

PROGRESS REPORT: IMPLEMENTATION OF THE LILONGWE CITY COUNCIL STRATEGIC PLAN

July 2020 to June 2021

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This report provides an **independent assessment** and update on the implementation of the LCC's five-year strategic plan (2020/1 to 2024/5) during the 2020/1 financial year (June to July). Data was provided by each Directorate in a cooperative and collegial fashion and all results, findings, and recommendations were presented to the LCC for comment. All data provided was independently assessed for accuracy, completeness, and reliability, largely by requiring the presentation of disaggregated data (for example, MCH visits at each clinic, or monthly collection of refuse collection). The report aims to provide an unbiased picture of the progress made so far in instituting an ambitious but necessary set of reforms under extremely difficult circumstances. The report identifies key actions to take to further improve the performance of the LCC in the near future.

The Lilongwe City Council welcomes comments and feedback to improve this report. We urge citizens, civil society organizations and other interested partners and stakeholders to contact us and to discuss any matter of interest raised.



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EXECUTIVE SUMMARY

During 2020 the Lilongwe City Council developed an ambitious five-year strategic plan (July 2020 to June 2025). The plan aims to transform the City. It was agreed a fresh start was needed to rebuild the confidence of citizens, staff, and partners. Given the breadth of the changes required, the strategic plan focuses on a few manageable, innovative priorities and big ideas, many of which involve establishing strong management fundamentals. The plan is supported by a detailed “roadmap to success,” and is divided into 3 components and 17 strategic objectives (SOs). This independent review describes implementation of the strategic plan during its first year of operation (from July 2020 to June 2021). It identifies issues and constraints, and recommends concrete actions to address emerging problems.

Though the plan was extremely ambitious and despite the COVID pandemic, the LCC has made remarkable progress and 59% of the plan’s indicators and milestones were met. The COVID pandemic would have provided a convenient excuse to delay or put off challenging reforms but this did not happen. The actions taken so far have laid a strong foundation for the City to reform its management, improve its finances, and strengthen its service delivery. This executive summary describes the status of each strategic objective and outlines potential short term actions and response. It generates a performance score aggregating the plans 17 key performance indicators and 56 milestones.

SO #1.1 Budget reform

Score: 80.5 out of 100

Status: An increased fraction of the budget (61% against a target of 55%) has been allocated to direct service delivery (away from administration). Significant funds were ring-fenced to finance the payment of past liabilities, staff retirement, ward development projects, and asset accumulation.

Potential Actions: Continue to implement the planned budget reforms during 2021/2; approve in Council and implement the budget guidelines, focusing on moving towards output based budgeting. Re-open the debate on establishing a ward executive presence, in order to expand tax bases.

SO # 1.2 Revenue Collection

Score: 49.2 out of 100

Status: Revenue collection has significantly improved. Despite the effects of COVID on the local economy (which has impacted the collection of business licenses, market and parking fees), as of the end of April 2021 the LCC has collected revenues of 4.67 Billion Kwacha, equivalent to 75% of its annual target. This was equivalent to 28% more than what was collected in in 2019/20. Despite this tremendous progress, Property tax arrears remain large XX

Potential Actions: Implement at least five priority revenue initiatives, including: (i) assessing the feasibility of outsourcing revenue collection for markets and parking fees (ii) with-holding business licenses, if property taxes have not been paid; (iii) seeking the cooperation of the Ministry of Local Government and other Central Government actors to solve issues with property taxes; (iv) increasing legal action and development of a large taxpayers section to deal with property tax; and (v) genuinely developing advertisement fees (signs) as a meaningful source of revenue.

SO #1.3 Asset and Liability Management

Score: 75.5 out of 100

Status: The City’s balance sheet is improving, but slowly. Although some funds have been set aside in the budget process for debt management, liabilities in 2020/1 are estimated to have decreased only 8.6% and are still equivalent to 83% of annual revenues. Where indicators have improved it is largely because revenue increases, which reduce relative debt burdens. The city set aside funds for asset accumulation in its revised budget but the level remains insufficient.

Potential Actions: Set aside increased funding in 2021/2 to repay the FDH loans and short-term liabilities and, through the Ministry of Local Government, push forward negotiations to offset the LCC’s tax arrears with central government organizations against their property tax arrears. Debt management is constrained by continued low revenue collection.

SO #1.4 Financial management and audit

Score: 89.6 out of 100

Status: At the time of drafting the strategic plan, LCC financial statements had not been completed for the seven-year period from 2012/3 to 2018/9. External audits were infrequently carried out, and the city was not meeting its fiduciary responsibilities. As of 2020/1 all delinquent financial reports have been submitted, external audit is back on schedule and all fiduciary responsibilities are being met.

Potential Actions: Establish a high capacity internal audit unit under the CEO; in the upcoming financial year, complete 12 monthly and thematic financial and performance reviews, as per the strategic plan

SO# 2.1 Good governance and organizational culture**Score: 17.0 out of 100**

Status: The City has created a strong, reliable online presence. Its web-page has been significantly expanded and its Facebook page has a total of 6,496 followers and 6,230 likes since it was established. The public can easily communicate with and provide direct feedback to the LCC. Bottom up planning is being implemented with MK 29 Million set aside. However, Councillor’s supervision and legislative activities require significant strengthening. Councillor capacity remains a key constraint.

Potential Actions: Design and urgently budget for a comprehensive, year-long Councilor capacity development plan, to be implemented by a Civil Society training institute, that focusses on Councilor legislative, supervisory, and representational functions.

SO# 2.2 Public Private Partnerships**Score: 16.7 out of 100**

Status: An expression of interest was advertised to enter into PPP agreements in five key areas: (i) maintenance, security and waste management at markets; (ii) development of an international bus terminal; (iii) upgrading and management of community buildings and recreational grounds; (iv) development of a Youth Resource Centre; and (v) management and upgrading of the Wenela Market commercial complex. A PPP policy was drafted in June 2021. Though significant action has been initiated, work is slightly behind schedule due to COVID (which accounts for the low performance score).

Potential Actions: Based on feasibility studies outsource the management, sanitation and revenue collection of markets and parking, as a concession, and using competitive bidding procedures.

SO# 2.3 Partnerships**Score: 87.5 out of 100**

Status: The city has moved far beyond the “dialogue stage” envisioned in the strategic plan. Partnerships are being effectively used to access technical and financial support. The city has begun implementing partnership activities in five key areas: (i) the environment (with the Lilongwe Ecological Corridor Initiative); (ii) solid waste management; (iii) technical support for public private partnerships; (iv) the development of an infrastructure investment program; and (v) technical support for creating a municipal police force.

SO# 2.4 Restructuring**Score: 42.4 out of 100**

Status: Since July 2020 the council has been able to retire and pay benefits of staff who were beyond the 60-year mandatory age as well as those who were unproductive. This has reduced the workforce from 1,617 to 1,445 and has reduced the monthly wage bill by 6%. Overall, however, restructuring is proceeding more slowly than expected. Ward executives have still not been established; a very large number of staff are still involved in manual cleansing activities (in an uncoordinated fashion); and there are hundreds of staff still associated with markets (in either revenue collection or sanitation). Some of the “delay” in restructuring reflects the PPP approach which has rightly prioritized physical infrastructure rather than administrative services, revenue collection, and markets, where much of the staffing inefficiencies lie. The overall staffing level is both very high and somewhat misplaced. The current organizational structure does not clearly assign staff to single, specific outputs, thus inhibiting: output based budgeting, unit costing and effective performance management.

Potential Actions: Prioritize the following: (i) establish Ward Executives which are essential for revenue collection, following up bottom up planning, and supervising cleansing activities; (ii) prior to the 2021/2 budgeting process, create the units and functions defined in the restructuring plan (Annex 4) and assign staff to each unit so that outputs can form the basis of accountability and the costing of work; and (iii) translate the restructuring roadmap into an annual plan for 2021/2 prior to the budget focusing on the following Directorates: Administration, Public Health and Parks and Recreation. Focus restructuring on functions related to markets (revenue collection and sanitation) and cleansing.

SO# 2.5 Performance Management**Score: 75.0 out of 100**

Status: The strategic plan is being implemented through the annual budget and a system of ward development projects, budgeted at 29 Million Kwacha in 2020/1. Eleven directors have scorecards and a system of financial rewards is being piloted. The LCC developed a Client Service Charter establishing service standards for 57 different services.

Potential Actions: deepen performance management systems by: (i) operationalizing the delivery unit; (ii) establishing systems to monitor whether the standards in the client service charter are being met; and (iii) continually refining scorecards found in performance agreements and further employing financial rewards to motivate improved individual performance

SO# 3.1 Private Sector Development**Score: 12.5 out of 100**

Status: Because of COVID private sector development initiatives have been delayed. The Commerce Directorate will need to recruit staff to lead both Private Sector Development and facilitate PPPs. In the upcoming year, initiatives need to be taken in terms of implementing business forums to liaise with the private sector and to support hawkers and small businesses.

Potential Actions: establish a Private Sector Development (PSD) Division. Recruit staff with experience in private sector development to further develop and implement PSD initiatives

SO# 3.2 Parks and the environment

Score: 50.9 out of 100

Status: 31.9 hectares of parks, public areas, and riverside areas were developed or protected. In total 21,294 trees were planted. Eden Park was extended and now covers 4.5 hectares. Partners were mobilized to protect rivers and wetlands by formulating the Lilongwe Ecological Corridor Initiative (LECI) program. The Lilongwe Ecological Strategy will be launched in October 2021.

Potential Actions: Formulate a medium term *Parks Development Plan* that identifies future park locations, costs, and maintenance arrangements and budgets. To expand park areas liaise with the Central Government to solve problems of land shortages.

SO# 3.3 Solid Waste Management

Score: 95.8 out of 100

Status: an increased proportion of the solid waste generated in Lilongwe is now being collected and properly disposed of at the dumpsite. During 2020/1 the city collected and delivered to the Area 38 dumpsite 63,913 tons of solid waste, equivalent to approximately 42.5% of the solid waste generated. This far exceeded the annual target of 30%. Two clearing exercises were completed to create additional space for waste disposal in Area 38 and work was initiated to establish a new landfill site, to be privately managed.

Potential Actions: Develop a more detailed waste collection and disposal plan, identifying roles and areas of work for the LCC and the private sector, costing the expansion of collection and investments envisioned in the strategic plan ensuring the target of reaching 40% collection and disposal for 2021/2 becomes a reality. Complete preparatory work to establish a second dumpsite. Access technical assistance on financing the sector and using PPP arrangements to collect increasing levels of solid waste.

SO# 3.4 Transport

Score: 71.9 out of 100

Status: Four key road projects are being procured, including the expansion of the M1 from Kanengo to PMF (from 2 to 4 lanes, by the Roads Authority); the widening of roads in Area 18 (Senti and Biwi to Penyenye Brom 1 to 2 lanes); the upgrade of 15 kilometers of road from earth to bitumen (in Areas 12, 25 and 38, estimated to cost MK 10 Billion); and the rehabilitation of roads around the bus depot and in old Gulliver. As planned, an additional 7 kilometers of road now have solar lighting. Plans are still on target to transfer sewerage functions to the Lilongwe Water Board in the upcoming year.

Potential Actions: Focus on removing traffic bottlenecks by completing an updated road assessment and establishing plans and timelines for all transport related projects and moving quickly to complete a by-law on traffic management. The last roads and traffic information being used by the city was generated in 2009, as part of the analysis feeding into the *City Master Plan*.

SO# 3.5 Public Health

Score: 42.6 out of 100

Status: The Lilongwe City Council took a very active role in responding to the COVID19 pandemic. However, during 2020/1 MCH visits decreased by 10% when compared to the previous year (the target in the strategic plan was to increase visits by 25%). It is possible that decreased visits are linked to the COVID outbreak.

Potential Actions: Take a more active public health approach, beginning with the development of plans and strategies to: (i) increase MCH usage and improving the quality of services; (ii) increasing the testing of water, food and industrial waste; and (iii) exploring the feasibility of using private sector laboratory services to expand public health outreach.

SO# 3.6 Town Planning

Score: 31.3 out of 100

Status: Town planning, land management, and housing development are three of the most challenging areas confronting the City. The LCC has taken firm steps to begin addressing some zoning issues and together with the Central Government land formalization in the THAs (Traditional Housing Authorities) is moving forward.

Potential Actions: Work more actively with the private sector to jointly develop housing estates, especially for lower income families and to implement high profile town planning projects in Lilongwe, which lead to the development of small but iconic areas that all residents can be proud of.

SO# 3.7 Investment Program

Score: 100 out of 100

Status: Ten potential capital investment projects have been identified, and a participatory process has been initiated to prioritize and then appraise these projects. Useful dialogue with the World Bank has taken place to further pursue financing options.

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ABBREVIATIONS

CDS, City Development Strategy

CEO, Chief Executive Officer

FDH, First Discount House

HR, human resources

ICT, information and communication technology

IFMS, integrated financial management system

LGSC, Local Government Service Commission

LLC, Lilongwe City Council

M&E, monitoring and evaluation

MHC, Malawi Housing Corporation

MK, Malawian Kwacha

MLGRD, Ministry of Local Government and Rural Development

MLHUD, Ministry of Lands, Housing and Urban Development)

MRA, Malawi Revenue Authority

PAYE, Pay As You Earn

PPP, public-private partnership

PSD, private sector development

SP, strategic plan

SWM, solid waste management

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

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INTRODUCTION

During 2020 the Lilongwe City Council (LCC) developed a five-year strategic plan (July 2020 to June 2025). The plan defined an ambitious, reform-minded, direction forward for the city. To meet the service delivery expectations of its residents, the Council designed a program of deep, fundamental change. It was agreed a fresh start was needed to rebuild the confidence of citizens, staff, and partners.

Given the breadth of the changes required, the strategy focuses on a limited number of manageable, innovative priorities and big ideas, many of which involve establishing strong management fundamentals. The strategic plan is supported by a detailed roadmap to success, and is divided into 3 components and 17 strategic objectives. An overview of the strategic plan is depicted adjacently.

THIS REPORT

This report describes the City's implementation of its strategic plan during the July 2020 to June 2021 period. The report identifies delays, issues, and constraints, and recommends concrete actions to address emerging problems.

Milestones and targets in both the strategic plan were used to assess implementation progress and the achievement of results. Given the complexity of the reforms, there are problems with making too strict a comparison. End results, rather than the timing of intermediate results, matter. For example, 6 of the 34 services identified for outsourcing in the strategic plan have been advertised, but in an order different from the strategic plan. **Overall, management has adopted a flexible approach while maintaining the spirit of the strategic plan.**

Information for this report was provided by each directorate and has been checked and verified to ensure its accuracy, typically by reviewing underlying, disaggregated data. Work on this report began in

FIGURE 1: OVERVIEW OF THE STRATEGIC PLAN

 THE COUNCIL	MISSION	To tirelessly serve the citizens of Lilongwe City	
	VISION	A future Lilongwe that is clean, green and prosperous	
	CORE VALUES	Hard work; Integrity; Customers and Services First; Innovation	
 FINANCE	GOAL	Fix the city's finances by significantly increasing revenues; better allocating and managing available resources; and freeing up resources to expand the delivery of critical services	
	STRATEGIC OBJECTIVES	1.1	Budget: Make the budget transparent, prioritized, and result-oriented
		1.2	Revenue: Significantly increase revenues
		1.3	Assets and liabilities: Eliminate debts and invest in physical assets
1.4		Scrutiny: regain credibility by meeting all fiduciary responsibilities	
 MANAGEMENT	GOAL	Adopt modern management practices, by unleashing private sector initiative; partnering; and embedding a culture of good governance, efficient service delivery, and accountability for results	
	STRATEGIC OBJECTIVES	2.1	Governance: Transform organizational culture and foster good governance
		2.2	PPP: Use PPP to provide 38 different services
		2.3	Partners: Mobilize at least a total of MK 5 billion via partnerships with donors and civil society
		2.4	Restructuring: Improve productivity through restructuring and eliminate absenteeism and payroll fraud
		2.5	Performance management: Create accountability for results
 SERVICES	GOAL	Provide services in a more efficient & cost-effective manner, focusing on private sector development, environmental protection, solid waste management, transport, public health, and town planning	
	STRATEGIC OBJECTIVES	3.1	Local economic development: Spur local economic development, supporting 1,600 informal sector participants
		3.2	Parks & environmental management: Expand green areas by 300 hectares protecting the environment for future generations
		3.3	Solid Waste management: Collect and properly dispose of 70% of all solid waste generated
		3.4	Transport: Make roads safer, cleaner & less congested
		3.5	Public Health: Mitigate covid 19, strengthen public health, and triple MCH visits
		3.6	Town planning: assist 25,000 poor households with housing and land formalization
		3.7	Investment planning: Finance and implement a \$20 million capital investment program

early April, an interim report was drafted in May, and the interim report was update in July of 2021. The report covers the 2020/1 financial year, the first year of implementing the strategic plan.

The remainder of this chapter highlights key achievements and constraints and summarizes overall performance against indicators and milestones in the strategy plan. Following this introduction, subsequent chapters describes progress in each of the plan's three main components (finance, management and service delivery).

ACHIEVEMENTS AND RISKS

The achievements described in this report took place during the most difficult of circumstances. The COVID-19 pandemic required the city, as the nation's capital, to focus on national health initiatives; businesses and the local economy were affected; and the work environment within the Council was significantly altered. This delayed approval of the strategic plan and many initiatives were not properly funded until a budget amendment was completed in January of 2021, halfway through the first year of implementation. On top of these external challenges, the strategic plan envisioned a highly ambitious change agenda that demands fundamental organizational change. It would have been easy to make excuses and to dampen expectations. However, this did not happen. **The achievements realized, during this very short, initial period, regardless of the circumstance, are truly impressive.** The actions taken so far have laid the foundations for the City to reform its management, improve its financial situation, and strengthen its delivery of services. Key achievements to date, are as follows



Notable Achievements

1.1 Budget reform

An increased fraction of the budget (61% against a target of 55%) has been allocated to direct service delivery (away from administration). Significant funds were ring-fenced to finance the payment of past liabilities, staff retirement, ward development projects and asset accumulation

1.4 Financial management and audit

At the time of drafting the strategic plan, LCC financial statements had not been completed for the seven-year period from 2012/3 to 2018/9. External audits were infrequently carried out, and the city was not meeting its fiduciary responsibilities. As of 2020/1 all delinquent financial reports have been submitted, external audit is back on schedule and all fiduciary responsibilities are being met.

2.1 Good governance and organizational culture

The City has created a strong, reliable online presence. Its web-page has been significantly expanded and its Facebook page has a total of 6,496 followers and 6,230 likes since it was established. The public can easily communicate with and provide direct feedback to the LCC. XX Bottom up planning...

2.2 Public Private Partnerships

An expression of interest was advertised to enter into PPP agreements in five key areas: (i) maintenance, security and waste management at markets; (ii) development of an international bus terminal; (iii) upgrading and management of community buildings and recreational grounds; (iv) development of a Youth Resource Center; and (v) management and upgrading of the Wenela Market commercial complex. A PPP policy was drafted.

2.3 Partnerships

The city has moved far beyond the "dialogue stage" envisioned in the strategic plan. Partnerships are being effectively used to access technical and financial support. The city has begun implementing partnership activities in five key areas: (i) the environment (with the Lilongwe Ecological Corridor Initiative); (ii) solid waste management; (iii) technical support for public private partnerships; (iv) the development of an infrastructure investment program; and (v) technical support for creating a municipal police force.

2.4 Restructuring

Since July 2020 the council has been able to retire and pay benefits of staff who were beyond the 60-year mandatory age as well as those who were unproductive. This has reduced the workforce from 1,617 to 1,445 and has reduced the monthly wage bill by 6%

Notable Achievements



2.5 Performance Management

The strategic plan is being implemented through the annual budget and a system of ward development projects, budgeted at 29 Million Kwacha was designed and implemented. Eleven directors have scorecards and a system of financial rewards is being piloted. The LCC developed a client service charter establishing service standards for 57 different services.

3.2 Parks and the environment

31.9 hectares of parks, public areas, and riverside areas were developed or protected. In total 21,294 trees were planted. Eden Park was extended and now covers 4.5 hectares. Partners were mobilized to protect rivers and wetlands by formulating the Lilongwe Ecological Corridor Initiative (LECI) program.

3.3 Solid Waste Management

An increased proportion of the solid waste generated in Lilongwe is now being collected and properly disposed of at the dumpsite. During 2020/1 the city collected and delivered to the Area 38 dumpsite 63,913 tons of solid waste, equivalent to approximately 42.5% of the solid waste generated. This far exceeded the annual target of 30%. Two clearing exercises were completed to create additional space for waste disposal in Area 38 and work was initiated to establish a new landfill site to be privately managed.

3.7 Capital Investment program

Ten potential capital investment projects have been identified, and a participatory process has been initiated to prioritize and then appraise these projects. Useful dialogue with the World Bank has taken place to further pursue financing options.

Several early risks have been identified, including the following

Key Risks



1.2 Revenue Collection

Revenue targets were not met; actually collection was more than KW 1 Billion less than what it needs to be to place the City on a sound financial footing. Property tax arrears remain very large. These can potentially finance significant and much-needed investment in the delivery of services. While some progress has been made in agreeing with 600 tax payers to make monthly arrear payments, significant further action is required, especially where central government entities are not making their payments.

1.3 Asset and Liability Management

The City's balance sheet is improving, but very slowly. Although some funds have been set aside in the budget process for debt management, liabilities in 2020/1 are estimated to have decreased only 7.3% and are still equivalent to 71% of annual revenues.

2.1 Good Governance

There is an urgent need to strengthen the capacity of LLC Councilors and to ensure reporting from the executive branch provides a strong foundation for supervision of LCC activities by Councilors.

2.4 Restructuring

Restructuring is proceeding more slowly than expected. Ward executives have still not been established; a very large number of staff are still involved in manual cleansing activities (in an uncoordinated fashion); and there are hundreds of staff still associated with markets (in either revenue collection or sanitation). Some of the "delay" in restructuring reflects the PPP approach which has rightly prioritized physical infrastructure rather than administrative services, revenue collection, and markets, where much of the staffing inefficiencies lie. The overall staffing level is both very high and somewhat misplaced. The current organizational structure does not clearly assign staff to single, specific outputs, thus inhibiting: output based budgeting, unit costing and effective performance management.

3.1 Private Sector Development

Because of COVID private sector development initiatives have been delayed. The Commerce Directorate will need to recruit staff to lead both Private Sector Development and facilitate PPPs. In the upcoming year, initiatives need to be taken in terms of implementing business forums to liaise with the private sector and to support hawkers and small businesses.

Key Risks



3.5 Public Health

While the LCC made a very positive contribution to the fight against COVID, MCH visits dropped by 10% (perhaps due to COVID). Concerted efforts will be required in 2021/2 to significantly expand use of MCH clinics.

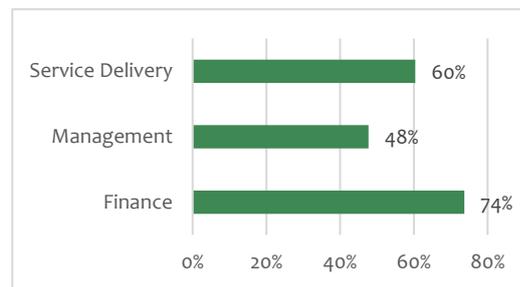
3.6 Town Planning

The LCC continues to struggle with issues of land and facilitating the private sector's provision of low cost housing alternatives. The city is also in need of implementing at least one, high profile, town planning initiative that creates a small but iconic area in Lilongwe.

The monitoring framework of the strategic plan contains 17 key performance indicators (covering all years of the plan) and 56 annual milestones. As of June 2021, overall progress is as follows.

- **On average, indicators and milestones have been met at a level of 59% of their targets.** Considering the ambition of the plan and the circumstances of 2021 this constitutes a tremendous accomplishment
- Some strategic objectives were significantly affected by COVID, in particular public health (with a marked decrease in MCH visits) and private sector development
- The most progress was made in financial management

FIGURE 2: AVERAGE PERFORMANCE SCORE BY COMPONENT



Further details are provided on the following page as well as in Annex 1.

TABLE 1: PROGRESS AGAINST PERFORMANCE INDICATORS AND MILESTONES FOR 2020/1 (BY STRATEGIC OBJECTIVE)

A. STRATEGIC OBJECTIVE	B. KPI %	C. MILESTONES%	D. SCORE	E. INDICATOR	F. TARGET	G. ACTUAL
1.1 MAKE THE BUDGET TRANSPARENT, PRIORITIZED, AND RESULT-ORIENTED	111%	50%	80.5%	% of the budget allocated to direct service delivery	55%	61%
1.2 SIGNIFICANTLY INCREASE REVENUES	73%	25%	29.2%	Total collection of own source revenues (MK Billions)	6.4	4.7
1.3 ELIMINATE DEBTS AND INVEST IN PHYSICAL ASSETS	71%	80%	75.5%	Outstanding liabilities as a fraction of own source revenue	59%	83%
1.4 REGAIN CREDIBILITY BY MEETING ALL FIDUCIARY RESPONSIBILITIES	100%	79%	89.6%	National audit office opinion (last issued opinion)	Unqualified	Unqualified
2.1 TRANSFORM ORGANIZATIONAL CULTURE AND FOSTER GOOD GOVERNANCE	17%	17%	17.0%	Number of complaints received through an independent feedback and anti-corruption unit	500	85
2.2 USE PUBLIC PRIVATE PARTNERSHIP TO PROVIDE 38 DIFFERENT SERVICES	0%	33%	16.7%	Number of different PPP areas outsourced	6	0
2.3 MOBILIZE A TOTAL OF AT LEAST MK 5 BILLION VIA PARTNERSHIPS WITH DONORS AND CIVIL SOCIETY	100%	75%	87.5%	Cumulative value of projects and MOUs implemented with partners (in MK Billions) (2020/1 target = consult with 30 potential partners, no resources mobilized)	30	30
2.4 IMPROVE PRODUCTIVITY THROUGH RESTRUCTURING AND ELIMINATE ABSENTEEISM & PAYROLL FRAUD	35%	50%	42.4%	Number of staff at the end of the year (based on the restructuring plan)	1,124	1,445
2.5 CREATE ACCOUNTABILITY FOR RESULTS	N/A	75%	75.0%	% of targets in Directors' performance contracts which were achieved (on time)	50%	N/A
3.1 SPUR LOCAL ECONOMIC DEVELOPMENT, SUPPORTING 1,600 INFORMAL SECTOR PARTICIPANTS	---	12.5%	12.5%	Cumulative number of entrepreneurs directly assisted through LCC private sector development programs (begins 2021/2)	---	--
3.2 EXPAND GREEN AREAS BY 300 HECTARES AND PROTECT THE CITY'S ENVIRONMENT FOR FUTURE GENERATIONS	46%	56%	50.9%	Cumulative total number of hectares of new park, riverside, and forestry protected or developed	70	31.9
3.3 COLLECT AND PROPERLY DISPOSE OF 70% OF ALL SOLID WASTE GENERATED	142%	50%	95.8%	% of waste generated that is collected and disposed at the dumpsite	30%	42.5%
3.4 MAKE ROADS SAFER, CLEANER AND LESS CONGESTED	100%	44%	71.9%	Kilometres of road with fully functioning lighting	7	7
3.5 MITIGATE COVID 19, STRENGTHEN PUBLIC HEALTH, AND TRIPLE MCH VISITS	73%	13%	42.6%	% increase in MCH visits compared to 2019/20 totals	+25%	-10%
3.6 ASSIST 25,000 POOR HOUSEHOLDS WITH HOUSING AND LAND FORMALIZATION	0%	63%	31.3%	Number of annual high-profile, visible, integrated town planning projects successfully completed	1	0
3.7 FINANCE AND IMPLEMENT A \$20 MILLION CAPITAL INVESTMENT PROGRAM		100%	100%	Investment funds mobilized (\$US Millions)(starts 2021/2)	--	--
ALL	67%	51%	59%			

NOTE: N/A = not available. Each strategic objective has one main key performance indicator (KPI) and several milestones. For each strategic objective the table below lists the key performance indicator (column E) together with its target (column F) and actual value as of the end of March (column G). The performance on the KPI, in percentage terms (column B) is calculated as the actual value divided by the target value (column G ÷ column F). Each strategic objective also has several milestones for 2020/1, whose progress is described in this report. Progress of milestones is calculated as no significant progress (0%); minor progress (25%); moderate progress (50%); major progress (75%) and completed or met (100%). Column C calculates the average of these percentages across all milestones under a particular strategic objective. Overall progress (Column D) is calculated as the average of Column B and Column C. “—” means there was no target for 2020/1





COMPONENT #1: FINANCE

Until very recently, the Lilongwe City Council **was in a precarious financial situation**. With limited revenue collection, services provided to the average resident during 2018/9 were equivalent to only 10.6 Kwacha per person per day. These resources are insufficient to bring meaningful development to the city.

Historically, revenues primarily paid staff and operations, leaving little to invest in much-needed infrastructure. By early 2020 the City had accumulated significant debt, which reached 123% of own source revenues. Assets were old and in constant need of maintenance. Taxes were routinely evaded and corruption and maladministration plagued the Council.

The strategic plan aims to aggressively reverse these trends, to radically reform the budget system, to significantly increase revenue collection, to better manage assets and liabilities, and to strengthen financial scrutiny and accountability. The remainder of this chapter documents progress in the four strategic objectives (SOs) of this component.

SO#1.1 MAKE THE BUDGET TRANSPARENT, PRIORITIZED, AND RESULT-ORIENTED

The City's strategic choices are implemented through its budget. The strategic plan aims to make the budget results-oriented (by moving from an input to output-based budgeting). It aims to ensure capital investment, maintenance, and timely debt repayment are funded by creating simple allocation formulas to ring-fence priority expenditures. It also identifies the need to establish revenue targets based on compliance (rather than historical trends) and, in later years, to create a Directorate innovation fund, piloting the use of competitive internal grants.

The main objective of the budgeting reforms is to reallocate funds away from management, administration, and overhead expenses. For 2020/1, the target (key performance indicator) was to ensure at least 55% of the budget was allocated to direct service delivery.

During the budget reallocation of early 2021, this target was met, as 61% of all planned expenditures for January to June 2021 will be on service delivery, infrastructure development, and regulation. Annex 2 (page 35) documents this calculation. It is expected, over time, service delivery will be better funded as administrative costs are curtailed, previous liabilities are repaid, and revenues increase.

Because of the COVID19 pandemic, development and implementation of the strategic plan was delayed and the 2020/1 budget was initially developed prior to the completion of the strategic plan. To better implement the strategic, **the LCC undertook a re-budgeting exercise in early 2021, adopting several key budget process reforms**, including:

FIGURE 3: COMPONENT #1 OVERVIEW (FINANCES)

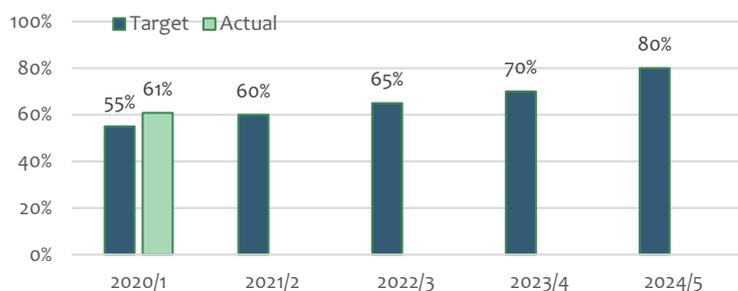
Goal

Fix the city's finances by significantly increasing revenues; better allocating and managing available resources; and freeing up resources to expand the delivery of critical services

Strategic Objectives (SO)



FIGURE 4: ESTIMATED DIRECT SERVICE DELIVERY AS A % OF TOTAL BUDGETED EXPENDITURE



ACHIEVEMENTS

- Budget guidelines were drafted to move to output budgeting, separating planning from the costing of inputs, ring-fencing priority expenditures and creating new formats for budget presentation
- Standard output lists were developed for each Directorate for future budgeting
- Formulas and limits were used to safeguard and ring-fence priority development expenditure and mandatory payments
- Significant resources were set aside to pay outstanding liabilities as soon as possible, so that the Council remains on a sound long term financial path
- Resources were set aside for capital accumulation and ward projects

BUDGET GUIDELINES 2020/1

PART I: INTRODUCTION

Article 1: Purpose

- 1.1 These guidelines describe an improved budget process, structure, and presentation of reports, in line with strategic objective #1.1 of the LCC strategic plan. They also establish annual budget ceilings for each directorate as well as for specific types of expenditure.
- 1.2 Revisions of the budget process, the budget model, and the budget presentation, as described in these guidelines, aim to:
 - i) Improve the transparency of the budget, ensuring Councilors and the public can understand and effectively scrutinize budget choices;
 - ii) Implement an expenditure plan which shifts resources from management and administration into the Council's service delivery priorities;
 - iii) Strengthen accountability for results
 - iv) Link budgets to plans, especially the strategic plan
- 1.3 These guidelines will be implemented as an intermediate measure for the 2020/1 budget. In the future, each year, the Council will approve budget guidelines and ceilings prior to the start of the budget process.
- 1.4 All tables, reports and formats to be used in the budget process are contained in the annex to these guidelines

Article 2: Focus on costing outputs and services

- 2.1 The centerpiece of this revised budget process is the identification and costing of outputs (services). In focusing on the delivery of services, both internal and external.

Implementation of milestones for 2020/1 are as follows.

TABLE 2: PROGRESS IN IMPLEMENTING THE 2020/1 MILESTONES IN STRATEGIC OBJECTIVE #1.1 (BUDGETING)

MILESTONE	PROGRESS	STATUS																		
Create allocation formulas and output lists to be approved by Council	MAJOR PROGRESS. The City employed a wide range of formulas to allocate resources during the re-budgeting of early 2021. These set asides constituted 24% of the 6-month budget (MK 519 Million), as follows: <table border="1"> <thead> <tr> <th>ITEM</th> <th>BUDGET (MK MILLION)</th> <th>% TOTAL</th> </tr> </thead> <tbody> <tr> <td>Retirement</td> <td>155</td> <td>7.3%</td> </tr> <tr> <td>Liabilities (FDH Loan & MRA)</td> <td>300</td> <td>14.0%</td> </tr> <tr> <td>Asset Accumulation (investment)</td> <td>34</td> <td>1.6%</td> </tr> <tr> <td>Ward Projects</td> <td>29</td> <td>1.4%</td> </tr> <tr> <td>TOTAL</td> <td>519</td> <td>24.3%</td> </tr> </tbody> </table> <p>The City also identified its statutory payments and transparently allocated operational budgets (for service delivery) to each Directorate. A simple summary budget was produced. Maintenance costs were not ring-fenced but are included in the draft <i>Asset Management Policy</i> (at 2-3% of asset value). The only issue remaining is for the City to implement output-based budgeting, which will allow unit costing as well as analysis of budget expenditures in terms of expenditure on management, infrastructure investment, service delivery, and regulation. Budget guidelines were prepared and are expected to be approved for 2021/2.</p>	ITEM	BUDGET (MK MILLION)	% TOTAL	Retirement	155	7.3%	Liabilities (FDH Loan & MRA)	300	14.0%	Asset Accumulation (investment)	34	1.6%	Ward Projects	29	1.4%	TOTAL	519	24.3%	■ ■ ■
ITEM	BUDGET (MK MILLION)	% TOTAL																		
Retirement	155	7.3%																		
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Asset Accumulation (investment)	34	1.6%																		
Ward Projects	29	1.4%																		
TOTAL	519	24.3%																		
Revise the planning process to include 3 steps (guidelines, planning, budget)	MAJOR PROGRESS. To move away from the practice of input budgeting, the draft budget guidelines separate identification of outputs and activities (planning) and their costing according to the inputs consumed. The guidelines have not yet been officially approved but many of their elements were in practice in the early 2021 budget reallocation.	■ ■ ■																		
Budget for property rates based on obligation to pay (the tax base)	MODERATE PROGRESS: In the past revenue collection budgets were based on historical trends rather than the amount legally due. The draft budget guidelines require each revenue source to list <u>both</u> the statutory amount due as well as the LCC's estimate on the revenues that can be realistically collected. The budget now contains more ambitious revenue targets. For example, revenue targets for 2020/1 were 35% higher than targets for 2019/20.	■ ■																		
Calculate unit costs for all services, including staff and overheads	NOT STARTED. Unit cost calculation were not used during the 2020/1 budget. Output based budgeting will depend on the restructuring on Directorates so that Divisions or Units are aligned to outputs (Strategic Objective #2.4).	× × × ×																		
Make revenue projections for business licenses and markets derived from the tax base	MAJOR PROGRESS. There has been a trend of increased collection of business licenses, based primarily on improved information on existing businesses. There is now a computerized registry of businesses. The revenue potential of markets requires further study, but collection and projections are now made and presented market by market in the budget. The budget presentation of projected revenues is much more transparent for markets and parking fees.	■ ■ ■																		

"Current Status" is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red = barely/not started (0).

In summary, establishing output-based budgeting remains the sole significant challenge under this strategic objective. Doing so will enable the Council to cost its services and to make better-informed resource allocation decisions. To do so, staffing costs must be allocated to outputs through a restructuring of Directorates along functional lines and service delivery responsibilities. Though meaningful progress has been achieved, **the 2021/2 budget stands before the Council as crucial step in its implementation of its budget process reform.**

SO#1.2 SIGNIFICANTLY INCREASE REVENUES

The City’s revenue enhancing strategy aims to raise sufficient resources to fund critical municipal services, without imposing undue hardship or burden on the city’s tax payers. It committed to increase 202/1 revenues by 75%, an ambitious target equivalent to MK 6.4Million. Summary revenue collection data is documented in Table 3. **In 2020/1 revenue collection reached only 75% of its budget target of MK 6.2 Billion.**

In the strategic plan, six cross cutting strategies (Figure 5) are applied to the City’s most promising revenues sources: (i) property tax (arrears and current payment); (ii) market fees; (iii) business licenses; (iv) commercial rentals; (v) parking fees; (vi) development fees; (vii) advertising fees; and (viii) solid waste management fees.

Revenue collection performance was worse than expected. On the other hand, despite the effects of COVID on the local economy—which has impacted the collection of business licenses, market and parking fees, during 2021/2 the LCC collected revenues of 4.7 Billion Kwacha (Table 3). **This was 28% higher than the KW 3.6 Billion collected in 2019/20.** Trends over the last 5 years show significant increases, especially this year.

TABLE 3: REVENUE COLLECTION 2020/1 (IN MK MILLIONS)

SOURCE	A. STRATEGIC PLAN TARGET	B. 2020/1 BUDGET TARGET	C. ACTUAL 2020/1 AS OF 27/4/21	% (C+A)
Property tax	3,940	2,790	2,558	92%
Arrears	1,170			
Current	2,770			
Market Fees	1,000	446	297	67%
Business Licenses	578	1,200	556	46%
Commercial Rental fees	40	254	170	67%
Parking Fees	10	157	67	43%
Development Fees	300	1,000	774	77%
Advertising	200	180	35	20%
Solid Waste fees	243	75	52	69%
Others	50	116	157	135%
TOTAL	6,361	6,218	4,667	75%

FIGURE 5: REVENUE RAISING STRATEGIES



TABLE 4: ACTUAL REVENUE COLLECTION OVER TIME (BY SOURCE)(IN KWACHA)



In terms of key revenue collection processes and reforms:



- **Business Licenses:** An automated, potentially online database and payment system was put in place in January, that issues licenses and receipts and records licensing activities. Currently the citizen portal module, has not yet been activated for online use, but the system is capable of on line payments. According to the City's client service charter a license will be issued within 1 day.
- **Market fees** are also automated, using point of sale devices to issue receipts. The City can track payment in real time using a dashboard. Revenue targets have been developed for each market (though these are not currently being met due to the economic downturn induced by COVID.
- **Parking fees:** although actual collection was low, 2020/1 is the first time revenue projections and actual collection has been disaggregated by each of the City's 10 parking areas.

Annex 2 (page Table 27) summarizes the key initiatives in the revised revenue enhancement strategy, as documented in the roadmap to the strategic plan. For 2020/1, 24 initiatives were identified, three of which are being substantially implemented. Progress towards the 2020/1 milestones for strategic objective #1.2 are as follows.

TABLE 5: PROGRESS IN IMPLEMENTING THE 2020/1 MILESTONES IN STRATEGIC OBJECTIVE #1.2 (REVENUES)

MILESTONE	PROGRESS	STATUS
Political support on property tax arrears pursued with the Ministry of Local Government	NOT STARTED. By mid-2020, property tax arrears had reached MK 11.7 Billion. Of these arrears, 106 taxpayers had arrears exceeding MK 10 Million each and owed, in total MK 4.4 Billion. Of these large taxpayer debts, MK 2.1 Billion was owed by public sector institutions. Many of these taxpayers are well connected and to collect these debts the LCC may require a commitment from Central Government. Meetings with the Ministry of Local Government and Malawi Revenue Authority have not yet been arranged.	XXXXX
Incentive system for clearing property tax arrears agreed by Council	MINOR PROGRESS. About 600 ratepayers have made monthly commitments to clear their property rate liabilities. In addition to taking legal action, it may be cheaper and more feasible, in some cases, to develop an incentive scheme and amnesty that provides a discount once all arrears are paid and once all accounts are kept current. It was agreed this would be a last resort and will not be initiated until future years.	■
Business license database developed	COMPLETED, as described above.	■■■■
Inconsistencies in payments of development fees and property taxes documented	NOT STARTED. Before developing a property an owner must have his or her plans approved and must pay development fees. The aim of this initiative is to triangulate data on development fees and property to ensure consistency, both in who pays and in the valuation of each property.	XXXXX
Business licenses and PPP contracts integrated into the IFMIS	NOT STARTED. The integration of each taxable property into the IFMIS has greatly enhanced the LCC's ability to track payments. The next step is to incorporate each business and each commercial (PPP) contracts, so that payment arrears can be better tracked. Individual markets and parking areas are now being monitored. The IFMIS has the ability to create any number of vendors and customers. Business licenses have not yet been entered.	XXXXX
Limits placed on the number of advertising signs and fees raised to reduce the number of signs	MINOR PROGRESS. The payment of advertisement fees has both regulatory and revenue-raising objectives. The aim was to reduce the number of advertisements and increase their prices, thus improving the physical beauty of the city. This year, as a pilot, a company was engaged to manage these fees.	■
All feasible markets outsourced; no market makes a net revenue loss and all affected staff retrenched	MINOR PROGRESS. A concept note describing how to measure the revenue potential of a market was prepared whereby either (i) counting the number of sellers; (ii) closely observing the collection process and measuring whether observation impacts collection or; (iii) temporarily taking over collection and measuring its impact. The process would also measure the full Council costs of managing the market, arriving at a new calculation of the NET REVENUES the market should generate. This figure would determine the feasibility of outsourcing the market as well as establish reasonable performance and revenue collection targets. This activity has been pushed back to 2021/2 as PPP priorities have focussed on infrastructure development (see strategic objective # 2.2)	■

"Current Status" is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red= barely/not started (0).

There has been a noticeable improvement in the administration of council revenues, and despite COVID, **revenue collection in 2020/1 reached MK 4.7 Billion a figure that is 28% higher than revenues collected in 2019/20.** Despite this success, there remains room for improvement and it is essential to deepen reforms of revenue collection system. Collection of property tax and property tax arrears remains the most significant challenge facing the LCC and the on-going lack of a ward executive presence continues to hamper the expansion of the tax base. There is a strong

commitment to increased computerization and to the use of public private partnerships to increase revenue and reduce collection costs. In the future, the following initiatives are considered a priority; (i) assessing the feasibility of outsourcing revenue collection for markets (as a concession) and parking fees (as has been done in Dar es Salaam) (ii) with-holding the issuance of business licenses, if property taxes have not been paid; (iii) gaining the cooperation of the Ministry of Local Government and other Central Government actors to solve issues with property taxes; (iv) increasing legal action and development of a large taxpayers section to deal with property tax; and (v) genuinely developing advertisement fees (signs) as a meaningful source of revenue. During the 2021/2 budget process the City should prioritize and commit to implementing specific revenue enhancement initiatives in the roadmap.

SO#1.3 ELIMINATE DEBTS AND INVEST IN PHYSICAL ASSETS

In 2019 the Council updated its asset and liability registers, which had become incomplete and inaccurate. In previous regimes, debts reached alarming levels, compromising the LCC's ability to make sound, long-run financial decisions, to fund investment, to rationalize staffing, and to provide public services in an efficient manner.

Some debts carried high interest rates and were in significant arrears. In other cases, resources were not set aside to pay retirement benefits to staff who reached retirement age, needed to be laid off, or who had become redundant. Since June 2018 the City's balance sheet has drastically improved (Table 6). **Liabilities decreased slightly from MK 4.3 Million to MK 3.9 Million, though the debt to revenue ratio decreased from 117% to 83%, largely through the increase in revenues.** This is against a target of 59% in the strategic plan. Total liabilities are not significantly decreasing as a new commercial (FDH) loan was arranged in December of 2020. Debts to the central government (PAYE and TEVET) have increased slightly. The reduction of staff from 1,617 to 1,445 (accompanied by the payment of compensation) has slightly reduced future payment obligation. During the second half of 2020/1 the City has adopted more ambitious debt reduction targets by setting aside MK 455 Million.

The strategic plan also laid out rough rules of thumb to set aside funding for capital acquisition and maintenance. An *asset management policy*, updating ratios and prescribing the need for asset management plans and the need to maintain full and complete asset registries was drafted in March 2021. Implementation of milestones for 2020/1 are as follows.

TABLE 8: PROGRESS IN IMPLEMENTING THE 2020/1 MILESTONES IN STRATEGIC OBJECTIVE #1.3 (LIABILITIES)

MILESTONE	PROGRESS	STATUS
Establish a separate fund for (i) asset accumulation and management and (ii) staff retirement and retrenchment	COMPLETED. The 2020/1 budget set aside funds for asset and liability management in line with the principles described in the strategic plan and the LLC is now using the budget process to ensure certain expenditure types are implemented. The draft <i>Asset Management Policy</i> and the draft <i>Liability Management Policy</i> further elaborates on the use of budget ceilings and expenditure targets, and their related processes.	■ ■ ■ ■
Limit employment to 5 or less staff over the retirement age	COMPLETED. All staff of retirement age have completed their service (see strategic objective #2.4).	■ ■ ■ ■

TABLE 6: LCC LIABILITIES OVER TIME (IN MK)

ITEM	JUNE 2018		APRIL 2021	
	AMOUNT	%	AMOUNT	%
1. Short term liabilities	198,560,356	5.4%	116,735,226	2.5%
2. Long term liabilities	2,294,298,406	63.0%	2,221,104,075	47.0%
2.1. FDH loan	597,011,750	16.4%	659,480,744	13.9%
2.2. Pay as you earn	1,501,718,113	41.2%	1,553,018,404	32.8%
2.3. TEVET Levy	62,026,043	1.7%	65,910,587	1.4%
2.4. Pension	133,542,500	3.7%	52,058,134	1.1%
3. Staff Compensation	1,794,570,000	49.3%	1,583,010,000	33.5%
Total (1+2+3)	4,287,428,762	117.7%	3,920,849,301	82.9%
Revenue	3,643,513,077		4,729,116,522	
Target in the Strategic Plan				59%

NOTE: % = Liability as a % of expected annual revenue. "Staff compensation" is an estimate of the unfunded retirement payments for staff who do not have formal pensions and who must be paid upon retrenchment or retirement. Staff compensation is not calculated in the LCC's liability register.

TABLE 7: FUNDS TO BE SET ASIDE FOR ASSET MANAGEMENT IN THE STRATEGIC PLAN

ITEM	% OF PREVIOUS YEAR'S REVENUES
1. Capital investment	6%
1.1. Administration [1]	2%
1.2. Service Delivery	4%
2. Maintenance and repair	4%
2.1. Administration [1]	2%
2.2. Service Delivery	2%
Total (1+2)	10%

NOTE: [1] includes the Administration and Finance Directorates and any assets (vehicles) used by Directors in other Directorates

MILESTONE	PROGRESS	STATUS
Ratio of capital acquisition and maintenance set at 10% of own source revenue and maintained in the future	MAJOR PROGRESS. Although limits were established for asset accumulation in the 2020/1 budget, they were set at only 1.6%. No ratio for maintenance was established.	■ ■ ■
Complete payments of all short-term liabilities, pension debts, and property valuations	MINOR PROGRESS. While short term liabilities have been paid, it was necessary to borrow funds from the FDH in December of 2020. There has been slight progress in reducing the absolute level of liabilities from MK 4.29 Billion to MK 3.98 million, a decrease of 7.3%. As long as revenues continue to trend positive in the future the capacity to repay these debts will improve.	■ ■
Set aside sufficient funds to fully implement all planned retrenchment	MAJOR PROGRESS. From 2019/20 staffing was reduced from 1,617 to 1,445, including both retirement and retrenchment of non performing staff. This resulted in a wage bill decrease of 6%. (see strategic objective #2.4).	■ ■ ■

“Current Status” is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red= barely/not started (0).

The LCC’s balance sheet is still unfavorable. FDH loans and PAYE and TEVET obligations have not been adequately paid down. The absolute value of liabilities has decreased by only 8.6%. While the City owes the Central Government a bit more than MK 1.6 Billion, the central government also has significant property tax arrears. As described in the strategic plan, these debts and assets are held by different central government entities, and a coordinated solution of balancing the books is preferred. This will require dialogue led by the Ministry of Local Government; such action should be vigorously pursued. Finally, the City is moving in the right direction by ring-fencing and putting aside funds for debt payment in the budget process. Draft guidelines / by-laws for both asset and liability management have been developed. It is essential in the future that interest bearing debt, such as FDH liabilities be minimized and paid down as a priority, though given COVID, borrowing to smooth payment obligations would be expected.

SO#1.4 REGAIN CREDIBILITY BY MEETING ALL FIDUCIARY RESPONSIBILITIES

At the time of drafting the strategic plan, LCC financial statements had not been completed for the seven-year period from 2012/3 to 2018/9. External audits were infrequently carried out and fiduciary requirements were not being met. A financial audit of the LCC for the year ending on the 30th of June 2018 by the National Audit Office identified irregular payments totaling MK 292 Million. Internal audit processes were weak and record keeping inadequate. Insufficient financial management, audit, and reporting contributed to the poor use of resources and a low credibility with stakeholders, partners and banks.

The strategic plan identified the importance of strengthening the internal audit office, having the office report directly to the CEO, and for the office to complete 12 thematic monthly reports covering both performance and financial management issues, including (amongst others) revenue collection, contracts, asset inventories, absenteeism and payroll integrity. Significant improvements in terms of financial management have been realized including:

- The LCC has now presented all financial statements from 2012/3 to 2019/20 and is in compliance with all financial laws and regulations
- The National Audit office provided an unqualified opinion for 2019/20

An Audit Service Committee has been created, delinking it from the Finance Service Committee. Its first meeting is planned for June 2021. There are currently only two officers in the internal audit section, but the position for the head of unit has been advertised and the recruitment process will soon start, under the Local Government Service Commission which is responsible for recruitment. Implementation of milestones for 2020/1 are as follows.

TABLE 9: PROGRESS IN IMPLEMENTING THE 2020/1 MILESTONES IN STRATEGIC OBJECTIVE #1.4 (AUDIT)

MILESTONE	PROGRESS	STATUS
All required financial reports presented to NGGFC on time	COMPLETED. The LCC is now in full compliance with all its financial reporting obligations.	■ ■ ■ ■
All external audit reports presented to council	COMPLETED. All reports, including backlogs have been presented to the Council	■ ■ ■ ■

MILESTONE	PROGRESS	STATUS
Plan developed and monitored by Council to address external audit queries	COMPLETED. The Council has been following up all audit queries and the implementation of audit recommendations	■ ■ ■ ■
All required procurement reports presented to PPDA on time	COMPLETED. LCC is compliance with all of its procurement obligations.	■ ■ ■ ■
Twelve internal audit reports prepared each year, according to standard and presented to the CEO	MODERATE PROGRESS. Internal audit reports are being regularly prepared. During 2020/1 four reports were prepared on standard bank operations, one investigative audit, parks and recreation expenditure review, and an ORT audit. The undertaken	■ ■
Internal audit standards are produced and audit staffing increased	MINOR PROGRESS. Standards are not yet developed. Recruitment for a head of unit has commenced	■

"Current Status" is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red= barely/not started (0).

Overall, the LCC's financial reporting and external audit position have been transformed. Financial reporting is now up to date. The focus should now be on strengthening the internal audit function, to undertake stronger audits related to value for money, and to ensure the internal audit unit has the staff it needs to detect, deter and prevent financial malfeasance before problems reach a significant stage.

SUMMARY

Significant budget and financial management reforms are being boldly enacted and implemented and this component is well on track to meet its objectives. The financial position of the city has improved. Significant increase in revenues were realized and fiduciary obligations are being met. The following priority actions are called for.

KEY ACTIONS



1. Continue to implement the planned budget reforms during the 2021/2 budget formulation; approve in Council and implement the budget guidelines, focusing on moving towards output based budgeting
2. As part of the 2021/2 budget process, re-open the debate on establishing a ward executive presence, in order to expand tax bases
3. Implement at least five priority revenue initiatives, including: (i) assessing the feasibility of outsourcing revenue collection for markets and parking fees (ii) with-holding business licenses, if property taxes have not been paid; (iii) seeking the cooperation of the Ministry of Local Government and other Central Government actors to solve issues with property tax arrears; (iv) increasing legal action and development of a large taxpayers section to deal with property tax; and (v) genuinely developing advertisement fees (signs) as a meaningful source of revenue.
4. Set aside increased funding in 2021/2 to repay the FDH loans and short-term liabilities and, through the Ministry of Local Government, push forward negotiations to offset the LCC's debts with central government organizations against their property tax arrears
5. Establish a high capacity internal audit unit under the CEO; in the upcoming financial year, complete 12 monthly and thematic financial and performance reviews, as per the strategic plan



COMPONENT #2: MANAGEMENT

During mid-2019, several new managers were employed by the City. Though they brought a positive attitude of reform and optimism, the Council's organizational culture still requires significant change and many services are provided exactly as they were in the 1970s. There still remain a large number of secretaries, messengers, switchboard and telephone operators. Grass is cut by hand; drains are cleaned by hand; streets are swept by hand. At the time of developing the strategic plan, some staff were underemployed. To change this, the City will need to create accountability for results and to right-size the Council based on workload and demand for services. The city will need to be converted from an organization that manages people and employs mostly unskilled labor, to an organization that regulates services and that provides services through contracts using modern, state of the art technology. To succeed the Council will need to actively seek partnerships with the private sector, civil society, development partners, and the central government. The reminder of this chapter describes progress in each of the five strategic objectives (SOs) of this component (Figure 6).

FIGURE 6: COMPONENT #2 OVERVIEW (MANAGEMENT)

Goal

Provide services in a more efficient & cost-effective manner, focusing on private sector development, environmental protection, solid waste management, transport, public health, and town planning

Strategic Objectives (SO)



SO#2.1 TRANSFORM ORGANIZATIONAL CULTURE AND FOSTER GOOD GOVERNANCE

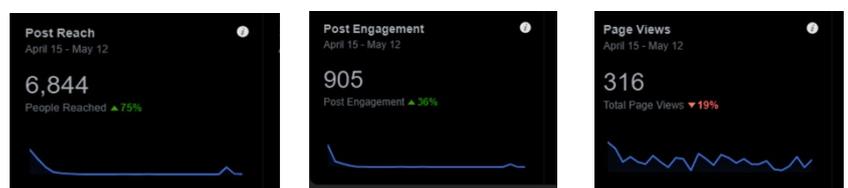
A wide range of governance changes were envisioned, including reinforcing the Council's core values; developing bottom up planning methods (to strengthen councilors' representational functions); improving complaints handling; creating a Council charter and councilor capacity development and evaluation funds (to strengthen supervisory and legislative functions); and promoting women to management positions. As expected, these governance reforms have proven to be amongst the most challenging within the strategic plan.

Despite this, **the LCC has created a strong, reliable online presence.** Currently the City's Facebook page has a total of 6,496 followers and 6,230 likes since it was created. People have engaged with posts

FIGURE 7: STRATEGIES FOR ORGANIZATIONAL CULTURE AND GOOD GOVERNANCE



FIGURE 8: VARIOUS FACEBOOK STATISTICS



905 times. The City's website (llc.mw) has been significantly expanded in terms of content and has averaged 7 page views per week (early May).

The City allocated MK 29 million for ward bottom up planning projects. To date implementation monitoring and reports have not been presented. Implementation of milestones for 2020/1 are as follows.

TABLE 10: PROGRESS IN IMPLEMENTING THE 2020/1 MILESTONES IN STRATEGIC OBJECTIVE #2.1 (GOVERNANCE)

MILESTONE	PROGRESS	STATUS
LCC website and social media presence expanded to contain simple budgets, performance targets and reports, and online feedback and complaints	MAJOR PROGRESS. The LCC website describes the council, the services it provides, the rates due, by laws, its projects and contact information. It does not contain budget and performance information. Complaints or comments can be sent via a simple form found in the complaints section. Content has expanded significantly but does not yet contain budget and performance information.	■ ■ ■
Council Charter approved and reporting and other requirements in the Council Charter complied with	NOT STARTED. A "Council Charter" (not a service charter) was envisioned to be a supreme by-law (like a local Constitution) that would define the relationship between the executive and legislative branches, consistent with the 1998 <i>Local Government Act</i> . ¹ It was to contain requirements for the provision of transparent information and standard reporting formats and timelines. Developed by Councillors, it was to empower Councillors to undertake legislative and supervisory functions. Formulation was to strengthen Councillors' capacities in a learning by doing process. No progress has been made on this milestone.	✗ ✗ ✗ ✗
Councillor independent evaluations, budgeted at MK 60 Million per year completed and debated in Council	NOT STARTED. To improve the Council's supervisory functions, it was intended to make funds available to hire independent reviewers to undertake thematic evaluations on behalf of Councillors, to assess and improve the LCC's performance. This initiative has not yet started.	✗ ✗ ✗ ✗
At least 500 complaints and recommendations received per year through on-line feedback mechanisms	MINOR PROGRESS. The public relations unit has developed a registry and are forwarding the complaints it receives to relevant Directorates. During 2020/1 only 85 complaints were registered. This is equivalent to roughly 1 complaint every 3 days. Responses by some Directorates have been slow or incomplete.	■
An independent anti-corruption hotline is in operation, run by a civil society organization	NOT STARTED. The idea was to contract a civil society organization to receive complaints, including those on corruption, to ensure independence. This initiative has not started and is being further debated.	✗ ✗ ✗ ✗

"Current Status" is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red= barely/not started (0).

Strengthening council capacity is an immediate priority. The approach in the strategic plan was to develop Councillors' representational, supervisory and legislative functions by adopting learning-by-doing methods, by developing a Council Charter, an evaluation fund, and bottom up planning methods. It is now clear that more traditional and foundational capacity development on the role and basic skills required of Councillors is also needed and that developing a "Council Charter" (between the legislative and executive branches) is not feasible. Several essential initiatives, for example the establishment of ward executive offices (to oversee cleansing activities, assist with identifying tax bases, and supporting bottom up planning) was resisted by the Council; it is not clear this resistance was based on a full understanding of the principle of separation of powers (some Councillors believe they have an executive function). There have also been some delays, for example in the approval of the Strategic Plan has by full Council (though all Committees have reviewed their relevant sections).²

As a priority, therefore, the strategy for developing councilor capacity needed to be adjusted. During June of 2021 a terms of reference and general capacity development framework for Councillors was developed, with capacity development funded in the 2021/2 budget and provided by external parties. An initial "emergency" training of Councillors will be implemented in early 2020/1 and during 2021 several service providers were contacted. Overall, a clearer budgeting of Councilor activities is also needed. Second, the need to improve complaints handling remains. While complaints can now be made on line, and while a manual registry exists: (i) there needs to be a strong communications push to encourage complaints; and (ii) response by directorates needs to improve. The strategic plan anticipated that an approach based on internal complaints promotion and handling mechanism might face such

¹ Client Service Charters (see strategic objective #2.5) define relationships between the city council and service users.

² The plan was widely discussed and many consultations were completed. Over 20 pages of comments were received and incorporated.

problems in terms of implementation, and identified the possibility of contracting out complaints handling to a civil society organization. This latter approach has not yet been adopted.

SO#2.2 USE PUBLIC PRIVATE PARTNERSHIPS (PPP) TO PROVIDE 38 DIFFERENT SERVICES

The strategic plan aims to transform the LCC from an organization that manages people, employing mostly unskilled labor, to an organization that focuses on regulation and that provides services through public private partnership contracts using modern, state of the art, technologies. Thirty-eight possible areas for PPP were identified in the strategic plan. The strategic plan also outlined the general steps to be taken as well as an implementation roadmap.

FIGURE 9: PPP GENERAL STEPS



FIGURE 10: PPP AGGREGATE PROGRESS

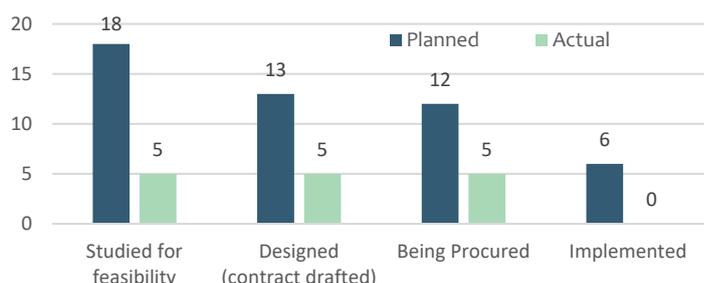


FIGURE 11: EXPRESSION OF INTEREST

Lilongwe City Council
REQUEST FOR EXPRESSIONS OF INTEREST FOR THE FLAGSHIP PROJECTS FOR LILONGWE CITY

Background
 Lilongwe City Council (The Council) was established by an Act of Parliament (The Local Government 2010 Amended). The Act mandates the Council to provide services to the City Residents. The Council is composed of the political and administrative structures. The Mayor heads the political structure which comprises of 27 elected councilors representing each of the Council's wards and 4 Members of Parliament. The Chief Executive Officer heads the Secretariat which comprises technical departments that comprise of Administrative Services, Human Resources, Parks, Recreation and Environment, Engineering Services, Health and Social Services, Financial Services, Town Planning and Estates Management Services, Education, and Trade, Commerce and Industry, Education, and other devolved sectors.

Lilongwe is the largest city in Malawi. In 1975, a decision was made to shift the capital from Zomba to Lilongwe. This was done with an aim of concentrating Government administration in one city and stimulate development in the Central and Northern Regions by establishing a major growth point in the center of the country.

As a planned city, Lilongwe is divided into 4 sectors: Old Town, Capitol Hill, Kenengo, and Lumbazi. The design clusters residential, employment and service areas around each center. In order to reduce travel distances and reduce congestion, the city is further divided into 58 areas. The numbers are assigned chronologically, not geographically. Lilongwe is located on a plateau in Central Malawi, forming part of the East African Rift Valley and has a land area of 474 square kilometers. The city is situated in the center of a large agricultural area, and since the 1950s has served as a major agricultural market center for the Central Plateau Region.

Due to rapid population and urbanization growth, Lilongwe's public spaces are in danger. A boom in commercial activities in strategic areas of the city has led to some open spaces or public land that was initially planned for recreation being squatted upon or being utilized for a different purpose all together (change of use). The fewer public spaces available for City dwellers lack adequate facilities to support their users.

Lilongwe city offers economic opportunities but lacks necessary financial resources to meaningfully implement its significant development plans and provide the required basic infrastructure and urban services which is an important prerequisite for economic development to take place. Some of the investment opportunities that have the potential to spur development activities and provide better services to the Residents of the City are as follows:

a) **Market**
 The City has few market facilities which are not properly maintained. Coupled with high urban migration and high unemployment rate, people are compelled to join market vending hence leading to congestion, unsafe and unhygienic practices. Evidently, street vending has become rampant and a threat to security, women being assaulted and compromise in waste management.

b) **Bus Terminals**
 The City does not have an International Bus Terminal. The local bus terminal is dilapidated and an eye sore to the City. The current bus terminal poses challenges to the safety and other related transport concerns. It does not have modern amenities befitting a City infrastructure.

c) **Recreation Facilities**
 The Council's facilities at the Community Centre Ground are dilapidated, archaic and poorly managed. There is need to modernise the facilities so that sporting activities are improved.

d) **Youth Resource Centre**
 As for the youths, there are no adequate facilities earmarked for the areas of skills, entrepreneurship, reproductive health education, counselling and sports development. There is need for a City that is youth friendly considering that they are leaders of the next generation.

It is against this background that the Council wishes to partner with the Private Sector in providing services to the Residents of the City in the above areas namely: Multi-Storey Modern Market, International Bus Terminal, Community Centre and Youth Resource Centre.

Qualification criteria

a. The Investor should provide the information indicating the Core business of the firm(s) and number of years in the business.

b. Relevant experience, which should specifically include the following:
 - Successful sourcing of finance for the previous projects or demonstrate having adequate source of finance (credit lines) for the successful implementation of the Project.
 - Development and provision of services in the area of interest; that is, Markets, Bus Terminal, Community Centre or Youth Resource Centre, within the region or in less developed countries.

c. Technical and managerial capability of the Investor (Provide only the structure of the organization, general qualifications, and number of key members of staff. Do not provide CV of the staff). Key Experts will not be evaluated at the sourcing stage.

The Invitation
 The Public Private Partnership Commission in collaboration with the Lilongwe City Council now wishes to invite interested and qualifying Private Sector Investors to express their interest in the following areas:
 A. Lot 1: Wenela Modern Multi-Storey Market
 B. Lot 2: International Bus Terminal
 C. Lot 3: Community Centre
 D. Lot 4: Youth Resource Centre

The Submission should be clearly marked "Expression of Interest for the Flagship Projects for Lilongwe City". Submissions can be done through electronic transmission or through hard copies. Interested investors submitting hard copies are advised to submit four (4) hard copies.

Expressions of interest should be submitted on or before 8th June 2021 to the following address:

The Chief Executive Officer
 The Public Private Partnership Commission
 2nd Floor, Livingston Towers, Gary Jones Road
 P.O. Box 937,
 Blantyre
 Malawi.
 Fax: +265 1 821 248
 Email: info@pppc.mw, procurement@pppc.mw

In early 2021, the LCC formed a PPP task force consisting of all Directors, under the leadership of the Directorate of Commerce. The task force worked with the Public Private Partnership Commission (PPPC) to explore pre-feasibility and to prioritize areas of PPP, as first identified in the strategic plan. Based on their work, an expression of interest (EOI) was advertised in the newspapers on 8 May 2021 (Figure 11). The EOI covered: (i) maintenance, security and waste management at markets; (ii) development of an international bus terminal; (iii) upgrading and management of community buildings and recreational grounds; (iv) development of a Youth Resource Center (at the old Town Hall); and (v) management and upgrading of the Wenela Market Complex (a commercial asset managed by the City). This is in addition to the ongoing outsourcing and restructuring of solid waste collection and disposal and the transfer of sewerage services from the LCC to the Lilongwe Water Board (LWB). Overall, excellent progress has been achieved in this area, with a strong focus on the outsourcing of economic assets. Further work is needed in terms of internal administrative services, toilets, and markets. Details of each expected PPP initiative is provided below.

TABLE 11: PPP IMPLEMENTATION PROGRESS AGAINST PLANNED ACTIVITIES FOR 2020/1

PPP AREA	FEASIBILITY STUDY	DESIGN CONTRACT	PROCUREMENT	IMPLEMENTATION	PROGRESS
PUBLIC ADMINISTRATION					
1. Council Cleaning and Gardening	2020 (Sep)	2020 (Oct)	2020 (Dec)	2021 (Jan)	
2. Secretarial and messenger services	2021 (Mar)	2021 (Jun)	2021 (Sep)		
3. Car Driving pools	---	---	---	---	
4. Messenger and registry services	---	---	---	---	
5. IT maintenance	---	---	---	---	
6. Vehicle Maintenance (Garage)	2020 (Sep)	2020 (Oct)	2020 (Dec)	2021 (Jan)	
7. Other workshops	2020 (Sep)	2020 (Oct)	2020 (Dec)	2021 (Jan)	

PPP AREA	FEASIBILITY STUDY	DESIGN CONTRACT	PROCUREMENT	IMPLEMENTATION	PROGRESS
8. Debt collection	2020 (Sep)	2020 (Oct)	2020 (Nov)	2020 (Dec)	
9. Feedback and anti-corruption	2021 (Mar)	2021 (Jun)	---	---	
COMMERCIAL ASSETS					
10. Lilongwe Guest House			2020 (Sep)	2020 (Oct)	
11. Wenela Complex	2020 (Sep)	2020 (Oct)	2020 (Dec)	2021 (Jan)	Expression of interest (EOI)
12. Chidzanjia Building	2021 (Mar)	2021 (Jun)	---	---	
13. Town Hall and River Beautification	---	---	---	---	EOI for a youth center
14. Community Centers (3)	---	---	---	---	EOI issued
15. Taverns					
15.1. Tavern near central market	2020 (Sep)	2020 (Oct)	2020 (Dec)	2021 (Jan)	
15.2. Bawail tavern	2020 (Sep)	2020 (Oct)	2020 (Dec)	2021 (Jan)	
15.3. Other taverns (at least 10)	2021 (Mar)	2021 (Jun)			
16. Nursery and fuelwood	---	---	---	---	
PUBLIC HEALTH AND MARKETS					
17. Sewerage (with LWB)	2020 (Sep)	2021 (Jan)		2021 (Mar)	On-going work with LWB
18. Solid Waste Collection	2020 (Sep)	2020 (Oct)	2020 (Nov)	2020 (Dec)	
19. Public Toilets (46)	2020 (Sep)	2020 (Oct)	2020 (Nov)	2020 (Dec)	
20. Markets					Partial PPP; EOI for security, maintenance and waste collection
20.1. 10 Markets	2020 (Sep)	2020 (Oct)	2020 (Nov)	2020 (Dec)	
20.2. 34 Markets	2021 (Mar)	2021 (Jun)	---	---	
21. Cemeteries (* based on feasibility)	2020 (Oct)	2021 (Feb)	2021 (Jun)	---	
22. Labor based cleaning	---	---	---	---	
23. Expansion of Laboratory Testing	2020 (Sep)	2020 (Oct)	2020 (Nov)	2020 (Dec)	
24. Animal holding pens	2020 (Oct)	2021 (Feb)	2021 (Jun)	---	
PARKS					
25. Development of new parks (2)	2020 (Oct)	2021 (Feb)	2021 (Jun)	---	
26. Maintenance of existing parks	2020 (Oct)	2021 (Feb)	2021 (Jun)	---	
TRANSPORT					
27. Parking Management	2020 (Sep)	2021 (Jan)	2021 (Jun)	---	
28. Towing of illegally parked vehicles					
29. Mechanized street sweeping	2021 (Jun)	---	---	---	
30. Repair and maintenance of roads	Done	Done	Done	Done	
31. Food for firefighters	2020 (Jun)	2020 (July)	2020 (Aug)	2020 (Sep)	
NEW INVESTMENT (BUILD-OWN-TRANSFER)					
32. International Bus terminal	---	---	---	---	EOI issued
33. Modern market (1)	---	---	---	---	
34. New Public Toilets (15)	---	---	---	---	
35. Housing development(s)	---	---	---	---	
36. Solid Waste conversion to energy	---	---	---	---	

As can be expected, the order of implementation of PPP initiatives has been altered and this will affect PPP monitoring. The table below summarizes the implementation of the milestones identified for 2020/1.

TABLE 12: PROGRESS IN IMPLEMENTING THE 2020/1 MILESTONES IN STRATEGIC OBJECTIVE #2.1 (PPP)

MILESTONE	PROGRESS	STATUS
Cleaning, gardening and non-core functions outsourced	NOT STARTED. The Council has started with infrastructure projects rather than internal reforms. This was pushed back until 2021/2	XXXX
PPP Manual, procedures and standards approved by council	MAJOR PROGRESS. A draft PPP policy (26 pages) was completed in June of 2021. It is in line with the Government's "Public Private Partnership Policy Framework" and the "PPP Process Procedures and Guidelines Manual," issued by the Public Private Partnership Commission. It outlines key procedures including undertaking a feasibility study and establishing standards for service delivery that specify the scope, level, quality, and timeliness of the service to be provided by the private operator. A competitive bidding process is defined. The policy also defines a "build own transfer" (BOT) process where the operator invests in the development of an asset in return for the right to collect future rent or fees. The policy creates a standard template for a contract that specifies the obligations (terms) of all concerned parties.	■■■
Feasibility studies for outsourcing markets completed	MINOR PROGRESS. A methodology for assessing the revenue potential for markets was developed, under the assumption that market management would be contracted out as a concession. Under this arrangement the contractor would pay the LCC a monthly fee for the right to collect market rates and the obligation to provide security, maintenance and solid waste management services. This initiative was rescheduled to 2021/2.	■

"Current Status" is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red= barely/not started (0).

The council is strongly committed to the use of public private partnerships and significant progress, on a complex topic, has been realized so far. In the future, significantly more staff time will be needed and the Directorate of Commerce will urgently need to hire additional staff to support other Directorates to undertake feasibility analysis, to develop contracts, and to monitor, evaluate, and report progress. In 2021 there should be a focus on (i) PPPs that support the City's revenue potential, in particular the outsourcing of revenue collection at markets and parking areas (through concessions) and the management of commercial assets; and (ii) outsourcing of some administrative services which will have an impact on staffing and operational costs (i.e. PPP that supports restructuring).

SO#2.3 MOBILIZE AT LEAST A TOTAL OF MK 5 BILLION VIA PARTNERSHIPS WITH DONORS AND CIVIL SOCIETY

By outlining a direction forward, the strategic plan creates a basis to build lasting partnerships with development partners, central government, and civil society. These partnerships are essential for transforming the Council. They can mobilize ideas, know how, and financial resources and ultimately improve the delivery of services to the residents of Lilongwe.

The 2020/1 target was to contact at least 30 potential partners, holding at least two consultation meetings with each. To date, significantly more progress has been made, moving well beyond dialogue, and **the city has formulated or has begun implementing partnership activities in five key areas: (i) the environment; (ii) solid waste management; (iii) technical support for PPP; (iv) infrastructure investment; and (v) technical support for creating a municipal police force.** The creation of these partnerships has far outpaced the time frame envisioned in the strategic plan, far surpassing the milestones in the strategic plan. Implementation of milestones for 2020/1 are as follows.

FIGURE 12: KEY LCC PARTNERSHIPS TO DATE

- 1. Development of the Lilongwe Ecological Corridor Initiative (LECI)**
 - The program will protect degraded river catchment areas. Its second focus area is partnership and financing but budgeted costs are not provided. LECI supports Strategic Objective 3.2 (see page 21).
 - The program was developed with 8 partners (see footnote 5)
- 2. Support to solid waste management**
 - The Lilongwe Water and Sanitation Project (LWSP) provided a vehicle to increase the collection of solid waste (Strategic Objective 3.3 as found on page 24).
 - The main partner is the Lilongwe Water Board (LWSP)
- 3. Public Private Partnership Technical support**
 - So far, technical support has assisted with pre-feasibility, prioritization of PPP areas in the strategic plan and preparation of documents for expression of interest. This supports strategic objective 2.2 as found on page 14.
 - The main partner is the Public Private Partnership Commission (PPPC)
- 4. Technical support to development an infrastructure investment portfolio**
 - Possible infrastructure priorities have been identified. This supports strategic objective 3.7 as described on page 28.
 - The main partner is the World Bank
- 5. Establishment of Municipal Police**
 - With support of the Ministry of local Government, the four city Councils of Malawi are creating Municipal Police Forces. The Ministry is assisting with all legal and regulatory matters.
 - The main partner is the Ministry of Local Government

TABLE 13: PROGRESS IN IMPLEMENTING THE 2020/1 MILESTONES IN STRATEGIC OBJECTIVE #2.3 (PARTNERSHIPS)

MILESTONE	PROGRESS	STATUS
Form and staff an outreach unit with staff on contract	MODERATE PROGRESS. A specific unit for outreach and partner relations has not been created and may not be required. For now, outreach programs have started and were incorporated under the Public Relations Office	■ ■
Develop all outreach materials and procedures	COMPLETED. Numerous presentations about the strategic plan and all required communications documents with potential partners has been completed	■ ■ ■ ■
With civil society develop an annual "Lilongwe State of the Environment Report"	MAJOR PROGRESS. As part of the Lilongwe Ecological Corridor Initiative some background information has been collected and a program has been developed. In the future a more thorough environmental assessment is expected and other environmental protection initiatives may be required	■ ■ ■

"Current Status" is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red= barely/not started (0).

SO#2.4 IMPROVE PRODUCTIVITY THROUGH RESTRUCTURING AND ELIMINATE ABSENTEEISM AND PAYROLL FRAUD

The LCC employs a large number of staff (over 1,600 by late 2019). Many are under-utilized or perform administrative duties. For example, a headcount exercise completed in 2019 found absenteeism to be on the order of 50%. These inefficiencies have long compromised the LCC's capacity to provide high quality services.

Implementation of the LCC's revised restructuring plan was to reduce overall staff from 1,644 in 2019/20 to 1,124 by June 2021. These levels were estimated using workloads derived from planned levels of outputs in the strategic plan. The strategy involved a significant allocation of human resources from one area of work to another, and was to:

- Reallocate staff from administration and revenue collection³ into the delivery of services;
- Reduce the number of manual laborers undertaking cleansing activities;
- Expand staffing in public health, commerce (business development services), parks, environmental protection, transport, and town planning;
- Rely increasingly on outsourcing and public private partnerships;

This vision was detailed in a comprehensive restructuring plan found in the LCC's *Roadmap to Success* (implementation plan). In terms of aggregate figures, since July 2020 the council has been able to retire and pay benefits of people who were beyond the 60-year mandatory age as well as several staff who were unproductive. This has reduced the workforce from 1,617 to 1,445 and has reduced the monthly wage bill by 6% (Figure 13). As summarized in Annex 4, **the restructuring plan for 2020/1 contained 85 specific restructuring activities; of these 4 are being actively implemented**, in particular: (i) a TOR and job

descriptions for a delivery unit were developed; (ii) a Municipal Police Division is being established; (iii) the HR Division is being upgraded to a directorate; and (iv) outreach is being actively pursued with the support of the Communications team. Overall, the roadmap prioritized 5 key areas for restructuring for this year:

FIGURE 13: TARGETED AND ACTUAL STAFFING LEVELS IN THE STRATEGIC PLAN

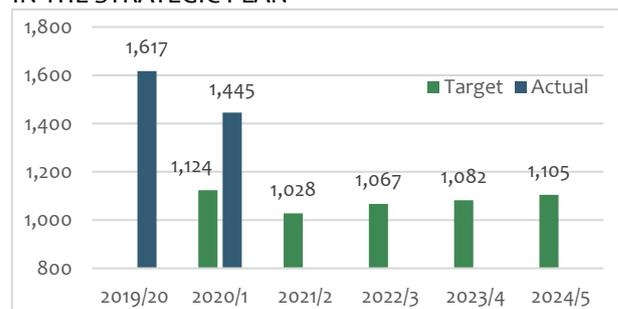


FIGURE 14: ACHIEVEMENTS AND CHALLENGES IN SPECIFIC RESTRUCTURING INITIATIVES

Achievements	Challenges
<ul style="list-style-type: none"> ■ Municipal Police: A Ministry of Local Government task force was established with the participation of all four of Malawi's cities. The task force is reviewing the legal framework and relevant operational issues, including the Local Government Act and various Police Laws. The Municipal Police are planned to begin by June 2021, but may be slightly delayed. 	<ul style="list-style-type: none"> ■ Ward Executives: The idea of establishing Ward Executives was initially declined by Councilors. Ward Executives were to assist with bottom up planning, local problem solving, identification of the tax base, and supervision of cleansing activities. The failure to establish a ward presence severely jeopardizes both revenue collection and restructuring. Dialogue and alternative solutions continue to be pursued. ■ Manual Labor: At the time of developing the strategic plan, the LCC was employing 1,104 manual laborers (and their direct supervisors), comprising about 65% of all council staff. This included 285 in Parks and Recreation (mostly cutting grass), 256 in Engineering (mostly cleaning drains), and 563 in public health (including 290 at markets and 134 street sweepers). The strategy was to place these workers into multi-functional teams, supervised by ward executives, reducing their number, and slowly adopting improved technology (mechanical street cleaners, lawn mowers, etc.). Restructuring of these staff has not been initiated due to time constraints. ■ Revenue Collection and Markets: At the time of developing the strategic plan there were 91 revenue collectors and market masters; when the costs of waste management are included many markets are probably revenue losers. For this reason, the outsourcing of revenue collection was considered a priority. This initiative has been shifted to 2020/1/2. ■ Secretarial and administrative services: At the time of the strategic plan the LCC had 20 secretaries, 32 staff involved in records management, and 33 providing cleaning and gardening services. Major changes in terms of secretarial and records management were not planned until 2021/2. To date, the issue has not been studied.

Implementation of milestones for 2020/1 are as follows.

³ For example, at markets, parking lots, etc.

TABLE 14: PROGRESS IN IMPLEMENTING THE 2020/1 MILESTONES IN STRATEGIC OBJECTIVE #2.4 (RESTRUCTURING)

MILESTONE	PROGRESS	STATUS
Absenteeism incorporated into all staff performance appraisals and random monthly absenteeism checks completed	MODERATE PROGRESS. The issue of absenteeism is being actively pursued. Managers are following up attendance and to report cases of unexcused absence. Field employees are required to submit attendance registers, but these require additional verification. However, due to COVID, formal and random absenteeism spot-checks have not been implemented as planned.	■ ■
All staff reaching retirement age retired	COMPLETED. Retirement and other benefits have been paid to the 55 staff who had reached the age of 60 years or older	■ ■ ■ ■
All staff verified through mandatory IDs and physical checks	NOT STARTED. The Council does not yet use a biometric, smart-card based attendance system. The HR database does not yet contain picture IDs or cross references to national IDs. A physical verification of all staff has not been completed.	× × × ×
Revise HR data to include each employee's Directorate, unit, and functions	MODERATE PROGRESS. Data in the HR management systems has been expanded for 3 Directorates (of the 7) to date.	■ ■

"Current Status" is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red= barely/not started (0).

The City has successfully reduced unnecessary, poorly performing or frequently absent staff. This resulted in substantial savings and creates a foundation for future changes in the establishment. Despite this, restructuring is proceeding more slowly than expected. The current organizational structure still fails to clearly assign staff to single, specific outputs, thus inhibiting: (i) output based budgeting and unit costing; and (ii) effective performance management. As described above, the issue of ward executives, the large number of staff involved in cleansing, and the large number of staff associated with markets (in either revenue collection or sanitation) have not been adequately addressed. In the future, the key priority Directorates to implement restructuring exercises should be Administration, Public Health, and Parks and Recreation. To a degree, the "delay" in restructuring reflects the PPP approach which has rightly prioritized physical infrastructure rather than administrative services, revenue collection and markets, where much of the staffing inefficiencies lie. It is necessary, as part of the 2021/2 budget process to intensively review of the functional changes found in the strategic plan, and to translate them into annual actions.

SO#2.5 CREATE ACCOUNTABILITY FOR RESULTS

This area of work ensures the goals and performance targets within the strategic plan are realized. It establishes numerous management processes, including bottom up planning, performance contracts, the creation of a delivery unit, the development of client service charters, and the piloting of performance based rewards.

Tremendous progress has been made in terms of performance management, including:

FIGURE 15: STRATEGIES TO PROMOTE ACCOUNTABILITY FOR RESULTS

- 2.5.1: Operationalize the strategic plan by linking the strategic plan to a coherent process of annual planning and budgeting, including bottom up ward planning
- 2.5.2 Implement scorecards and performance agreements for all managers
- 2.5.3 Create a Delivery Unit as part of the CEO's office to prioritize results, solve high level problems & assure unbiased implementation of M&E & performance management systems
- 2.5.4 Operationalize 7 client service charters to establish citizens' "rights" to receive services within a well-defined timeframe, or of a particular standard
- 2.5.5 Pilot performance-based rewards to test the selective use of bonuses based on performance indicators.

Link the strategic plan to the annual plan and budget

A budget reformulation was undertaken in early 2021 so that the budget could be better aligned to the strategic plan (which was completed following the 2020/1 budget formulation process

Bottom up ward development projects

A system of ward development projects was designed and implemented. In total 29 Million Kwacha was set aside for projects in XX wards... [Nature of the projects]]

Performance agreements

A template for standard performance agreements was developed in late 2020. The contract defines the rationale for the contract, its scorecard, accountabilities to learn, produce evidence and meet targets, and implementation arrangements. To date 11 directors and deputy directors have signed contracts. Regular meetings between signatories are taking place.

Article 1: Purpose of the Performance Contract

The purpose of this contract is to improve the management, governance, and services delivered by the Lilongwe City Council by: (i) clarifying expected performance in a transparent, mutually agreeable fashion; (ii) defining the contractor's accountability and answerability for performance; and (iii) providing a framework for supervision and oversight by the City Council.

Article 2: Scorecard

Targets defining the expected performance of the contractor are contained in Annex 1 ("Scorecard"). These are considered the conditions or terms of this contract.

As a matter of principle, scorecards include performance targets in terms of service delivery (outputs and outcomes), revenue collection, development of data management systems, the identification of partners and projects, project implementation and infrastructure development, public private partnerships, internal reforms, and client service charter performance.

Article 3: Accountability and Answerability

For the purpose of this contract:

"accountable" means failure of the contractor to meet a specific term or condition of the contract may result in

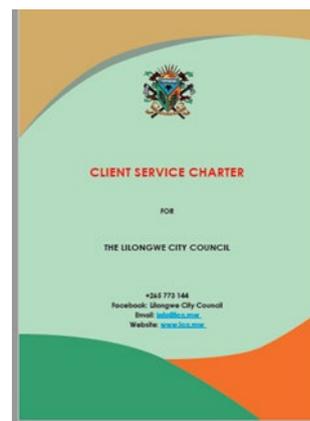
Delivery Unit

Terms of reference for the Chief of a delivery unit were prepared in late 2020. The TOR defines the delivery unit is and its objectives. The TOR describes the reporting relationship of the unit to the LCC's CEO. The qualifications of the Unit Chief are defined as are his or her responsibilities and duties. Because of COVID and other requirements for the CEO, recruitment for the position has not yet begun and the Unit is therefore not yet operational

Client Service Charters

The City has completed a comprehensive client service charter, far ahead of the schedule envisioned in the strategic plan. The

charter describes service delivery standards as well as citizen requirements and charges for 57 services: (1) property rates and property rent bill enquiry (2) property rates and property rentals queries (3) supplier payments (4) cashiers service (5) rates clearance (6) provision of business premises licenses (7) provision for properties for rentals (8) clearance for mobile advertisements (9) installation of banners (10) provision of trading space (11) provision of reserved parking spaces (12) license replacement (13) clearance for trailer advertisements (14) clearance for street pole advertisement (15) clearance for hall and ground bookings (16) provision of fire and rescue services (17) provision of first aid firefighting to institutions (18) provision of fire risk assessment (19) provision of sewer connection (20) clearance of sewer blockages (21) fecal sludge disposal (22) roads grading and reshaping (23) clearance of road drains and curvetts (24) hiring of equipment (25) provision of planning permit for development (26) provision of occupation certificate (27) regularization of plots (28) change of ownership (29) lease processing (30) resolution of plot boundary dispute (31) verification of plot boundaries (32) plot identification (33) provision of site plans for THAs (34) conditional offer of plots in THAs (35) plot allocation (36) cutting and pruning of trees (37) landscaping (38) hire of fresh flowers for decorations (39) provision of fresh flowers and wreaths (40) hiring of recreation park (41) provision of ornamental plants (42) issuance of occupational ECD centers, premises, schools, liquor, food licenses (43) registration and licensing of private waste operators (44) waste collection and disposal (45) burial and exhumation (46) removal of dead dogs (47) provision of mobile toilets, skips, litter bins, vehicles, first aid services hire of cultural troops (48) pest control services (49) food handlers training examination and issuance of certification (50) issuance of title deed (51) issuance of consent to transfer of lease/ charge (52) provision of media response (53) response to emergencies(strike, delays in service delivery, processions , outbreaks (54) response to public queries (55) issuance of clearance for big walk processions and council grounds (56) issuance of clearance for video shooting or use of roundabouts (57) responses to general correspondences

**Performance rewards**

The City has piloted the payment of financial rewards.

Implementation of milestones for 2020/1 are as follows.

TABLE 15: PROGRESS TOWARDS 2020/1 MILESTONES (STRATEGIC OBJECTIVE #2.5, PERFORMANCE MANAGEMENT)

MILESTONE	PROGRESS	STATUS
Guidelines for performance contracts and scorecards in place	COMPLETE. Templates and processes were developed and all senior managers are working on scorecards. The issue of Performance Contracts is being considered to be incorporated in the Local Government Act amendment bill which is currently at an advanced stage for submission to Parliament.	■ ■ ■ ■
Delivery unit in operation	MODERATE PROGRESS. All preparation has been completed, and implementation is expected to begin by the end of 2020/1 or beginning of the following financial year. Interviews for the recruitment of the Unit's M&E officer were completed in May 2021.	■ ■

"Current Status" is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red= barely/not started (0)..

This strategic objective is significantly ahead of schedule. The remaining challenges will include: (i) operationalizing a delivery unit; (ii) establishing systems to monitor whether the standards in the client service charter are being met; and (iii) continually refining scorecards found in performance agreements and the use of financial rewards to motivate improved performance.

SUMMARY

Significant progress was made in improving the internal management of the LCC. Five essential partnerships with central government, development partners and civil society are in place. Performance contracts, a client service charter, a system of financial rewards, and ward level planning procedures are all in use. Fundamental constraints in HR management are being addressed and the wage bill was reduced by 6%. Public Private Partnerships are being developed, emphasizing capital investment. Expressions of interest have been tendered for providing services at markets, developing an international bus terminal, upgrading community buildings and recreational grounds; establishing Youth Resource Center and managing and upgrading the Wenela Market Complex (a commercial asset). The following priority actions are called for.

KEY ACTIONS



1. Design and urgently budget for a Councilor capacity development plan, to be implemented by a Civil Society training institute, that focusses on Councilor legislative, supervisory, and representational functions
2. Based on feasibility studies outsource the management, sanitation and revenue collection of markets, as a concession, using competitive bidding procedures
3. Based on feasibility studies outsource the management of parking as a concession, using competitive bidding procedures
4. Establish Ward Executives which are essential for revenue collection, following up bottom up planning, and supervising cleansing activities. These functions should not be performed by Councilors, who do not have executive powers
5. Prior to the 2021/2 budgeting process, create the units and functions defined in the restructuring plan (and summarized in Annex 4); assign staff to each unit so that outputs can form the basis of accountability and the costing of work
6. Translate the restructuring roadmap into an annual plan for 2021/2 prior to the budget focusing on the following Directorates: Administration, Public Health and Parks and Recreation and focusing on functions related to markets (revenue collection and sanitation) and cleansing
7. Deepen performance management systems by: (i) operationalizing the delivery unit; (ii) establishing systems to monitor whether the standards in the client service charter are being met; and (iii) continually refining scorecards found in performance agreements and the use of financial rewards to motivate improved individual performance



COMPONENT #3: SERVICE DELIVERY

The city's financial situation has negatively affected its ability to provide even the most basic of services to its residents. In 2019/20 it collected only 22% of all solid waste generated; MCH clinics are understaffed; roads are ill-lit and infrequently repaired; and, we Council has not supported the private sector, which is Lilongwe's engine of growth. There are few parks for recreational purposes and the city's rivers and open spaces are under threat.

The strategic plan aims to improve a few visible and strategic services. The council will spur economic development, expand its green areas, collect and properly dispose of 70% of the solid waste collected, improve public health services, expand formal land titles and housing and access project funding to expand public infrastructure. The reminder of this chapter describes progress in each of the seven strategic objectives (SOs) of this component.

SO #3.1 SPUR LOCAL ECONOMIC DEVELOPMENT, SUPPORTING 1,600 INFORMAL SECTOR PARTICIPANTS

This strategic objective aims to refocus the City Council, strengthening its private sector development role. Prior to this year, the Commerce Directorate primarily focused on revenue raising, in particular, the management of markets and commercial properties and the issuing of business licenses. Strategically, the LCC will create a Lilongwe Business Forum for dialogue with the private sector. It will cut red tape in licensing and regulatory activity, support street vendors and waste pickers, and directly assist entrepreneurs, in key sectors.

The LCC intended to establish two business forums as described in the strategic plan. An external facilitator (from Small and Medium Enterprise Development Institute) was contacted. Because of COVID, private sector initiatives have been delayed.

FIGURE 16: COMPONENT #3 OVERVIEW (SERVICE DELIVERY)

Goal

Provide services in a more efficient & cost-effective manner, focusing on private sector development, environmental protection, solid waste management, transport, public health, and town planning

Strategic Objectives (SO)

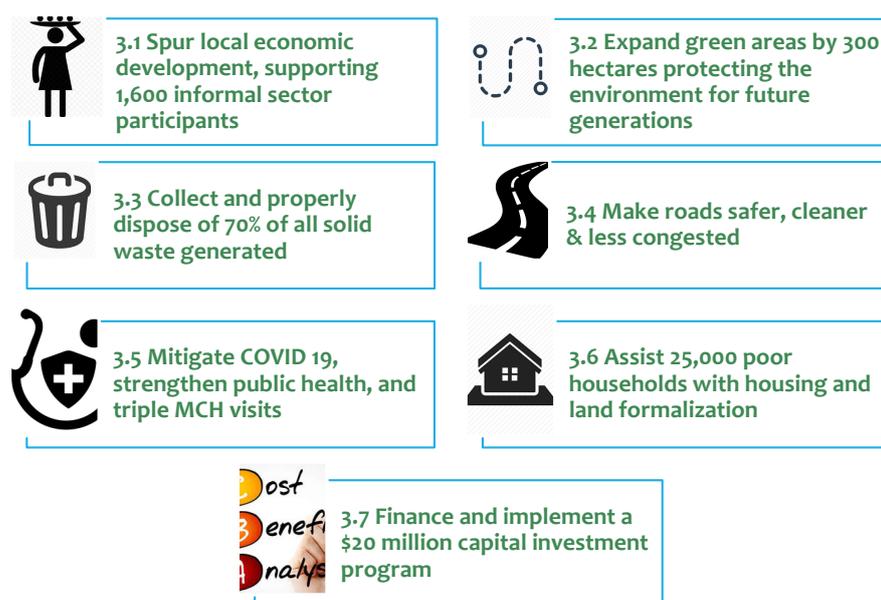
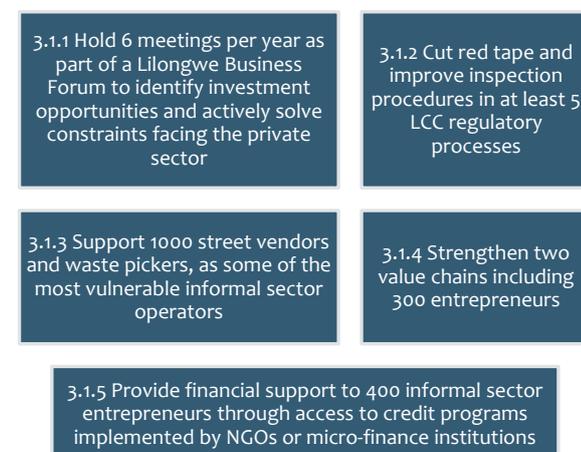


FIGURE 17: PRIVATE SECTOR DEVELOPMENT STRATEGIES



The first business forums are expected to be held before the end of the financial year. Implementation of milestones for 2020/1 are as follows.

TABLE 16: PROGRESS IN IMPLEMENTING THE 2020/1 MILESTONES IN STRATEGIC OBJECTIVE #3.1 (PRIVATE SECTOR)

MILESTONE	PROGRESS	STATUS
Lilongwe Business Forum established and in operation	MINOR PROGRESS. The forum aims to promote dialogue and partnership between the LCC and the private sector in order to solve pressing problems and to identify priority public infrastructure investments. The Forum will be divided into two committees (formal sector, informal sector) and was to use an external facilitator to ensure independence. A series of quick wins were to be implemented to build trust. As described this initiative has been planned and facilitators contacted.	■
Revised hawking by-law approved	NOT STARTED. Because the LCC cannot help all entrepreneurs, in all sectors, the strategic plan focussed on two at risk groups: hawkers (vendors) and those involved in solid waste disposal. A hawking by-law was to provide a favourable and realistic regulatory environment in which to manage the City's problem with street vendors. Due to COVID and time constraints this milestone was not initiated but is planned for December 2021	XXXX

"Current Status" is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red= barely/not started (0).

COVID has had significant impacts on the economy of Lilongwe City and it has delayed the implementation of private sector development initiatives. The transformation of the Commerce Directorate into a body that proactively supports private sector development and that promotes public private partnerships requires a significant restructuring, including the recruitment of staff to plan, support, and monitor PPP initiatives (led by other Directorates) and the promotion of private sector development initiatives. Staff will need to have experience in providing business development services and undertaking economic analysis.

SO #3.2 EXPAND GREEN AREAS BY 300 HECTARES PROTECTING THE ENVIRONMENT FOR FUTURE GENERATIONS

The 2010-30 City Master Plan envisioned a transformation of Lilongwe's parks, recreational and natural greenery. To protect the environment for future generations and for Lilongwe to become a truly green city, the strategic plan identified four areas of intervention: (i) the

development of parks and recreational areas; (ii) the protection of riversides; (iii) the planting of trees in public areas (mostly along road sides) and (iv) the promotion of agroforestry, on private lands (to begin in 2021/2). Prior to this year little progress had been made in these four key areas and the 2020/1 the strategic plan had a target of protecting and developing 70 hectares.

This year the Parks and Recreation Directorate took significant first steps. During 2020/1 approximately 31.9 hectares (Ha) have been successfully developed, equivalent to 46% of the 2020/1 target. Over 21,000 trees have been planted.

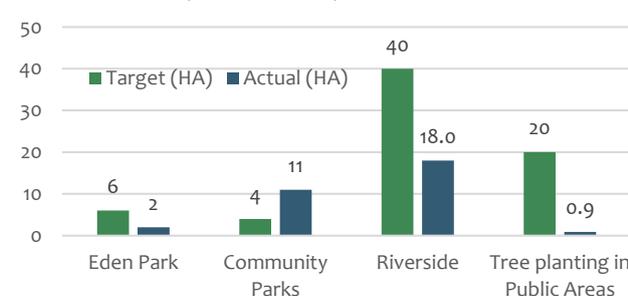
Eden Park is the City's priority recreational area. Of the park's planned 6 hectares, 4.5 have already been established, including 2 hectares during 2020/1. In addition to Eden Park, a community park has been created in Area 18, where 6 hectares of grass, trees, and flowers have been planted. A community committee has been established to provide maintenance and security. In Area 49 a

TABLE 17: PARKS AND ENVIRONMENTAL DATA

AREA	TARGET (HA)	ACTUAL (HA)	TREES PLANTED	%
Eden Park	6	2	120	33%
Community Parks	4	11	160	275%
Riverside	40	18	20,052	30%
Tree planting in Public Areas	20	0.9	962	5%
Agro-forestry	0	0	0	
TOTAL	70	31.9	21,294	46%

NOTE: % = Actual ÷ Target. Hectares planted in public areas may be much higher as only the number of trees is monitored.

FIGURE 18: GREEN INITIATIVES; TARGETS VS ACTUAL DEVELOPMENT (IN HECTARES)



community ground of 5 hectares has been developed; next year the LCC will construct a netball, basketball, and volleyball court, providing youth with important recreational opportunities.

Lilongwe City has five rivers with a total length of 56 kilometers. The degradation of riverside areas is perhaps the most significant threat to Lilongwe's environment. This year the City took an essential first step and has developed the Lilongwe Ecological Corridor Initiative (LECI), with the technical assistance of the Sida and the participation of 8 environmental bodies.⁴ This program intends to develop an accessible, environmentally sound, sustainable and functional ecological corridor system in the heart of Lilongwe City. It will fight threats to Lilongwe's river catchment areas presented by urban sprawl, invasive and alien species, pollution, sand mining, urban agriculture, and climate change. The program has 4 work areas: (i) awareness creation; (ii) partnership and funding; (iii) socio-economic opportunities; and (iv) preservation. A project steering committee is in place, the program is expected to be launched by the President on the *World Environment Day* on 5 June and the program it will be submitted to the National Reforms Programs of the Vice President for additional funding. This year, 11.8 hectares of trees have been planted along various rivers thus far, by focusing on a 20-meter buffer area along one side of the Lilongwe and Lingadzi rivers.

Finally, 962 trees have been planted in public areas, for example along road sides. Implementation of milestones for 2020/1 are as follows.

TABLE 18: PROGRESS IN IMPLEMENTING THE 2020/1 MILESTONES IN STRATEGIC OBJECTIVE #3.1 (ENVIRONMENT)

MILESTONE	PROGRESS	STATUS
Restructure the Parks and Environment Directorate (to align staff to outputs)	MODERATE PROGRESS. The proposed restructuring aimed to form Divisions responsible each of the main tasks of the Directorate: parks; riverside management; and forestry (public areas plus agro-forestry). This will allow the costing of outputs. The functions of the nursery were also to change, with it providing seedlings as inputs to the Directorate's in its development activities. The Directorate has reviewed its staffing and proposes to create divisions for (i) landscaping and recreation (there are currently 52 staff) and (ii) environmental protection (covering wetlands, public areas, and agro-forestry, of which there are 34 staff). Grass cutting remains an important recurring initiative, while the strategic plan roadmap describes the importance of placing recurring cleansing activities under a single Directorates with close ward ties. The Directorate has plans to upgrade from hand slashers to lawn mowers in 2021/2. The LCC is currently using external labour contracts and the prison.	■ ■
Form an Environment Working Group	COMPLETED. A steering committee, with NGO participation was established under the Lilongwe Ecological Corridor Initiative.	■ ■ ■ ■
Complete a rapid environmental assessment process as an input into the Annual Lilongwe State of the Environment Report (with civil society)	MAJOR PROGRESS. As part of the Lilongwe Ecological Corridor Initiative some background assessments were done, including information was collected including the identification of urban natural asset hotspots (page 16), and a landscape plan for the revitalisation of pilot area on the Lilongwe River (page 18). In the future, a fuller environmental assessment will probably be required. The <i>Lilongwe Ecological Strategy</i> has been developed and will be launched by October 2021	■ ■ ■
Develop an implementation plan for creating parks	NOT STARTED. The strategic plan envisions the development of a total of 100 hectares of new park and recreational areas by June 2025. To meet these targets, the City was to develop a short implementation plan identifying areas where new parks and recreational areas could feasibly be established and maintained, as well as the number of staff required and indicative costs of development and maintenance of these assets. Some consideration of these issues has taken place and the Parks and Recreations Directorate has a clear intention to identify park areas during each annual budget cycle.	× × × ×

"Current Status" is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red= barely/not started (0).

⁴ Lilongwe City Council. 2020. Lilongwe/Lingadzi Ecological Corridor System Strategic Plan, City of Lilongwe, Malawi. Cape Town, South Africa: ICLEI Africa. Participation included: (i) ICLEI – Local Governments for Sustainability – Africa Secretariat; (ii) Lilongwe Wildlife Trust; (iii) Four Seasons Nursery and Consultancy; (iv) the Wildlife and Environmental Society of Malawi; (v) the Ministry of Lands, Housing and Urban Development; (vi) the Environmental Affairs Department; (vii) the National Herbarium and Botanic Gardens of Malawi; (viii) Conservation Research Africa. Donor support was provided by the Swedish International Development Cooperation Agency (Sida) through SwedBio at the Stockholm Resilience Centre.

Despite progress made in the development of parks, work continues to be implemented on a year-to-year basis. The City still lacks a credible medium term Parks Development Plan that identifies future park locations, costs, and maintenance arrangements and budgets. The most pressing need is to access and designate land for park development; there is a problem of land availability and a lack of public spaces that should best be addressed with cooperation with Central Government.

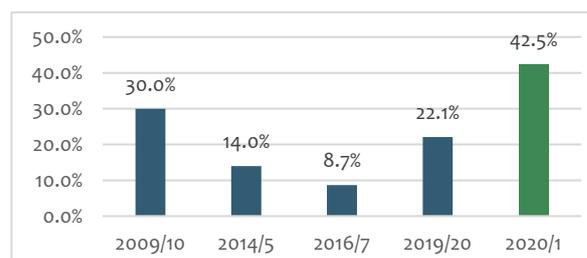
SO #3.3 COLLECT AND PROPERLY DISPOSE OF 70% OF ALL SOLID WASTE GENERATED

Most solid waste generated in Lilongwe City is not collected or properly disposed (Figure 19). In the strategic plan, the target for 2020/1 is to collect and dispose of 30% of all refuse generated. The percentage collected and disposed is calculated as the actual collection divided by the estimated waste generated, assuming each resident generates, on average 0.493 kilograms per day. Targets for the percentages collected are set to increase by 10% per year (40%, 50%, 60% and finally 70% by 2024/5). Historical trends over time are depicted in Figure 19.

In 2020/2021, the city collected and delivered to the area 38 dumpsite 63,913 tons of solid waste, equivalent to approximately 42.5% of the solid waste generated (Table 19). While collection by private waste operators has been stable, the LCC's own collection has varied significantly, with low collection rates recorded during the 2020 (Figure 20 and Figure 21). In April, the LCC hired several tippers and a front end loader to clear accumulated waste in markets and other open spaces. A similar strategy will be used in 2021/2, for example prior to the Southern Africa Development Conference (SADC) meeting in August. **The targeted collection rate of 30% for 2020/1 was significantly surpassed; collection even surpassed the 2021/2 target of 40%.**

The Council through the Lilongwe Water and Sanitation Project (LWSP) procured one skip carrier truck and 13 skip bins. It conducted two dumpsite clearing exercises to create space for waste disposal. Additional waste clearing plants and vehicles were hired for the exercise, which also included the clearing of waste in markets and open spaces. Cleansing Services staff received personal protective equipment (PPE), including 500 pairs of gumboots and heavy duty gloves. Finally, the LCC led five *National Cleanup Days* in the city, which were launched by H.E. Dr. Lazarus McCarthy Chakwera, the President of the Republic of Malawi.

FIGURE 19: ESTIMATED % OF SOLID WASTE GENERATED THAT WAS COLLECTED AND DISPOSED



Note: historical data comes from various sources as documented in the strategic plan and may not be consistent.

TABLE 19: MONTHLY 2020/1 COLLECTION AND DISPOSAL OF SOLID WASTE AT THE AREA 38 DUMPSITE (IN TONES/MONTH)

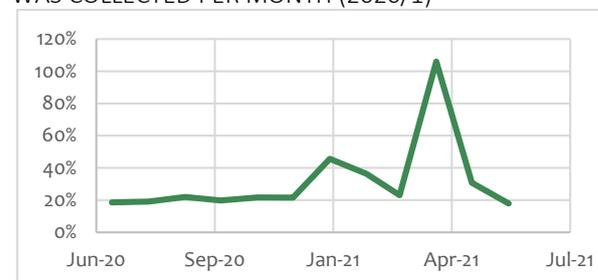
MONTH	LLC	PRIVATE	TOTAL	%
Jul-20	950	2,238	3,188	18.6%
Aug-20	1,030	2,231	3,261	19.0%
Sep-20	1,176	2,467	3,643	22.0%
Oct-20	908	2,481	3,389	19.8%
Nov-20	964	2,622	3,586	21.6%
Dec-20	842	2,843	3,685	21.5%
Jan-21	4,916	2,901	7,817	45.6%
Feb-21	2,134	3,491	5,625	36.3%
Mar-21	1,648	2,053	3,701	23.1%
Apr-21	15,632	1,950	17,582	106.0%
May-21	3,142	2,124	5,266	30.7%
June-21	1,002	2,168	3,170	17.9%
Year to date	34,344	29,569	63,913	42.5%

NOTE: % = the percentage of waste generated that has been properly disposed, assuming each resident generates, on average 0.493 kilograms per day. Population is assumed to be 1,122,000.

FIGURE 20: MONTHLY COLLECTION IN KG/PERSON BY LLC AND PRIVATE REFUSE COLLECTORS



FIGURE 21: ESTIMATED % OF WASTE GENERATED THAT WAS COLLECTED PER MONTH (2020/1)



To improve solid waste management, the city planned to: (i) develop more detailed collection plans; (ii) clarify financing mechanisms and accurately gauge costs of collection; (iii) increasingly depend on the private sector for refuse collection; (iv) expand collection, sorting and recycling opportunities, to reduce costs and volumes; and (v) professionally manage the dump site and seek a PPP for energy conversion. Implementation of the LCC's milestones for 2020/1 are as follows.

TABLE 20: PROGRESS IN IMPLEMENTING THE 2020/1 MILESTONES IN STRATEGIC OBJECTIVE #3.3 (SOLID WASTE)

MILESTONE	PROGRESS	STATUS
Collection plan complete identifying all collection sites and schedules	MINOR PROGRESS. A collection plan describes where solid waste is collected, by whom and in which quantities. The plan would also define each collection and recycling site and any plans to upgrade the dump site or establish a new dumpsite in the south of the city. Though the city does not have a full plan, it has developed a waste collection schedule which it uses to collect waste and monitor progress. A full area based plan is expected to be developed by June 2021 in time for the upcoming budget, covering both investment and operational activities and costs. The LLC plans to engage the private sector by September 2021.	■
Financing of the sector reviewed and revised	MINOR PROGRESS. A full financing plan has not been developed and technical assistance is probably required. However, a Concept Note to pilot the outsourcing of waste collection in 5 Council markets has been developed and is awaiting feedback from management. An advisor was identified from the International Finance Corporation and is working establishing new landfill site to be privately managed (see strategic objective #2.2 on PPP).	■
Weighbridge and monitoring system in place at the dump site	MODERATE PROGRESS. Data management at the area 38 dumpsite has improved significantly. The LCC now collects details for each trip, including tons of waste delivered, name of the Private Waste Operator, vehicle registration number, date delivered, etc. A monitoring systems is now in place but a weighbridge is not in use. Tons delivered are estimates but are believed to be reasonably accurate. Procurement of the weighbridge will commence in the quarter ending September 2021.	■ ■
At least 25% of all collection is outsourced	COMPLETED. During the period July 2020 to February 2021, 62.2% of all refuse was collected under private sector contracts (see Figure 20). This was achieved	■ ■ ■ ■

"Current Status" is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red= barely/not started (0).

Significant progress was achieved in increasing solid waste collection and disposal and in involving the private sector. It is urgent, in 2021/2 to develop a more detailed waste collection and disposal plan, identifying roles and areas of work for the LCC and the private sector, so that the expansion of collection envisioned in the strategic plan can be costed, needed investment can be made, and collections continue to rise. Financing, especially the use of contracts and PPPs to collect increasing levels of solid waste is essential, and requires further work, as does the establishment of a second dumpsite.

SO #3.4 MAKE ROADS SAFER, CLEANER & LESS CONGESTED

Lilongwe City has 590 kilometers of road and is a major transport hub, where national roads interchange from the north, south, east and west. Most roads were constructed in the 1970s and are no longer adequate for the substantial increase in traffic. With the funding of development and major repairs largely coming from the Central Government, the strategy addresses street lighting, regulation of public transport, street cleaning, and minor repairs. Major capital investments are described in strategic objective #3.7.

The National Transport Master Plan identifies roads and transport projects for the 2017 to 2037. Projects were identified back in 2009 (based on traffic data from that time), and documented in the JICA

FIGURE 22: TRANSPORT STRATEGIES

3.4.1	Strengthen the City's capacity and management of the transport sector
3.4.2	Repair existing lights & install 40 new kilometres of solar powered LED lights, ensuring at 75 kilometres of road are adequately lit
3.4.3	Reduce congestion through improved traffic management and public transport
3.4.4	Use mechanical street sweepers to clean at least 50% of all roads
3.4.5	Establish a pothole and minor repair unit repairing all 371 kilometres of road at least one time per year

September 2010 report “The Study on Urban Development Master Plan Final Report for Lilongwe in the Republic of Malawi.” The LCC has not developed a detailed timeline, priority ordering, or estimated budgets for these roads and funding depends on Central Government or development partners and is therefore difficult to predict. In addition to these roads, over 80% of Lilongwe City’s roads are in earth status and need to be upgraded to bitumen standard to improve traffic flow.

Three of these 32 projects are being procured:

- Two contractors have been identified to increase the carrying capacity from two lanes to four lanes for M1 from Kanengo to PMF by the Roads Authority; work should commence by November 2021. This is financed by the Roads Authority.
- A contractor has been identified to increase carrying capacity of both area 18 to Senti and Biwi to Penyenye box culverts by Lilongwe city Council from single lane to two lanes and the sites have been handed over to the contractor. This is financed by the LCC at a cost of MK 560 Million
- Contractors are being procured to upgrade 15 kilometres of road from earth to bitumen, including roads from Area 12 to Kauma, Area 25C to Dzenza, Mtandire to Air wing, and ZBS to the Area 38 Dump site. Costs are estimated at MK 10 Billion.
- Procurement is underway to rehabilitate roads around the bus depot and roads in old Gulliver and to hire a contractor to implement a traffic flow plan aimed and improving traffic flow around the main bus depot.
- 76 kilometres of earth roads have been graded to ensure better traffic flow in different wards in the city.

In terms of street lighting, 7 kilometers of solar lights were installed as planned. These include along Mphonongo Street, Chayamba Street, KCH road, and Presidential way, from Interchange to Kaunda. Further resources have been allocated in the 2021/2 budget to both install solar lights as well as installation and maintenance of Escom powered light. This year, around 46 kilometers of street lights have been maintained.⁵ Inspection, however, shows the need to expand maintenance to other locations (for example Areas 6, 9 and 4) and to expand lighting to many other areas.

Implementation of milestones for 2020/1 are as follows.

FIGURE 23: TRANSPORT PROJECTS IN THE MASTER PLAN

Widening of M1 Kanengo; 2. Widening of M1 Area 18 RA North; 3. Widening of M1 Area 18 Roundabout - Mchinji Roundabout; 4. Widening of M1 Old Town Area; 5. Mchinji RA - Community Centre; 6. Widening of M1 Community Centre - Chidzanja Road; 7. Widening of M1 South; 8. Widening & Extension of Chayamba Road for Inner & Outer Ring Roads; 9. Extension of Chidzanja Road for Inner Ring Road; 10. Widening of Chidzanja Road for Inner Ring Road Improvement of Northern Outer Ring Road; 11. Improvement of Northern Outer Ring Road II; 12. Construction of North Western Arch of Outer Ring Road; 13. Construction of South Western Arch of Outer Ring Road; 14. Improvement of Western Bypass Access Road for Outer Ring Road; 15. Widening of Salima Road (M14); 16. Widening of S123 in Area 50 & 51 16 improvement of S123 in Area 50; 17. Widening of Mchinji Road (M12); 18. Widening of Likuni Road (S124) in Area 3; 19. Improvement of T361 in Area 53 & 54; 20. Improvement of T363 in Area 61; 21. Capacity development for LCA’s road related services; 22. **Road maintenance program, road rehabilitation program;** 23. Development of road inventory database; 24. Construction of new bus terminals expansion of minibus depot in Old Town; 25. Construction and improvement of bus stops and review of minibus operation and routes; 26. Institutional reform of bus operation; 27. Introduction program for the establishment of a new bus company (third sector company); 28. Improvement of intersections; 29. Introduction of central control system; 30. Improvement of car parking system; 31. Development of safety traffic environment (Road Safety Master Plan); 32. Development of safe pedestrian network; 33. Development of cycle road network; and 34. Modernization of navigation system.

Note: projects in bold are being procured

FIGURE 24: TARGETED AND ACTUAL KILOMETERS OF SOLAR STREET LIGHT INSTALLED



⁵ Including, along Area 18 to Kanengo, Institute Road, Chidzanja Road, Mzimba Street, Kenyatta Road, African Unity Road, Chilembwe Road and Convention Drive.

TABLE 21: PROGRESS IN IMPLEMENTING THE 2020/1 MILESTONES IN STRATEGIC OBJECTIVE #3.4 (TRANSPORT)

MILESTONE	PROGRESS	STATUS
Analysis and report prepared on where traffic bottlenecks are occurring and what is causing them	NOT STARTED. Transport planning should be based on the assessment of the conditions of each road and the careful identification of transport and traffic bottlenecks (and their resultant losses in time and vehicle maintenance for City's residents). The last analysis was completed 12 years ago, in 2009 and should be rapidly updated.	XXXX
Detailed implementation plans and budgets completed for minor road repair and street lighting	MAJOR PROGRESS: The city has identified areas to install and maintain streetlights. A formal plan and schedule for minor road repairs is not in place.	■■■
Prepare for the transfer of Sewerage to the LWB	COMPLETED Though the transfer of sewer management functions is expected in 2021/2, the LCC is completely prepared for the transfer of functions	■■■■
By law for traffic management covering fines, minibus routes, etc. approved	NOT STARTED Lilongwe's traffic problems are compounded by the weak regulation of minibuses, poorly designed bus terminals, and low compliance to traffic rules. With the national traffic police, it will also be necessary to develop and enforce restrictions on the travel of heavy-duty vehicles. The strategy is to revise and enforce Mini-bus routes, and upgrade at least 5 bus terminals. Solutions will require dialogue with Minibus Associations. Development of the by-law was postponed to 2021/2 with a target date of March 2022.	XXXX

"Current Status" is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red= barely/not started (0)..

The LCC continues to develop transport infrastructure as best it can, given its dependency on the Central Government and donors for financing major road construction and repair. With these constraints in mind, only a few of the projects identified in 2009, in the *City Master Plan* and the *National Transport Master Plan* can be implemented over the next few years. Where possible the city is exploring private public partnerships, for example in establishing a bus terminal. The expansion and maintenance of street lights is proceeding in line with the Strategic Plan, but future years envision a significant increase in the pace (Figure 24). There remains an essential need to: (i) develop more detailed plans and timelines for all transport related projects, reviewing and updating the 12-year old information in the *City Master Plan*; and (ii) quickly completing a by-law on traffic management.

SO #3.5 MITIGATE COVID 19, STRENGTHEN PUBLIC HEALTH, AND TRIPLE MCH VISITS

The LCC plays a crucial role in promoting the public health of its residents. This strategic objective addresses public health measures in terms of COVID-19, safety standards for water, food and industrial waste, and provision of MCH services (Figure 25).

In addition to its many COVID interventions this year, the Lilongwe city council manages 10 MCH (Mother and Child Health) clinics. As described in the strategic plan, it was estimated that only 50% of all pregnant women in Lilongwe completed at least 4 ante-natal visits, that only 11% visited during their first trimester, that only 76% of deliveries were conducted by a skilled attendant, and that 34% of women did not receiving any postnatal check-up. These problems were worse for poor and uneducated women.⁶ **The strategic plan aims to increase clinic usage by 25% from 2019/20 to 2020/1. However, as can be seen adjacently, usage dropped during 2020/1 by 10% from**

FIGURE 25: PUBLIC HEALTH STRATEGIES

- 3.5.1 Promote social distancing and create awareness to contain and mitigate COVID-19
- 3.5.2 Strengthen public health & triple laboratory testing of water, food, and industrial waste
- 3.5.3 Provide full MCH services at 8 clinics, tripling the number of visits by 2024/5

TABLE 22: MCH VISITS

MCH CLINIC	2019/20	2020/1	% CHANGE
Area 36	1,989	1,825	-9%
Chinsapo	1,236	1,638	25%
Ngwenya	3,482	2,627	-33%
Kaliyeka	1,028	946	-9%
Chilinde	1,409	1,537	8%
Trust SOS	983	725	-36%
Nsipe	3,274	2,039	-61%
Area 23	1,790	1,605	-12%
Africa Bible College	465	381	-22%
Town hall (Staff Clinic)	846	1,689	50%
TOTAL	16,502	15,012	-10%

⁶ Kazanga I, Munthali AC, McVeigh J, Mannan H, MacLachlan M. Predictors of Utilisation of Skilled Maternal Healthcare in Lilongwe District, Malawi. *Int J Health Policy Management*. 2019;8(12):700-710. Figures are indicative only; they probably cover both Lilongwe City and Lilongwe Rural District.

the previous year. Decreases have been experienced at almost all clinics. It is likely that decreased usage was largely caused by COVID-19.

Implementation of milestones for 2020/1 are as follows.

TABLE 23: PROGRESS IN IMPLEMENTING THE 2020/1 MILESTONES IN STRATEGIC OBJECTIVE #3.5 (PUBLIC HEALTH)

MILESTONE	PROGRESS	STATUS
Make a detailed implementation plan for water, food, and industrial testing based on agreement with the Lilongwe Water Board	MINOR PROGRESS. The plan intended to describe testing methods and targeted amounts of testing, including chemical testing of water and industrial sites in order to better assure public health safety. An implementation plan for food testing has been completed	■
Review the outsourcing and financing of laboratory services for water and industrial testing	NOT STARTED. Food testing is regulated by requiring food handlers to be periodically tested. The expense is paid by the person tested. The activity was to investigate ways to require industrial factories or other polluters to periodically arrange tests of their effluents and to explore funding and regulatory mechanisms for water, for example in partnership with the Lilongwe Water Board. This activity has not yet started.	XXXX

“Current Status” is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red= barely/not started (0).

Taking a more active approach to public health will require a refocus of some of the Directorate’s activities, beginning with developing plans and an approach to: (i) increasing MCH usage and improvement of services; (ii) increased testing of water, food and industrial waste; and (iii) exploring the feasibility of using private sector laboratory services to expand public health outreach.

SO #3.6 ASSIST 25,000 POOR HOUSEHOLDS WITH HOUSING AND LAND FORMALIZATION

Because of high migration rates, housing is inadequate and informal settlements have grown rapidly. Many residents in these areas live in sub-standard conditions without adequate basic services such as water, sanitation, or refuse collection and without a title deed protecting their property rights. The City’s strategy is to work with local developers and expand low-income housing, to acquire or mobilize land from Central agencies and to work with the Central Government to formalize titles. Secondly, as a priority, the City intends to develop, each year, a high-profile transformation of a small area of Lilongwe. Where possible, these integrated projects will create iconic infrastructure which raises the City’s profile and which creates success one project at a time.

The identification and planning of these integrated, iconic projects was to be the priority of the Town Planning Directorate, but this process has not yet begun. Implementation of milestones for 2020/1 are as follows.

TABLE 24: PROGRESS IN IMPLEMENTING THE 2020/1 MILESTONES IN STRATEGIC OBJECTIVE #3.6 (TOWN PLANNING)

MILESTONE	PROGRESS	STATUS
Identify and assess the viability of various areas for housing development	NOT STARTED. The 2030 city master plan identifies numerous issues related to land use, and proposes a quasi-residential area in place of unplanned settlements as well as changes to zoning laws. However, it contains no specific strategies to promote housing, especially the development of low income housing projects in cooperation with the private sector. The strategic plan envisions the LCC taking an active role in promoting the development of housing estates, in order to reduce the shortage of good housing, thus addressing the large amount of illegal settlement.	XXXX
Develop a joint land formalization program with the Ministries of Land and Local Government	MAJOR PROGRESS. The LLC embarked on a land formalization process. The main issue to be addressed concerns land compensations. The Council is currently working with the Ministry of Lands, the Surveyor General, Local Government and the Lilongwe District Council to achieve this. The Council is about to finalise a contractual agreement with a private surveying firm to assist with the surveying and preparation of deed plans for land titling	■■■

MILESTONE	PROGRESS	STATUS
Establish a by-law to extend city boundaries, incorporating areas 59, 60, 61 and 62	MAJOR PROGRESS. To maintaining the physical beauty of Lilongwe, the City intends to establish green boundaries in areas 44, 54 55, 25, and 54 to control additional urban sprawl and to extend the city boundaries, incorporating areas 59, 60, 61 and 62 thus increasing its land area to 474 square km. Three possible boundary extension options have been explored and mapped, in conjunction with the Surveyor General. The options will be presented to various stakeholders before being taken to the Lilongwe Town Planning Committee for approval and onward submission to the Ministry of Lands for Gazetting during early 2021/2	■■■

“Current Status” is categorized as: Green = major progress (3) or complete (4); yellow = minor (1) or moderate progress (2); red= barely/not started (0).

In summary, the City has taken firm steps to address some of the problems stemming from Land ownership and management in Lilongwe, arising from the presence of five landlords.⁷ Some zoning issues are being addressed and land formalization in the THAs (Traditional Housing Authorities) is moving forward. There remains a need to work more actively with the private sector to jointly develop housing estates, especially for lower income families, and to implement high profile town planning projects in Lilongwe, which lead to the development of iconic areas that all residents can be proud of.

SO #3.7 FINANCE AND IMPLEMENT A \$20 MILLION CAPITAL INVESTMENT PROGRAM

Though Lilongwe has accumulated a large capital stock of public infrastructure, significant gaps still exist. The City is now in the process of developing a comprehensive capital (investment) plan, linking the strategic plan, urban land use plan and annual budgets. It will focus on a prioritized set of investment projects and aims to facilitate external financing. Several **potential areas** were identified in the strategic plan (Figure 26). As described in the strategic plan, key principles are to include:

- The identification of projects will be based on an inventory and assessment of existing assets
- Extensive public consultation will be employed
- The LLC will contribute on a cost sharing basis and will identify and fund maintenance and repair costs
- Investments will be prioritized that use PPP, that generate revenues or allow cost recovery and that focus on economic infrastructure

The target is to prepare the investment plan by the end of June 2021 and this is largely on target.⁸ With assistance of the LWSP, a consulting company (ALMA Consult) has identified a potential portfolio of potential

FIGURE 26: POSSIBLE CAPITAL INVESTMENT AREAS

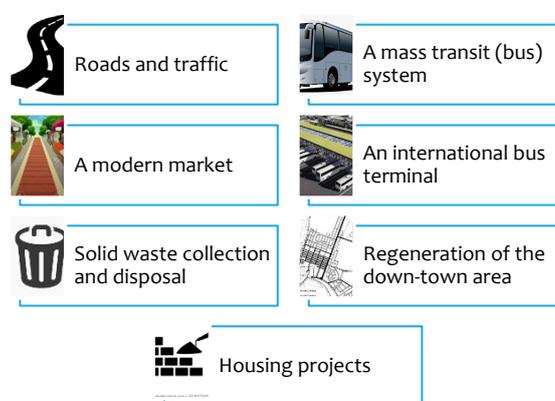


FIGURE 27: PRELIMINARY PROJECTS IDENTIFIED

- Project UR1: Development of an Ecological Corridor between City Centre and Old Town along Lilongwe River and Lingadzi River
- Project UR2: Development of City Recreation Parks (1 main city park in Area 13 & 6 neighborhood parks)
- Project T1-1 Construct bus terminals at 1) City Centre, 2) Area 4, 3) Bunda roundabout, 4) Area 23 Old town in Bwalo la Njobvu; 5) Mchinji roundabout
- Project T1-2 Establish of Car Parks at City Centre and old town
- Project T1-4 Develop BRT (Bus) System in Lilongwe
- Project SW1: Development of Integrated solid waste management center in node E area 38/1
- Project E1: Construction of new main city market in Area 4 (Old Wenela)
- Project E4: Construction of Modern / Terminal Bus Depot in Old Town
- Project I1: Rehabilitation of Civic Offices and Construction of 4 municipal civic and Ward offices (Area 53/1, 25, A3, and A 38)
- Project I3: Strengthening of land registration management systems

⁷ The LCC, the Department of Lands and Valuation, Malawi Housing Cooperation, Airport Development Limited and the Press Corporation Ltd.

⁸ This is the only milestone and performance indicator for this short strategic objective.

projects.⁹ The work completed so far identified 4 main urban regeneration strategies: (i) accelerated economic development through identity oriented network of nodes and business hubs; (ii) Improving the living conditions of the local community through different aspects of services provision and economic accessibility; (iii) positioning Lilongwe city in its regional and national context and enabling corresponding development; and (iv) resilient urban transport development. Descriptions were developed for 10 potential projects.

The next steps will involve developing selection criteria and prioritizing projects.

SUMMARY

Moderate progress was made in terms of service delivery. The collection of solid waste is expanding. Over 16,000 trees have been planted and an important environmental project to protect rivers has been formulated. Ten potential capital investment projects have been identified, and a participatory process has been initiated to prioritize and appraise these projects. Useful dialogue with the World Bank has taken place to further pursue financing options.

The following priority actions are called for.

KEY ACTIONS



1. Hire staff in the Commerce Directorate to promote private sector development and to manage the PPP process
2. Develop a more detailed waste collection and disposal plan, identifying roles and areas of work for the LCC and private sector, so that the expansion collection goals of the strategic plan can be costed, needed investments can be made, and the target of reaching 40% collection and disposal for 2021/2 will be met. The financing of the sector, especially the use of contracts and PPP arrangements to collect increasing levels of solid waste needs to be spelled out.
3. Establish and operationalize a second dumpsite during 2021/2
4. Identify land that is available to expand parks and recreational areas and develop budgets and implementation schedules in a Parks Development Plan for the period 2021/2 to 2024/5.
5. Remove traffic bottlenecks by: (i) completing an updated road assessment and establishing plans and timelines for all transport related projects and (ii) moving quickly to complete a by-law on traffic management.
6. Take a more active public health approach, beginning with the development of plans and strategies to: (i) increase MCH usage and improving the quality of services; (ii) increasing the testing of water, food and industrial waste; and (iii) exploring the feasibility of using private sector laboratory services to expand public health outreach.
7. Implement at least one high profile town planning initiative to develop a small, but iconic area
8. Work with the private sector to develop low cost housing estates
9. Continue to pursue financing and technical support on infrastructure projects

⁹ As documented in the presentation “Diagnostic and Pre-Feasibility Studies for Resilient Urban Development and Service Delivery in Lilongwe.”



ANNEX 1: FULL RESULTS INDICATORS

XX The table below presents data on key indicators and milestones. An index (overall score) was calculated by averaging the indicator score (actual / target) and the average rating across all milestone. Ratings for each milestone are found in the body of the review where: complete = 100; major progress = 75; moderate progress = 50; minor progress = 25; and barely or not started = 0.

TABLE 25: DETAILED RESULTS XXX

RESULT		%
1	Finance	73.7%
SO 1.1	MAKE THE BUDGET TRANSPARENT, PRIORITIZED, AND RESULT-ORIENTED	80.5%
KPI 1.1	% of the budget allocated to direct service delivery (2020/1 target = 55%)	111%
M 1.1	Milestones for SO 1.1	50%
M 1.1.1	Create allocation formulas and output lists to be approved by Council	75%
M 1.1.2	Revise the planning process to include 3 steps (guidelines, planning, budget)	75%
M 1.1.3	Budget for property rates based on obligation to pay (the tax base)	50%
M 1.1.5	Calculate unit costs for all services, including staff and overheads	0%
M 1.1.6	Make revenue projections for business licenses and markets derived from the tax base	50%
SO 1.2	SIGNIFICANTLY INCREASE REVENUES	49.2%
KPI 1.2	Total collection of own source revenues (MK Billions)(2020/1 target = 6.4 Billion)	73%
M 1.2	Milestones for SO 1.2	25%
M 1.2.1	Political support on arrears pursued with the Ministry of Local Government	0%
M 1.2.2	Incentive system for clearing property tax arrears agreed by Council	25%
M 1.2.3	Business license database developed	100%
M 1.2.4	Inconsistencies in payments of development fees and property taxes documented	0%
M 1.2.5	Business licenses and PPP contracts integrated into the IFMIS	0%
M 1.2.6	Limits placed on the number of advertising signs and fees raised to reduce the number of signs	25%
M 1.2.7	All feasible markets outsourced; no market makes a net revenue loss and all affected staff retrenched	25%
SO 1.3	ELIMINATE DEBTS AND INVEST IN PHYSICAL ASSETS	75.5%
KPI 1.3	Outstanding liabilities as a fraction of own source revenue (2020/1 target = 59%)	71%
M 1.3	Milestones for SO 1.3	80%
M 1.3.1	Establish a separate fund for (i) asset accumulation and management and (ii) staff retirement and retrenchment	100%
M 1.3.2	Limit employment to 5 or less staff over the retirement age	100%
M 1.3.3	Ratio of capital acquisition and maintenance set at 10% of own source revenue and maintained in the future	75%
M 1.3.4	Complete payments of all short-term liabilities, pension debts, and property valuations	50%
M 1.3.5	Set aside sufficient funds to fully implement all planned retrenchment	75%
SO 1.4	BACKLOG OF ALL FINANCIAL REPORTING AND PROCUREMENT SINCE 2016/7 IS REMOVED	89.6%
KPI 1.4	National audit office opinion (2020/1 target = unqualified)	100%
M 1.4	Milestones for SO 1.4	79%
M 1.4.1	All required financial reports presented to NGGFC on time	100%
M 1.4.2	All external audit reports presented to council	100%
M 1.4.3	Plan developed and monitored by Council to address external audit queries	100%
M 1.4.4	All required procurement reports presented to PPDA on time	100%
M 1.4.5	Twelve internal audit reports prepared each year, according to standard and presented to the CEO	50%
M 1.4.6	Internal audit standards are produced and audit staffing increased	25%
2	Management	47.7%
SO 2.1	TRANSFORM ORGANIZATIONAL CULTURE AND FOSTER GOOD GOVERNANCE	17%
KPI 2.1	Number of complaints received through an independent feedback and anti-corruption unit (2020/1 target = form the unit)	17.0%
M 2.1	Milestones for SO 2.1	17%
M 2.1.1	Council charter approved	0%
M 2.1.2	LCC website and social media presence expanded to contain simple budgets, performance targets and reports, and online feedback and complaints	75%
M 2.1.3	Councilor independent evaluations, costing MK 60 Million per year completed and debated in Council	0%
M 2.1.4	Reporting and other requirements in the Council Charter complied with	0%

RESULT	%	
M 2.1.5	At least 500 complaints and recommendations received per year through on-line feedback mechanisms	25%
M 2.1.6	An independent anti-corruption hotline is in operation, run by a civil society organization	0%
SO 2.2	USE PUBLIC PRIVATE PARTNERSHIP (PPP) TO PROVIDE 34 DIFFERENT SERVICES	16.7%
KPI 2.2	Number of different PPP areas outsourced (2020/1 Target = 6)	0%
M 2.2	Milestones for SO 2.2	33%
M 2.2.1	Cleaning, gardening and non-core functions outsourced	0%
M 2.2.2	PPP Manual, procedures and standards approved by council	75%
M 2.2.3	Feasibility studies for outsourcing markets completed	25%
SO 2.3	MOBILIZE AT LEAST A TOTAL OF MK 5 BILLION VIA PARTNERSHIPS WITH DONORS AND CIVIL SOCIETY	87.5%
KPI 2.3	Cumulative value of projects and MOUs implemented with partners (in MK Billions)(2020/1 target = consult with 30 potential partners, no resources mobilized)	100%
M 2.3	Milestones for SO 2.3	75%
M 2.3.1	Form and staff an outreach unit with staff on contract	50%
M 2.3.2	Develop all outreach materials and procedures	100%
M 2.3.3	Work with civil society to develop an annual "Lilongwe State of the Environment Report"	75%
SO 2.4	IMPROVE PRODUCTIVITY THROUGH RESTRUCTURING AND ELIMINATING ABSENTEEISM & PAYROLL FRAUD	42.4%
KPI 2.4	Number of staff at the end of the year (based on the restructuring plan)(2020/1 target = 1,124 staff)	35%
M 2.4	Milestones for SO 2.4	50%
M 2.4.1	Absenteeism incorporated into all performance appraisals and random monthly absenteeism checks completed	50%
M 2.4.2	All staff reaching retirement age retired	100%
M 2.4.3	All staff verified through mandatory IDs and physical check	0%
M 2.4.4	Revise HR data to include each employee's Directorate, unit, and functions	50%
SO 2.5	CREATE ACCOUNTABILITY FOR RESULTS	75.0%
KPI 2.5	% of targets in Directors' performance contracts which were achieved (on time)(2020/1 target = 50%)	
M 2.5	Milestones for SO 2.5	75%
M 2.5.1	Guidelines for Performance contracts and scorecards in place	100%
M 2.5.2	Delivery unit in operation	50%
3	Service Delivery	60.4%
SO 3.1	SPUR LOCAL ECONOMIC DEVELOPMENT, SUPPORTING 1,600 INFORMAL SECTOR PARTICIPANTS	12.5%
KPI 3.1	Cumulative number of entrepreneurs directly assisted through LCC private sector development programs (2020/1 no target)	
M 3.1	Milestones for SO 3.1	13%
M 3.1.1	Lilongwe Business Forum established and in operation	25%
M 3.1.2	Revised hawking by-law approved	0%
SO 3.2	EXPAND GREEN AREAS BY 300 HECTARES AND PROTECT THE CITY'S ENVIRONMENT FOR FUTURE GENERATION	50.9%
KPI 3.2	Cumulative total number of hectares of new park, riverside, and forestry protected or developed (2020/1 target = 50 hectares)	45.6%
M 3.2	Milestones for SO 3.2	56%
M 3.2.1	Restructure the Parks and Environment Directorate	50%
M 3.2.2	Form an Environment Working Group	100%
M 3.2.3	Complete a rapid environmental assessment process as an input into the Annual Lilongwe State of the Environment Report	75%
M 3.2.4	Develop an implementation plan for creating parks	0%
SO 3.3	COLLECT AND PROPERLY DISPOSE OF 70% OF ALL SOLID WASTE GENERATED	95.8%
KPI 3.3	% of waste generated that is collected and disposed at the dumpsite (2020/1 target = 30%)	142%
M 3.3	Milestones for SO 3.3	50%
M 3.3.1	Collection plan complete identifying all sites	25%
M 3.3.2	Financing of the sector reviewed and revised	25%
M 3.3.3	Weighbridge and monitoring system in place at the dump site	50%
M 3.3.4	At least 25% of all collection is outsourced	100%
SO 3.4	MAKE ROADS SAFER, CLEANER AND LESS CONGESTED	71.9%
KPI 3.4	Kilometres of road with fully functioning lighting	100%
M 3.4	Milestones for SO 3.4	44%
M 3.4.1	Analysis and report prepared on where traffic bottlenecks are occurring and what is causing them	0%
M 3.4.2	Detailed implementation plans and budgets completed for street lighting and minor road repairs	75%
M 3.4.3	Prepare for the transfer of Sewerage to the LWB	100%
M 3.4.4	By law for traffic management covering fines, minibuses routes, etc. approved	0%
SO 3.5	MITIGATE COVID 19, STRENGTHEN PUBLIC HEALTH, AND TRIPLE MCH VISITS	42.6%
KPI 3.5	% increase in MCH visits compared to 2019/20 totals (2020/1 target = +25%)	73%

RESULT		%
M 3.5	Milestones for SO 3.5	13%
M 3.5.1	Make a detailed implementation plan for water, food, and industrial testing based on agreement with the Lilongwe Water Board	25%
M 3.5.2	Review the outsourcing and financing of laboratory services for water and industrial testing	0%
SO 3.6	ASSIST 25,000 POOR HOUSEHOLDS WITH HOUSING AND LAND FORMALIZATION	31.3%
KPI 3.6	Number of annual high-profile, visible, integrated town planning projects successfully completed (2020/1 = formulate project for 2021/2)	0
M 3.6	Milestones for SO 3.5	63%
M 3.6.1	Identify and assess the viability of various areas for housing development	0
M 3.6.2	Develop a joint land formalization program with the Ministries of Land and Local Government	75%
M 3.6.3	Establish a by-law to extend city boundaries, incorporating areas 59, 60, 61 and 62	75%
SO 3.7	FINANCE AND IMPLEMENT A \$20 MILLION CAPITAL INVESTMENT PROGRAM	100%
KPI 3.7	Investment funds mobilized (\$US Millions)(no target for 2020/1)	
M 3.7.1	Investment Plan prepared	100%
Overall		59%



ANNEX 2: FINANCIAL DATA

MANAGERIAL AND ADMINISTRATIVE COSTS

Once the budget is fully output based it will be easier to determine what fraction of expenditure is on management, service delivery, infrastructure investment, and regulation. In the meantime, estimates were made based largely upon staffing, the allocation of mandatory (statutory) payments, and other broad classes of expenditure.

TABLE 26: BUDGET ALLOCATION TO MANAGERIAL ACTIVITIES AND OVERHEADS (JAN TO JUNE 2021)(IN KWACHA)

ITEM	A. MANAGEMENT COST	B. TOTAL COST	% ADMIN (A÷ B)	% TOTAL
Personal Emoluments by Directorate				
Works & Engineering [1]	23,900,000	220,732,969	11%	10%
Parks Recreation & Environment [1]	18,800,000	121,358,079	15%	6%
Health & Social Service Admin [1]	6,750,000	58,510,364	12%	3%
Cleansing	0	263,123,032	0%	12%
Commerce Trade and Industry [1]	13,400,000	120,996,978	11%	6%
Planning & Development [1]	7,900,000	58,389,159	14%	3%
Administration & HR	184,431,448	184,431,448	100%	9%
Finance	51,707,984	51,707,984	100%	2%
Salary Revisions [2]	83,414,922	83,414,922	100%	4%
Operations				
Pooled Mandatory Expenses [3]	234,217,680	318,991,760	73%	15%
Other operational Costs [4]	34,096,936	136,446,197	25%	6%
Ring-fenced Set Asides				
* Set Aside for Retirement [5]	155,257,191	155,257,191	100%	7%
* Set Aside for Liabilities (FDH Loan & MRA) [5]	300,163,902	300,163,902	100%	14%
Set Aside for Asset Accumulation [6]	0	34,096,936	0%	2%
Set Aside for Ward Projects [6]	0	29,242,190	0%	1%
Total	1,079,943,127	2,136,863,113	51%	100%

Notes: [1] Estimate based on salaries of managers and administrators in 2019/20. [2] assumed to be managerial only; [3] payment of streetlight costs and fuel for the workshop are assumed to be service delivery costs; costs of managers' vehicles are budgeted for separately; [4] Operations of Finance, HR and Administration are considered to be managerial; [5] assumed to be 100% managerial, though some loans were for previous service delivery; [6] assumed to be 100% service delivery.

Using these assumptions, management expense is budgeted at 51% of overall costs (with service delivery at 49%). However, this includes two very large ring-fenced expenditures (retirement and existing liabilities) which were incurred by previous regimes and which the city is attempting to pay down. **If these liabilities (marked by an asterisk) are excluded from the calculation, direct service delivery constitutes 61% of all planned expenditure.**

REVENUE ENHANCEMENT

The roadmap to implement the strategic plan provides a revised revenue enhancement strategy. During 2020/1, three of the 24 key reforms have been implemented.

TABLE 27: REVENUE ENHANCEMENT IMPLEMENTATION PROGRESS AGAINST PLANNED ACTIVITIES FOR 2020/1

REVENUE SOURCE / PLANNED ACTION	PROGRESS
1. PROPERTY TAX	
1.1. Assign staff to pursue large taxpayers individually	Not yet implemented
1.2. Meet with Ministry of Local Government to get political support; MRA to get cooperation on legal action against common debtors	Not yet implemented
1.3. Create a pilot incentive system for voluntary payment of arrears at a discounted rate	Pushed back to later years; seen as a last resort

REVENUE SOURCE / PLANNED ACTION	PROGRESS
1.4. Implement incentive system on a pilot basis	As above
1.5. Take legal action against defaulters	Being implemented.
1.6. Link Business License payment, PPP contracts, and rental agreements to property tax arrears (if arrears not paid, don't issue permits)	Not yet implemented
1.7. Link development fees and advertising to property tax payment (if arrears not paid, don't issue permits)	Not yet implemented
1.8. Hire full time assessors in the Town Planning Directorate	Not yet implemented
2. BUSINESS LICENSES	
2.1. Develop a database of all business licenses, that can track enterprise data, payment and arrears, locations, safety code violations, and business registration numbers	Completed
2.2. Link information (electronic data) on businesses with the Malawi Department of Registrar General (through business registration numbers).	Not yet implemented
2.3. Revise the business process (procedures) to implement the 5 steps described in the roadmap to success	Being implemented through the client service charter
2.4. Include revenue performance targets and reform actions in performance contracts of managers in the Commerce Directorate	
3. MARKET FEES	
3.1. Develop standards for sanitation and asset management for markets to be privatized	PPP has focused on capital infrastructure. Markets to be the focus in 2021/2
3.2. Develop standard MOU for community market management	As above
3.3. Complete templates and administrative arrangements for performance contracts for staff to management markets and retain revenues	As above
3.4. Enter in PPP arrangements (total 15 markets; cumulative # markets with PPP)	As above
3.5. Sign MOUs for community markets (total 15 markets; cumulative # markets with PPP)	As above
4. PARKING FEES	
4.1. Complete a mapping and study on potential car park areas, bus terminals, and the number of vehicles	Not yet implemented
4.2. Identify and correspond with potential concessionaires in East and Southern Africa	Not yet implemented
5. MANAGEMENT OF COMMERCIAL ASSETS	
5.1. Complete feasibility or income/expenditure studies for commercial assets as defined in strategic objective 2.3	EOI for Wenela complex already advertised. Other assets to be studied in the future
5.2. Redefine and re-advertise current PPP contracts as defined as defined in strategic objective 2.3	Not yet implemented
6. DEVELOPMENT FEES	
6.1. Complete a study on application of flat rates for development fees	Not yet implemented
6.2. Develop a by-law to simplify the payment of scrutiny and development fees, adopting a flat rate system for different classes of buildings and increasing penalties	Not yet implemented
7. ADVERTISING FEES	
7.1. Create a by law which (i) Doubles the price for advertisement and allows the continual increases of prices until the demand to post signs is in-line with the Council's vision of maintaining the beauty of Lilongwe; (ii) differentiates prices by both location and the size of the sign (using a flat payment system); (iii) Places annual limits on the total number of signs in Lilongwe; and (iv) creates special agreements for cell-phone operators	Not yet implemented



ANNEX 3: RESTRUCTURING PROGRESS

The restructuring plan prioritized XXX. Overall it contained XX changes... as documented below.

DIRECTORATE / ACTION	IMPLEMENTATION STATUS
CEO's OFFICE	
1. Place the internal audit unit under the CEO	
2. Increase staffing in internal audit from 4 to 5	
3. Establish a delivery unit under the CEO	TOR prepared; Unit not created in the establishment
4. Hire/transfer 2 staff for the delivery unit	
5. Place the legal services unit directly under the CEO	
6. Increase staffing in legal services from 2 to 3	
7. Establish an outreach/partnership unit under the CEO	Not yet necessary. Responsibility for partnerships is spread across directorates
8. Hire 2 full time staff for the outreach unit	
DIRECTORATE ADMINISTRATION	
9. Increase staffing in the Communications Unit from 3 to 5	
10. Assign at least 1 staff Communications solely to social media	
11. Create a Council Affairs Division	
12. Increase staffing in Council Affairs from 2 to 3	
13. Establish an Organizational Planning and M&E Division, by transferring functions from the Town Planning Directorate	
14. Create a Ward Administration Unit with 1 Ward Executive in each Ward	
15. Employ 27 ward executives and 2 administrators	
16. Establish a Reception, Appointments, and Secretarial Pool for budget purposes	
17. Reduce secretarial staff from 20 to 18	
18. Establish a Transportation Unit	
19. Reduce Transportation Unit staff from 28 to 27	
20. Establish a Records Management Unit	
21. Reduce Records Management staff from 32 to 26	
22. Outsource Cleaning and Gardening reducing staff from 32 to 0	
23. Outsource the Automobile Workshop reducing staff from 7 to 0	
24. Outsource the Building Maintenance Unit reducing staff from 18 to 0	
25. Establish a Municipal Police Division	Division is being established
26. Hire 12 staff in the Municipal Police Division	
HR MANAGEMENT & DEVELOPMENT DIRECTORATE	
27. Upgrade HR from a Division to a Directorate	Upgrade is underway
28. Increase HR staff from 13 to 14 in light of increased responsibilities	
FINANCE DIRECTORATE	
29. Transfer from administration to Finance a Procurement Division	
30. Create an arrears collection unit	
31. Create a revenue inspection unit	
PARKS AND ENVIRONMENT DIRECTORATE	
32. Reduce administrative and management staff from 25 to 16 (including transfer of secretaries and records management staff to the central pool)	
33. Reduce staff in the nursery unit from 18 to 12	
34. Create a Parks Division	
35. Increase staff in the Parks Division from 1 to 3	
36. Create a Rivers and Wetlands Division	
37. Hire a Deputy Director Rivers and Wetland	
38. Establish a Riverside Protection Unit	
39. Establish a Riverside monitoring, control and maintenance Unit	

DIRECTORATE / ACTION	IMPLEMENTATION STATUS
40. Establish a Forestry and Agro-Forestry Division	
41. Establish a Forestry Unit (to manage public areas)	
42. Establish an Agro-Forestry Promotion Unit (private lands only)	
PRIVATE SECTOR DEVELOPMENT DIRECTORATE	
43. Reduce managers and administrative staff from 12 to 5	
44. Establish a Public Private Partnerships (PPP) Division	
45. Increase staff in the PPP division from 2 to 8	
46. Establish a Licensing and Regulation Division	
47. Increase staffing in the Licensing and Regulation Division from 4 to 5	
48. Establish a Private Sector Development Division	
49. Establish a Market Support and Development Unit	
50. Reduce staff in the Market Support and Development Unit largely through PPP from 403 to 209	
51. Hire 5 formal sector and informal sector staff to implement private sector development initiatives, as per the strategic plan	
PUBLIC HEALTH & SOCIAL WELFARE DIRECTORATE	
52. Establish a Public Health and Social Welfare Communications Unit	
53. Hire 2 staff for the Public Health and Social Welfare Communications Unit	
54. Increase the staff in the Solid Waste Management Division from 6 to 10	
55. Under the Solid Waste Management Division establish a solid waste collection unit	
56. Under the Solid Waste Management Division establish dumpsite management unit	
57. Under the Public Health Division establish a Public Health Inspection, Surveillance & Response Unit	
58. Increase staff in the Public Health Inspection, Surveillance & Response Unit from 5 to 16	
59. Increase staff in the Cemeteries Unit from 16 to 17	
60. Under the Public Health Division establish a Pest Control Unit	
61. Increase staff in the Social Welfare Division from 9 to 14	
62. Under the Public Health Division assign 1 staff dedicated to Gender Violence/ Promotion and 2 staff to street children and homelessness	
TRANSPORT AND PUBLIC WORKS DIRECTORATE	
63. Reduce management and administrative staff from 16 to 14	
64. Establish a Transport Planning and Assessment Unit	
65. Hire 3 staff in the Transport Planning and Assessment Unit	
66. Establish and Engineering and Building Inspection Unit	
67. Increase the staff in the Engineering and Building Inspection Unit from 7 to 9	
68. Establish a Roads and transport Division	
69. Under the Roads and transport Division establish a (Mechanical) Street Cleaning Unit	
70. Hire 5 staff in the Street Cleaning Unit	
71. Under the Roads and transport Division establish a Parking and Public Transport Management Unit	
72. Increase the staff in the Parking and Public Transport Management Unit from 19 to 21	
73. Under the Roads and transport Division establish a Street and Traffic Lighting Unit	
74. Decrease the staff in the Street and Traffic Lighting Unit from 7 to 5	
75. Under the Roads and transport Division establish a Road Repair & Construction Unit	
76. In the Road Repair & Construction Unit increase staff from 3 to 14	
LANDS, HOUSING & TOWN PLANNING DIRECTORATE	
77. Decrease management and administrative staff in the Lands, Housing & Town Planning Directorate from 7 to 2	
78. Establish a Property Valuation Unit	

DIRECTORATE / ACTION	IMPLEMENTATION STATUS
79. Hire 5 fulltime property evaluators	
80. Establish a Lands and Housing Division	
81. Under the Lands and Housing Division establish a Housing Development Unit	
82. Under the Lands and Housing Division establish a Lands Development Unit	
83. Hire 5 staff for the Land Development Unit	
MUNICIPAL SANITATION DIRECTORATE	
84. Establish a Municipal Sanitation Directorate to jointly undertake all cleansing activities including grass cutting, drain clearance, manual street sweeping, and other sanitation measures	
85. Decrease staffing in Municipal Sanitation from 852 to 461	