundable, and if approved is valid for 2 years. The Committee reviews the location and size of the advertisement. The firm then goes to the Commerce Directorate to enter into a payment agreement for the advertisement; Commerce may not know the results of the scrutinization as no reports are sent. Commerce then issues an invoice and the company pays into a council account.

The process can be greatly reduced by having Commerce design templates for the commercial agreement, but having all steps implemented under Town Planning.

There is insufficient data to regulate the advertisement as information is kept by multiple Directorates. A single database, recording scrutinization data, payment invoices, actual payment, GIS location, and a sketch of the sign is necessary to more effectively regulate the use of signs.²¹ Many in the LCC believe many advertisements are old and payments are not updated. The by-law is poorly enforced and action is rarely taken. A temporary solution would be to spray paint all illegal signs.

The number of advertisements allowed seems to have increased drastically, which negatively impacts the physical beauty of Lilongwe. More revenues might be raised by reducing the allowed number of advertisements and raising their prices.

2.5.7 DEVELOPMENT FEES (PLANNING DEPARTMENT)

Development fees are paid when land is used for housing and other urban development initiatives. As described in Table 28 (page 60) there are both flat fees and a fee of 0.8% of development costs applied. This is subject to significant negotiation, under-valuation and the potential for corruption. The process (and constraints) involved in development control can be found in section 4.6.1

2.6 MANAGEMENT OF ASSETS AND LIABILITIES

Though the council keeps detailed registers of assets and liabilities, liabilities have reached alarming levels. This compromises the City's ability to make sound financial decisions as its decisions are guided by cash flow constraints rather than long term economic gain. The best example of this is staffing; though the LCC wishes to reduce its staffing levels, doing so requires payment of compensation, retirement and other benefits.

While the City has liabilities of KW 3.1 Billion (Table 4) it is owed some KW 12 Billion in property rates. It needs to:

- **Actively collect its property tax and other revenue arrears; this should be the LCC's #1 priority.** This could be done either through amnesties, tougher legal action, resale of debt, etc. The assistance of the Malawi Revenue Authority may be sought as property tax arrears could be designated to eliminate PAYE liabilities.
- Pay all its debts and restore its creditworthiness
- Invest any net receipts (debt payments received minus debt payments made) into visible service delivery and long-term cost saving initiatives, such as retirement of staff, staff reductions, and replacement of old assets.

FIGURE 12: ASSET / LIABILITY ISSUES TO SOLVE



maintenance

- High level of debts
- Under-performing commercial assets
- Old physical assets leading to high costs of operation and maintenance
- Weak recovery of revenue arrears, thus limiting service delivery and longer-term investment
- Inadequate cash flow leading to poor short-term decision making

²¹ Many signs are posted by advertising agencies on behalf of their clients. These are easier to regulate.

The LCC does not have an asset management policy. Many of its assets are old (contributing to high costs of operation and maintenance) and should be replaced. Funds are not systematically put aside as assets depreciate. Numerous properties lack proper documentation and title deeds.

2.7 ACCOUNTING AND CONTROL

There is a 3-year backlog in unprepared annual financial statements as well as a 6-year backlog in unaudited accounts. This non-compliance has led to a poor relationship with NLGFC (National Local Government Finance Committee). The new team within the Finance Directorate has worked hard to piece together valuable financial information, but it is limited in terms of both its numbers and its underlying competency.

Although the IFMIS (Integrated Financial Management Information System, a computerized accounting system) is in place, all modules are not being used and the Directorate still struggles to provide and extract key information from it. Meaningful budget reports need to be prepared in a timely fashion for management decision and submission to the Council's finance committee. Stronger record keeping is needed in terms of the supporting documents underlying the accounts.

As described in the Directorate's strategy, there is a deliberate circumvention of internal controls by staff from service delivery Directorates. Expenditure items are routinely reclassified, undermining the seriousness of planning and budgeting. To create an organizational culture where budgets matter, expenditures on activities outside the budget should be refused and more frequent re-budgeting exercises should be implemented. In addition to these issues

- Many departments have complained about delays in disbursement; this is apparently due to both cash flow constraints and procedural bureaucracy. The Finance Directorate does not have internal standards (standard times) for the processing of payments
- There is an urgent need to strengthen both internal audit and procurement procedures (which are currently managed by the planning directorate). Procurement should be seen as an integral step in implementing the budget process.

A Procurement department exists under the Administration Directorate (placed there for "independence" from the Finance Directorate). In the past the LCC lacked a procurement plan and did not regularly report the procurement agency. Basic processes and capacity is now in place, with 4 permanent staff and 1 intern. While there were complaints about "delays in procurement" from several directorates, there remain issues of staff not wanting to adhere to procurement regulations and not sufficiently planning their procurement activities in advance. National procurement regulations are in use, including the establishment of procurement committees, advertising and competitive bidding. Specifications are developed by individual departments, with the procurement team guiding the process and providing support and advice.

FIGURE 13: ACCOUNTING ISSUES TO SOLVE



- Backlog of accounts and other key financial records
- Partial use of the IFMIS
- Deliberate circumvention of expenditure controls
- Delays in disbursement; cash flow shortfalls
- Insufficient internal audit; need to strengthen procurement procedures and capacity

2.8 EXTERNAL SCRUTINY AND AUDIT

Prior to 2019 the city was plagued by a culture of non-compliance. Audits and financial reporting were not done on a regular basis and procurement regulations were flaunted.

It is essential to improve transparency and accountability in financial management. The last external audit was completed in 2012/3; this non-compliance hinders the Council's relationship with other government institutions, banks, and development partners. It undermines LCC's credibility. Discussions were held whether it was in fact possible to piece together historical information from the past, in order reconcile account balances, or given that accounting is mostly done on a cash basis, whether an external audit (for example by a private audit company) could be done on the most recent years only. Many of the audit queries going back many years are unlikely to be addressed or to result in clear management action. There is an urgent need to immediately "clear the books and move on." Records are not presented to the NLGFC on time.

The Council Finance Committee should play a foundational role in overseeing the LCC's finances. Though there are capacity constraints for some members, there are enough Councillors that can ask relevant oversight questions. As described in the section on budgeting, Councillors are concerned with delays in providing information, with the non-transparency of presentations, and with an attitude viewing Committees as rubber stamping institutions. Councillors believe there is inadequate debate on financial priorities between executives and councillors, while executives are concerned about political interference in financial matters such as revenue collection.

FIGURE 14: FINANCIAL OVERSIGHT ISSUES TO SOLVE



- Backlog of external audits and reporting to NLGFC
- Need to strengthen Finance Committee's oversight functions and capability
- Simple financial information not available to the public; no real civil society role in debating financial decisions

Simple financial information is not available to the public, or to their civil society representatives. The lack of external pressure on the LCC undoubtedly contributes to its existing expenditure choices being inconsistent with a *services first* approach.

2.9 SUMMARY

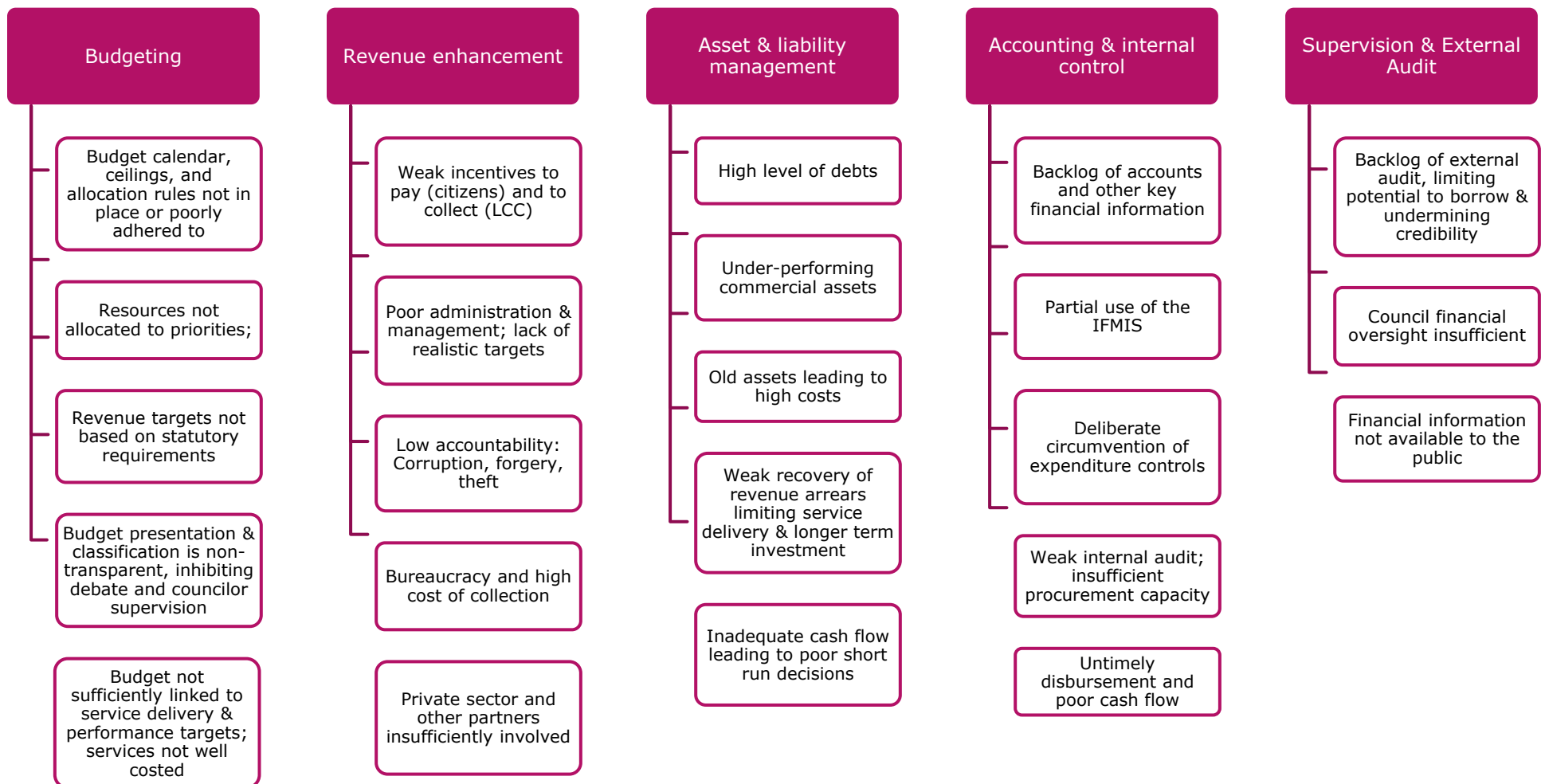
The overall objective is:

Significantly increase revenues and better allocate and manage resources to expand the delivery of critical services

The number one priority of the city is to collect property tax. The funding of critical services depends on this. The city must collect the significant arrears owed to it (on the order of KW 12 Billion or equivalent to about 3 years of operation), by first focussing on large tax payers. As a good proportion of these arrears are owned by other government bodies, this should involve working cooperatively with key stakeholders including the Ministry of Local Government and Rural Development (to gain political support) and the Malawi Revenue Authority (as there are extensive obligations owed both ways, from the government to LCC and vice versa). The city will need to update its valuation role, making sure it is complete and reflects realistic market prices. As described in this report, a presence, a contingent of full-time staff in each Ward is

essential. The LCC will need to systematically add new rate payers as building and development plans are scrutinized and will need to hire its own assessors. All available staff will need to be allocated to this objective.

FIGURE 15: SUMMARY OF FINANCIAL MANAGEMENT ISSUES



3

GOVERNANCE AND MANAGEMENT

3.1 OVERVIEW

Malawi is implementing a Local Authority Performance Assessment (LAPA) tool and report, designed by the Ministry of Local Government and Rural Development (MLGRD). In doing so, it carries out external and self-assessment across seven key results areas (KRAs). Assessments against standards, under each KRA, is done on a 1-5 scale. Quantitative indicators and data are not collected. Consistent with these KRAs, this chapter reviews the LCC's: (i) governance and citizen engagement; (ii) planning systems (including bottom up planning); (iii) privatization, modernization and business processes; (iv) HR management and development; (v) structures and functions; (vi) performance management; and (vii) E-Government.

FIGURE 16: LAPA FRAMEWORK

1. Development Planning
2. HR planning and management
3. Financial Management
4. Service delivery
5. Citizens' Engagement
6. Governance
7. Cross-cutting Issues

3.1.1 ORGANIZATIONAL CULTURE

While there are undoubtedly constraints in terms systematic management, **more important is the organizational culture surrounding change**. During mid-2019, several new managers were employed by the city; while they brought with them a positive attitude of reform and possibility, some directorates and staff are still characterized by self-defeat and a negative attitude. In some directorates there is a lack of vision and ambition. The need to modernize is obvious, but many services are provided as they were in the 1970s. There are a large number of secretaries and messengers; there remain switchboard and telephone operators. Grass is cut by hand; drains are cleaned by hand; streets are swept by hand. Walking around council offices one observes many staff sitting around, under-employed; the office lacks vibrancy, self-confidence. Though the building is suitable, its environment projects a negative image. Most importantly, there is a need to restore integrity as a core value. While there have been many recent positive developments, the depth of change necessary to transform the city remains immense.

3.2 GOVERNANCE AND CITIZEN ENGAGEMENT

Lilongwe City operates within the Local Government Act of 1998, which entitles citizens to elect councillors directly. The elected councillors then elect a mayor amongst themselves. Councillors undertake legislative, oversight and representative functions. While not all Councillors are well educated, a sufficient number are present to ask critical questions and generate important ideas.

The relationship between the Secretariat and Councillors is sound, but there are important areas for improvement, especially in oversight and representation. Communication—the

provision of clear documents on time—between the Executive²² and Councillors, especially in the area of budget scrutiny, is said to be delayed, resulting in insufficient preparation.

Councillors lack resources and complained vehemently about delays in the payment of allowances.

In theory, a legislative body should have access to resources or support staff to better undertake independent analysis or research.

“Councillor Affairs” is part of the Administration Directorate, but it should be given a higher profile, perhaps more staff, and perhaps constituted as a separate section. Its functions should be considered a priority.

Councillors hold “public hearings” with their communities; they spend significant time campaigning (at times making promises they cannot keep) and appear genuinely aware of the priorities and problems of their constituency. Results and recommendations of these “hearings” tend to be recorded. While this provides solid foundation, it is important to incorporate citizen feedback more systematically, especially as part of the planning process.

FIGURE 17: SOME GOVERNANCE PROBLEMS



- Weak communication and exchange of information between executives and councillors
- Lack of access to resources for the Council to lead independent evaluations of performance (weak oversight)
- Citizen engagement not systematic or well incorporated into Council plans

3.3 PLANNING SYSTEMS

The city has a wide arrangement of plans. These are arranged hierarchically. At the top of the pyramid is the *City Development Strategy* (CDS: 2010 to 2015).²³ This is a lengthy document of good quality. Unfortunately: (i) it is outdated; (ii) it is too complicated; (iii) it lacks performance targets; and (iv) therefore cannot be systematically monitored. It does, however, provide many interesting ideas that remain useful and relevant today.

The CDS was primarily derived from the City’s Master Plan (2010-2030). This is a spatial plan focussing on transport, waste management, parks, etc. It was based on a very detailed analysis completed by JICA in late 2009.

In the course of this assignment, some LLC staff were unclear about the difference between a City Development Strategy and a Strategic Plan; in essence, there is no significant difference, except the strategic plan will be shorter and will separate implementational issues from strategic ones.²⁴ As described in the inception report, the division between the strategic plan and its supporting plans, and between planning and implementation may at times be blurred.²⁵

²² The Secretariat comprises the CEO and permanent staff. The CEO is the accounting officer and advisor to the Council responsible for: (i) implementing the resolutions of the Assembly; (ii) the day to day administrative functions; (iii) supervision; and (iv) proper management. The Secretariat is divided into directorates.

²³ The CDS was formulated with assistance from Cities Alliance. It includes 5 themes: (i) governance; (ii) housing/land; (iii) community development; (iv) public service and environment; (v) economic development.

²⁴ Sometimes the term “development” is misapplied, with development plans becoming a list of infrastructure development projects. A strategic plan aims to improve service delivery, recurrent and infrastructure, as well as improve internal operations and capacities.

²⁵ For example: before strategically agreeing to make an investment, the investment should represent a good use of funds. Before committing to expanding a service, the cost of doing so should be known. The relationship

The city has many other important planning documents that can be used, starting from the bottom, to piece together a prioritized, coherent city-wide strategy. These “subsidiary plans” include sector plans, projects and feasibility studies (i.e., the World Bank Project on sanitation; the baseline on solid waste management); several internal reform plans (the revenue enhancing strategy, functional review, and headcount report); directorate strategies (i.e. Finance); and annual budgets and action plans focussing at the activity level. Each staff member (beginning in 2020) also has an individual work plan, linked to directorate level initiatives.

Though having a strategic plan in place will strengthen further improvements to the planning process, other issues will remain.

First, planning and budgeting are seen as a requirement (something everyone needs to do), rather than an opportunity to step back and think critically about ways to improve the delivery of services. Therefore: it would be useful to have a clear planning process precede and be linked to annual budgeting (Figure 19). Therefore: **clear budget guidelines, time tables, and allocation rules need to be developed to ringfence service delivery**; guidelines would also require directorates to develop policy.

Second, once ideas are generated, “project proposals” need to be developed. These would detail the feasibility, objectives, activities, costs, and performance indicators for changes in how services are provided. In some cases, important analysis is missing.

Third, the annual planning and budgeting process needs to better support prioritization. This might include identifying priority and visible “flagship projects,” or focussing on a few geographic improvements (areas to provide a thorough make-over) or management reforms. A sense of competition for funding, based on ideas, should be fostered.

Finally, bottom up planning is not being applied. Ward committees were supposed to be established throughout Lilongwe to facilitate local consultation and accountability, with each

between inputs, outputs, and outcomes should be known. Revenue targets should be based on realistic assumptions. The strategy should go beyond process, such as “create a by law to regulate traffic;” the strategy should describe the objectives of a by-law and how initiatives will realize the objectives. All of these elements ensure realism of the strategic plan.

FIGURE 18: THE STRATEGIC PLAN AND SUPPORTING SUBSIDIARY PLANS



FIGURE 19: POSSIBLE PLANNING STEPS

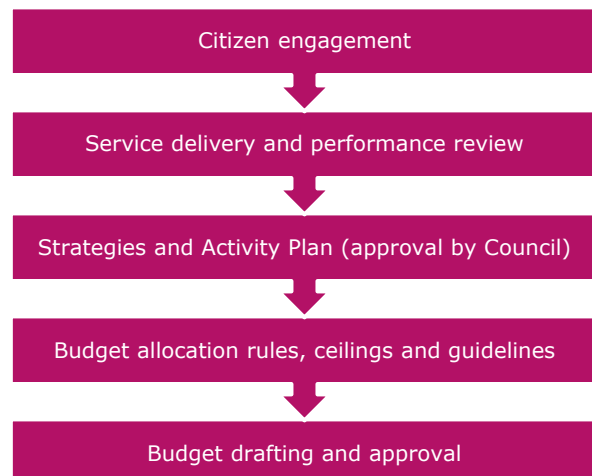


FIGURE 20: SOME PROBLEMS IN PLANNING



- Planning not used as a time to think strategically
- Insufficient supporting feasibility studies, project documents, etc.
- Planning not used to prioritize
- Bottom up planning not sufficiently practiced

committee headed by a councillor. There are no staff at Ward level. This hampers bottom up planning. Where bottom up planning is practiced, for example in other countries, local authorities set aside a fraction of their own revenues (for example 5%) for “ward” projects.²⁶

Allocation between wards would be based on criteria such as population, size, and previous performance in terms of project implementation. Local problems and projects (limited to service delivery and infrastructure development) would be identified by citizens, during planning meetings facilitated by councillors. Projects would be implemented by the LCC or private sector contractual arrangements. Such a system could be piloted, for example starting with 5 randomly selected wards. Roughly \$15,000 per ward would be needed, though projects do not need to be implemented each year.

3.4 TECHNOLOGY, BUSINESS PROCESSES AND PUBLIC PRIVATE PARTNERSHIPS (PPP)

The LCC should transform itself from an organization that manages people, and that employs mostly unskilled labour, to an organization that regulates services and that provides services through contracts using modern, state of the art technology. Public private partnerships, the creation of more efficient business processes, and modernization in the delivery of services is a cross-cutting issue, encountered by almost all directorates, and having the following objectives.

- Expanding service delivery by accessing private investment

TABLE 10: PPP POSSIBILITIES (INITIATIVES UNDERWAY IN BOLD)

AREA (Infrastructure)	RELEVANT?	
	YES	NO
TRANSPORT		
Toll road operation		<input checked="" type="checkbox"/>
Road maintenance	<input checked="" type="checkbox"/>	
Street lights	<input checked="" type="checkbox"/> [1]	
Street cleaning	<input checked="" type="checkbox"/>	
Parking and congestion management	<input checked="" type="checkbox"/>	
Bike sharing, electric vehicle charging		<input checked="" type="checkbox"/>
Bus terminals	<input checked="" type="checkbox"/>	
Public transport (Bus, subway, light rail)		<input checked="" type="checkbox"/>
Airport, rail, ports		<input checked="" type="checkbox"/>
WATER, SANITATION, OTHER		
Water supply & sewerage	<input checked="" type="checkbox"/> [2]	
Refuse collection	<input checked="" type="checkbox"/>	
Public toilets	<input checked="" type="checkbox"/>	
Cemeteries	<input checked="" type="checkbox"/>	
ENERGY		
Hydropower, electricity generation, solar		<input checked="" type="checkbox"/>
COMMUNICATIONS		
Telecoms, smart cities, IT		<input checked="" type="checkbox"/> (?)
Cable television		<input checked="" type="checkbox"/>
Fibre optics		<input checked="" type="checkbox"/> (?)
ECONOMIC		
Industrial zones / parks	<input checked="" type="checkbox"/>	
Market Development	<input checked="" type="checkbox"/>	
PUBLIC ADMINISTRATION		
Emergency services communication	<input checked="" type="checkbox"/>	
Revenue and debt collection	<input checked="" type="checkbox"/>	
Non-Core Services	<input checked="" type="checkbox"/>	
Vehicle maintenance	<input checked="" type="checkbox"/>	
Driving pool	<input checked="" type="checkbox"/>	
Management of commercial enterprises	<input checked="" type="checkbox"/>	

NOTE: Relevant means possible and perhaps beneficial. [1] relevant if using smart technology; [2] = under Lilongwe Water Board. “?” = unknown

²⁶ This is different than the Constituency Development Fund, a national fund allocated to Parliamentarians.

- Providing services more efficiently and lower costs
- Reducing bureaucracy and red-tape in the provision of services, especially administrative services provided to the public

3.4.1 PUBLIC PRIVATE PARTNERSHIPS

A clearer policy on PPP is required, identifying which services may be outsourced, what the timeline and implementation arrangements are, and what the preferred contracting mechanisms is. Institutional arrangements for independently auditing PPP mechanisms should also be derived.²⁷ Some possible PPP areas are listed in Table 10.

3.4.2 BUSINESS PROCESS RE-ENGINEERING AND TECHNOLOGY

The procedures (business processes) used to provide services requires improvement. This may or may not involve the use of technology. In this report, revised business processes are described in the context of:

- Business licensing;
- Parking;
- Computerization of receipts and revenue payment;
- Property valuation and linkages between the scrutinization of plans and property rate;
- Street lighting (use of solar);
- Street cleaning (use of machines);
- Provision of sanitation services (grass cutting, drain clearing)
- Use of GPS, especially for development control
- Solid waste management (sorting, responsibilities for collection and waste-to-energy);
- Advertising

As described in section 3.6 below, the structures and functions of LCC need to reflect PPP arrangements and improved business processes.

FIGURE 21: PPP AND BUSINESS PROCESS ISSUES



- Lack of resources
- Insufficient and slow privatization
- Outdated, labor intensive, low-tech service provision and management practice

3.5 HR MANAGEMENT AND DEVELOPMENT

The LCC currently employs 1,634 staff (Annex page 66). The wage bill comprised 43% of actual expenditures in the 2018/9 financial year. In general, the large number of staff, their under-utilization, and the inefficient way they work, compromises investments in infrastructure and service delivery. This motivated the functional review, as discussed below in section 3.6.

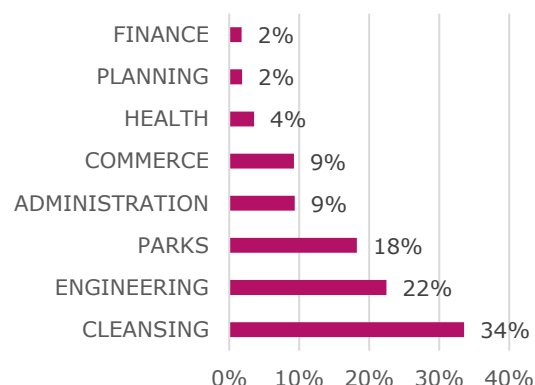
As can be seen in Table 11, roughly 2/3 of all staff are labourers. By hand, they sweep the streets and pick up refuse; they clean drains and cut grass. Many are older having served on average for over 25 years. Most are not using anything other than rudimentary hand tools. A similar adoption of old technologies (failure to modernize) is apparent in the office which is full of messengers, telephone operators, and secretaries.

²⁷ Establishing types of contracts, concessions (lands, property tax waiver), which services to privatize

TABLE 11: MAJOR STAFFING CLASSIFICATIONS

CATEGORY/Position	Staff	%
1. MANUAL LABOUR	1,107	67.7%
1.1. Laborers	744	45.5%
1.1.1. Cleansing Directorate	483	29.6%
1.1.2. Engineering Directorate	240	14.7%
1.1.3. Others	21	1.3%
1.2. Gardeners, grass cutters	273	16.7%
1.3. Captains	90	5.5%
2. REVENUE COLLECTORS	109	6.7%
3. SELECTED OFFICE STAFF	96	5.9%
3.1. Cleaners	36	2.2%
3.2. Secretaries, typists, telephone operators	33	2.0%
3.3. Messengers	27	1.7%
4. TOTAL	1,312	80.3%

FIGURE 22: STAFFING BY DIRECTORATE



Note: data derived from the personnel database and does not reflect current directorates. Cleansing is now with Health.

3.5.1 PAYROLL INTEGRITY AND SALARY ADMINISTRATION

Personnel data and the payroll is managed through the “*Global Payroll and HR Office*” software. This tracks basic data on each employee.²⁸ It records their salaries and statutory deductions, tracks leave, and monitors staff loans. Most modules are in use. Salaries are automatically paid into staff bank accounts (via order from HR to the Directorate of Finance, “with the click of a button”). The HR department has several new managers. Upon assuming their positions, a sound “back to the basics” approach was adopted, including verifying who works where and resuming payment of statutory deductions and contributions. In terms of salary administration and managing the establishment the following issues are noteworthy:

TABLE 12: BASIC PAYROLL AND STAFF MANAGEMENT ISSUES

ISSUES	OPTIONS / POSSIBLE ACTIONS / COMMENTS
Position management and vacancies	The personnel database does not list positions, but there are 104 critical vacancies which would require additional annual salaries of KW 203 Million. These vacancies are said to strongly affect the management of the LCC. As discussed below, vacancies are not necessarily derived from workload estimates.
Management of retirement	The headcount identifies 46 people who were to retire in 2016 but are still working. They are owed KW 60 Million in compensation. According to interviewees, because of cash flow constraints, staff are allowed to continue rather than having the city pay their severance.
Monitoring and organizing work	The 1000 or so manual laborers are not well organized, supervised or monitored. They tend to be highly unproductive. Spot checks do not seem common. There is not a clear set of standards or expectations for work (for example, how many kilometres of road would be cleaned by a road cleaning team, how many people were on a team, what equipment would be used, etc).

²⁸ The software was either developed or rolled out by Techo Brain (<https://technobraingroup.com/>). Unfortunately, it does not keep data on the section in which a staff member works; this makes it difficult to link staff to services delivered).

ISSUES	OPTIONS / POSSIBLE ACTIONS / COMMENTS
Statutory deductions and contributions	<p>DEDUCTIONS: Staff are deducted PAYE (on average 16% of basic pay) and their contribution to their pension (5%). As of January 2020, only 175 staff (11%) are having their pensions deducted from the payroll. These are newer staff. The LCC owes the Malawi Revenue Authority roughly KW 1.5 Billion for failure to make past deductions (staff were therefore overpaid, there is no evidence that the city used these monies).</p> <p>CONTRIBUTIONS: The Council must also contribute 5% of an employee's basic salary into the pension fund and 1% must be paid as a training levy. Deductions and contributions have not been made for older staff. For these workers the Council is obligated to pay, in the future, a severance allowance of roughly 5% of lifetime earnings.²⁹ Resources have not been set aside to pay this long-term obligation; records list a current liability of KW 45 Million (Table 4), understates the full obligation (Table 4). Roughly: since the average employee has worked for almost 25 years, and the average staff member is paid KW 82,000 a month, long term liabilities are about KW 1.7 Billion, or a little more than half a year's collection of own source revenues. It is urgent to project future payments over the next 10 years for sound financial planning.</p> <p>From June 2019 the LCC has begun paying its current statutory requirements (TEVET, PAYE, Pensions); some arrears are also slowly being paid by standing order.</p>
Headcounts, absenteeism, and payroll integrity	<p>PHYSICAL VERIFICATION: The LCC completed a headcount exercise in September 2019. This physically verified staff with payroll data. In doing so, staff were required to provide identification. No "ghost workers" were uncovered. However, in the "staffing return" ID numbers are listed for only 54% of all employees; it would be useful if IDs were stored in the personnel and payroll database. The headcount exercise found that some supervisors are not accurately disclosing incidences of absenteeism and abscondments in a timely fashion time. Work and attendance sheets are falsified. The staffing return identifies 11 staff who are retired, 10 who were sick, 8 who had absconded, and 16 who were suspended.</p> <p>ABSENTEEISM: the headcount estimated absenteeism at 50%, "with an average of working of two days per week and three days lost per week. It was found that for workers in cleansing and road shapers, internal arrangements were done to report for work in turns. However, in the absence of time cards, it was difficult to determine the rate of absenteeism based on hard evidence but through key informant interviews."</p> <p>Staff were commonly redeployed from one department to another as workloads changed. Many of those redeployed were not qualified for their new work.</p>

3.5.2 PAY, CONTRACTS, AND MOTIVATION

The city has significant control over the recruitment of its staff. Local authority positions are graded on a scale from M1 to M19.³⁰ M2 to M7 are recruited by the Local Government Service Commission (LGSC: who also promotes). From M4 to M7 the council observes, but does not decide. From M8 downwards, the LCC directly recruits, but results are vetted (as legality control) by the Commission. Disciplinary action must be agreed by LGSC which can take a long time; there are several suspended staff who have been on the payroll for years.

Though the city has managed to replace some managers who were under-performing, a more thorough application of term or performance contracts would better solve the current lack of accountability. Similarly, at lower grades, casual laborers have now become permanent and pensionable staff, limiting the Council's ability to flexibly adapt to its work.

²⁹ Calculated as current salary x 5% x total months worked.

³⁰ M1 is the highest. The CEO is recruited by the Ministry of Local Government and Rural Development.

Current low levels of pay undoubtedly contribute to corruption, demotivation and the misuse of travel and other expenditures for personal gain. Stepping back, the city is not managing its pay and contracts in an optimal manner. Ideally, at professional levels, it would be better to have fewer staff, with higher skills, better motivation, better pay and strict accountability for performance. Many other services should be contracted out to the private sector or performed by casual laborers, employed on a temporary basis.

3.5.3 CAPACITY AND HR DEVELOPMENT

Related to the issue of pay and (over) employment, many managers lamented the low levels of capacity in their directorates. While some efforts of on-the-job training are bearing fruit, this requires a significant investment of time by managers and superiors, and in other cases cannot make up for the lack of training some staff members have in a particular profession. This lack of basic training and qualifications was evidence in the Finance Directorate, procurement section, environmental sanitation, and other areas. A thorough assessment of current capacities and a realistic action plan for addressing the most glaring and strategic gaps is required. Clear and realistic priorities—for example in recruiting or upgrading the 20 most critical and strategic positions each year—may be called for.

The city has employed several interns who have injected enthusiasm and new ideas into the Council.

FIGURE 23: HR MANAGEMENT ISSUES TO SOLVE



- Absenteeism and poor supervision of daily work
- Demotivation; low productivity
- Older workforce, some of whom are past retirement age
- Low capacities and inadequate qualifications in some strategic positions

3.6 STRUCTURES, FUNCTIONS AND WORKLOAD

Restructuring aims to determine the functions, structures, governance arrangements, and staffing levels (workloads) of an organization. A core principle is that “form follows function.” At a strategic level, the analysis should identify which functions are necessary and who undertakes them; this may involve forming separate agencies or boards or entering into private sector arrangements. An important question is whether non-core services should be done in house or should be subcontracted (the “make-buy decision”). Operationally, a review determines the optimal level of staff, their reporting relationships, the span of control (ratio of superiors to subordinates), job descriptions, etc.

FIGURE 24: ISSUES RELATED TO STRUCTURES AND FUNCTIONS



- Many services provided inefficiently, in house, rather than being contracted out
- Fragmentation of functions across units
- Staffing not based on workloads using modern business processes
- Overstaffing

The city completed a functional review in 2019. It provides an excellent basis for improving the efficiency of the Council’s operations. It recommends a staff reduction from the current 1,634 to around 1,200. However, the review needed to start more firmly with a service delivery approach, identifying how services might be delivered differently and better and what the implications for staffing are. Levels of staff need to be more firmly linked to how work is actually done, by re-engineering work processes, changing the composition of teams, etc. My guess is this number of required staff may be significantly lower. There are 4 main issues:

TABLE 13: STRUCTURAL ISSUES

ISSUES	DESCRIPTION
① Manual Labour	It is necessary to re-engineer manual activities and how they are monitored <p>There are roughly 1000 manual laborers cleaning streets, markets, and cemeteries, cutting grass, and clearing drains; they work independently in 3 separate directorates (health, parks, and engineering). They are poorly supervised, lack equipment, and are plagued by attendance problems. Some work is seasonal. The number of staff needed depends on the equipment or technology in use. It may also be possible to merge this workforce into a single unit or directorate ("labour-based sanitation") of some 500 workers allowing managers in engineering, health, and parks to focus on more strategic initiatives. In terms of monitoring, it is essential to innovate in terms collecting evidence of work completed (for example through spot checks, photos, and citizen involvement of citizens)</p>
② Privatisation and outsourcing	Where deliverables can be measured and monitored, outsource the service <p>Given civil service regulations, it will be easier and more flexible to manage contracts (by outsourcing or entering into service delivery partnerships with the private sector) than to manage staff accountability. This will either reduce costs or improve quality. The following key initiatives are identified for outsourcing: the workshop, non-core administrative activities (cleaning, grounds, support to the fire department, etc.), PPP arrangements on managing commercial assets, revenue collection at markets, parking fees, park development, and some types of refuse collection. <i>A clear privatization strategy will be necessary to support the strategic plan</i></p>
③ Focus and Mandates	Staffing and structures need to better reflect strategic mandates <p>Two directorates have critical but broad mandates, yet are implementing them narrowly. The Commerce Directorate is responsible for facilitating private sector and local economic development throughout Lilongwe yet is focussing on markets, managing the city's commercial assets, and business licensing. The Parks Directorate is responsible for the protection and management of Lilongwe's natural environment. For some service delivery departments revenue collection has become a distraction. In this way, the allocation of HR reflects a historical habit rather than strategic thought about the current situation. For example, insufficient resources are allocated to development control; private sector development; communications and citizen engagement; minor road repairs (such as potholes); debt collection and arrears; and property valuation</p>
④ Segmentation of functions	<p>Some functions are overly fragmented or are misplaced. An example of this is markets (with Commerce in charge of revenue collection and Health in charge of cleaning)—each has its own supervisors (market masters and others). Greater consistency is required.</p>

The Annex (page Table 30) details some of my comments in the area of structures, functions and staffing. It also provides initial ideas on: (i) establishing a separate labour-based sanitation directorate (page 75); and (ii) possible options and revised roles to solve issues of fragmentation of functions (page 75). Section 4.2 describes outsourcing in more detail. Possible structural changes include:

POSSIBLE CHANGES

- Create targets for staffing with a steady reduction over time. Begin by releasing most manual laborers with over 20 or 25 years of experience
- Separate the CEO's office from Administration. Place internal audit, legal and a delivery unit there (create a delivery unit)
- Create a Sanitation Directorate, placing all labour-based sanitation there, including: grass cutting, drainage cleaning, market cleaning, street sweeping, etc. This will let the functional departments focus more broadly on their mandates and will unify supervision in one place. It will allow a geographical area to be thoroughly cleaned by one unit. The number of manual laborers should be drastically reduced.

POSSIBLE CHANGES

- Structure the Administration Directorate more in line with its key functions. Rename it Planning and Administration. Create an organizational planning unit (transferred from the Directorate of Planning); create sections of Council Affairs, General Administration, ICT, and Communications and Citizen Engagement. Raise the profile (by re-staffing) Communications and Council Affairs
- Through the Council Affairs section, and facilitated in each Ward, get feedback and identify priority problems; implement a Ward-based bottom up planning process
- Outsource, cleaning, grounds, etc. (non-core functions); significantly reduce the number of secretaries, messengers, phone-operators, etc., by using ICT and having pooled reception services. Reduce staffing significantly.
- Restructure the Finance Directorate along its functions: accounts and internal control; procurement and contract supervision; asset and liability management. Continue to collect revenues but transfer responsibility for the valuation role to Town Planning. Upgrade and reduce the number of staff. Transfer Procurement to Finance (either as part of Internal Control or separate).
- Rename the Planning Directorate to the Town Planning and Housing Directorate. Create sections along functional lines: property valuation and development control; town planning and disaster management; and land and housing development
- Reassign some staff from housing estates elsewhere (they are overstaffed)
- The Development Control Department should be responsible for building plans and advertising. It should assess property values, having its own assessor, originally based on the scrutinization process; the Finance Directorate would continue to organize invoicing, billing, etc., using the IFMS
- The Commerce Directorate should be renamed the "Local Economic Development Directorate." Its functions would be private sector development; licensing and regulation; and markets and city commercial enterprises
- The management of all commercial enterprises should be outsourced
- The Parks, Recreation and Environment Directorate should be renamed the Environmental Management Directorate. It would include two divisions: (i) Parks and recreation (which develops and maintains parks and green spaces) and (ii) Environmental protection, which manages and protects forests, rivers and soil; manages flood control; mitigates climate change;
- The "Engineering Directorate" should better reflect a sectoral approach. It can be renamed "Public Works and Transport." It should have a roads and transport division responsible for repairing and expanding the road network and managing traffic congestion (including street lighting, street cleaning, minor repairs and road maintenance, parking and bus terminals, etc. (all infrastructure and regulation related to the transport sector)
- It would also include sewerage oversight (assuming sewerage is transferred to the Lilongwe Water Board); Emergency services and Advisory services. Advisory services are a group of Engineers supporting all works projects initiated and implemented through other Directorates.
- The Health Directorate should include 3 Divisions: (i) Refuse collection; (ii) Public Health and (iii) MCH. Both refuse collection and public health require significant investments and upgrades given the importance of their mandates. Public Health needs to be rationalized, but would Regulate and protect public health, including consumer protection, food handling, pests, etc. as well as the provision of public toilets and cemeteries

To move forward, clearer targets on employment are required on a service by service or function by function basis. To do so, many services will need to be re-engineered and levels of current absenteeism will need to be better analysed and documented. **The true amount of work needed to complete a task is not really known.**

Second, retrenchment exercises need to be carefully planned and phased. As described above, many staff should have retired but the City lacks cash flow to pay their compensation. A more ambitious approach needs to be taken, prioritizing voluntary retirement, and targeting older manual labourers.

3.7 PERFORMANCE MANAGEMENT

Performance management is the process by which an organization identifies its expected goals and results and ensures its targets are met. While the LCC, beginning in 2020, has initiated a

process of performance appraisal, “performance management” is broader than this. Performance management systems may include strategic (and other) plans, rapid results (problem-based approaches, big results, etc.), client service charters, performance contracts, staff appraisals, performance bonuses, payment for results, performance grants, service delivery surveys, social accountability, complaints handling, M&E, and the creation of delivery units.

There is an urgent need to hold staff accountable for results, but there is a lack of performance indicators. **There are significant gaps in the identification and collection of performance data.** In the current organizational culture, productivity is practically irrelevant. Where monitoring is taking place, it is largely related to the completion (implementation) of activities; the budget process supports this focus as inputs and costs are assigned at this level of the results chain. The measurement of absenteeism needs to be strengthened.

The CEO and other managers are in favour of using performance agreements or performance contracts for upper level management. This is a sound approach. However, at lower levels performance assessment should be team, unit, or group based as individual responsibilities will be difficult to isolate or measure.




Of the available options (tools) for performance management, the priority should be on establishing performance targets (through strategic planning); the creation of scorecards and performance agreements, and the establishment of a delivery unit to undertake intensive monitoring and problem solving.




FIGURE 25: ISSUES RELATED TO PERFORMANCE MANAGEMENT



- Insufficient performance targets, especially in terms of service delivery
- Unavailability of key performance data
- Inadequate monitoring, supervision and follow up
- Weak accountability for results
- Lack of positive incentives for good performance

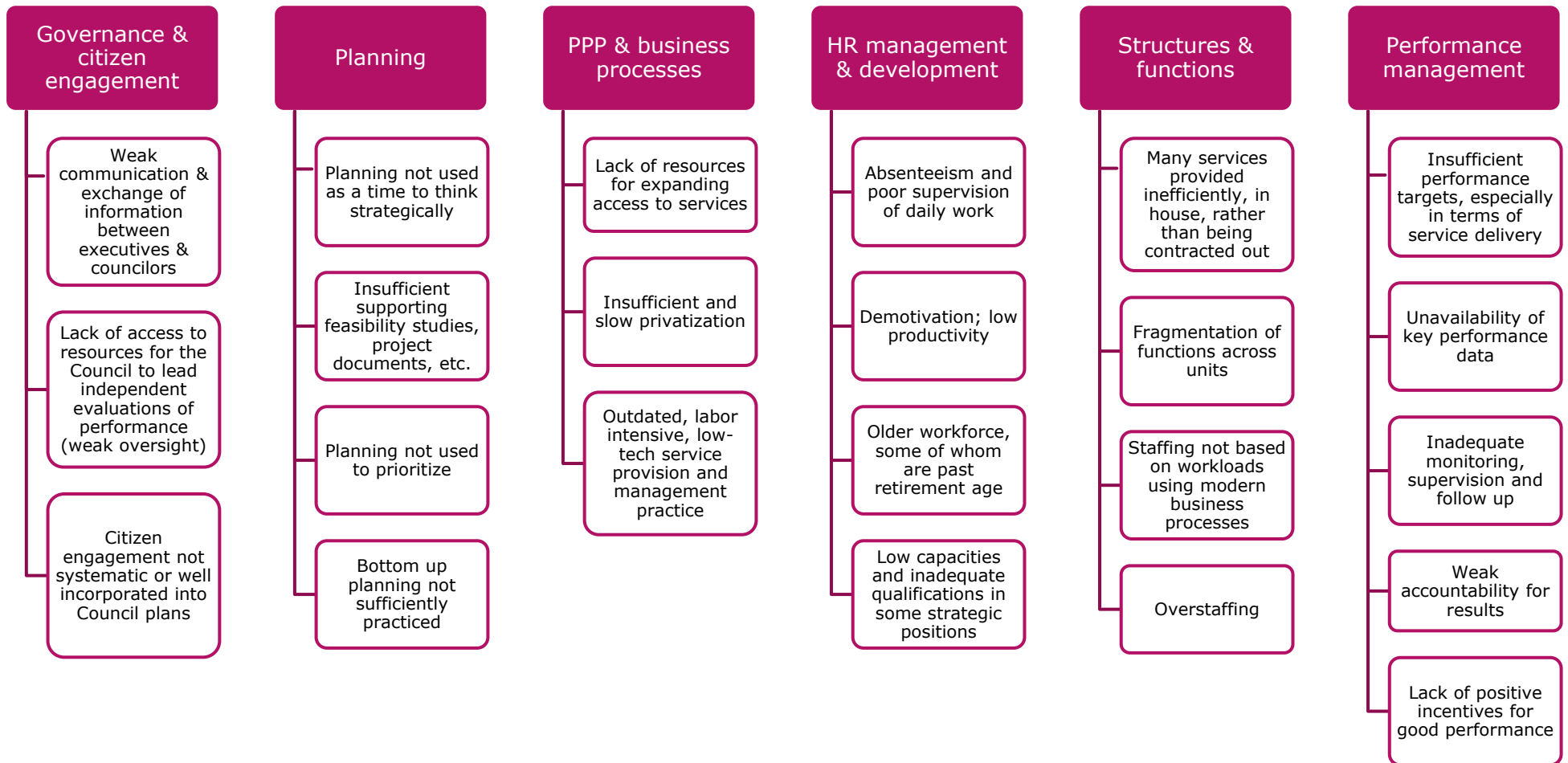
TABLE 14: RELEVANCE AND PRIORITY OF KEY PERFORMANCE MANAGEMENT TOOLS

INSTRUMENT	PRIORITY
 <p>Strategic plan</p> <p>Creating a strategic plan, with SMART performance indicators and milestones is the foundation of performance management. This initiative is being pursued</p>	<p>HIGH</p> <p>■■■</p>
 <p>Scorecards and performance agreements/contracts</p> <p>Scorecards (for annual reporting) and performance agreements can be derived from the strategic plan. Managers should be accountable for service delivery indicators, realizing revenue targets, and provision of sufficient data. These can then be cascaded to either middle level managers or teams/groups.</p>	<p>HIGH</p> <p>■■■</p>
 <p>Performance based rewards and pay reform</p> <p>The city is rather limited in its ability to pay substantial salaries. Because of low remuneration, other fringe benefits are pursued by staff, including training, travel, etc. This is a very untransparent and inefficient way of allocating and funding rewards for good performance. A pilot project can be established whereby “fringe benefits” are reduced in the budget and are instead allocated to “bonuses;” these might be equivalent to 1 month pay and allocated to 30% of all staff.</p>	<p>MEDIUM</p> <p>■■□</p>

INSTRUMENT	PRIORITY
 <p>Delivery Units and M&E</p> <p>Discussed in greater detail in the inception report, a delivery unit would be established as part of the CEO's office. Kenyan local governments do this.</p> <p>The unit will: (i) ensure each department has a detailed operational plan, typically on a monthly basis; (ii) ensure staff have performance agreements with challenging targets; (iii) undertake routine monitoring and problem solving on a constructive basis, aiming to remove obstacles and constraints; (iv) validate and verify the accuracy of all performance reporting; (v) report (written, and orally) to the CEO; performance reports will also be prepared to the Council and to the public</p>	<p>HIGH</p> <p>■■■</p>
 <p>Client service charters</p> <p>Charters are public commitments ("citizen rights") to providing services within a particular timeframe or of a particular quality. For example, "issue business licenses within 24 hours of submission of application" or "collect refuse every week." Some of these targets will be derivable from the strategic plan. Creating charters requires significant resources for communications; it can be challenging to establish systems or redress, or other mechanisms, to ensure citizen rights are met.</p>	<p>LOW</p> <p>■□□</p>
 <p>ICT Complaints Handling</p> <p>Clear complaints handling mechanisms need to be established. These should be both physical (an independent office) and on-line. The role of the communications unit needs to be expanded to provide better lines of communication, to receive feedback, and to inform complainants of actions the LCC has taken.</p>	<p>MEDIUM</p> <p>■■□</p>

The overall objective is **to hold staff accountable for performance and results; right-size the LCC based on workload demands based on service delivery standards**. No directorate is using a clear scorecard to assess overall organizational performance. The following page summarizes some of the key problems which will need to be solved in order to realize this objective.

FIGURE 26: SUMMARY OF MANAGEMENT ISSUES



4

SERVICE DELIVERY

4.1 INTRODUCTION

Municipal services—water, wastewater and solid waste management, roads and transport, housing, and other public infrastructure—are the building blocks of efficient, healthy, and economically vital urban communities. As spelled out in *Local Government Act of 1998* (Schedule 2) the city provides, supports or regulates a wide range of economic and social services essential to the development of the city (Figure 27). While the current act allows significant autonomy, the central government has retained the following key functions, which significantly inhibit the city's ability to meet the expectations of its residents:

- **Transport:** development and repair of main roads within the city; traffic police; airports
- **Economic development:** management of land; though Lilongwe has sizeable open spaces these are controlled by the Ministry of Lands or the Malawi Housing Corporation
- **Safety:** police services
- **Education and health** have not been fully devolved
- **Revenue raising:** though constitutionally permissible, there is no "ceding" of national revenues to the areas in which they were raised; it is unlikely the city can levy local sales or wage taxes

FIGURE 27: KEY LOCAL GOVERNMENT FUNCTIONS IN THE LOCAL GOVERNMENT ACT 1998 SCHEDULE 2 (SECTION)

- HEALTH clinics and dispensaries (§2)
- Solid and liquid WASTE MANAGEMENT; public toilets; general sanitation (§2)
- RIVER MANAGEMENT and POLLUTION CONTROL; reforestation (§2)
- WATER Supply (§2)
- Provide CEMETARIES (§3)
- Control NUISANCES (§4)
- TRANSPORT: Roads, streetlights, bus terminals, parking, traffic control (§5)
- Provide EMERGENCY SERVICES (ambulance, fire) (§7)
- Provide PUBLIC AMENITIES (parks, open spaces, cultural areas, etc.) (§8)
- Regulate BUILDINGS and structures (safety) (§9)
- Regulate trade and businesses through LICENSING (§10)
- Manage and develop MARKETS (§11)
- Manage COMMERCIAL enterprises (to raise revenue) but only so long as they are profitable (§12)
- Promote TOURISM (§15)
- Develop HOUSING estates (§18)
- Regulate ADVERTISING (§19)

This chapter describes the LLC's provision of many of the functions summarized in Figure 27.

The overall objective of reforms in this area is to **provide services in a more efficient and cost-effective manner, through improved processes, modernization, and partnerships with the private sector.**

4.2 LOCAL ECONOMIC DEVELOPMENT

The Council is not taking a sufficient, coherent approach towards local economic development. The mandate to do so is found in the Constitution, where one of the objectives of a local government is:

§146.2.a: "the promotion of infrastructural and economic development, through the formulation and execution of local development plans and the encouragement of business enterprise"

Though the stated purpose of the Directorate of Commerce, Industry and Trade is "to create a conducive environment for the growth and development of trade and industry in the City," its operational focus has been on activities related to revenue raising: the management of markets, the issuing of business licenses, and the management of commercial properties. The impact of these on the economy is not significant.

Because, as a matter of principle, the city should not be managing commercial properties (see Chapter 2, many assets are underperforming) the Directorate needs to realign its activity.

A comprehensive program to support private sector and local economic development would cover the areas depicted adjacently. Many of these initiatives are implemented by the Central Government and, despite the Constitution, with minimal cooperation and partnership of the City Council. For example, large investors may be provided concessions in Lilongwe without City approval or debate.

The current status of each of these areas of local economic development are as follows:

FIGURE 28: AREAS OF WORK IN A LOCAL ECONOMIC (PRIVATE SECTOR) DEVELOPMENT STRATEGY



AREA

Ease of Doing Business

- *Ease of doing business* describes the policy environment in which firms operate. The aim is to facilitate private sector development by removing obstacles, including unnecessary red-tape.

Land and public infrastructure

- Including roads, industrial zones, electricity, water, etc.

Training and Human Capital

- Enterprises require a capable workforce in order to produce and compete. For the informal sector to flourish, entrepreneurs require basic management skills.

Access to Finance

- This could include credit guarantee schemes or funding support through banks and microfinance institutions

Clusters, Competitiveness and investment promotion

- Many cities focus development on specific sub-sectors. This drives their investment choices

Public-private dialogue

- Most cities have business forums and other dialogue mechanisms to listen to and address priority problems confronting the business community

FIGURE 29: ISSUES RELATED TO PRIVATE SECTOR DEVELOPMENT



- Narrow private sector development approach adopted
- Poor regulation of vendors; no alternatives provided to vendors
- Insufficient dialogue with the private sector to identify problems and future areas of cooperation
- Insufficient cooperation with the Central Government in prioritizing infrastructure development; must public land not controlled by LLC
- Delays in implementing PPP ideas; need for a comprehensive PPP strategy
- No exit strategy in the city's participation in commercial activities

- **Ease of doing business.** *There are no significant initiatives in this area.* The city issues licenses, but these serve little to no clear regulatory purpose. Licensing does not protect consumers, health, or the environment. The Commerce Directorate cannot adequately monitor compliance (see the annex, page 75 for a possible solution). Since licensing is almost purely a revenue raising instrument, the process by which licenses are issued should be reformed with the goal of decreasing the time and effort an enterprise requires to receive a license. A system of providing licenses on line might be pursued. Licenses should be issued within 24 hours of application. It is estimated that 27% of the population (Habitat, 2010) is employed in the informal sector. However, the informal sector (especially vending) is poorly regulated and operates with minimal support.
- **Land and public infrastructure:** *There are some initiatives in this area.* The Central Government is responsible for most key infrastructure, including the allocation of public land, major roads, and electricity. The city has been left to undertake minor infrastructure development and to develop markets. The City is taking a sound approach to identifying public-private partnerships in the provision of public services. Areas for street vendors to sell have not been established and there is widespread encroachment of roads, road reserves, and buffer zones. There is potential for the city to become a more active advocate for large infrastructure development projects on behalf of its residents.
- **Training and human capital.** *There are no significant initiatives in this area.* There is an urgent need to create employment and to support the informal sector (through infrastructure and entrepreneurship skills). The central government provides vocational training.
- **Access to credit.** *There are no significant initiatives in this area.* The city might best perform a facilitative role, bringing together small business associations, development partners, NGOs and financial institutions.
- **Competitiveness.** *There are no significant initiatives in this area.* While the city de-facto specializes in government services, it does not have an industrial policy to attract investment or to solve problems affecting particular sectors. Tourism is not being promoted; nor is Lilongwe really a gateway to neighbouring countries. The city is not taking a private sector development approach based on comparative advantage. It is not working closely to attract investors with the Malawi Investment and Trade Centre.
- **Private Sector Dialogue:** *There are no significant initiatives in this area.* There are no regular meetings, forums or mechanisms to engage the private sector.

4.2.1 MARKETS

LLC manages 44 markets which face a cross section of issues, including revenue collection, their management (and the potential of PPP) and their focus as a main generator of solid waste (Figure 30). There has been much discussion

FIGURE 30: MARKETS

Markets are discussed throughout this report. Under the Commerce Directorate, the issue of revenue collection, their costs of operation and their potential for PPP are discussed in Section 2.5.3. The cleaning of markets (under the Health Directorate) is discussed in Section 4.5. Structures and responsibilities is discussed in the Annex, in the context of a functional review, in the Annex, page 75

about establishing a modern market.³¹ For example, in 2015 the LCC visited Jinja in Uganda, where the Ugandans invested \$10 Million in a multiple-story complex. While this may spur some economic activity, it will be extremely difficult to recoup costs as payment by vendors (currently KW 100/day) remains extremely low. For example, according to my rough calculations, such a market would break even in 20 years only if it cost \$US 2 million to construct, had 850 and charged an average of KW 400 per day.

4.3 PUBLIC HEALTH AND ENVIRONMENTAL MANAGEMENT

Lilongwe's environment consists of natural and man-made forests, rivers and wetlands. The Directorate of Parks, Recreation and Environment manages and regulates environmental services within the city. Historically, this involved creating and maintaining parks and open spaces, cutting grass in public areas, afforestation, river management, and environmental regulation.³² As is the case with promoting economic development, **the mandate of LCC to manage the environment, in perpetuity, for the benefit of future generations, is expansive, while its practice is extremely narrow.**

Within Lilongwe city, there are five rivers having a combined length of 56 kilometres. Almost all areas along these rivers are either encroached, are unprotected (resulting in degradation mainly through the removal of vegetation), are being used for cultivation, have had their trees removed, or suffer sand mining or the dumping of sewerage.³³

River management is undertaken by two directorates. The Parks Directorate is responsible for replacement of natural vegetation, clearing of grass to avoid the accumulation of mosquito larva, and reclaiming degraded river banks while the Health Directorate is responsible for pest control (spraying stagnant water), removal of accumulated rubbish, and monitoring water quality. A problem facing the City is the lack of equipment (including a laboratory) for monitoring river effluents; though these services can be contracted out.

There is a serious shortage of data measuring even simple outputs such as the area of trees planted, the number of hectares of grass slashed, or the area of riverside which are encroached or settled, and key measures of water quality.

Public health covers a wide range of initiatives including social welfare; HIV AIDs; pest and disease control; pollution, inspection and food hygiene, public toilets, cemeteries, and health education. The remainder of this section investigates some of these areas of work.

³¹ Markets are regulated under the Local Government (Lilongwe City Council) (Market And Vending) By-Laws, 2018

³² The Directorate sells trees from its nursery. In terms of the regulatory environment, the LCC has an urban Master Plan and a City Development Strategy, both of which are outdated and weakly adhered to. The Directorate also follows the *Environmental Management Act*, the *Forestry Act*, the *Town and Country Planning Act*, the *Water Resources Act*, and the *Local Government Act*. Key strategies include the Malawi Growth and Development Strategy (MGDS), the National Environmental Action Plan, and the National Adaptation Program of Action. None of these seriously constrain action by the city council.

³³ Rivers include: The Lilongwe River (22 kms); the Lingadzi River (5 kms); the Nankhaka River (13 kms); the Chamkhandwe River (7 kms); the Nchesi River (9 kms) and at least one tributary. The only areas which are adequately protected are the Lilongwe Water Boards intake points, the golf course area, the Nature Reserve and the area near the LCC's Plant Production Nursery in Area 13.

4.3.1 PARKS AND RECREATION

Lilongwe is green, with substantial open space. The 2010-30 Master Plan proposed a significant expansion of parks, recreational and natural greenery to “create an attractive urban environment and contribute towards conservation of natural environment and creation of a good city view.” Parks and greenery were to comprise roughly 20% of the city’s land area with forests reaching an additional 24%. The following actions were identified:

- *Establishment of the Chinese Garden Park (Area 19) with landscaping and children’s play equipment.* Contrary to the master plan, the proposed park was used, based on a decision by Central Government, to develop the BICC (Bingu International Conference Centre)³⁴
- *Develop Tsoka Park in Old Town.* In 2012 the LCC announced that it would establish a recreational park on the banks of the Lilongwe River and that it was “courting various companies to develop structural designs for the park.” Contrary to the master plan and this announcement, the area has been overtaken by a flea market (which suffered a devastating fire in 2014); it continues to face serious environmental degradation
- *Develop the Mphonongo Open Space and Dam in Area 10.* This was granted in partnership with the private sector, as a concession to Fun City children’s amusement park. The area can be expanded. Unfortunately, contract payments are behind scheduled as the Ministry of Lands has not yet granted a title deed.
- *Create four other neighbourhood parks.* This has not been initiated.³⁵
- *Afforestation of 1,520 ha barren land in Areas 45 and 54 (Lumbazi),* budgeted at \$700,000. This has not begun.
- *River side trees rehabilitation,* budgeted at \$30,000. This has not been implemented.

In sum, the master plan outlines several important initiatives, yet most have not been implemented. Proposed costs were usually minor. **To date there are no significant recreational areas developed or maintained by the City.**

Some modest work is, however, underway. Two community parks (in Areas 18 and 49) are being developed. Each is about 2 hectares. Bush clearing, grass and shrub planting began in 2018/9 using labourers from the Parks Directorate. A public park along

TABLE 15: 2010 TO 2030 MASTER PLAN PROPOSED LAND AREA RESERVED FOR GREENERY

TYPE	HA	%
Nature Sanctuary	137	0.3%
Parks and recreation	1,149	2.9%
Greenery / open space	6,840	17.4%
Agriculture	4,309	11.0%
Forestry	9,566	24.3%
Total	22,001	55.9%

NOTE: % is the total of all land in Lilongwe.

FIGURE 31: ISSUES RELATED TO ENVIRONMENT AND PUBLIC HEALTH



- Environmental degradation and encroachment, especially along rivers
- Narrow focus on grass cutting rather than broader environmental and public health protection
- Slow pace of establishing recreational areas and greenery
- Outdated systems of cleansing and sanitation

³⁴ It was constructed by the Shanghai Construction Company, with over \$90 million borrowed by Malawi from the Export-Import Bank of China. It has been leased to a South African company (Peermont Global Limited) for a period of ten years. Management appears to be under the Ministry of Tourism, Parks and Wildlife

³⁵ Total investment in parks was modest and budgeted at \$40,000.

the river in Area 13 ("Eden Park") is being created. It will cover 6 hectares (2 hectares are cleared). Funds have not been set aside to place benches and other infrastructure in any of these areas. To complete work promptly a private contractor should be hired.

4.3.2 GRASS CUTTING

There are currently 231 labourers involved in grass-cutting, supervised by 23 "captains." However: grass-cutting is seasonal and can be completed in roughly 4 months (to remove mosquito larvae during the rainy season). During this time, about 400 persons are needed, so staff are seconded from the Directorates of Engineering and Health; increasingly prison labour is used on a temporary basis. The annex (page 75) describes the possibility of creating a separate unit for labour-based sanitation, managed at ward level (this saves about KW 178 Million per year). Another option would be to hire 300 temporary laborers during the 4-month period. This would save about KW 91 Million per year (2.5% of total LCC expenditure).

4.3.3 PUBLIC HEALTH

Public health is also a priority mandate of the city. For the purpose of this discussion, solid waste management is discussed separately (see Section 4.5).

Like the Parks Directorate, the Health Directorate employs a large contingent of manual labourers. These staff undertake several functions which are not sufficiently distinguished in either the staffing data or the structures of the Directorate. Table 16 describes the employment of these laborers (based on rough estimates provided by interviewees), whereby:

- These staff comprise about 1/3 of all staff employed by the city
- Cleaning at the market is an important step in solid waste management (markets generate about 27% of all waste disposed)
- Street cleaners both sweep the streets (important in the provision of transportation services) and collect solid waste. They cover 43 street and work in teams of 4-8 sweepers. The city lacks funds to pay overtime so that work can be done on weekends; in some cities teams are provided afternoons off in exchange for weekends.

TABLE 16: LABOURERS IN THE HEALTH DIRECTORATE

LABOR	NUMBER	%
Cemeteries	45	8%
Solid Waste	43	8%
Markets	290	53%
Street cleaning	120	22%
Supervisors	51	9%
TOTAL	549	100%

Data from India estimate that the average manual street cleaner should cover 300 metres per day. With about 400 kilometres of road in the city, this implies each street in Lilongwe is swept every 11 workdays. Completing work by hand, especially in light of weaknesses in supervision, shortages of receptacles, etc. raises the possibility of instead using automotive street sweepers. These machines range in size from small pedestrian-controlled pavement sweepers to large channel sweepers, which often have an auxiliary engine to provide suction. The smallest machines operate at about 3 kilometres per hour, the largest at 8 kilometres per hour. Some streets, due to their construction may be difficult to clean mechanically, and issues of repair and maintenance may crop up (though service agreements in South Africa are possible). Nevertheless, even a small machine at 3 km/hr can cover the same distance as roughly 80 manual sweepers. Sweepers are available in South Africa (<https://www.its-africa.co.za/product-category/brands/dulevo/> or <https://www.goscorcleaning.co.za/road-sweepers/macro-street-sweepers/>). My very rough estimate is that providing this service mechanically will cost about 30% of what manual labour currently costs.

In terms of other public health services:

TABLE 17: PUBLIC HEALTH ISSUES

SERVICE	ISSUES / OPTIONS
Public toilets	There are 46 public toilets. Fees are paid to use public toilets. Concessions are established with the private sector to manage the toilets, the expectation being that the city will construct and maintain them. Data on payments and arrears could not be provided. The management arrangement is not always clear (the Directorate is developing guidelines and standards). The Directorate periodically inspects the toilets as this function has been delegated. There are an insufficient number of public toilets throughout the city. The LCC has identified 7 new sites to enter into contracts to build, operate and transfer.
Cemetery management	There are private and public cemeteries (fee paying and free). ³⁶ Free cemeteries are managed by the local community (digging, gardening) with the city providing security, water supply, landscaping, grass cutting, etc. Local community cemeteries are on city land. Formerly the city operated a hearse service but this has been discontinued. The cost of managing cemeteries is quite high. It is urgent to assess whether revenues are covering the cost of service provision as this is largely (but not entirely) a private good. The feasibility of outsourcing the management of the city's cemeteries needs to be investigated and a study on the need for future expansion should also be completed
Pollution, pest and other control	Several units within the Health Directorate are under-funded, including pest control (4 staff). There are currently no local bans on plastic use or other measures in place to prevent pollution or the accumulation of solid waste.

4.4 TRANSPORT

The city has 371 kilometres of road; the repair history of each road, the number of kilometres unpaved, the number of potholes or the conditions of each road are not known, as the city does not maintain a roads inventory database.³⁷

Lilongwe is a transport hub where national roads interchange from the north, south, east and west. Most of roads were constructed in the 1970s and are no longer adequate for the substantial increase in traffic. A wide range of problems confront the transport sector (Figure 32), including congestion, insufficient maintenance and repair, and poor public transport.

The Malawi Roads Authority is responsible for the management of main, secondary and district roads, while the LCC is responsible for urban and community roads.

As part of the city's master plan, JICA (2010) predicted a doubling of both trips taken and daily vehicle usage from 2010 to 2030. This study provides the most recent data on congestion:

"the daily traffic volume on M1 road, in the section from the junction of Paul Kagame to that of Malangalanga Road, is more than 15,000 vehicles. This traffic exceeds the two-lane road capacity of 12,000 vehicles per day. Traffic congestion is serious especially at the Lilongwe Town Hall Roundabout, where 27,000 cars per day traffic are observed" (page 27).

³⁶ In some cities, cemeteries are under Parks and Recreation

³⁷ JICA (2010) puts the number of kilometers of road at 448 kms plus 137 kms of "community roads." The City Development Strategy quotes the 2000 Lilongwe City Environmental Profile indicates that the road network is 336 kms. The CDS uses the figure of 371 kms, with 55 kms unpaved.

To release this pressure, the master plan identified 37 road and transport projects covering: (i) improvement to the M1; (ii) construction of inner and outer ring roads; (iii) radial roads and bypasses; (iv) LCC capacity development; (v) public transport; (vi) traffic management; and (viii) traffic safety. These are listed in the Annex (page 76). To date, an unknown number of these have been implemented.


The average cost of developing a kilometer of tarmac road is on the order of \$700,000. If the entire LCC budget was allocated to this single activity, the city has only enough resources to construct 5 kilometers of road per year. It is not possible for the city to seriously augment the work of the Malawi Roads Authority.

4.4.1 LLC ACTIVITIES

The city can make only minor investments in road grading, gravelling, pothole patching, and street lighting. Roughly 47% of its budget for these initiatives comes from the central government's Infrastructure Development Fund (IDF grant). In terms of these initiatives:

- They are minor and cannot meet the city's infrastructure needs
- The city has 1 dump truck, 1 front wheel loader, and 3 caterpillar graders; all are old (more than 15 years) and under-utilized
- 34 solar street lights have been installed and an additional 34 are expected during the first half of 2020. The directorate is planning to procure 50 more. There is not data on the number

FIGURE 32: TRANSPORT ISSUES

- 
- Congestion, especially along the M1 and in the center of the city
 - Insufficient funding for planned new roads and for regular maintenance and upgrading of the existing road infrastructure;
 - The lack of investment has led to the poor quality of roads; most roads are littered with potholes;
 - Poor quality and inadequate maintenance have contributed to a high incidence of road accidents;
 - Lack of or inadequate storm water drainage leading to flooding and deterioration of the network;
 - Traffic policy and road enforcement is under the central government rather than the LCC;
 - There is a reliance on mini-buses for public transport;³⁸ mini-buses are poorly regulated, over-supplied and unsafe;
 - The system of routes for public transport is not adhered to and the City's relationship with the Minibus Association is poor;
 - Restrictions on heavy duty vehicles travelling on what should be low volume roads in residential areas is not enforced; there is a lack of dry ports to store goods
 - Illegal developments in road reserves; informal shortcuts have been developed through public land throughout the city, largely by mini-buses
 - Insufficient sidewalks and pedestrian walkways³⁹
 - Road signs are insufficient (indicating directions, appropriate speeds and road hazards).
 - Insufficient parking space, bus stations and bus bays
 - Almost no street lights are functioning (both due to inadequate investment and vandalism of cables)
 - Roads are cleaned by hand, at a major expense to the LCC; road cleaning is difficult to monitor and supervise

³⁸ The JICA study (2010) place the number of daily passengers commuting on the eleven routes run by minibuses at approximately 228,000 during weekdays and 203,000 during weekends.

³⁹ According to the JICA study (2010) "Many people in the lower-middle to low-income bracket, including students, travel long distances by walking. Approximately 14% of the trips are made on foot. About 10,000 pedestrians walk every day on the M1 section, from Lilongwe Bridge to the junction with Malangalanga Road."

of street lights, their mapping, and how many are working but the city is largely dark at night

- The city mostly sub-contracts its work; a clear strategy is necessary describing which works should be done in house (and what equipment and materials are needed) and which are to be sub-contracted

Most resources are spent on clearing drains (see sections 3.6 and 4.3.2 and the annex). There are 240 laborers in the Engineering Directorate which need to be addressed in a comprehensive strategy on manual sanitation.

4.4.2 BUS TERMINALS AND OTHER INFRASTRUCTURE

There has been much discussion on establishing an International Bus Terminal and in entering into public-private partnerships for the development and management of terminals across the city. The CDS documents 5 privately owned bus depots.

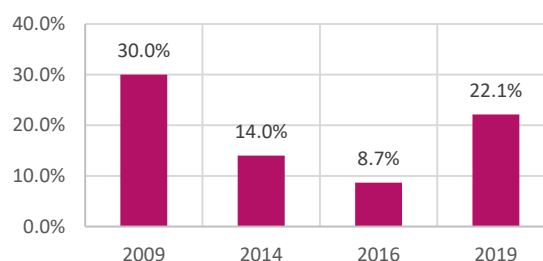
4.5 SOLID WASTE MANAGEMENT

Most households, especially in informal settlements, dispose of their waste in open spaces, on riverbanks, and along roadsides. The Directorate of Health is responsible for solid waste management.

TABLE 18: 2019/20 TRANSPORT ACTIVITIES

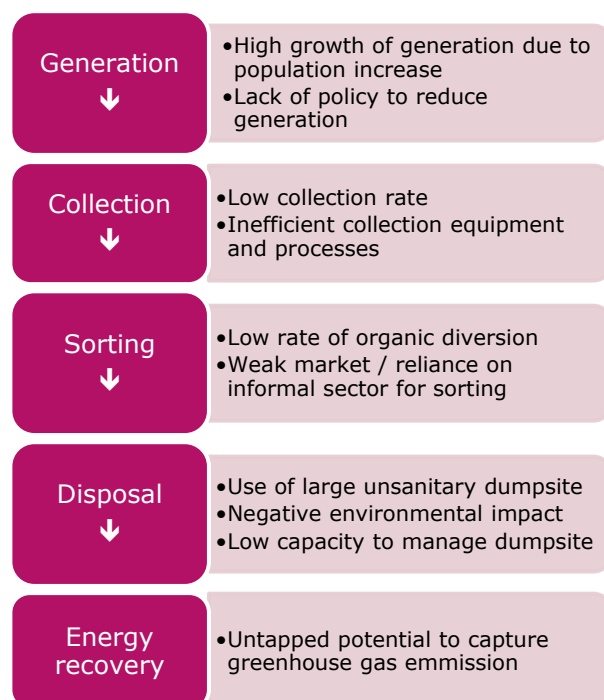
ACTIVITY	BUDGET	SOURCE
Gravel access roads	15,000,000	Local
Grade roads / Patch potholes with gravel	21,000,000	IDF
Install solar streetlights	70,000,000	IDF
Maintain traffic lights& streetlights	90,000,000	Local
Install ESCOM powered streetlights	20,000,000	IDF / Local
Total	216,000,000	

FIGURE 33: % OF GENERATED SOLID WASTE THAT IS COLLECTED



NOTE: 2009, 2014, and 2016 values are based on various sources in the 2017 Baseline. 2019 value assumes 120 tons collected per day (interviews).

FIGURE 34: ISSUES IN THE SOLID WASTE MANAGEMENT PROCESS



The 2017 baseline study⁴⁰ indicated that 68% of the city's waste was organic, and therefore has the potential, if segregated, of conversion into compost or other useful by-products.

Most solid waste is not collected; it is burned (creating greenhouse gases) or dumped in open pits or spaces. The proportion of waste collected can be calculated by comparing the average quantity (tons) of collected by the LLC and dividing this by the estimated per capita generation of waste (0.493 kilos per person per day). The 2017 baseline calculates that only 8.7% of all generated waste is collected; figures were thought to be falling as the population has increased faster than collection capacity. However, the LCC estimates current collection at about 120 tons/day; this implies a collection rate of about 22%. Regardless of the exact figure, only a small fraction of waste is collected.

Waste collection problems confront the city at every step of the chain (Figure 34).

The Council has 1 tractor and 12 refuse collection vehicles (including 2 compactors, 2 refuse collectors, and 3 skip handlers). Most vehicles are uncovered, increasing environmental and health risk. Underinvestment is also evident in the number of bins, the state of the disposal site (including its road network which inhibits disposal in the rainy season),⁴¹ and insufficient sorting and collection points. There is no disposal site serving the north of the City.

TABLE 19: THE CURRENT STRUCTURE OF WASTE COLLECTION

SOURCE	%	COLLECTION
Market	27%	By LCC, who also cleans the market. About 290 staff are assigned for this. In theory this is paid for through market fees
Residential curb side	20%	Often by private sector providers; the resident pays a monthly rate
Industrial	23%	Usually delivered by the waste generator; some have their own disposal facilities
Commercial	9%	Often collected by the LCC; the business pays the LCC a per ton rate
Hospital	5%	Mostly collected by the LCC. Payment mechanisms unclear
Mixed	16%	----

⁴⁰ "Solid Waste Composition and Greenhouse Gases Emissions Baseline Study in Lilongwe City, Malawi" (2017). This reviews the institutional framework in detail. Key elements are that the Public Health Act of 1969 empowers local authorities to keep their administrative area clean and sanitary. The Town and Country Planning Act of 1998 provides guidelines for the provision of waste management and sanitation services. The National Sanitation Policy of 2008 identifies the need to promote recycling of solid waste to protect the environment. The City has a Waste By-Law but I have not seen it. There are no regulatory impediments to implementing innovative solutions to the waste management issues identified in Figure 34.

⁴¹ The disposal site, in Area 38 is not a proper landfill. It is operating as an open dump.

Several initiatives have been taken to address these problems. The baseline study

NOTE: percentages derived from the baseline in 2017.
Collection mechanisms based on interview

completes a cost benefit analysis demonstrating a significant positive return to private investment in decentralized recycling and composting. There are potentially sources of external assistance, for example through the green climate fund. The baseline report recommends 25 practical and reasonable recommendations in terms of: (i) waste collection, reduction and reuse; (ii) PPP; and (iii) engineering, education, and enforcement. In the meantime, several promising pilots have been implemented where waste is delivered to sorting areas and private entrepreneurs compost it.

4.5.1 FINANCING AND PPP

Increased waste collection will require significant financial resources, either to invest in capital or equipment or to pay private collectors and agents. There are two inter-twined issues: (i) how is the service financed; and (ii) who provides the service to whom. The adjacent table roughly sketches the current source and financial mechanism for waste collection. Currently, most refuse reaching the dumpsite originates from markets (27%), or paid directly by collected (or delivered by the generator). Several financing models are possible:

- **TAXES:** this is usually considered part of the property tax; a waste removal surcharge could also be added
- **USER CHARGES** are volume-based fees paid by households, businesses, and industries in exchange for the provision of services. User charges support the “polluter pays” principle based on “pay as you throw,” which ensures that those who generate waste bear the full cost of its collection, treatment, and disposal.
- **COLLECTION CHARGES**, such as the “pay by bag” schemes, which are used in countries, such as Japan, some Pacific countries, and New Zealand; refuse is collected only if it is placed in a special bag which is sold by the collection agency

The issue of payment (finances) with collection responsibilities should be separated. Refuse can be collected either by the city or via PPP contracts⁴² with the private sector. If a tax system is used, the LCC will collect payments and then use these payments to either fund its own operations or to pay private operators. These contracts may be on a per ton basis (payment upon delivery to the dumpsite or sorting areas through either a fixed rate system or bids for payment of quantities delivered) or payment to cover a particular area and/or client base. Strategically, if a tax-based mixed collection system is employed (the LCC and private contractors) the Council will need to decide: (i) whether any aspects of the polluter pays system remains (for example for hospitals, industrial waste) and (ii) whether the LCC should concentrate on the cheapest sources (large scale waste generators) or the most difficult to collect (for example in informal settlements).

In some countries a waste management agency is created, but like the Lilongwe Water Board it would need access to funds.

⁴² Valuable Templates for PPP contracts can be found at <https://ppp.worldbank.org/public-private-partnership/library/starting-pro-poor-public-private-partnership-basic-urban-service>. Typically, municipalities privatize waste collection either through “open” collection systems, in which households select from multiple haulers in a competitive open market, or “organized” collection systems, in which firms bid on municipal contracts to be the exclusive hauler of a given service area. While “open” collection systems are completely privatized, “organized” collection systems reflect a hybrid approach.

The city should pursue PPP contracts for management of the disposal site as a source of waste-to-energy generation and recycling. It should continue to create payment incentives to improve source separation and collection of waste through changes in behaviour at the household level.

4.6 HOUSING AND URBAN PLANNING

Based on data from 2009 JICA study: the total area of the city is 39,345 hectares, where agricultural land comprises 55% of the total. The area for agriculture planned under the 1986 zoning scheme was 7,900 Ha, implying most of the open space for seasonal agriculture is used illegally. About 60% of the land in Lilongwe is public, 30% is private and 10% is customary. Residential housing areas occupy 9,317 Ha, or 24% of the total. Unplanned settlements, where illegal residents have no land title, occupy 40% of this residential space.

Because of high migration rates, formal housing is inadequate and informal settlements have grown rapidly. Many residents in these areas live in sub-standard housing without adequate access to basic urban services such as water, sanitation, or refuse collection.

TABLE 20: LAND USAGE IN 2009

TYPE	Area (HA)	%
Housing	9,317	23.7%
Formal	3,859	9.8%
Unplanned	3,700	9.4%
Traditional	1,757	4.5%
Industry	457	1.2%
Commercial	339	0.9%
Government	935	2.4%
Institutional	877	2.2%
Agriculture	21,646	55.0%
Others	5,775	14.7%
Total	39,345	100%

Source: JICA, 2009. "The Study on Urban Development Master Plan for Lilongwe in the Republic of Malawi."

Major land owners in the city include the Ministry of Lands, Housing and Urban Development (MLHUD); the Malawi Housing Corporation (MHC); and Airports Development Limited (ADL). Of the 32,298 properties in the property rates database 1,035 are owned by the Ministry of Lands, 835 are registered under the Malawi Housing Corporation, 901 are owned by other Ministries, and 94 are owned by the ADL.

The City is mandated to provide land for low-income housing and slum upgrading. Unfortunately, the Land Act (2000) empowers the state (central government) to control and own most land in Malawi; most public land in Lilongwe is therefore not controlled by the city council, unless it purchases the land from the Ministry of Lands.

The LCC has produced several urban and town plans. The Lilongwe Outline Zoning Scheme was put into effect in 1986 and operated until 2000. The Lilongwe Integrated Development Strategy (LIDS) was formulated in 1990. It promoted urban development plans (and other strategies) and was implemented with the assistance of the UK. It was also completed in 2000. Most recently, based on a study by JICA in 2010 (the report was approved by the Minister of Lands, Housing and Urban Development on 20/7/2011), a draft Urban Structure Plan of

TABLE 21: TARGETED LAND USE PLAN BY 2030

LAND USE CATEGORY	AREA (HA)	%	POPULATION	PERSONS PER HA
Low Density Residential	2,670	5.6%	80,090	30
Middle Density	1,987	4.2%	99,335	50
High Density Residential	6,795	14.3%	591,230	87
Quasi-Residential	6,171	13.0%	600,047	97
High-rise flat area	1,155	2.4%	80,876	70
Commercial	1,611	3.4%	48,308	30
High-rise commercial	219	0.5%	6,580	30
Large scale industry	1,280	2.7%	2,819	2
Light industry	616	1.3%	12,311	20
Government	1,836	3.9%	18,394	10
Airport	358	0.8%	0	0
Nature Sanctuary	137	0.3%	0	0
Parks/recreation	1,149	2.4%	0	0
Greenery / Open space	6,840	14.4%	0	0
Agriculture	4,309	9.1%	11,583	3
Forestry	9,564	20.2%	28,427	3
Cemetery	701	1.5%	0	0
Total	47,400		1,580,000	

TABLE 22: PHASED INCREASES IN HOUSING AND INDUSTRY

ITEM	2010-15	2016-20	2021-30
Housing	+2830 HA	+1820 HA	+3670 HA
Low Density	+420 HA	+350 HA	+570 HA
Medium Density	+330 HA	+350 HA	+460 HA
High Density	+1850 HA	+850 HA	+1990 HA
High Rise Flats	+230 HA	+270 HA	+650 HA
Industry	+540 HA	+690 HA	+200 HA
Heavy	+320 HA	+400 HA	+100 HA
Light	+220 HA	+290 HA	+100 HA
Heavy (Areas)	50, 51	50, 51, 26, 27	50, 39, 26
Light (Areas)	38, 46, 47, 49, 60, 61)	38, 60, 61, 46, 47, 49	38, 47, 60, 61

Lilongwe City (2013) was formulated. This is the current statutory Local Physical Development Plan as required in §28 of the *Town and Country Planning Act* (Cap 23:01).

The Urban Structure Plan regulates what land use in each part of the City and where land is to be reserved for roads and other services.⁴³ It proposes

FIGURE 35: ISSUES RELATED TO URBAN PLANNING AND HOUSING



- Completing institutional and legal measures for new zoning by 2015
- Extending city boundaries to address urban sprawl, incorporating areas 59, 60, 61 and 62. This would increase land area from 393 km² to 474 km²
- Cementing the city's status as a primary city; a capital city with environment, economic, and social harmonization; and a gateway to neighbouring countries.
- Improving conditions in traditional housing areas (THAs) and unplanned settlements;
- Control of encroachment by unplanned settlements through strict land use and building construction management
- Doubling residential areas from 9,317 Ha to 18,778 Ha including the development of new high-rise residential developments (Table 22)⁴⁴
- Increasing the area for industry by 1,430 HA; relocating light and medium-scale industries from the CBD to border areas (Table 22)
- Eco-friendly urban development, protecting the natural environment; greenery is to reach 6,840 Ha or 14.4% of the total land area; an additional 1,149 Ha is to be set aside for parks and recreation
- Continued adoption of the cluster-based spacial development model, with the greeneries of Area 44 and 54 serving as a boundary to restrict urban sprawl in the eastern side and the greeneries in Areas 55, 25, and 54 reserved and controlling additional urban sprawl
- Reduction of agricultural use from 21,646 Ha to 4,309 Ha. Assuming this has not yet been initiated, on average 1,733 Ha each year over the next 10 years will need to be reallocated to alternative use;
- Establishment of 9,564 Ha of forests
- Urban sprawl and rapid migration
- Lack of housing and poor living conditions in traditional housing areas and unplanned settlements
- Non-compliance with zoning and building regulations; illegal occupation and encroachment
- Most land is owned by central government and Malawi Housing Corporation rather than the LCC; limited potential for future development
- Insufficient funds to implement urban planning measures

Implementing the land use master plan is impossible without significant external funding. The JICA study costed improvements at \$US 418 million over a 20-year period (almost \$US 21 million/year); this is over 5 times the annual total resources currently

⁴³ The master plan also covers roads, public transport, water, and sanitation.

⁴⁴ Housing finance is difficult to access by the residents of informal settlements; interest payments and collateral requirements are high.

available to the city council. The original idea was to gain support from JICA. A clear reason why JICA cannot be brought back in was not provided.⁴⁵

4.6.1 DEVELOPMENT CONTROL

“Development control” is a fundamental function of the city. Through regulation and enforcement, it ensures land is used according to its zoned purpose and that buildings adhere to all relevant laws and standards. It covers residential, industrial and commercial developments. When an applicant wishes to develop an area, he or she must submit a plan and pay scrutiny fees. All filing and recording of data is paper-based; this is inefficient and takes up an enormous amount of space. As described earlier, compliance to land use, building codes and the placement of advertisements is poor.

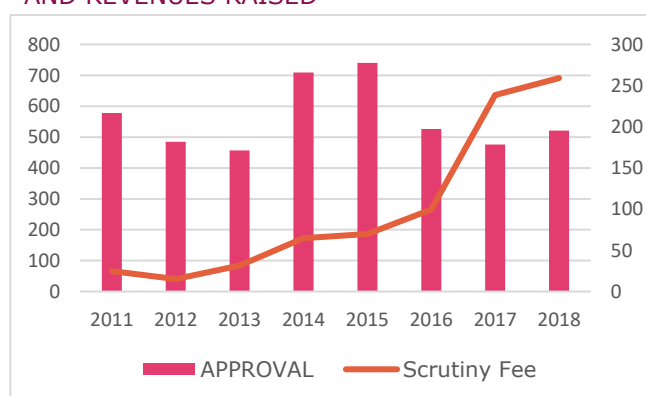
The Directorate maintains an excel spreadsheet of all applications for land development; this was developed by JICA during the 2009 study. Data goes back to 2010 and records all applications, approvals and refusals (and their reasons), fees paid, and the estimated value of the development. From this period, there were 4,780 approvals of development⁴⁶ totalling an estimated KW 118 Billion. A majority of these, in terms of value are for commercial and residential use (see Table 23).

The main constraint is the lack of availability of suitable land; most land is managed by the central government, limiting LCC’s ability to spur development. No digital or GPS system is in use.

4.6.2 HOUSING AND ESTATE MANAGEMENT

Historically, the City has converted, surveyed, and sub-divided sections of traditional housing areas (THAs) for individual allocation. Payment was made to the Ministry of Lands as a “development charge.” Ownership certificates, with monthly tenancy agreements are signed. Payments are termed “ground rent.” Houses are built by individuals while the city,

FIGURE 36: DEVELOPMENT CONTROL APPROVALS AND REVENUES RAISED



Note: Number of approvals are on the left axis, value of scrutiny fees paid in KW Million are on the right axis

TABLE 23: DEVELOPMENT APPROVALS BY TYPE

CLASSIFICATION	APPR-OVALS	ESTIMATED DEVELOPMENT VALUE	%
Advertising	50	545,000,000	0.5%
Agricultural	1	1,250,000	0.0%
Commercial	651	48,025,125,083	40.9%
Industrial	97	10,992,681,000	9.4%
Institutional	116	5,652,053,000	4.8%
Mixed	7	542,600,000	0.5%
Public Land	36	708,184,000	0.6%
Recreational	38	202,058,000	0.2%
Residential	3759	50,762,664,000	43.2%
Road	13	62,500,000	0.1%
THA	2	23,128,000	0.0%
Others (no value)	10	0	0.0%
Total	4780	117,517,243,083	

⁴⁵ The original JICA assistance corresponded to the Tsunami, when development aid was partially put on hold.

⁴⁶ There are 32,000 properties in the property tax database, which goes back to an earlier period

establishes roads and water and arranges. Currently there are 31 such estates managed by the LCC.

2010 was the last year the city established an estate. There is currently a waiting list of 4,000 persons seeking plots in housing estates; demand is significantly higher than this as most residents know surveyed plots are not available. There is an attempt to “regularize” titles in squatter areas, through the payment of development fees. Staffing in this unit seems high. There is still some available land that can be utilized. The main constraint is the payment of compensation. Overall, **there is an urgent need to regularize informal settlements and to provide serviced housing plots and opportunities to the poor.**

4.7 OTHER SERVICES

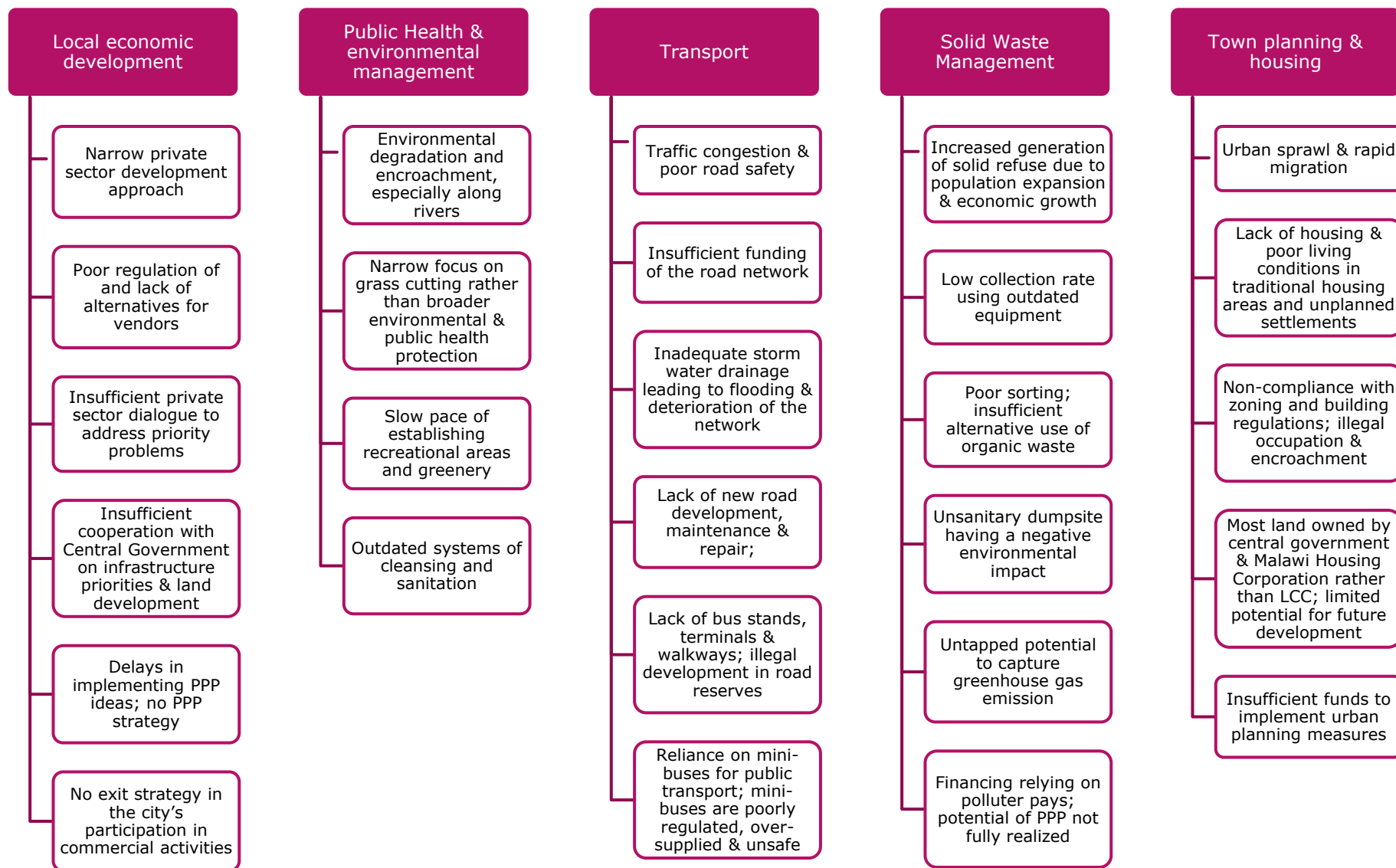
This chapter focussed on 5 prominent services the city should be providing: (i) local economic development; (ii) health and environmental protection; (iii) roads and transport; (iv) solid waste management; and (v) housing and urban planning. Other services the LCC provides which do not neatly fit into these categories include:

TABLE 24: PHASED INCREASES IN HOUSING AND INDUSTRY

SERVICE	DESCRIPTION
Public Safety	There has been a drive to establish a police force for the City of Lilongwe (and other local authorities). It is envisaged that it will have the following functions: (i) traffic management and control; (ii) by-law enforcement, and (iii) urban safety. Many challenges currently faced by the Council can be at least partially attributed to this lack of a means to enforce. This would also assist in the solving of land and environmental problems, including illegal occupation of public lands, environmental damage, etc.
The tree nursery	The Park, Recreation and Environment Directorate sells seedlings to the public. Data on the costs of operation and revenues raised were not provided. There are innumerable private operators also selling seedlings; apparently LCC prices are somewhat lower. The need to continue with this service, given existing financial constraints and other priorities more related to environmental management needs to be reconsidered.
Social Assistance	In 2009 it was reported that there were 420 street orphans (CDS, 2010)
Sewerage and liquid waste management (Engineering)	Over 75 percent of the population relies on pit latrines and the sewerage infrastructure covers only about 9 percent of the city (Habitat for Humanity, 2010). The extensive use of pit latrines has resulted in high levels of pollution of underground water sources which many citizens depend on for domestic use. Lilongwe City Council is currently responsible for waste management in the city. Since at least 2010, Lilongwe Water Board was set to take over responsibility for liquid waste management in the city. The current sewer plant is located on the opposite side of town in relation to the location of the majority of the population and the plant operates well below its carrying capacity. There is a shortage of chemicals for the management of waste water. There is insufficient data with respect to the location of the sewer lines and the condition of the infrastructure. Sewage is dumped across the city and monitoring and regulation is inadequate.
Emergency Services (Engineering)	Lilongwe City is served by a single fire station located in Area 2. It has 7 fire vehicles of which only 3 are in working condition. The department also has only one potable pump. There are fire hydrants within the city but the exact number and working order of each hydrant is unknown. The City employs 13 firemen, 1 cook and 2 drivers. The army is called in to assist if additional capacity is required at an incident. The City currently works on a response time of 10 minutes. Given that there is only one fire station, a number of communities within the City cannot be reached within the standard set. The Department urgently requires more vehicles and equipment and the construction of a fire station in the north of the City is needed to reduce travel times. As described in Section 3.6 (on structures), some positions (such as cook) should be outsourced.

The following page summarizes some of the key problems which will need to be solved in order to realize this objective.

FIGURE 37: SUMMARY OF SECTORAL ISSUES (SERVICE DELIVERY PROCESSES)





PARTNERSHIPS

The LCC cannot solve its problems in isolation. The first step will be to develop a realistic plan to transform the City and to ensure internal agreement and genuine ownership. The City will still need to convince others and then to negotiate support of its reforms with central government, development partners, and key stakeholders. Its strategic plan will need to communicate change, build confidence, and argue for taking the City as a case study of ambitious reform, whose results, when positive, can be applied more widely for policy purposes by the Ministry of Local Government.

5.1 THE MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT (MLGRD)

The city can potentially serve as a pilot for ambitious reform. Initial discussions with one representative of the MLGRD were very positive. If the City can document the assistance it needs, this will form a first, initial step, in building a useful and working partnership with the Ministry.

Other key public partnerships would include:

- Malawi Revenue Authority: cooperation on data exchange
- Malawi Roads Authority: clarifying the city's infrastructure priorities
- Ministry of Tourism, Wildlife, and Culture. Developing reasons for tourists to spend an extra day in Malawi, exploring Lilongwe

5.2 NGOS AND DEVELOPMENT PARTNERS

There are numerous NGOs and development partners operating in Lilongwe. The City Development Plan (pages 156-7) lists 76 "aid organizations." Key areas of cooperation include:

- Environmental protection, especially rivers and wetlands
- Climate change mitigation
- Private sector development, especially the informal sector
- Social welfare

The city should hire/appoint a single staff member solely responsible for civil society relations. His or her contract should have clear performance targets for mobilizing assistance.



ANNEX: DETAILED DATA

REVENUES

(LCC, 2018) (LLC, 2018)
(LLC, 2018) (LCC, 2018)
(Kobb, 2019) (LCC, 2018)
(Directorate of Engineering (LCC), 2019) (Directorate of Engineering (LCC), 2019) Adjacently the main trends are graphed using broad categories. In terms of actual collection there are not significant trends or variation.

As can be seen in the budget information, the budget for 2018/9 was significantly higher than other years.

TABLE 25: REVENUE DATA (TRENDS)

Data is not currently available

FIGURE 38: ACTUAL REVENUES, BY MAIN CATEGORY

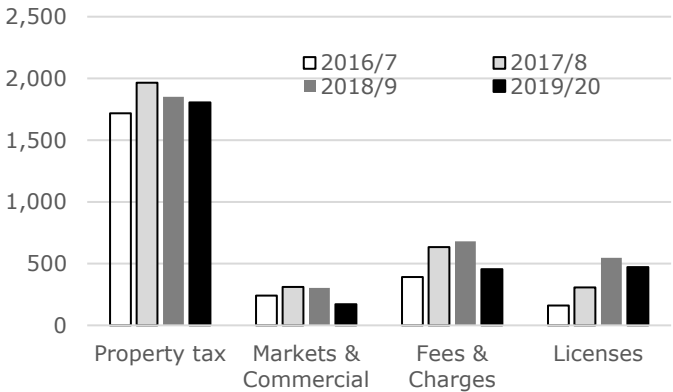


FIGURE 39: BUDGETED REVENUES, BY MAIN CATEGORY



PLANNED EXPENDITURE BY ACTIVITY

This section reproduces the activity budget from January to June 2020. It also provides a calculation for deriving a ratio of expenditure on corporate (support) services as a fraction of total planned expenditures.

TABLE 26: ACTIVITY BUDGET (JANUARY TO JUNE 2020)

Activity	Budget (KW)	%
1. Planning and Development	210,630,191	6.2%
1.1. Payment of salaries, leave grants and other allowances	64,643,616	1.9%
1.2. Undertake Urban Executive Committee meeting	900,000	0.0%
1.3. Undertake Stakeholder meeting on Urban Governance issues	764,000	0.0%
1.4. On-going building Inspections	4,296,000	0.1%
1.5. Design of projects	4,588,500	0.1%
1.6. Orientation of Councillors on community projects and engagement	929,800	0.0%
1.7. Orientation of Newly formed Ward Development Committees.	3,181,000	0.1%
1.8. Election of Block leaders	2,822,000	0.1%
1.9. Undertake Community Needs Assessment in readiness for CDF and other CMPs	232,000	0.0%
1.10. Capacity Building of Community Livelihood Clubs/Groups e.g VSLAs, IGAs etc	412,000	0.0%
1.11. Undertake monitoring of all Council projects and programs	1,490,000	0.0%
1.12. Stakeholder engagement meetings on Traffic Management issues	1,528,000	0.0%
1.13. Road Marking and signage exercise	7,000,000	0.2%
1.14. Street Naming and Addressing Exercise	22,016,000	0.6%
1.15. Enforcement of Illegal developments	4,296,000	0.1%
1.16. Town Planning Committee meetings	2,792,000	0.1%
1.17. Inspections for Town Planning Members	772,000	0.0%
1.18. Technical Sub-Committee meetings	282,000	0.0%
1.19. Undertake Site inspection for purposes of general regularisation and other Estates management assignments.	245,000	0.0%
1.20. Opening of existing Planning site offices in area 25 and biwi.	-	0.0%
1.21. Undertake land regularisation exercise in areas 21 and part of area 44.	35,136,000	1.0%
1.22. Land Acquisition for THA in area 27.	39,475,275	1.2%
1.23. Planning administration	2,894,000	0.1%
1.24. Malangalanga Project	507,000	0.0%
1.25. Dissemination of Planning Statutes (Planning Instruments)	5,022,000	0.1%
1.26. Land Acquisition for Cemeteries, Dry Ports and Minibus Terminal	-	0.0%
1.27. Updating Layout Maps and Digitalization	3,522,000	0.1%
1.28. Undertake Plot allocation Committee meetings	884,000	0.0%
2. Works & Engineering	582,667,472	17.1%
2.1. Payment of salaries, leave grants and other allowances	270,136,832	7.9%
2.2. Install Solar lights, Maintain traffic lights and street lights,	8,880,000	0.3%
2.3. Construct cold room, security fence construction at parks, maintain A18 market shed	43,506,800	1.3%
2.4. Construction of roads, Grade Roads/patch pothole with gravel, Gravel access roads, clean drains	89,525,000	2.6%

Activity	Budget (KW)	%
2.5. Provide food rations to staff, purchase of fridge, cooker, Purchase beds, mattress and blankets	24,210,240	0.7%
2.6. complete construction of Corporate Mall sewer line, Relocate sewerlines in A18 and B and chimutu LEA School	29,750,600	0.9%
2.7. Repair/routine services of vehicles	116,658,000	3.4%
3. Finance Directorate	581,551,065	17.0%
3.1. Payment of salaries, leave grants and other allowances	69,115,414	2.0%
3.2. Facilitate preparation of 2020-21 annual budget estimates	7,676,001	0.2%
3.3. Conduct quarterly stock counts	369,900	0.0%
3.4. Prepare Annual Statements	4,120,000	0.1%
3.5. Update rate payers accounts	1,086,000	0.0%
3.6. Conduct quarterly valuation of properties for city rates and prepare supplementary valuation rolls (SVR	16,800,000	0.5%
3.7. Prepare and disseminate sensitizations and awareness messages on City rates	11,582,500	0.3%
3.8. Door to door visits to deliver bills and demand payment for City Rates	15,677,250	0.5%
3.9. Facilitate external audit of annual financial statements	900,000	0.0%
3.10. Publicize audited financial statements	2,100,000	0.1%
3.11. Conduct monthly review of payment documentation, financial records, and accounts data in IFMIS	24,000	0.0%
3.12. Keeping and maintaining financial records	52,600,000	1.5%
3.13. Debt Servicing	360,000,000	10.5%
3.14. Gazette Properties that have 3-year Outstanding bills	500,000	0.0%
3.15. City Rates Collection Fees - Law Firms	15,000,000	0.4%
3.16. Consultancy of Property Location	18,000,000	0.5%
3.17. Staff Internal Training	6,000,000	0.2%
4. Directorate of Commerce	225,071,774	6.6%
4.1. Payment of salaries, leave grants and other allowances	136,196,774	4.0%
4.2. Conducting licensing campaigns	18,500,000	0.5%
4.3. Conducting License renewal sensitization campaigns	2,725,000	0.1%
4.4. Updating of business register	1,750,000	0.1%
4.5. Develop a Trade, business and economic support services plan	1,890,000	0.1%
4.6. Learning visit	910,000	0.0%
4.7. Privatisation of public assets in the council	15,000,000	0.4%
4.8. Creating and updating Markets and billboards database	564,000	0.0%
4.9. revenue collectors working during holiday	3,696,000	0.1%
4.10. Market committee meetings and Stationery for market fees collection	6,200,000	0.2%
4.11. Electrification of Tsoka and Central markets	30,000,000	0.9%
4.12. International learning visit	6,540,000	0.2%
4.13. Billboard removal	1,100,000	0.0%
5. Parks & Recreation	229,028,356	6.7%
5.1. Payment of salaries, leave grants and other allowances	187,198,356	5.5%
5.2. Grass cutting, scriffing, spot cultivation, hedge trimming etc	9,150,000	0.3%
5.3. Nursery Production and Management	12,500,000	0.4%
5.4. Forestry patrolling, dangerous tree falling, pruning potting, sawing, pitting,	2,300,000	0.1%
5.5. Environmental inspection	3,380,000	0.1%

Activity	Budget (KW)	%
5.6. Purchase of Equipment	14,500,000	0.4%
6. Health and Social Welfare	639,349,712	18.7%
6.1. Payment of salaries, leave grants and other allowances	427,731,512	12.5%
6.2. Health support services	29,460,000	0.9%
6.3. Manage waste disposal site by hiring D8/FEL/TIPPERS	38,298,000	1.1%
6.4. Fuel for routine waste collection	47,880,000	1.4%
6.5. To procure protective clothing	2,200,000	0.1%
6.6. Procure consumable stores	5,688,000	0.2%
6.7. Enhance capacity building	4,034,000	0.1%
6.8. Procure skips	35,000,000	1.0%
6.9. Social Welfare Services	4,207,500	0.1%
6.10. Maintenance of clinics and procurement of medical supplies and equipment	12,000,000	0.4%
6.11. Anti- Malaria Campaign	5,998,000	0.2%
6.12. Anti-Rabies Campaign	7,643,200	0.2%
6.13. Pest Control	4,435,000	0.1%
6.14. HIV/AIDS Intervention	4,074,000	0.1%
6.15. Water & Sanitation	10,700,500	0.3%
7. Directorate of Administration	944,204,895	27.7%
7.1. Payment of salaries, leave grants and other allowances	286,087,449	8.4%
7.2. Full Council Meetings, Committee Meetings, Ward Allowances, Honoraria	69,719,300	2.0%
7.3. Provision of maintenance services for Council assets	2,500,000	0.1%
7.4. Provision of HIV/AIDS Nutritional Support Services	8,820,000	0.3%
7.5. Provision of ICT Support Services	18,350,000	0.5%
7.6. Provision of various Audit Services	5,505,400	0.2%
7.7. Provision of fuels, lubricants and insurance services	92,064,025	2.7%
7.8. Provision postage, publication, Uniform, security and hospitality service	92,819,721	2.7%
7.9. Provision of students' allowances, funeral and recruitment services	21,970,000	0.6%
7.10. Rent services	5,950,000	0.2%
7.11. Provision of maintenance services for Council assets	4,000,000	0.1%
7.12. Provision of Severance Payments to staff	70,000,000	2.1%
7.13. Provision of Subscriptions for Staff Members	1,000,000	0.0%
7.14. Acquisition of Technical Services	28,719,000	0.8%
7.15. Acquisition of Motor Vehicles	227,700,000	6.7%
7.16. Provision of training support services	9,000,000	0.3%
Total for All Programs	3,412,503,466	100%

TABLE 27: CALCULATION OF COSTS OF CORPORATE SERVICES

ITEM	Budget
Total Cost of Administration and Finance Directorates	1,870,677,826
Minus Compensation Costs	-70,000,000
Minus Vehicles Costs	-227,700,000
Minus Debt Repayment	-360,000,000
= Corporate services minus (Compensation, debt, vehicles)	1,212,977,826
Total Budget (minus compensation, debt, vehicles)	2,754,803,466

ITEM	Budget
Ratio (Corporate services budget / total budget)	44%

FEES AND RATES

The table below lists the most recent fees and charges; it excludes business licensing, property rates, rent and other sources of revenue.

TABLE 28: FEES AND CHARGES RATES (2014/5)

NUM	DIRECTORATE/RATE	PREVIOUS RATE	APPROVED RATE
	DIRECTORATE OF COMMERCE, TRADE AND INDUSTRY		
	Billboard Advertising per sq meter / month		
1.	- Prime areas (along M1 and within 50 meters of roundabouts	900.00	1,500.00
2.	- Non prime area	700.00	1,000.00
3.	- Digital boards	1,250.00	2,500.00
4.	Bill boards without adverts (flat fee/month)	500.00	3,000.00
	Street poles per board per month		
5.	- Board with advert/week each		2,000.00
6.	- Board without advert/week		1,000.00
	ADMINISTRATION SERVICES DEPARTMENT		
	Hiring Charges		
	a) Main Conference Room		
	b) Cafeteria		
7.	c) Wedding Photos with fountain		20,000.00
8.	d) Wedding Photos without fountain	10,000.00	15,000.00
9.	e) Video Recording Charge	5,000.00	10,000.00
10.	f) Photo Shooting Charge	5,000.00	10,000.00
	g) Hire of MCR+ Projector/Flip Chart Stand		-
11.	Permission to solicit funds/Big walk	5,000.00	10,000.00
12.	Permission for promotion (Static)	20,000.00	30,000.00
13.	Permission for promotion (Mobile)	20,000.00	30,000.00
14.	Permission for open events	10,000.00	15,000.00
	Hire of open grounds	10,000.00	15,000.00
	LEGAL SERVICES FEES		
15.	Recovery of Legal Costs		
16.	CONSENT APPLICATION FEE		5,000.00
	TITLE DEEDS FEE		50,000.00
	LETTING OF ASSEMBLY PREMISES/ MONTH		
17.	Land Lease Application Fee		5,000.00
18.	Preparation for Lease		25,000.00
19.	Stump Duty for Lease Documents		5,000.00
	HEALTH AND SOCIAL SERVICES DEPARTMENT		
	Waste Collection Fees		

NUM	DIRECTORATE/RATE	PREVIOUS RATE	APPROVED RATE
	Private Vehicles : (per trip)		
20.	i) 1 - 3 tons	2,500.00	15,000.00
21.	ii) 4-7 tons	4,000.00	15,000.00
22.	iii) 8 - 10 tons	7,500.00	15,000.00
23.	iv) 11 - 20 tons	10,000.00	30,000.00
24.	v) 21 - 30 tons	10,000.00	50,000.00
25.	vi) 31 - 40 tons	10,000.00	60,000.00
26.	vii) 41 - 50 tons	10,000.00	80,000.00
27.	viii) 51 - 60 tons	10,000.00	100,000.00
28.	ix) Over 60 tons	10,000.00	200,000.00
29.	Certificate (COD)	20,000.00	30,000.00
30.	Labour per person (service)	3,500.00	5,000.00
31.	a) Compactor per visit	7,500.00	11,500.00
32.	b) Compactor per load	15,000.00	19,000.00
33.	Skip Carrier collection	7,500.00	11,500.00
34.	Skip Rental per month	5,000.00	9,500.00
	Medical Examination for Food Handlers		
35.	a) From Hotels, Clubs, Motels, Lodges		15,000.00
36.	b) From Dairies, Bakeries and food manufacturing		10,000.00
37.	c) Restaurants, Takeaways, Fish & Chips, Coffee Shops		5,000.00
	Food Handlers Training Fees		
38.	a) Hotels, Motels, Clubs, Lodges, Casinos, etc.		30,000.00
39.	b) Restaurants, Takeaways, Fish and Chips, etc.		20,000.00
40.	c) Medical Cards	1,000.00	5,000.00
	Pest Control		
41.	a) Bee Destruction per swarm	8,000.00	12,000.00
42.	b) De-batting per house (against) - 4m by 5m size room	6,000	10,000.00
43.	c) De-ratting per house	6,500	10,500.00
44.	d) Killing snakes per service	10,000	15,000.00
45.	e) Lawn spray per 5litre pump	3,000	5,000.00
	f) House spray		
46.	1 bed room house	5,000	7,500.00
47.	2 bed room house	7,000	10,000.00
48.	3 bed room house	12,000	17,000.00
	Home Economics		
49.	Ante-natal Fees per head		5,000.00
	Early Childhood Development		
50.	Training Fees		5,000.00
	Cemetery Charges Burial and Other Fees		
	a) Grave Digging - Child		
51.	Tomb construction	4,000.00	8,000.00
52.	Labour per group/ per grave digger	3,500.00	2,500.00

NUM	DIRECTORATE/RATE	PREVIOUS RATE	APPROVED RATE
53.	Transport - Hearse	5,000.00	15,000.00
54.	Grave	4,000.00	6,500.00
	a) Grave Digging - Adult		
55.	Tomb construction	5,000.00	10,000.00
56.	Labor per group/ per grave digger	3,500.00	2,500.00
57.	Transport - Hearse	5,000.00	15,000.00
58.	Grave	6,000.00	8,500.00
59.	Lowering machine - all ages	5,000.00	10,500.00
60.	Hearse Attendants		2,500.00
	Exhumation Charges		
61.	f) Exhumation Fee		20,000.00
62.	i. Grave Diggers		2,500.00
63.	ii. Supervisors/Undertaker		3,500.00
	Septic Tank Emptying		
	(A) Within the City		
64.	- Septic Tank Emptying per load		25,000.00
65.	- Mileage Charge/km		500
	(B) Outside the City:		
66.	i. Service Charge per load		40,000.00
67.	ii. Mileage Charge per km		500.00
68.	iii. Administration cost (cancellation)		50%
	Pit Latrine Emptying		
69.	(a) Pit latrine Emptying per load 6000cc (Within City)		25,000.00
70.	(b) Pit latrine Emptying per load 6000cc (Outside LL)		40,000.00
71.	c) Mileage (outside city) per km		500.00
	ENGINEERING SERVICES DEPARTMENT		
	Miscellaneous Income		
72.	Hanging and removing banners across street	10,000.00	15,000.00
73.	Allowance for hanging banners outside working hours		6,000.00
	Daily advertising rate per banner		
74.	Commercial		10,000.00
75.	Non-Commercial		5,000.00
	LEISURE, CULTURE & ENVIRONMENTAL SERVICES DEPARTMENT		
	Sale of Trees and Shrubs		
76.	Ground cover (s)	200.00	350.00
	Climber (m)		
77.	Palms (m)	300.00	500.00
78.	Sheenas Gold	200.00	350.00
79.	Privet	200.00	350.00
80.	Durant Green/Var	200.00	350.00
81.	Scheffrella Var	400.00	650.00
82.	Scheffrella Green	250.00	450.00

NUM	DIRECTORATE/RATE	PREVIOUS RATE	APPROVED RATE
83.	Cycad	2,500.00	3,500.00
84.	Fish Palms	350.00	600.00
85.	Areka Palm	350.00	600.00
86.	Cane Palm	350.00	600.00
87.	Fan Palm	350.00	600.00
	Bougainvillea spp (m)		
88.	Hedge seedlings (s)	250.00	450.00
89.	Shrubs all types (m)	250.00	450.00
90.	Amenity trees(s) (m)	250.00	450.00
91.	Indoor Plants	250.00	450.00
92.	Wreaths (small)	2,000.00	3,000.00
93.	Wreaths (standard)	3,000.00	4,500.00
94.	Wreaths (Large)	4,000.00	6,000.00
95.	Floral Decorations	120,000.00	140,000.00
	Tree cutting or felling		
	A. Trees on Clear Ground		
96.	1a) Small size up to 30cm diameter	1,500.00	2,250.00
97.	b) Removing tree stump	3,000.00	4,500.00
98.	2a) Medium size up to 45cm diameter	4,000.00	6,000.00
99.	b) Removing tree stump	4,500.00	6,750.00
100.	3a) Large size up to 60cm diameter	6,000.00	9,000.00
101.	b) Removing tree stump	7,000.00	10,500.00
102.	4a) 61cm diameter & above (+15% additional 10cm)	6,000.00	9,000.00
	B. Trees near a house, powerline, telephone line, etc		
	1) small size up to 30cm diameter		
103.	a) Light branching tree	2,550.00	4,000.00
104.	b) Heavy branching tree	4,200.00	6,400.00
105.	c) Removing tree stump	3,000.00	4,500.00
	2) Medium size up to 45cm diameter		
106.	a) Light branching tree	5,100.00	7,600.00
107.	b) Heavy branching tree	6,200.00	9,400.00
108.	c) Removing tree stump	4,000.00	6,000.00
	3) Large size up to 60cm diameter		
109.	a) Light branching tree plus 50%	5,100.00	7,600.00
110.	b) Heavy branching tree plus 80%	6,200.00	9,400.00
111.	c) Removing tree stump (+5% each 10cm)	6,000.00	9,000.00
	4) 61cm & above diameter		
112.	a) Light branching tree + 10% Additional 10cm	6,000.00	9,000.00
113.	b) Heavy branching tree plus 10% of (a)	6,000.00	9,000.00
114.	c) Removing tree stump (+5% each 10cm)	6,000.00	9,000.00
	Tree pruning (Based on Size)		

NUM	DIRECTORATE/RATE	PREVIOUS RATE	APPROVED RATE
	Small size up to 30cm		
115.	a) Light branching	1,000.00	1,500.00
116.	b) Heavy branching	1,500.00	2,250.00
	Medium size up to 45cm diameter		
117.	a) Light branching	2,500.00	3,750.00
118.	b) Heavy branching	2,900.00	4,350.00
	Selling of tree logs		
119.	1 cubic meter	3,000.00	4,500.00
	Cutting or Uprooting Bamboos		
120.	a) Cutting per square meter	800.00	1,200.00
121.	b) Uprooting per square meter	2,000.00	3,000.00
122.	Top soil	1,500.00	2,250.00
123.	Flower vase small	800.00	1,200.00
124.	Flower vase medium	1,000.00	1,500.00
125.	Flower vase large	1,200.00	1,800.00
126.	50kg Bag of Grass	400.00	600.00
127.	Monkey puzzle	2,000.00	3,000.00
128.	Fuel Wood Sales (per metre squared)	1,000.00	1,500.00
129.	Head load firewood	50.00	100.00
	Sale of eucalyptus and pine trees:		
130.	Less than 6cm	100.00	200.00
131.	6cm to 8cm	150.00	300.00
132.	9cm to 11cm	200.00	400.00
133.	12cm to 14cm	250.00	500.00
134.	15cm to 17cm	300.00	600.00
135.	18cm to 20cm	350.00	700.00
136.	21cm to 23cm	400.00	800.00
137.	24cm to 26cm	450.00	900.00
138.	27cm to 30cm	500.00	1,000.00
	Trees		
139.	Bamboo tree yellow	150.00	300.00
140.	Bamboo tree green	150.00	300.00
141.	(standard) Rose	250.00	500.00
	SALE OF GRAFTED TREES		
142.	Mango (each)	150.00	300.00
143.	Apples (each)	150.00	300.00
144.	Avocado pear (each)	150.00	300.00
145.	Casmoroa (each)	150.00	300.00
146.	Peach (each)	150.00	300.00
147.	Plum (each)	150.00	300.00
148.	Nectarine (each)	150.00	300.00
	TOWN PLANNING & ESTATE MANAGEMENT DEPARTMENT		

NUM	DIRECTORATE/RATE	PREVIOUS RATE	APPROVED RATE
	Scrutiny Fees	RATE	RATE
	Planning Residential Development (Cost/M ² /Metre		
149.	High Density	15,000.00	
150.	Medium Density	20,000.00	
151.	Low Density	25,000.00	
	Institutional Development		
152.	Churches and Schools	50,000.00	
	Industrial Development		
153.	Factory	75,000.00	
154.	Warehouse	75,000.00	
	Office/Commercial Development		
155.	Single story buildings	100,000.00	
156.	Multi story buildings	200,000.00	
157.	Local centre shops	20,000.00	
	Fences		
158.	Wire Fence	10,000.00	
159.	Brick Fence	15,000.00	
160.	Concrete Panel Fence	15,000.00	
	Plan scrutiny fees = 0.8% of the cost of construction		
161.	Septic Tank	5,000.00	
	Occupational Certificate		
	A. Commercial Industrial Buildings		
162.	a) 1 storey	100,000.00	
163.	b) Multistorey	200,000.00	
164.	c) Local Centre Shops	20,000.00	
	Miscellaneous		-
165.	One surface car parking space	25,000.00	
	Sewer Connection Fees		
166.	Residential	10,000.00	
167.	Commercial	50,000.00	
168.	Industrial	50,000.00	
169.	Institutional	40,000.00	
170.	Certificate of Occupation, 0.1 % of final cost	5000	
171.	Clearance certificate	5,000	
172.	Copy of city rates	1,000	
173.	Estate Fees		
	Application Forms		
	Residential Plot (PHA)		
	Commercial Plot		
	Lease Plot (Govt Rates)		
	Processing Fees		
	Allocation Fees for:		

STAFFING

TABLE 29: STAFFING BY POST AND DEPARTMENT

Post Title	1 ADMIN	2 FINANCE	3 PARKS	4 ENGINEERING	5 HEALTH	6 CLEANSING	7 PLANNING	8 COMMERCE	TOTAL	%
001 Accountant	0	4	0	0	0	0	0	0	4	0.2%
010 Artisan	0	0	0	1	0	0	0	0	1	0.1%
100 Laborer	0	0	4	240	1	481	0	18	744	45.5%
101 Leading Firemen	0	0	0	6	0	0	0	0	6	0.4%
102 Market Master	0	0	0	0	0	0	0	2	2	0.1%
103 Mechanic	0	0	0	4	0	0	0	0	4	0.2%
104 Messenger	22	0	1	1	0	0	0	1	25	1.5%
105 Mower Operator	0	0	5	0	0	0	0	0	5	0.3%
106 Painter	0	0	0	2	0	0	0	0	2	0.1%
107 Parks Supervisor	0	0	1	0	0	0	0	0	1	0.1%
108 Parks Foreman	0	0	22	0	0	0	0	0	22	1.3%
109 Pest Control Officer	0	0	0	0	1	0	0	0	1	0.1%
011 Ass. Brick Layer	0	0	0	0	1	0	0	0	1	0.1%
110 Plumber	0	0	0	2	0	0	0	0	2	0.1%
111 Principal Accountant	0	1	0	0	0	0	0	0	1	0.1%
112 Principal Administration Officer	1	0	0	0	0	0	0	0	1	0.1%
113 Principal Cleansing Officer	0	0	0	0	0	1	0	0	1	0.1%
114 Principal Estates Managt Officer	0	0	0	0	0	0	1	0	1	0.1%
115 Principal HR Officer	2	0	0	0	0	0	0	0	2	0.1%
116 Principal Procurement Officer	1	0	0	0	0	0	0	0	1	0.1%
117 Principal Social Welfare Officer	0	0	0	0	1	0	0	0	1	0.1%
118 Procurement Officer	2	0	0	0	0	0	0	0	2	0.1%
119 Procurement Clerk	1	0	0	0	0	0	0	0	1	0.1%
012 Assistant Accountant	0	2	0	0	0	0	0	0	2	0.1%
120 Public Relations Officer	3	0	0	0	0	0	0	0	3	0.2%
121 Propagator	17	0	9	1	0	1	2	0	30	1.8%

Post Title	1 ADMIN	2 FINANCE	3 PARKS	4 ENGINEERING	5 HEALTH	6 CLEANSING	7 PLANNING	8 COMMERCE	TOTAL	%
122 Receptionist	4	0	0	0	0	0	0	0	4	0.2%
123 Revenue Collector	1	0	2	1	0	0	0	105	109	6.7%
124 Registry Clerk	1	0	1	0	0	0	0	0	2	0.1%
125 Secretary	9	0	0	0	0	1	0	0	10	0.6%
126 Security Officer	1	0	0	0	0	0	0	0	1	0.1%
127 Senior Estates Clerk	0	0	0	0	0	0	2	0	2	0.1%
128 Sewage Engineer	0	0	0	1	0	0	0	0	1	0.1%
129 Sewage Attendant	0	0	0	31	0	0	0	0	31	1.9%
13 Assistant	0	3	0	0	0	0	0	0	3	0.2%
130 Spray man	0	0	0	0	3	0	0	0	3	0.2%
131 Stores Officer	1	1	0	0	0	0	0	0	2	0.1%
132 Stores Clerk	0	3	0	0	0	0	0	0	3	0.2%
133 Street Cleaner	0	0	0	0	1	1	0	0	2	0.1%
134 Sub Fire Officer	0	0	0	3	0	0	0	0	3	0.2%
136 Systems Analyst	1	0	0	0	0	0	0	0	1	0.1%
137 Telephone Operator	4	0	0	0	0	0	0	0	4	0.2%
138 Toilet Attendant	0	0	0	0	0	1	0	0	1	0.1%
139 Toilet Cleaner	0	0	0	0	0	2	0	0	2	0.1%
014 Assistant Community Dev. Officer	0	0	0	0	0	0	2	0	2	0.1%
140 Town Planning Manager	0	0	0	0	0	0	1	0	1	0.1%
141 Trade Officer	0	0	0	0	0	0	0	3	3	0.2%
142 Transport Officer	1	0	0	0	0	0	0	0	1	0.1%
143 Warden	0	0	0	0	0	0	0	1	1	0.1%
144 Zone Market Master	0	0	0	0	0	0	0	1	1	0.1%
145 Welder	0	0	0	1	0	0	0		1	0.1%
146 Zone Master	0	0	0	0	0	0	0	1	1	0.1%
148 Economic Planning Officer	0	0	0	0	0	0	2	0	2	0.1%
149 Cleansing Officer	0	0	0	0	0	1	0	0	1	0.1%
015 Asst Director Health-Cleansing	0	0	0	0	0	1	0	0	1	0.1%

INCEPTION REPORT: DEVELOPING AND IMPLEMENTING A STRATEGIC PLAN FOR LCC

Post Title	1 ADMIN	2 FINANCE	3 PARKS	4 ENGINEERING	5 HEALTH	6 CLEANSING	7 PLANNING	8 COMMERCE	TOTAL	%
150 Home Economics Officer	0	0	0	0	1	0	0	0	1	0.1%
151 Social Welfare Officer	0	0	0	0	1	0	0	0	1	0.1%
152 Commercial Management Officer	0	0	0	0	0	0	0	1	1	0.1%
153 Administrative Officer	1	0	0	0	0	0	0	0	1	0.1%
16 Asst. Administrative E Officer	1	0	0	0	0	0	0	0	1	0.1%
017 Asst. Director of Parks, FORESTRY	0	0	1	0	0	0	0	0	1	0.1%
018 Asst. Dir Parks, Recreation & Env.	0	0	1	0	0	0	0	0	1	0.1%
019 Asst. Electrician	0	0	0	1	0	0	0	0	1	0.1%
002 Accounts Assistant	0	8	0	2	0	0	0	0	10	0.6%
020 Asst. Mechanic	0	0	0	2	0	0	0	0	2	0.1%
021 Asst. Painter	0	0	0	1	0	0	0	0	1	0.1%
022 Asst. Procurement Officer	1	0	0	0	0	0	0	0	1	0.1%
023 Asst. Supervisor- Functional Literacy	0	0	0	0	1	0	0	0	1	0.1%
024 Asst. Legal officer	1	0	0	0	0	0	0	0	1	0.1%
025 Asst. Electrician	0	0	0	1	0	0	0	0	1	0.1%
026 Audit Assistant	1	0	0	0	0	0	0	0	1	0.1%
027 Audit Clerk	2	0	0	0	0	0	0	0	2	0.1%
028 Auto Electrician	0	0	0	2	0	0	0	0	2	0.1%
029 Brick Layer	0	0	0	11	0	0	0	0	11	0.7%
003 Accounts Clerk	0	2	0	0	0	0	0	0	2	0.1%
030 Bricklayer	0	0	0	3	0	0	0	0	3	0.2%
031 Building Inspector	0	0	0	0	0	0	4	0	4	0.2%
032 Building Supervisor	0	0	0	1	0	0	0	0	1	0.1%
033 Capita	0	0	23	14	0	51	0	1	89	5.4%
034 Car Park Supervisor	0	0	0	0	0	0	0	1	1	0.1%
035 Carpenter	0	0	0	3	0	0	0	0	3	0.2%
036 Chief Executive Officer	1	0	0	0	0	0	0	0	1	0.1%
037 Chief Accountant	0	2	0	0	0	0	0	0	2	0.1%
038 Chief Administration Officer	1	0	0	0	0	0	0	0	1	0.1%

INCEPTION REPORT: DEVELOPING AND IMPLEMENTING A STRATEGIC PLAN FOR LCC

Post Title	1 ADMIN	2 FINANCE	3 PARKS	4 ENGINEERING	5 HEALTH	6 CLEANSING	7 PLANNING	8 COMMERCE	TOTAL	%
039 Chief Commercial Manager	0	0	0	0	0	0	0	1	1	0.1%
004 Acting CDS Manager	0	0	0	0	0	0	1	0	1	0.1%
040 Chief Fire Officer	0	0	0	1	0	0	0	0	1	0.1%
041 Chief Trade Officer	0	0	0	0	0	0	0	1	1	0.1%
042 City Architect	0	0	0	0	0	0	1	0	1	0.1%
043 City Sports Organizer	0	0	0	0	0	0	0	1	1	0.1%
044 Cleaner	14	0	1	0	8	5	0	8	36	2.2%
045 Clerk	4	0	1	3	0	0	0	1	9	0.6%
046 Clinic Attendant	0	0	0	0	4	0	0	0	4	0.2%
047 Clinical Service Manager	0	0	0	0	1	0	0	0	1	0.1%
048 Community Centre Warden	0	0	0	0	0	0	0	1	1	0.1%
049 Community Nurse	0	0	0	0	1	0	0	0	1	0.1%
005 Acting Supervisor	0	0	0	1	0	0	0	0	1	0.1%
050 Computer Operator	2	0	0	0	0	0	0	0	2	0.1%
051 Controller Of Audit	1	0	0	0	0	0	0	0	1	0.1%
052 Copy Typist	4	0	1	0	0	0	0	0	5	0.3%
053 Capita	0	0	0	1	0	0	0	0	1	0.1%
054 Debt Collector	1	1	0	0	0	0	0	0	2	0.1%
055 Deputy Director of Health-Cleansing	0	0	0	0	1	0	0	0	1	0.1%
056 Deputy Director of Administration	1	0	0	0	0	0	0	0	1	0.1%
057 Deputy Director of Engineering	0	0	0	1	0	0	0	0	1	0.1%
058 Deputy Director of Finance	0	1	0	0	0	0	0	0	1	0.1%
059 Deputy Dir Health- Environment	0	0	0	0	1	0	0	0	1	0.1%
006 Administrative Assistant	0	0	0	0	0	0	1	0	1	0.1%
060 Development Control Manager	0	0	0	0	0	0	1	0	1	0.1%
61 Development Control Officer	0	0	0	0	0	0	2	0	2	0.1%
62 Director of Finance	0	1	0	0	0	0	0	0	1	0.1%
63 Director of Administration	1	0	0	0	0	0	0	0	1	0.1%
64 Director of Commerce	0	0	0	0	0	0	0	1	1	0.1%

INCEPTION REPORT: DEVELOPING AND IMPLEMENTING A STRATEGIC PLAN FOR LCC

Post Title	1 ADMIN	2 FINANCE	3 PARKS	4 ENGINEERING	5 HEALTH	6 CLEANSING	7 PLANNING	8 COMMERCE	TOTAL	%
65 Director of Engineering	0	0	0	2	0	0	0	0	2	0.1%
66 Director of Health Services	0	0	0	0	1	0	0	0	1	0.1%
67 Director of Parks	0	0	1	0	0	0	0	0	1	0.1%
68 Director of Town Planning	0	0	0	0	0	0	1	0	1	0.1%
69 Driver	26	0	0	1	0	0	0	0	27	1.7%
7 Admin Assistant	0	0	0	0	1	0	0	0	1	0.1%
70 Electrical Assistant	0	0	0	3	0	0	0	0	3	0.2%
71 Electrical Engineer	0	0	0	1	0	0	0	0	1	0.1%
72 Electrical Supervisor	0	0	0	1	0	0	0	0	1	0.1%
73 Electrician	0	0	0	1	0	0	0	0	1	0.1%
74 Environmental Services Manager	0	0	0	0	1	0	0	0	1	0.1%
75 Environmental Officer	0	0	0	0	4	1	0	0	5	0.3%
76 Registry Clerk	1	0	0	0	0	0	0	0	1	0.1%
77 Estate Management Officer	0	0	0	0	0	0	3	0	3	0.2%
78 Estates Clerk	0	0	0	0	0	0	1	0	1	0.1%
79 Fire Cook	0	0	0	1	0	0	0	0	1	0.1%
8 Administrative Officer	0	0	0	0	0	0	0	1	1	0.1%
80 Fire Driver	0	0	0	2	0	0	0	0	2	0.1%
81 Firemen	0	0	0	13	0	0	0	1	14	0.9%
82 Florist	0	0	2	0	0	0	0	0	2	0.1%
83 Functional Literacy Instructor	0	0	0	0	1	0	0	0	1	0.1%
84 Gardener	1	0	222	0	0	0	0	0	223	13.6%
85 Grass Cutter	0	0	0	0	16	0	0	0	16	1.0%
86 Head Driver	1	0	0	0	0	0	0	0	1	0.1%
87 Head Messenger	2	0	0	0	0	0	0	0	2	0.1%
88 Health Surveillance Assistant	0	0	0	0	1	0	0	0	1	0.1%
89 Hearse Attendant	0	0	0	0	0	1	0	0	1	0.1%
9 Architectural Technician	0	0	0	0	0	0	1	0	1	0.1%
90 Home Craft Worker	0	0	0	0	3	0	0	0	3	0.2%

Post Title	1 ADMIN	2 FINANCE	3 PARKS	4 ENGINEERING	5 HEALTH	6 CLEANSING	7 PLANNING	8 COMMERCE	TOTAL	%
91 Housing Inspector	0	0	0	0	0	0	2	0	2	0.1%
92 Housing Manager	0	0	0	0	0	0	1	0	1	0.1%
93 HR Clerk	5	0	0	0	0	0	1	0	6	0.4%
94 HSA	0	0	0	0	3	0	0	0	3	0.2%
95 Human Resource Clerk	1	0	0	0	0	0	0	0	1	0.1%
96 HR Management Officer	4	0	0	0	0	0	0	0	4	0.2%
97 Director of Human Resource	1	0	0	0	0	0	0	0	1	0.1%
98 It Manager	1	0	0	0	0	0	0	0	1	0.1%
99 It Technician	1	0	0	0	0	0	0	0	1	0.1%
Total	153	29	298	367	58	548	30	151	1634	100.0%
%	9.4%	1.8%	18.2%	22.5%	3.5%	33.5%	1.8%	9.2%	100%	

STRUCTURES AND FUNCTIONS

The table below lists key functions of the LCC, separating them into possible sections.

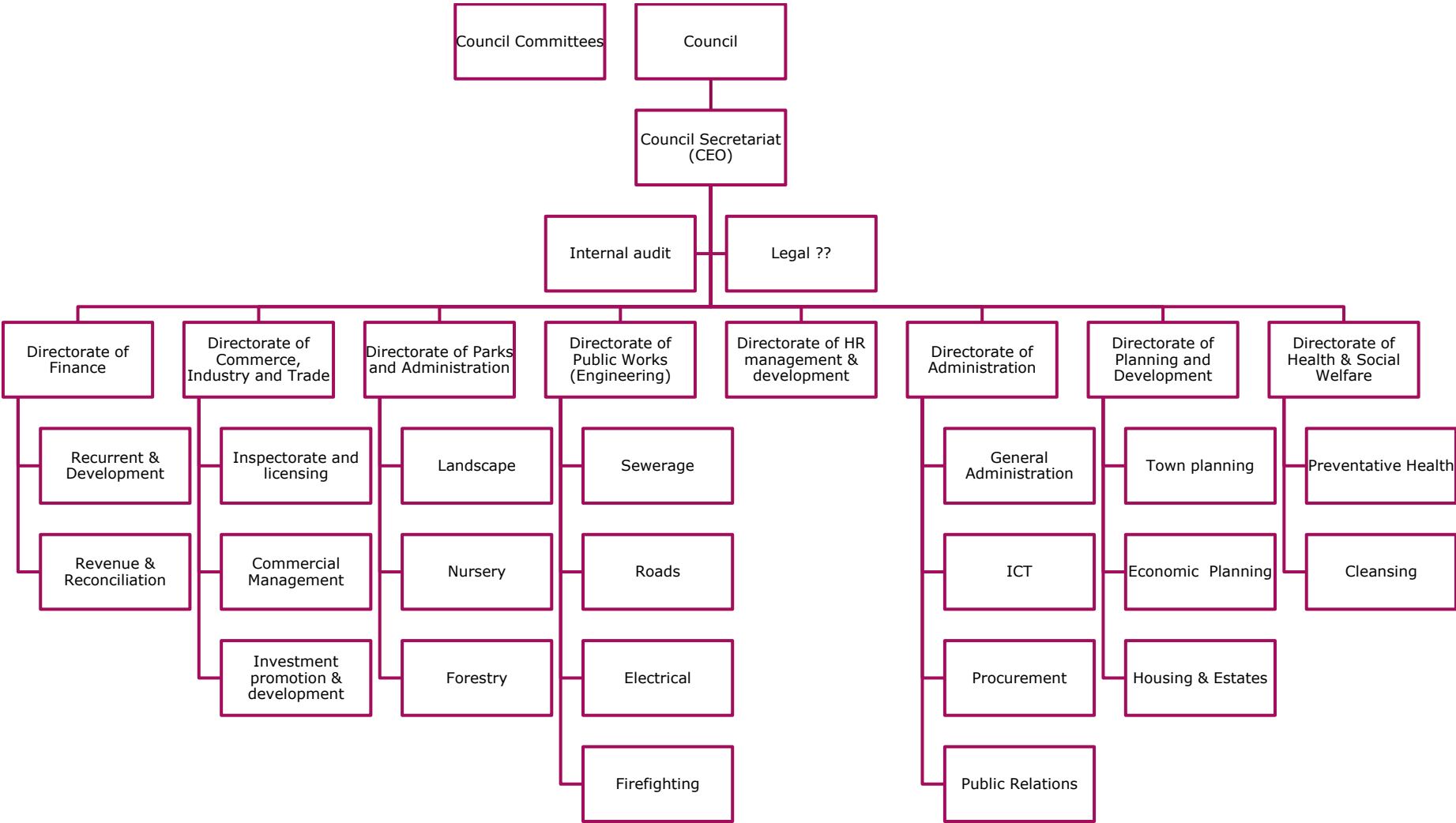
TABLE 30: FUNCTIONS OF LCC AND SOME POSSIBLE STRATEGIES TO REVISE THEM

DEPARTMENT / FUNCTION / SECTION	STRATEGY / COMMENT	ESTABLISHMENT	
		CURRENT	FUTURE
1. CEO's Office			
1.1. Management and strategy	Not a unit, but in costing the budget is placed separately for all overheads		
1.2. Internal Audit	Transfer internal audit directly under the CEO		
1.3. Delivery Unit	Create a delivery unit		
1.4. Legal Affairs	Transfer internal audit directly under the CEO		
2. Sanitation	A new unit combining (and reducing manual laborers) in drainage cleaning, street cleaning, and grass cutting. These are removed from other directorates		
3. Planning and Administration			
3.1. Management & strategy			
3.2. Organizational planning	Moved from Planning to focus planning on spacial planning; strategically "near" the CEO		

DEPARTMENT / FUNCTION / SECTION	STRATEGY / COMMENT	ESTABLISHMENT	
		CURRENT	FUTURE
3.3. Council Affairs	Split from general administration for better focus		
3.4. General Administration	Outsources non-core functions. Manages drivers and logistics.		
3.5. ICT	Needs to be expanded to meet software needs of LCC		
3.6. Communications & citizen engagement	Needs to be expanded to better interact with citizens and support Councilors		
4. Finance and Planning			
4.1. Management & strategy			
4.2. Accounts and internal control	Covers both revenues and expenditures; develops and monitors budgets; accounting, external audit and financial statements		
4.3. Procurement and contract supervision	Could also be under administration, but is better here		
4.4. Asset and Liability Management	Includes all debt collection and debt management; asset registries, etc.		
5. Human Resources			
5.1. HR management			
5.2. HR development			
6. Town Planning			
6.1. Management & strategy	A cost centre to put the director, support staff and overhead costs		
6.2. Property valuation and development control	Development control (building plans and advertising). Assessment of property valuation (payment and billing under Finance)		
6.3. Town planning and disaster management	Development of spacial plans (land and infrastructure); disaster management; land-related development projects		
6.4. Land and housing development	Development of housing estates and other land-related development projects		
7. Commerce			
7.1. Management & strategy			
7.2. Local economic development or Private Sector Development	A wider focus on private sector development; liaison with the private sector.		
7.3. Licensing and regulation			
7.4. Markets and city commercial enterprises			
8. Environment			

DEPARTMENT / FUNCTION / SECTION	STRATEGY / COMMENT	ESTABLISHMENT	
		CURRENT	FUTURE
8.1. Management & strategy	A cost center to put the director, support staff and overhead costs		
8.2. Parks and recreation	Develops and maintains parks and green spaces		
8.3. Environmental protection	Manages and protects forests, rivers and soil; flood control; climate change mitigation;		
9. Public Works and Transport			
9.1. Management & strategy			
9.2. Roads and transport	Includes street lighting, street cleaning, minor repairs, maintenance, parking and bus terminals, etc. All infrastructure related to transport.		
9.3. Sewerage	To be transferred to LWB		
9.4. Emergency services	Fire and ambulance; management of any hotline. Eliminates cooks and other support staff.		
9.5. Advisory services	Workshop is outsourced. Certifies completion of repairs of vehicles, buildings, and electrical. Has civil and other engineers to support other departments on infrastructure development		
10. Health			
10.1. Management & strategy	A cost centre to put the director, support staff and overhead costs		
10.2. Refuse collection			
10.3. Public health	Regulate and protects public health, including consumer protection, food handling, pests, etc. Provides public toilets and cemeteries		
10.4. MCH	Provides MCH services to citizens		

FIGURE 40: ORGANOGRAM OF DIRECTORATES AND SECTIONS



POSSIBILITY OF A WARD-BASED SANITATION SERVICE

There are currently 1,057 staff members involved labour based sanitation (see the adjacent table). One option is to combine these unskilled labourers from the Health, Parks and Engineering Directorates and to have them work area-by-area, cleaning drains, picking up refuse, sweeping streets, and cutting grass.

This can support a stronger ward-based initiative where each ward has a “ward executive” responsible for:

- Engaging citizens, in conjunction with Ward Councillors;
- Providing simple solutions to local problems;
- Overseeing any development initiatives in the Ward;
- Overseeing sanitation services and their supervisors;
- Identifying businesses, new buildings (for development fees), advertising signs, etc. in order to have a more complete and more accurate tax register;

The ward executive would be under the Directorate of Administration. Each ward would have 1 executive, one sanitation supervisor and 3-5 teams of 4 persons each (depending on population and business activity) providing sanitation services. All executives and supervisors would be provided a motorcycle.

Cemeteries and markets would be considered for private sector participation and are therefore not included in this scenario. This structure would save KW 178 Million per year in salaries (5% of the annual budget).

TABLE 31: CURRENT STRUCTURES

POSITION	#STAFF
Parks	
laborers	231
Supervisors	23
Engineering	
Laborers	240
Supervisors	14
Health	
Laborers	498
Cemeteries	45
Solid Waste	43
Markets	290
Street cleaning	120
Supervisors	51
TOTAL	1,057

TABLE 32: ALTERNATIVE STRUCTURE

POSITION	#STAFF
Ward Executives (1 per ward) (assumed M6 salary scale)	27
Sanitation supervisors (1 per ward)	27
Sanitation workers (16 per ward)	432
Total	486

POSSIBLE SOLUTIONS TO THE FRAGMENTATION OF FUNCTIONS

There are several overlaps of functions which affect Council operations. Some examples include:

TABLE 33: SOME AREAS OF FRAGMENTATION

AREA	RESPONSIBILITIES
Markets	COMMERCE (lead). Responsible for policy, outsourcing and management under Market masters. Responsible for revenue collection and cleanliness ENGINEERING: advice on and monitoring of construction

AREA	RESPONSIBILITIES
	FINANCE: manages revenue collection, monitoring of arrears, etc.
Toilets	HEALTH (lead): Responsible for policy, outsourcing, management and supervision ENGINEERING: advice on and monitoring of construction FINANCE: manages revenue collection, monitoring of arrears, etc. COMMERCE: Advise on contracts (if requested by the Directorate of Health)
Property Valuation	TOWN PLANNING (lead): responsible for city assessors; identifying new properties to be placed in the IFMIS based on development control and scrutiny fees; responsible for ensuring property valuations are complete and accurate (working with ward staff) FINANCE: invoicing, payment, arrears management
Roads contracts	ENGINEERING (lead): responsible for policy, specifications, terms of reference, supervision, preparation of completion reports (order to pay, etc.) PROCUREMENT: Regulates competitive bidding process; ensures procedures are adhered to FINANCE: Makes payment upon request from Engineering->Procurement->Payments

ROADS AND TRANSPORT

The city master plan lists 37 roads and transport projects. These are summarized below.

TABLE 34: ROADS AND TRANSPORT PROJECTS LISTED IN THE CITY MASTER PLAN (2010-30)

PROJECT	STATUS
1. North South Axis M1	Unknown
1.1. Widening of M1 Kanengo	
1.2. Widening of M1 Area18 RA North	
1.3. Widening of M1 Area 18 Roundabout - Mchinji Roundabout	
1.4. Widening of M1 Old Town Area Muchinji RA- Community Center	
1.5. Widening of M1 Community Center - Chidzanja Road	
1.6. Widening of M1 South	
2. Inner and Outer road ring	Unknown
2.1. Widening & Extension of Chayamba Road for Inner & Outer Ring Roads	
2.2. Extension of Chidzanjya Road for Inner Ring Road	
2.3. Widening of Chidzanjya Road for Inner Ring road	
2.4. Improvement of Northern Outer Ring Road I	
2.5. Improvement of Northern Outer Ring Road II	
2.6. Construction of North Western Arch of Outer Ring Road	
2.7. Construction of South Western Arch of Outer Ring Road	
2.8. Improvement of Western Bypass Access Road for Outer Ring Road	
3. Radial Road	Unknown
3.1. Widening of Salima Road (M14)	
3.2. Widening of S123 in Area 50 & 51	
3.3. Improvement of S123 in Area 50	
3.4. Widening of Mchinji Road (M12)	
3.5. Widening of Likuni Road (S124) in Area 3	
3.6. Improvement of T361in Area 53 & 54	
3.7. Improvement of T363 in Area 61	
4. LCC Capacity Building	Unknown
4.1. Capacity Development for LCA's Road Related Services	
4.2. Road Maintenance Program, Road Rehabilitation Program	
4.3. Development of Road Inventory Database	

PROJECT	STATUS
5. Public Transport	Unknown
5.1. Construction of New Bus Terminals	
5.2. Expansion of Minibus Depot in Old Town	
5.3. Construction & Improvement of Bus Stops	
5.4. Review of Minibus Operation and Routes	
5.5. Institutional Reform of Bus Operation	
5.6. Bus Rapid Transit (BRT) Introduction Program	
5.7. Establishment of New Bus Company (Third sector company)	
6. Traffic Management	Unknown
6.1. Improvement of Intersections	
6.2. Introduction of Central Control System	
6.3. Improvement of Car Parking System	
7. Traffic Safety	
7.1. Development of Safety Traffic Environment (Road Safety Master Plan)	
7.2. Development of Safe Pedestrian Network	
7.3. Development of Cycle Road Network	

A2 LEGISLATION

This brief annex summarizes key legislation relevant to the reforms of the LCC.

THE CONSTITUTION 1995

Chapter XIV Section 146 (1) of the Constitution established 40 local government authorities which included the Lilongwe City Assembly. Section 146 (2) outlines the responsibilities of local governments as follows:

- i. Promotion of infrastructure and economic development through formulation and execution of local development plans and encouragement of business enterprise
- ii. Presentation to central government authorities of local development plans and promotion of awareness of local issues to national government
- iii. Consolidation and promotion of local democratic institutions and democratic participation
- iv. Such other functions including registration of births, deaths and participation in the delivery of essential and local services as prescribed by any Act of Parliament

Under Section 147 (1), (2) and (3) the Assembly constitutes:

- Local government officers elected freely and secretly by registered voters within the jurisdiction area of the local government. The officers of local government are mayors and local councilors in city assemblies.
- Administrative personnel subordinate to local government officers to execute lawful resolutions and policies of the local government officers

LOCAL GOVERNMENT ACT (1998)

The Act establishes the objectives of local governments ("to further the constitutional order based on democratic principles, accountability, objectives of local transparency and participation of the people in decision-making government and development processes" (§II,3). It describes governance arrangements (composition and functions of the assembly). The mandate of the Council as established in §II.6. (i) is

- a) to make policy and decisions on local governance and the Assembly development for the local government area;
- b) to consolidate and promote local democratic institutions and democratic participation;

- c) to promote infrastructural and economic development through the formulation, approval and execution of district development plans;
- d) to mobilize resources within the local government area for governance and development;
- e) to maintain peace and security in the local government area in conjunction with the Malawi Police Service;
- f) to make by-laws for the good governance of the local government area;
- g) to appoint, develop, promote and discipline its staff;
- h) to co-operate with other Assemblies in order to learn from their experiences and exchange ideas; and
- i) to perform other functions including the registration of births and deaths participate in the delivery of essential local services.

Schedule 3 lists potential revenue sources.⁴⁷ §48 and §49 permit the council to borrow funds. §53 and §54 describe the need to keep accounts, make financial statements, and be audited by the Auditor General. Part VII describes the process of valuation and rating in great detail. Schedule 2 lists the functions delegated to councils, some of which are highlighted below.

Table 35: Functions in the Local Government Act (1998) Schedule 2

AREA	FUNCTIONS (AND THE SECTION IT IS DESCRIBED IN)
Health Services	§1. (a) provide, maintain, equip and manage either alone or jointly with another services Assembly or body, clinics including maternity clinics, health centres, and dispensaries
Environment/ Sanitation	§2.-(1) (a) establish, maintain and manage services for the collection and removal and protection treatment of solid and liquid waste; (b) compel and regulate the provision, construction, use, maintenance and repair of drains, latrines and receptacles for solid and liquid waste and the connection of any premises with any public sewer or drain; (d) require the use of any sanitary service under its control and regulate the methods of dealing with night soil or solid or liquid waste of any description whatsoever: 5(c) may establish, maintain and manage public latrines, toilets, bathhouses, washing facilities and washhouses.
River management and pollution	§2(6) the prohibition and control of pollution of any water in any river or stream and for this purpose may prohibit or regulate the use of any of such river or stream and any river bank or streambank including any cultivation therein or the extraction of any sand, gravel or other material therefrom.
Water supply	§2(9) make provision for the supply of potable water by way of stand pipes, boreholes or other means and may, if it thinks fit, make reasonable charges to consumers and agree terms with any water undertaking or authority for the supply of water to any outlet or facility provided by the Assembly.

⁴⁷ These are very general: "1. Locally generated revenue which shall include but shall not be limited to (i) Property rates;(ii) Ground rent (land rent);(iii) Fees and licenses; (iv) commercial undertakings; and (v) Service charges; 2. Government grants; 3. Ceded revenue (these are revenues shared by the center, for example with toll fees, gambling and casino fees, fuel levy/fee, (road maintenance levy), motor vehicle registration fees, and industrial registration fees

AREA	FUNCTIONS (AND THE SECTION IT IS DESCRIBED IN)
Cemeteries	§3 "establish, maintain and manage cemeteries and crematoria and mortuaries and provide funeral facilities"
Nuisance control	§4 secure the prevention and abatement of nuisances;
Roads, streets and traffic (transport)	§5. 1(b) establish, maintain and manage lighting in any street, public place or area; (d) provide and maintain bus shelters, vehicle parking places; (2) construct, level, pave, drain, alter, repair or clean any street, road, highway or footpath and to name any street; 3(a) institute measures for the control of traffic;
Emergency services	§7. (1) establish, maintain and manage services ambulance and fire services
Public amenities	§8 For the promotion of recreation, .leisure and culture and the provision of amenities in its area an Assembly may either itself or jointly with any other body establish, maintain and manage- (a) parks, gardens, recreation grounds, open spaces, horticultural nurseries, botanical gardens, forests, woodlands, nature reserves and areas or places of special historical, cultural or scientific interests; (b) sports fields and facilities; etc.
Buildings and structures	§9 (a) regulate the design, construction, alignment, elevation or siting of any new building or the alteration, refurbishment or improvement of any existing building, including the provision of access for disabled persons;
Business Licensing	§10 Control and license business and trade (including (a) liquor permits)
Markets	§11 Establish, maintain and manage markets and market buildings and premises within its area and shall levy upon traders within a market such fees or charges as the Assembly may decide.
Commercial services	§12 An Assembly may establish, maintain and manage any ferry service, rest-house, hotel, motel, inn, restaurant; canteen, eating house, bar, agricultural store or farm: It should be noted that commercial enterprises must make a profit and be reported to the Minister: (2) The accounts of every trading undertaking shall be kept separately and shall comprise a trading and profit and loss accounts or kept in such other form as the Assembly may direct. (3) Where in any two successive years any trading undertaking has failed to return such reasonable net profit as the Minister may prescribe, the Minister may direct that the Assembly shall- (a) contract out by competitive tender the management of such undertaking or; (b) dispose of its interest upon such terms
Tourism	§15 An Assembly may either alone or jointly with any conference other person or body- (a) promote tourism and otherwise encourage persons, by advertisement or otherwise, to visit their area for recreation and for health purposes, and hold conferences, trade fairs and exhibitions in the area; and
Housing	§18. Subject to the directions of the Minister generally or in relation to any Assembly or class of Assemblies or in any particular case an Assembly shall have power to acquire land, lay out estates, provide or arrange for the provision of all necessary
Advertisement	§19 prohibit or control (a) the display of advertisements and advertising devices in or in the view of any street or public place

OTHER KEY LAWS AND REGULATIONS

Other relevant legislation includes:

- **The Town and Country Planning Act of 1988**, in which Lilongwe City is a planning area. A planning area boundary usually (but not always) coincides with the jurisdiction boundary of the local government authority. Lilongwe City under delegated power from the Commissioner for Physical Planning, through the Town Planning Committee, prepares and approves development plans that attain statutory status within the planning area boundary.
- **The Water Works Act (CAP 72:04)** which prescribes how water can be abstracted and who has such a mandate. The Malawi Government Gazette, (1991) Lilongwe Water Board By-Laws approved and published as government notice number 71 in the Gazette supplement of 13 September 1991 are applicable in the supply of water to Lilongwe City
- The **Environmental Management Act of 1996** provides the administrative framework for environmental management including Environmental Impact Assessments (EIAs) for prescribed development projects.
- The **Land Act of 2000 (CAP 57:01)** governs land administration within the City of Lilongwe. There is controversy with respect to the use of this Act by the Chiefs within the City. The Act places land management under the central government
- The **Road Traffic Act (2002)** designates the city as a highway authority and stipulates its functions in terms of traffic management – that is maintaining road network infrastructure, displaying road traffic signs, regulating traffic flow and parking in the city in collaboration with the traffic police.
- The **Employment Act of 2000** establishes, reinforces and regulates the minimum standards of employment with the purpose of ensuring equity necessary for enhancing industrial peace, accelerated economic growth and social justice in all organisations in Malawi

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