

Local Development Fund

Vote Number: 272

Controlling Officer: Secretary to the Treasury

1. Overview

1.1 Mission

The Local Development Fund (LDF) is an Inter-Governmental Fiscal Transfer Mechanism that allows for a harmonized national resource mobilization, equitable allocation of development resources, effective development implementation capacities and results accountability. As a fiscal instrument, the LDF provides a nation-wide, harmonized, transparent and sustainable local development financing mechanism for poverty reduction at Local Council and Community levels. The LDF delivers its operations through the Community Window, the Local Authority Window, the Urban Window, and the Performance Window. The LDF is being implemented within the framework of the Malawi Growth and Development Strategy (MGDS) and the Decentralization Policy and is managed by a Technical Support Team under the Ministry of Finance.

The mission of the Local Development Fund is to improve community livelihoods and local service delivery through mobilization and financing of socio-economic development interventions and local capacity enhancement at the Local Council and Community levels.

1.2 Objectives and Strategies

<i>Objectives</i>	<i>Strategies</i>
To support planning, management and accountability of Local Councils for service delivery.	Through the National Institutional Strengthening - Support Programme management, Knowledge Generation and Application.
To finance capacity enhancement of local governance institutions at National, Local Authorities and Community levels	Through Performance Window-Strengthen Local Authorities organizational and institutional capacity for improved and innovative service delivery.
To facilitate the implementation of the Integrated Rural Development Strategy	Through Urban Window - Facilitate socio-economic infrastructure development in potential growth points in both urban and rural areas to stimulate local economic development.
To protect financial resources for pro-poor development activities and service delivery at Local Council and Community levels	Through Local Authority Window, particularly Public Works – facilitate cash transfers and food security of poor households; and creation/ rehabilitation of assets.
To provide resources which ensure that development investments respond to prioritized Community development needs	Through Community Window - facilitate implementation of community driven development projects aimed at addressing various service gaps.

1.3 Summary of Achievements in 2010/ 2011

The LDF was operationalised in July 2009. Considerable progress has been achieved in all the four windows and the National institutional Strengthening Component during the 2010/2011 fiscal year:

A. Through the COMMUNITY WINDOW- 985 Primary School Staff houses have been constructed in rural areas country-wide of which 524 staff houses are fitted with solar electricity; 471 projects implemented in various sectors; A total of 3,063 groups have been mobilised from Public Works beneficiaries –i.e. 58,917 members (61% women), with total savings amounting to MK 92.6 million); 10 classrooms and 2 Primary School staff houses have been reconstructed on pilot in Chitipa and Karonga under the Earthquake Response programme.

B. Through the LOCAL AUTHORITY WINDOW - MK 600 million in cash transfers to 250,266 beneficiaries of Public Works; and 2,387 assets created/rehabilitated;

C. Through the URBAN WINDOW - 2 large scale projects funded, with 1 completed (Kasungu Street lighting), while a Stadium is under procurement for designers. Processes have also advanced towards financing of more projects in four rural growth centres: Jenda in M'mbelwa; Malomo in Ntchisi, Monkey Bay in Mangochi and Chitekesa in Phalombe.

D. PERFORMANCE WINDOW 15,484 Project Management Committee members; 27 District Environmental Officers; 138 members of the District Environment Sub-committee; 70 local artisans have been trained; LDF sensitisation workshops held in LCs; Finalisation of District Development Planning System Handbook and staff performance management system.

E. THE NATIONAL INSTITUTIONAL STRENGTHENING

Establishment of various Institutional and Programme Support and Management Systems interventions; including holding of Joint Annual Review Forum and hosting technical support missions from the World Bank, African Development Bank and German Development Cooperation (KfW).

1.4 Priority Outputs and Measures

Output	What Objective Is Output Contributing To?	2010-11 Planned	2010-11 Preliminary	2011-12	2012-13	2013-14
PERFORMANCE WINDOW; -% of LAs publicly disclose expenditures by MTR; -Local Authority Capital grant system defined and tested by MTR	To finance capacity enhancement of local governance institutions at National, Local Authorities and Community levels	40%; Staff training initiated	40%; Staff training initiated	MTR; At least 6 LAs piloted the programme	New target; Pilots evaluated and refined; Operational	New target; Pilots evaluated and refined; Operational
URBAN WINDOW; At least 20,000 households increase their average incomes by 20% (at least 30% female headed households); At least 10,000 new small business start ups (i.e. increase from current 10,000 to 20,000); Physical investments / infrastructure	To facilitate the implementation of the Integrated Rural Development Strategy	500 households to increase their average incomes by 20%;500 new small businesses start ups; 8 physical infrastructure investments	500 households increased their average incomes by 20%;500 new small businesses start ups; 1 physical infrastructure investment	6,000 households to increase their average incomes by 20%;4,000 new small businesses start ups; 80 physical infrastructure investments	8,000 households to increase their average incomes by 20%;4,000 new small businesses start ups; 90 physical infrastructure investments	5,500 households to increase their average incomes by 20%;1,500 new small businesses start ups; 60 physical infrastructure investments
LOCAL AUTHORITY WINDOW; -Number of Public Works beneficiaries; - Number of Public works subprojects implemented; -Public works beneficiaries with savings of at least 50% of PWSP wage one year after participation (of which female %)	To protect financial resources for pro-poor development activities and service delivery at Local Council and Community levels	220,000 public works beneficiaries; 2,000 subprojects implemented; 50% of beneficiaries to have savings of at least half of annual income from Public Works Programmes of which at least 40% of those to be women.	220,000 public works beneficiaries; 2,000 subprojects implemented; 50% of beneficiaries to have savings of at least half of annual income from Public Works Programmes of which at least 40% of those to be women.	220,000 public works beneficiaries; 2,000 subprojects implemented; 50% of beneficiaries to have savings of at least half of annual income from Public Works Programmes of which at least 40% of those to be women.	220,000 public works beneficiaries; 2,000 subprojects implemented; 50% of beneficiaries to have savings of at least half of annual income from Public Works Programmes of which at least 40% of those to be women.	Resources exhausted;
COMMUNITY WINDOW; - Number of primary School Staff Houses constructed ; - Number of school infrastructure reconstructed under the crisis response programme; Number of Community savings and investment groups formed; -Active micro-savings accounts (number) % of accounts held by women	To provide resources which ensure that development investments respond to prioritized Community development needs	1,000 staff houses constructed; 144 school infrastructure reconstructed; 1,000 savings and investment groups formed; 40% of micro-savings accounts held by women	1,000 staff houses constructed; 144 school infrastructure reconstructed; 1,000 savings and investment groups formed; 40% of micro-savings accounts held by women	1,000 staff houses constructed; 100 school infrastructure reconstructed; 1,000 savings and investment groups formed; 40% of micro-savings accounts held by women	1,000 staff houses constructed; school infrastructure reconstruction programme completed; 1,000 savings and investment groups formed; 40% of micro-savings accounts held by women	1,000 staff houses constructed; school infrastructure reconstruction programme completed; 1,000 savings and investment groups formed; 40% of micro-savings accounts held by women

2. Summary of Budget

2.1 Medium-Term Expenditure Allocations

Table 2a: Budget by Type

	MK 000'000s				
	2010-11 Approved	2010-11 Revised	2011-12 Estimate	2012/13 Projection	2013/14 Projection
Dev Part II	0.00	0.00	1,100.00	1,080.00	1,080.00
Dev Part I	0.00	0.00	3,780.84	3,011.45	1,013.13
Development - Total:	0.00	0.00	4,880.84	4,091.45	2,093.13
272 - Local Development Fund - Total:	0.00	0.00	4,880.84	4,091.45	2,093.13

Table 2c: Development Budget Projects

	MK 000'000s					
	Total Estimated Cost	2010-11 Approved	2010-11 Revised	2011-12 Estimate	2012/13 Projection	2013/14 Projection
011 - Local Development Fund II (MASAF)	0.00	0.00	0.00	430.00	430.00	0.00
012 - Third Malawi Social Action Fund (MASAF 3 APL2)	0.00	0.00	0.00	1,026.50	1,568.32	0.00
013 - Third Malawi Social Action Fund (MASAF 3 APL2 Extension)	0.00	0.00	0.00	1,311.21	0.00	0.00
014 - Support to Local Economic Development (MASAF)	0.00	0.00	0.00	1,013.13	1,013.13	1,013.13
Dev Part I - Total:	0.00	0.00	0.00	3,780.84	3,011.45	1,013.13
064 - MASAF III Primary School Staff Houses	0.00	0.00	0.00	700.00	700.00	700.00
067 - MASAF Urban Window	0.00	0.00	0.00	220.00	200.00	200.00
068 - MASAF Rural Window	0.00	0.00	0.00	180.00	180.00	180.00
Dev Part II - Total:	0.00	0.00	0.00	1,100.00	1,080.00	1,080.00
272 - Local Development Fund - Total:	0.00	0.00	0.00	4,880.84	4,091.45	2,093.13