



1. Project Data:		Date Posted : 08/21/2002	
PROJ ID: P001668		Appraisal	Actual
Project Name: Social Action Fund	Project Costs (US\$M)	71.3	63.7
Country: Malawi	Loan/Credit (US\$M)	56.0	51.7
Sector(s): Board: SP - Other social services (40%), Primary education (30%), Sub-national government administration (10%), Health (10%), General water sanitation and flood protection sec (10%)	Cofinancing (US\$M)	1	1.8
L/C Number: C2856; CP907			
	Board Approval (FY)		96
Partners involved : Denmark	Closing Date	12/31/2001	12/31/2001
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components			
a. Objectives			
The objective of the Malawi Social Action Fund (MASAF) was to contribute towards poverty reduction in Malawi through:			
<ol style="list-style-type: none"> 1. Provision of additional resources for community subprojects (CSP) targeted at the poor. 2. Promotion of a new approach to rural development by community participation in project preparation and implementation. 3. A labor intensive public works program (PWP) targeted at the poorest (food deficient) districts. 4. Strengthening the poverty monitoring and assessment system . 			
b. Components			
The total project cost at appraisal was \$ 71.3 million while the actual cost was \$63.7 million, comprising (planned/ actual): -			
<ol style="list-style-type: none"> 1. Community Subprojects (67.4%/ 75.0%) - for upgrading/ construction of community infrastructure for education, health, water and transport. 2. Public Works Program or PWP (27.3%/ 19.6%) - for a safety net operation of labor intensive public works construction, including rehabilitating and maintaining rural roads, minor irrigation, afforestation and land development. 3. Poverty Monitoring Support Facility or PMSF (2.1%/ 0.6%) - for capacity building, development and implementation of surveys and analysis . 4. Administration (3.2%/ 4.7%) - for the costs incurred by the MASAF Management Unit (MU.) 			
c. Comments on Project Cost, Financing and Dates			
The Malawi Kwacha (MK) devalued from \$1=MK 15 at entry to MK 68 by project closure in December 2001. This had two effects - it increased the MK funding available but also led to inflation . The overall effect of devaluation and reallocation of funds was to provide both more \$ and a lower effective \$ /CSP cost.			
3. Achievement of Relevant Objectives:			
<ol style="list-style-type: none"> 1. Provision of additional resources for the poor - Output targets, in terms of infrastructure created, person days of employment and number of beneficiary households, were surpassed . The quality of the works was lower than initially expected due to an unexpectedly high demand from eligible communities for projects, and insufficiently rapid increase in MU capacity to respond adequately . While the original target was 800, 1392 CSP subprojects were approved, of which 93% were completed. Supervision missions report the majority of education, water facilities and bridges are in working condition, staffed and equipped . Schools comprised 54% of the number of projects, water facilities 34% and bridges 9%. Beneficiary Assessments (BA) cite effects as being reduction of water and sanitation related diseases; and improved access to other social and economic 			

facilities as a result of roads and bridges .

2. **Promotion of a new approach through community participation** - participative methodologies at the community level have been introduced, but were somewhat late in taking root . In total 19,140 people were trained at community level, although some subsequently dropped out . Women constituted 50% of trainees and 30% of project management committee members . Community contributions, primarily donated labor, were at least 20% or more of project costs . MASAF II was undertaken in 1998, well before completion of MASAF I, by which time many weaknesses in the system were being addressed . Both the Borrower and ICR state that the program led to replacement of an adversarial relationship between community and Government, by "working together."
3. **Labor Intensive Public Works** - According to the Beneficiary Assessment (BA) commissioned by MASAF, 70% of the sampled beneficiaries on 472 completed PWP projects felt their economic status had improved . But a higher than minimum wage rate has probably weakened the achievements of the PWP at targeting the poorest . The direct impact of cash payments for unskilled labor in the PWP component was far less than for CSP - only \$2.5 million of the \$12.5 million for PWP accrued as cash payments for labor . The objectives were largely achieved but the degree of empirical verification is weak, justifying an assessment of moderately satisfactory .
4. **Strengthening the poverty monitoring and assessment system** - a large number of reports were produced, but a lot of management problems were experienced both in Lilongwe and Washington .

4. Significant Outcomes/Impacts:

1. An estimated 2 million, 2% of the population, have benefited from investments in education, health, water, sanitation, transport (roads and bridges), afforestation and the direct transfer of income through the PWP component.
2. Community development has been brought to the front of the Government's Poverty Reduction agenda, and transparency and accountability largely established as principles for community infrastructure projects .
3. There have been substantial improvements in costing, implementation completion and on the structural quality of the projects . The time from application to approval has been reduced from 18 months to 8 months by completion, although the SAR target was 3 months.
4. The unskilled labor content of the PWPs as a percentage of project costs was 48%, as opposed to 36% targeted.
5. Lesson learned have been systematically incorporated in two follow -on projects, MASAF II (1998) and III (under preparation.)

5. Significant Shortcomings (including non-compliance with safeguard policies):

1. Despite a component for poverty monitoring and evaluation, the basis for impact evaluation is limited to BAs conducted in 1997 and 2000. These are not an adequate statistical basis for assessing the project's impact on community and household welfare status . There was also an absence of baseline data on the target indicators identified during implementation.
2. Government did not provide commensurate recurrent budget resources for health projects which were subsequently dropped as options . Funding to support the infrastructure built and maintenance in general remains a concern.
3. There were delays in processing of subprojects due to underestimation of demand, delays in counterpart funding and inadequate MU capacities to handle the unanticipated volume .
4. Early in the program technical quality was compromised by over-rapid implementation, neglecting the participation required from communities and local governments .
5. MASAF failed to reach some categories of vulnerable people such as the aged, orphans, HIV /AIDS sufferers and others who could not organize themselves into a distinct group to receive assistance . Such targeting was included in MASAF II.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Modest	The organization for the operation and maintenance of water supply and bridges, which remain under government control, is not yet adequate. Considerable institutional development is needed to establish the appropriate functions at community level. Where benefits are spread among many communities, self help is less easily organized.
Sustainability :	Likely	Likely	Likely but this will depend on Government funds for recurrent budget to support

			some of the infrastructure, such as roads and bridges, until such time as local capacity and funding are established . Continued parent support of school operating costs will also be needed .
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

1. There is a need to ensure coordination and coherence between multiple interventions - "food for work" and "agricultural starter pack" programs can adversely affect CSP implementation, which is targeted at the same poor communities.
2. Information, education and media campaigns can be highly effective public relations tools, creating high demand for subprojects. But to achieve sustainability of benefits they must progressively become education and outreach tools, delivering key messages on community asset maintenance, responsibilities for project management and supervision, targeting principles and environmental guidelines .
3. Low uptake of projects in urban and peri-urban areas was primarily caused by a low level of social cohesion, making mobilization for creation of public facilities problematic .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

Satisfactory