# Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 18-Apr-2019 | Report No: PIDC26024

## BASIC INFORMATION

### A. Basic Project Data

| Country | Project ID | Parent Project ID (if any) | Project Name |
|---|---|---|---|
| Malawi | P169727 | | Inclusive Access for Rural Transformation (P169727) |
| **Region** | **Estimated Appraisal Date** | **Estimated Board Date** | **Practice Area (Lead)** |
| AFRICA | Jun 25, 2020 | Jun 11, 2020 | Transport |
| **Financing Instrument** | **Borrower(s)** | **Implementing Agency** | |
| Investment Project Financing | Ministry of Finance and Economic Planning and Management | Malawi Roads Authority | |

**Proposed Development Objective(s)**

The proposed Project Development Objective (PDO) is to improve rural accessibility and increase economic and social connectivity in selected districts, and to strengthen capacity for sustainable rural road management.

## PROJECT FINANCING DATA (US$, Millions)

### SUMMARY

| | |
|---|---|
| **Total Project Cost** | 50.00 |
| **Total Financing** | 50.00 |
| **of which IBRD/IDA** | 50.00 |
| **Financing Gap** | 0.00 |

### DETAILS

**World Bank Group Financing**

| | |
|---|---|
| International Development Association (IDA) | 50.00 |
| IDA Credit | 50.00 |

| Environmental and Social Risk Classification | Concept Review Decision |
|---|---|
| Substantial | Track II-The review did authorize the preparation to |

continue

## B. Introduction and Context

### Country Context

1. Malawi is a small Southern African country with a population of 17.6 million (2018)[1] that is anticipated to double by 2036. With a total land area of some 118,484 square kilometers, it is one of Africa's most densely populated countries. Its per capita GNI was US$320 in 2017 (one of the lowest levels of per capita income in the world) with 70.3 percent of the population living below the international poverty line of US$1.90 per day[2]. With limited natural resources and an agrarian production base in a handful of primary commodities, the Malawian economy is often vulnerable to both weather and market-related shocks. Real GDP growth moderated to 3.5 percent in 2018 from 4.0 percent in 2017. However, it is estimated to improve to 4-5 percent in the next two years. (World Bank, 2019 projections).

2. Poverty remains widespread and concentrated mainly in rural areas, where approximately 85 percent of Malawi's population lives. The moderate national poverty rate has increased slightly from 50.7 percent in 2010 to 51.5 percent in 2016, but extreme (ultra) national poverty has decreased from 24.5 percent in 2010 to 20.1 percent in 2016[3]. Female headed households tend to have fewer assets and less access to infrastructure and basic services than male headed households, with poverty headcount rates of female headed households around 9.5 percentage points higher.[4] The incidence of poverty as measured in 2011 through the headcount index was 17.7 percent in urban areas and 59.4 percent in rural areas. Poverty is driven by poor performance of the agriculture sector, volatile economic growth, population growth, and limited opportunities in non-farm activities. Despite improvements in food security nation-wide, the country is still experiencing frequent food shortages, especially in the southern part of the country.

3. Malawi's topography, its latitude and altitude, as well as the presence of Lake Malawi, which cuts across all three regions of the country, all play a significant role in influencing the country's climate. There has been an observed increase in mean annual temperatures (at an average rate of 0.21°C per decade) and evaporation has also increased alongside temperature increases. The mean annual temperature for Malawi is projected to increase by 1.1°C to 3.0°C by the 2060s, and 1.5°C to 5.0°C by the 2090s. The mean annual rainfall in Malawi is 850mm, however the distribution and consistency of rainfall is very erratic and uneven[5] ranging between 725mm in low-lying marginal rainfall areas, such as the Shire Valley and some areas along the Lakeshore Plain, to well over 2,500mm on high altitude plateaus, such as Nyika and Vipya plateaus.[6] Evidence from regional climate models suggest that Malawi will experience further shifts in seasons due to climate change, with decreases in rainfall during dry seasons and increases during the wet season. The country has been prone to droughts and floods that have direct impacts on the economy and living conditions, and there is a high likelihood that weather and extreme events will continue to impede development.

4. Landlocked with shared borders between Mozambique, Tanzania and Zambia, trade and physical infrastructure remain poorly integrated into the region. Malawi ranks 129 out of 140 countries in the 2018 Global Competitiveness Index (GCI). According to the 2019 Doing Business report, the country ranks 111 out of 190 economies for ease of

1 National Statistical Office, Population and Housing Census (2018).
2 World Development Indicators (WDI, 2018).
3 National Statistical Office, Integrated Household Survey (2017).
4 Systematic Country Diagnostic, World Bank (2018).
5 Malawi NAOA, Priority Project 4, Improving Malawi's preparedness to cope with droughts and floods
6 Department of Climate Change and Meteorological Services, Malawi (2006) Climate of Malawi http://www.metmalawi.com/climate/climate.php

doing business, marking a significant improvement in five years (from 157 in 2013) and, more encouragingly, putting Malawi within the top 10 among 44 Sub-Saharan African countries. Malawi is a founding member of the Common Market for Eastern and Southern Africa (COMESA), and is also a member of the Southern African Development Community (SADC), a regional economic community comprising 15 Member States.

5. Malawi ranks 170 out of 188 on the UN's 2015 Gender Inequality Index (GII). In terms of labor force participation, 82 percent of men compared to 72 percent of women (ages 15 and above) are in the workforce. More women (76.7 percent) than men (67.6 percent) are employed in the agricultural sector, which is the mainstay of Malawi's economy. A larger proportion of men (44 percent) than women (33 percent) is salaried workers. According to available data from the International Labor Organization, women are underrepresented in the transport sector (0.1 percent of women participate in the transport, storage and communication sector compared to 2.9 percent of men and 0.2 percent of women works in construction compared to 2.9% of men)[7]. The unequal status of women in Malawi is further affected by the inter-locking factors of general poverty and discriminatory treatment in the family and public life. Discriminatory customary laws and norms in Malawi also contributes to sustain gender disparities in asset ownership and status of women. (ILO updated Gender and Law Database).

6. Though Malawi is among the least developed countries, ranking 171 out of 189 countries in the United Nations (UN) Human Development Index (2018), encouraging progress has been made in recent years. Life expectancy is up to 64.2 years in 2018 (WHO) from 63.9 years in 2017. The total fertility rate is down to 4.4 children per woman from 6.7 between 1992-2015/16. Self-reported literacy (reading and writing in any language) is 81 percent for males and 66 percent for females (15+ years of age).

7. With a relatively stable, democratic, multi-party government system in place since the end of one-party rule in 1993, the governance environment for public financial management and public procurement reflects a need for further strengthening. The 2017 Corruption Perceptions Index places Malawi near the bottom 30 percentile, raking 122 out of 175 countries[8]. One in five interactions with the public sector are reported to have involved bribes, with the highest incidence for construction permits, import licenses, and electricity connections—all three areas that are likely to be key factors for successful business entry[9]. The 2018 Systematic Country Diagnostic confirms that despite the efforts to advance the anticorruption agenda, implementation gaps are wide, and corruption and patronage remain endemic.

8. In 2018 the Government of Malawi (GoM) launched its new Malawi Growth and Development Strategy III (MGDS III) for 2017-2022. This strategy recognizes the challenge from a rapidly growing population and the need for a strong and stable macroeconomic framework. It identifies five main priority areas: Agriculture, Water Development and Climate Change Management; Education and Skills Development; Energy, Industry and Tourism Development; Transport and ICT Infrastructure; and Health and Population.

### Sectoral and Institutional Context

9. The Ministry of Transport and Public Works (MPWT) has recently articulated a National Transport Master Plan for 2017 – 2037 that provides a clear framework for delivering sustainable transport sector interventions. Formulated to support the future enhancement of Malawi's economy, the NTMP vision is "*the development of a coordinated and efficient transport infrastructure that fosters the safe and competitive operation of viable, affordable, equitable and sustainable transport services.*" For the road sub-sector, the plan's main outcomes seek to: (i) Increase the fuel levy to 20 percent of the pump price; (ii) Ring fence the Road Finance Administrations income to the rural roads; (iii)

[7] Additionally, data from the Malawi Roads Authority shows that over 90 percent of firms that it contracted between 2007 and 2011 to construct and rehabilitate roads in Malawi were male-owned.

[8] Transparency International, 2018.

[9] Systematic Country Diagnostic, World Bank (2018).

Introduce a carbon tax for road users; (iv) Improve road safety awareness through updating the school curriculum; and (v) Improve regulation and its enforcement.

10. For Malawi, delivering on the Sustainable Mobility for All (Sum4All) agenda will be crucial to fostering shared prosperity and alleviating extreme poverty. Achieving sustainable mobility in the road sector will require Malawi's key stakeholders to align their objectives around four main transport policy themes: universal access, greater efficiency, better safety, and greener mobility.

- *Equity in Access*. The Sustainable Development Goals (SDGs) recognizes that the 'proportion of the rural population who live within 2km of an all-season road' (Indicator 9.1.1), which is also referred to as the Rural Accessibility Index (RAI), is fundamental to supporting economic development and human well-being through the provision of adequate infrastructure (UN, 2016). Limited availability of all-weather roads constrains accessibility for road users, particularly in rural areas. For Malawi, the RAI is estimated at 23.1 percent, leaving about 11.3 million rural residents unconnected to roads that are in good or fair condition (in the hilly or hinterland districts the RAI is as low as 9.8 percent).[10] During the rainy season numerous sections become impassable, limiting access to markets and services. While RAI is relatively high around large cities, such as Blantyre, Lilongwe and Karonga, the RAI tends to be low in some of the hilly or hinterland districts, such as Ntchisi (9.8 percent), Mwanza (16.7 percent) and Neno (14.5 percent).

  Issues of universal access for meeting the mobility needs of impaired citizens to travel has been identified as a constraint during the consultation process of the National Transport Master Plan; however, other characteristics such as gender, income and age do not necessarily affect travel behavior or distances, though they likely influence modal choice[11]. The affordability of public transport services results in low demand, as well as the overall viability of operators and vehicle ownership. A Minibus Owner's Association of Malawi (MOAM) was established to represent minibus drivers and improve the quality of service through registrations, insurance and vehicle roadworthiness and other safety requirements. Considerations around its role in setting fares and regulating routes is being revisited.

  *Efficiency.* Expenditures in road maintenance in Malawi remain below what is required to sustain the primary and secondary road network at its current condition. The Roads Fund Administration (RFA), established by the Roads Fund Administration Act No.4 of 2006, has responsibility for raising, administering and accounting for funds for construction, maintenance and rehabilitation of public roads in Malawi. A fuel levy accounts for roughly 90 percent of the RFA's total revenue, with the balance of income from other user charges, mainly international transit fees. While the fuel levy has been incrementally increased, the funding gap between the road network maintenance needs and resources remains large, reportedly falling short by about 70% (US$80 million needed versus US$25 million collected in revenues annually). The RFA is concerned about the high over-dependence on a single revenue source (e.g. fuel levy) and proposes to diversify its revenue base by introducing tolling, transit fees on small vehicles, and issuing RFA bonds. Due to resource constraints, the RFA budget their expenditures based on projected income and not on needs assessment so the use of the revenue is sub-optimal.

  The RFA allocates resources for road maintenance through the Malawi Roads Authority (RA), a statutory body that is responsible for constructing, rehabilitating and maintaining public roads under the Ministry of Works and Public Infrastructure, and to local governments. Established in 2006 by the Roads Authority Act No. 3, the RA's primary responsibility is for Main (3,357 km), Secondary (3,125 km) and Tertiary Roads (4,121 km); the responsibility for other types of roads are delegated to local governments (i.e., District and City councils). Most of the Main Roads managed by the RA are paved and well maintained. However, the rest of road network, particularly at the unpaved secondary and tertiary level that accounts for nearly 75% of 15,451km of total network, is in poor condition and

[10] National Transport Master Plan
[11] National Transport Master Plan – Roads Sub Sector Strategy (pg 13).

tend to be underfunded, despite its importance in poverty alleviation. The unpaved network is important for reaching areas with high agricultural production but receives insufficient attention; it has been slowly deteriorating, falling from 83 percent in good/fair condition in 2007 to 64 percent in 2016. Routine and periodic maintenance of District and Community Roads are managed by the District Councils and supposed to be funded on a cost sharing basis with the RFA but receives limited capital investment or recurrent expenditure, and sustainability remains a major concern.

- *Road Safety*. Malawi's road-related fatalities and injuries remain some of the highest in the world. There were 1,122 reported fatalities in 2016 alone, and more recently, in the first quarter of 2017, there were 538 fatalities from 201 reported road accidents, an increase by 166.3% compared to the same period in 2016[12]. This increase is unprecedented and emphasizes the need for drastic measures to address this trend. Moreover, road crashes in Malawi cost the nation 0.78 percent of GDP in 2016 in the form of medical care and indirectly from productivity losses. Increasing safe infrastructure and road safety interventions in urban and rural transport systems have been proposed in the NTMP to reduce these costs.

  High accident rates in Malawi is a consequence of number of factors including, but not limited to, road condition, road user behavior and lack of education, inadequate traffic management facilities, and lack of visibility after dark.[13] Though vehicle ownership in Malawi is currently relatively low - the estimated number of registered vehicles as of October 2014 was 212,540 vehicles[14] - forecasts suggest this could increase to approximately one million vehicles by 2036. According to MalTIS, 2014, it was estimated that close to 50 percent of all registered vehicles are more than 10 years old, whilst this is even higher for minibus taxis (54%), heavy goods vehicles (62%) and buses (66%).

  The 2015 National Road Safety Strategy defines a multi-disciplinary and multi-stakeholder approach to tackling Malawi's poor track record on road casualties. Implementation is being coordinated by the Directorate of Road and Traffic Safety Services (DRTSS), with the support of the Malawi Police Service (MPS), which is responsible for traffic law enforcement as per the Road Traffic Act. Malawi is one of 28 countries interested in participating in the Africa Regional Road Safety Observatory, which can provide the benefit of regional benchmarking on safety performance while also facilitating learning and knowledge sharing on effectiveness of policies and interventions.

- *Green Mobility*. The NTMP recognizes that low carbon transport solutions and are crucial to efforts aimed at controlling the growth of greenhouse gas (GHG) emissions from the transport sector. The predominate mode of transport in rural areas is walking, with biking becoming increasingly used over the past decade. Other transport modes include kabazas (bicycle taxis), pick-ups/matolas, minibus, motorcycle, ox-carts, taxi and bus. The prevalence of walking and cycling in Malawi offer an opportunity to support sustainable travel behaviors. However, shared carriageways rather than dedicated NMT infrastructure on district and community roads highlights a need to address conflicts and safety risks for pedestrian and cyclists.

  Additionally, the increasing frequency of climatic events represents a major risk to infrastructure. Adaptation to the impacts of climate change will necessitate a greater focus on resilient infrastructure and services incorporated into the planning, design and implementation of transport operations. A Strategic Climate Change Adaptation Action Plan for the NTMP provides a framework for enhancing the resilience of Malawi's transport sector. Adequate road maintenance presents the most efficient way of reducing the impact of a changing climate on transport systems. The NTMP recommends the development of three-year costed implementation plans for maintenance and improvement measures by mode/network for each District in the short-term.

[12] National Transport Master Plan
[13] National Transport Master Plan
[14] DRTSS (2014), This excludes government vehicles from the Malawi Defence Force, Malawi Police and Malawi Prison.

Relationship to CPF

11. A new World Bank Group Country Partnership Framework (CPF) for Malawi is due in the first quarter of FY20. The CPF is predicated on the Systematic Country Diagnostic (SCD) for Malawi; lessons from the FY12 Malawi Country Assistance Strategy Completion and Learning Review (CAS CLR), as well as feedback from consultations with various stakeholders. The SCD identifies four pathways for poverty reduction and shared prosperity as follows: (i) Increasing agricultural productivity; (ii) Diversifying the economy and creating jobs; (iii) Harnessing the demographic dividend and building human capital; and (iv) building resilience against shocks and enhancing environmental sustainability. While recognizing the interdependency of the four pathways, the CPF is expected to focus on pathways II and III, wherein the proposed project directly supports addressing infrastructure deficits, and private sector development and service delivery under pathway II. Foundational issues that the CPF recognizes as cross cutting reflect broad commitment to sustaining and strengthening sound economic and public financial management, mitigating governance constraints to policy effectiveness in priority areas, and addressing constraints to gender equality.

## C. Proposed Development Objective(s)

The proposed Project Development Objective (PDO) is to improve rural accessibility and increase economic and social connectivity in selected districts, and to strengthen capacity for sustainable rural road management.

Key Results (From PCN)

12. Potential key results that could be used include:
    a. Share of rural population with access to all-season road in the project areas (RAI);
    b. Increase in the proportion of roads in good and fair condition in project districts;
    c. Reduction in transport costs for agricultural products on selected roads;

13. Potential intermediate outcomes include:
    a. Kilometers of roads rehabilitated (corporate indicator);
    b. Kilometers of roads that received routine/periodic maintenance;
    c. Safe System approach implemented in rural road project design;
    d. Number of Basic Social Services accessible (market centers, schools and health clinics);
    e. Employment (medium/long-term) under labor-based civil works contracts (disaggregated, percent women);
    f. Development of a National Rural Roads Maintenance Strategy;
    g. Grievances registered and resolved within the stipulated services standards.

14. **Theory of Change**. As most of Malawi's population resides in rural enclaves, which are predominantly inaccessible, investing in rural road infrastructure can enable reductions in transport costs and ease mobility of both people and goods. Crucial transport linkages and corridors that enable district agriculture/aquaculture production areas to connect with trade center markets and the national trunk road network will be the major focus. The aim would be to facilitate transformative growth in targeted rural districts through transport infrastructure investments that contribute to cross-sectoral synergies, potentially coordinating with agriculture, education, health, private sector development, and other rural economic drivers.

15. The main development challenges the project will address include:

- Prioritizing finance for maintaining or rehabilitating existing poor or incomplete district-level rural transport infrastructure investments;
- Developing a comprehensive Rural Road Maintenance Strategy or Master Plan to identify, prioritize and invest in rural connectivity
- Enhancing capacities in public sector bodies to adequately address rural road sector challenges in the technical aspects of planning, construction, and maintenance of the rural transport network, the global road safety agenda, and emergency preparedness and response to natural disasters.

16. A Results Framework will be prepared that articulates the Project's pathway from planned interventions to the intended outcomes. A results chain for the proposed project will draw upon the theory of change approach, which will demonstrate the linkages between the project activities and development outcomes.

## D. Concept Description

17. An Investment Project Financing instrument is proposed for this project, with an indicative IDA Credit allocation of approximately US$50 million equivalent. The GoM will need to consider a likely counterpart contribution for any land acquisition and resettlement compensation.

**Component 1: Rural Road Upgrading and Rehabilitation (US$ 40 million)**

18. The road subsector master plan highlights that the number of drainage structures and bridges and their absence on certain key linkages on the road network is perceived to be inadequate in districts across the country. This component would comprise three sub-components that support prioritization of a selected road linkages that maximize the potential to ensure social and economic connectivity. In this regard, the component will prioritize roads based on social criticality[15] – a composite indicator based on (i) lack of network redundancy; (ii) proximity to agricultural production centers; (iii) proximity to markets; (iv) proximity to health and education facilities; and (v) poverty and social /ethnic diversity presence. The subcomponent activities would therefore target select district transport networks with the highest potential for improving socio-economic impacts through the upgrading and rehabilitation of secondary, tertiary and district road networks and/or small-scale water transport infrastructure (e.g. landing stages). A climate resilient road design approach will be considered throughout the project to ensure that the proposed roads will be of the standard that will tackle the most critical weather impacts.

19. *Subcomponent 1a. Rural Roads Maintenance and Rehabilitation* (US$ 22.5 million). This sub-component would consider Secondary, Tertiary and District Roads that play a major role in linking district agricultural and economic areas to the primary road network. In some cases, support may comprise upgrading to bitumen standard using low volume sealing methods that have been piloted under the Second Agriculture Sector Wide Approach (ASWAP2) and constructed in accordance with the design standards developed with the Roads Authority. Currently, the maintenance management systems use short term contracts on both paved and unpaved roads, and the RA is considering the introduction of output and performance based contracting methods to improve efficiency in maintaining the network, for which the component may provide a platform. This employment will contribute to increasing human capital by providing with employment opportunities in the communities through a model of labor-based routine maintenance. To enhance women's participation in road maintenance while at the same time managing potential risks, the project will build on the recommendations of the report *"Making inroads for Women A Qualitative Study on Constraints and Opportunities of Women's Equal Participation in the Roads Sector in Malawi."*

20. *Subcomponent 1b. District Roads Maintenance and Rehabilitation* (US$ 10 million). This sub-component will support gravel rehabilitation of District Roads linking local markets and agricultural areas to all-season roads. Interventions

[15] Piloting the Use of Network Analysis and Decision-Making under Uncertainty in Transport Operations

will target the same districts as the ones for upgrading works to complete the 'last mile' of the road network. Labor-based, intensive techniques will be considered wherever possible.

21. *Subcomponent 1c. Bridge Construction and Rehabilitation* (US$ 7 million). This sub-component will specifically target critical bridges on rural roads in the target districts and across Malawi. The aim is to open inaccessible areas due to lack of water crossing structures in the rural areas. Results will be measured according to number of opened-up areas.

22. *Subcomponent 1d. Safe Systems Approach to Road Infrastructure* (US$ 2.5 million). This subcomponent will aim to address issues of road safety in Malawi. Sub-activities could include a continuation of the most critical road accident blackspots especially along the M1 highway corridor, such as those that were identified through the SATFFP SoP2. Potential key result could be the reduction of the number of road accidents at targeted locations.

**Component 2: Social and Economic Infrastructure (US$ 5 million)**

23. The component could support the development or rehabilitation of market centers by constructing market infrastructure and storage facilities for farmers. Working together with Agriculture and Trade, the component can catalyze microenterprises through farmer cooperatives (especially those formed under the Agriculture Commercialization Project) that would utilize these facilities to enhance accessibility to markets. The activities will also consider construction of designated women only market stalls and storage facilities, as well as women only toilets within the markets. The component can also include the improvement of health centers and clinic facilities along the proposed rehabilitated roads as part of enabling medical responses to road incidents, among other health outcomes. Other infrastructure for water, energy and ICT could also be considered for these economic centers according to needs. It is expected that while the component would enhance social and economic well-being of the local communities, it would expand the knowledge base on the complementarity of rural access and social criticality.

**Component 3: Institutional Strengthening and Capacity Development (US$ 3 million)**

24. The component will provide targeted technical assistance activities that can support relevant national and district agencies address sustainable management of rural transport. The need to improve the condition and state of repair of the rural road network was raised as a priority in all district consultations for the NTMP Critical will be support in the development of a Rural Road Maintenance Strategy or Master Plan, given the current lack of a comprehensive rural transport strategy.

25. The government's decentralization agenda reflects an effort to devolve management of the road network to District and City Councils. Assistance to the District Councils will focus on building their capacity for project and road contract management. Support may also include the Roads Authority, MoTPW, Traffic Police and Ministry of Local Government and Rural Development to assist in the decentralization process. Capacity building will be provided in areas of administrative, managerial and fiduciary institutional strengthening and focus on functional areas of planning, construction, maintenance and social and environmental management of the rural district road network, road safety, emergency preparedness and response, and resilience to climate change and natural disasters linked to district roads.

26. The component also provides an entry point for designing and mainstreaming gender-informed interventions that address inequalities in the road sector construction industry. It can also facilitate engagement with local or regional non-governmental organizations (NGOs) with demonstrated capacity to address sexual exploitation and abuse and prevention of HIV, with linkages to GRM for reporting purposes.

**Component 4: Project Management (US$ 2 million)**

27. The component will finance activities to support the Implementing Entities with coordination and oversight of investment and consultant activities. Funding will be used for bolstering in-house capacity for project monitoring, meeting fiduciary responsibilities, ensuring social and environmental safeguards compliance, and supporting

communication and reporting, and facilitating steering committee meetings. Roles will be identified based on any gaps identified in the implementing agency assessment prior to appraisal.

28. **Citizen Engagement.** The project will implement specific measures to maximize citizen engagement.

- *Stakeholder Engagement Plan*. Recognizing the importance of citizen and stakeholder engagement, consultation and participation throughout the project cycle will be paramount to informing project design, preparation and implementation. This will entail undertaking an analysis, identification and mapping of key stakeholders in the project including the Roads Authority (RA); Ministry of Transport and Public Works; Ministry of Lands, Housing and Urban Development (MoLHUD); Environmental Affairs Department (EAD); Ministry of Local Government and Rural Development; District Councils of the selected districts; Project beneficiaries; Project Affected Persons; private sector contractors and consultants; and relevant NGOs and civil society entities. The project has intiated an engagement process with public sector stakeholders in project preparation, including discussions with government entities and district authorities, and intends to undertake outreach with relevant civil society entities and sampled beneficiaries on the design of the operation. Though the sub projects have not yet been defined in scope or location, prior to appraisal the project will prepare an overall Stakeholder Engagement Plan (SEP) that will outline the general principles and a collaborative strategy to identify and map stakeholders. The SEP will also set out an engagement process that will be followed during project implementation. The project results framework will include a beneficiary feedback (BF) indicator to monitor citizen engagement throughout project implementation.

- *Beneficiary Led Design Approach*. During preparation phase, the SEP will provide a platform to consult and obtain feedback with RA, district authorities, sampled beneficiaries and select civil society entities relevant to the sector in the selection of subprojects. This can be done through community sensitization and mobilization in the form of meetings, focus group discussions and workshops that aim to better understand the social systems and determine the categories of population that record high probability for exclusion, risks and other dynamic factors that may emerge from the potential project investments.

- *Grievance Redress Mechanism (GRM)*. The project will prepare and execute a project level Grievance Redress Mechanism (GRM) as part of the stakeholder engagement plan, to respond to complaints, concerns, queries, clarifications and feedback from and to give voice to stakeholders, beneficiary communities and project affected parties. The proposed project-level GRM will have multiple uptake locations and channels. Individual complaints and identification of recurrent issues pertaining to project implementation would be assessed using the GRM and reported in the progress reports. In order to comprehensively capture grievances submitted at all levels for the entire project cycle, the grievance redressal mechanism would have special provisions for the poor, women and other minority/ vulnerable sections. The project will assess the current mechanism in use on the SATTF project and existing formal or/and informal grievance mechanisms in Malawi and based on this put in place an optimized and functional mechanism that is proportionate to the potential risks and impacts of the project. The project will include two related indicators: (i) Grievances responded and/or resolved within the stipulated service standards; and, (ii) Project-supported organization(s) publishing periodic reports on GRM and how issues were resolved [including resolution rates.

- During implementation, the project will undertake: (i) mid-term Independent verifications through an independent verification agent (IVA),who will verify extent of citizen engagement; (ii) annual social audits; and (iii) focussed consultations with women and marginalized communities to ensure continued feedback on program activities, thus in turn, reducing possible exclusion.

29. **Addressing Gender Inequalities.** The World Bank Gender Strategy (FY16 – FY23) and the Transport & Digital Development Global Practice Note (FY17 – FY20) seek to enhance women's agency and reduce gender gaps. The

impacts of roads construction-related labor influx on girls and women in poor rural communities in Malawi indicate that there are deep imbalances in gender dynamics of power and influence in the local communities and worker camps. Girls, women, and workers are found to have diverse and complex reasons for engaging in relationships that could be harmful. Motivations often grow from societal norms that make women subordinate to men and from women's efforts, within the constraints of these norms, to improve their station in life.[16] Moreover, qualitative research found that women face a wide variety of challenges in Malawi as reasons for not choosing careers, entering employment or ultimately leaving jobs in the roads sector. Many of the obstacles are embedded in the culture of sexism, gender bias, and stereotypes that subtly, but often overtly sideline women, who then choose a different career path.[17] The proposed project will build upon the recent gender analyses in Malawi by looking to incorporate actionable activities that address employment and retention of women in the roads sector, as well as implement more effective interventions to limit the impact of labor influx.

30. **Climate and Disaster Risk Screening.** A rapid assessment was conducted to inform the project concept stage, which reflects that the road sector overall and likely infrastructure investments are exposed and sensitive to extreme temperature, extreme precipitation and flooding, drought, and geophysical hazards. While the specific investment locations have not been identified, the exposure is considered *High* as elevated temperatures and more frequent and intense storms and flooding is likely to cause damage to transportation infrastructure. Most roads in Malawi are not paved and are highly susceptible to flooding. Heavy rainfall that leads to flooding can submerge, weaken or completely wash away the soil and culverts that support roads and bridges. Increased precipitation also poses risks related to slope stability and the possibly of landslides. Change in precipitation and river hydraulics can weaken or destroy bridge foundations and assets from scour and debris. Changes in temperature and resultant heat stress damages road infrastructure and places stress on bridge joints. Extremely high temperatures can cause pavements to soften and expand, eventually leading to rutting and pot hole damage.

31. **Climate Co-Benefits.** Malawi's rural transport sector is highly vulnerable to climate change induced risks. Due to the limited institutional capacity and budgetary resources, line Ministries and District Councils are constrained in their adaptive capacities to climate and disaster risks. The investments aim to improve the physical resilience of district transport infrastructure in selected localities. The Government of Malawi has received preparatory grant from the World Bank under the Pilot Program for Climate Resilience (PPCR) to undertake analytical studies that will lead to formulation of investment proposals thereby contributing towards building the country's climate resilience. Climate Co-Benefits from this project are expected to be significant both by adaptive engineering measures (such as raising road elevations and installing drainage structures to enhance road resilience to extreme precipitation and flooding), strengthening technical capacity to detect climate vulnerability to the transport network and informing adaptive sectoral planning.

32. **Development Impact Monitoring and Evaluation (DIME).** The proposed project provides a potential opportunity to partner with the World Bank's Development Impact team to replicate monitoring and evaluation methodologies that have been prepared for feeder road projects being currently being implemented in Rwanda. Data collection from Household Surveys, Market prices for an identified basket of local agricultural products, and the traffic, travel time and transport costs for passengers and goods can capture and validate the major benefits of the project investments.

[16] *Hopes, Costs and Uneven Burden – The Impact of Labor Influx from Road Projects on Women and Girls in Malawi (2019).*
[17] *Making Inroads for Women: A Qualitative Study on Women's Equal Participation in the Roads Sector in Malawi (2019).*

| Legal Operational Policies | Triggered? |
|---|---|
| Projects on International Waterways OP 7.50 | No |
| Projects in Disputed Areas OP 7.60 | No |

Summary of Screening of Environmental and Social Risks and Impacts

Potential environmental and social impacts include:
- community and occupational, health and safety hazards largely during the construction stage of the sub-projects;
- soil erosion and pollution of water sources both during construction and from water run-off from roadside drainage
- habitat disruption, loss of vegetation, disturbed river habitats;
- economic displacement as a disruption of livelihoods and economic activities on the selected corridors will occur prior to and during construction;
- impacts on physical and cultural resources due to physical works;
- labor influx due to the use of external/foreign labor for construction works including increase inflation locally; social conflicts or pressure on social amenities; exacerbate the prevalence of HIV/AIDs, all of which is likely to cause disruptions to local communities.

As the project scope and locations are not defined, an ESMF, RPF, and Labor Management Procedures will be prepared prior to appraisal to address environment and social risks. A Stakeholder Engagement Plan will be developed including mapping, consulting and partnering with relevant stakeholders.

**Note** To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document**.**

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