Community Contracting in the Malawi Social Action Fund:

Local Stakeholder Perspectives

The Malawi Social Action Fund (MASAF) is a quick-disbursing facility which routes money directly to communities. One of the main emphases of the project is to improve and strengthen the capacity of beneficiary communities to identify, prioritize, supervise, monitor, maintain and operate projects. Community contracting is an intrinsic part of this process. The participatory assessment of local stakeholder perspectives of community contracting included identifying: (i) key characteristics of the community contracting component, (ii) strengths and weaknesses of the approach, and; (iii) specific issues, constraints, and possible solutions.

Background

The Community Sub-projects Component (CSP) which is the largest component of the Malawi Social Action Fund was designed based largely on information gathered during a Systematic Client Consultation (SCC) undertaken during project preparation. The consultation was undertaken primarily to assess the potential at community level to implement subprojects under a direct community financing arrangement.

The CSP component is a community-driven program which funds community-initiated projects. Communities are responsible for implementing the subprojects as well as operating and maintaining the subproject asset/output.

Financing of subprojects is done by channeling funds directly into project committee bank accounts. Disbursement of funds is done in tranches of 30,40,20 and 10 percent. A democratically elected project management committee (PMC) manages the implementation of the subproject. Communities provide counterpart funding (a minimum of 20 percent of total subproject costs) in the form of labor, cash or materials. While MASAF provides funding for subprojects, other actors such as local government, NGOs, and private sector organizations all play a role in the subproject cycle, i.e., as facilitators, as appraisers and supervisors, as contractors, and as partners in co-financing arrangements.

Methodology

The assessment of local stakeholder perspectives was conducted as a follow-up to work already undertaken in collecting and synthesizing experiences from Bank Task Teams. The purpose of the field work was to assess local stakeholder perceptions of community contracting using participatory techniques. The local stakeholders included: community members (Project Management Committee, village chiefs/leaders and the larger community), providers of goods and services (contractors, NGOs, local shop keepers, etc.) as well as local government and agency staff. This assessment was undertaken
as part of a work program funded by several of the Bank’s Thematic Groups including Social Funds, Rural Water Supply and sanitation, Operational Core Services, and Community Based Rural Development.

Information was collected from communities that have implemented projects using community contracting and focused on three types of microprojects — water supply and sanitation, schools, and health centers. Workshops were conducted with several service providers (i.e. owners of local hardware stores) and contractors who had worked on MASAF projects in the Lilongwe district. Focus group discussions were held to identify issues from different stakeholder perspectives. This was followed by more in-depth visits to communities. Meetings were also held with District Executive Committee members (DEC) as well as the Deputy and Under Secretaries for Local Government in Lilongwe. The team also met with key MASAF staff including the Executive Director, Project Officer for Community Subprojects Component, the IEC Officer, the Internal Auditor, and held a roundtable discussion with Zone Officers representing ten districts. The results were analyzed in discussions with community representatives, project staff as well as relevant Bank staff.

The team visited four project sites: school Project (Mchesi, Lilongwe district), borehole project (Magombo village, Lilongwe), health clinic (Mayani, Dedza district), and school/borehole project (Ching’ombe, Kasungu district). Interviews were conducted with Project Management Committee members, local leaders, contractors/suppliers who had provided services to the community, and community members.

What follows are the observations based on these discussions.

**Participation and accountability**

Participation by the larger community is much greater during subproject identification and planning than during implementation. It is primarily the Project Management Committee and not the larger community that is involved in contracting and procuring as well as supervising during subproject implementation.

There was a large knowledge gap between the Project Management Committee (PMC) and the community leaders/members regarding project related information, particularly regarding the procurement of goods and services. In nearly all of the communities visited PMC members see themselves as being accountable to MASAF, not to the larger community. Community leaders also do not feel it is their role to actively provide oversight to the PMC. Training for the PMCs should specifically address this problem and discuss ways in which they can inform and mobilize the community to participate throughout the sub-project cycle. Information, Education and Communication (IEC) messages, for example, should target community leaders and explain the role that they are expected to play in terms of providing oversight and guidance to the PMC.

Urban communities are more migratory in nature and members find it difficult to mobilize community contributions (labor, cash, materials). Some communities have overcome this by mobilizing private sector donations as part of the community contribution. For example, the Mchesi School Project, Lilongwe received co-financing from the National Bank of Malawi.

**Disbursements**

Disbursement of subproject funds in tranches is seen both as a negative and positive feature by communities. While some communities noted that tranching allowed them to gradually build their expertise in handling large sums of money, others considered it a burden saying that delays in project implementation were most often linked to late disbursements. While reducing the number of tranches would greatly reduce the administrative burden both on the community as well as the Social Fund, it would also reduce the oversight and control function that the tranching system is used for. It may be worthwhile looking into offering communities different financing packages based on their capacities to implement subprojects.
aDelays in disbursement of project funds was the complaint most commonly heard from communities. Delays in releasing tranches often meant that subproject implementation came to a halt for long periods of time causing contractors and wage laborers to lose interest/money. Inflation is also more likely to affect subprojects that are experiencing long lapses in implementation. Tranches are delayed either because of poor financial reporting (Justification Reports) provided by communities and/or because of delays in the processing of financial reports at the project management level. Even PMCs who had undergone the necessary training found it difficult to complete the Justification Reports. Capacity building programs targeted at both PMC members and Social Fund staff should stress the importance of timely disbursements. It is crucial that training programs are designed based on the capacity of the community - one training model may not suit all PMCs. DEC members as well as Zone Officers should be mobilized to assist communities with reporting.

Commercial vs. local contractors

There were interesting differences in the relationship between communities and commercial contractors on the one hand and communities and local contractors on the other. It was obvious that communities had a much better working relationship when the contractor was local. Local contractors were also much cheaper, more flexible, and more aware of the community’s problems. However, local contractors may not have the means or know-how to market their services to other communities. It may be useful for the SF to create a database of local contractors recommended by communities which communities could access when searching for a contractor.

IEC messages

Up to now, IEC messages have primarily targeted new communities interested in accessing MASAF resources. However, it is important to provide IEC messages to communities throughout its interaction with the SF. For example, communities would like information on recruiting and managing contractors, procuring goods etc. IEC should also target all stakeholders that directly affect project implementation, e.g. suppliers, contractors, NGOs, and provide them with useful information about SF procedures and "good practice" behavior for interacting with communities.

IEC should stress the non-political nature of SFs. If the SF is introduced to the community by a politician, the project and the people working on it become associated with a particular party/politician which deters full community participation (Mchesi).

Legal issues

Communities were unfamiliar with legal issues related to the hiring and firing of contractors and procuring of materials. For example, a contractor who is hired to complete a subproject within a given time frame may be unable to do so if the community contribution of materials is not delivered on time. This would mean also that the contractor has lost out on other potential work contracts. Can then the contractor sue the community (social fund?) for breach of contract, opportunity costs etc.? More emphasis needs to be given to legal issues related to community contracting at all levels, and some basic guidelines and training packages needs to be developed for all stakeholders.

Ensure that communities fully understand the conditions laid down in the contractual agreement signed between the community and contractor/implementer. For example, many communities did not understand the full implications of a warranty and had not demanded that free services be provided to them during the warranty period. Any modifications that were made, for the most part, depended on the goodwill of the contractor.

Insurance for maintenance and repairs
Most communities have a maintenance committee and are prepared for minor repairs. However, it was apparent that communities would have to depend on district/donor funds for major repairs such as replacing the school-roof. Can subproject assets be insured against potential harm from fire or any other unexpected calamity? In the same way that banking services have been "pulled down" to the community level as a result of demand, it may be useful to explore ways to bring insurance services to the community level.

**Collaboration with district and local government and capacity building**

While the meetings with local government staff highlighted the need for greater coordination and information dissemination about MASAF objectives and processes, it was obvious from the meetings with the District Executive Committee it played a vital role both during appraisal and supervision of subprojects. It must be noted that all projects approved for funding had been appraised and recommended by the DEC. Although DEC members were involved almost throughout the project cycle, they had received little training and capacity strengthening from MASAF. Capacity-building activities should take into account the high turnover rate of DEC members and provide short but frequent training interventions covering all aspects related to project management.

**Central vs. community contracting**

Because of time constraints, the study did not attempt to compare and contrast projects using community contracting vs. projects using central procurement methods. The team, however, was able to visit one borehole project in Magombo village (Lilongwe rural) that had been completed through central procurement which provided for interesting observations when compared to the community-managed borehole project in Ching'ombe village (Kasungu rural). While Ching'ombe village had managed the entire process of selecting and hiring a contractor to build the borehole themselves, Magombo village, a village much closer to the capital city, lacked basic information about nearly every aspect of project implementation. Apart from the fact that it was a "MASAF project", they were unaware of the name of the contractor, the process by which he had been hired, cost of the project, appraisal process, contents of the contract, payments relating to the geophysical study, name and affiliation of supervisor etc. However, they were very knowledgeable about whatever activities they as a community had undertaken or managed. For example, they gave us detailed information about the community contribution as well as activities carried out by the maintenance committee that they had elected. Not surprisingly, Ching'ombe village felt they had gained a great deal from the experience and were very interested in doing a follow-up project. Magombo village, on the hand, felt that contracting was a very complicated process which they would not have been able to manage. They had also not made any plans for a follow-up project.

At present, the Internal Auditing process does not involve gathering of any qualitative information. All of the Zone Managers interviewed felt that qualitative information, as gathered in this survey, would greatly assist them in identifying community problems and providing more targeted assistance.

**Learning cycle**

Dissemination of lessons learned/best practice was an important issue raised by nearly all stakeholder groups. Communities felt that learning from other communities would benefit them vastly.

*This article was co-authored by Samantha de Silva (World Bank, HDNSP) and Christine Kamwendo (MASAF Zone Manager). A more detailed report on the Malawi assessment was completed by Christine Kamwendo, Zone Manager, MASAF. For more information on the MASAF Assessment, please e-mail*
either ckamwendo@masaf.org or Sdesilva@worldbank.org. The publication, Community-based Contracting: A Review of Stakeholder Perspectives by Samantha de Silva provides a more detailed analysis of community contracting initiatives. For more information on this publication, please e-mail Sdesilva@worldbank.org