

**Malawi Homeless People's Federation
&
Centre for Community Organisation and Development**

REPORT ON PREPATORY WORKS FOR UPFI PROJECTS IN MALAWI
JULY 2009

INTRODUCTION

The Urban Poor Fund International in November 2008, supported the CCODE and the Malawi Homeless People's Federation to help build their capacity so as to fully manage and implement future projects. The funds provided were used to build the systems starting with activities at the group to the National Level. In March 2009, supplementary funds to the tune of \$10,000 were provided from UPFI to finalise the capacity building programmes. This report is a progress report following on the report last submitted in January 2009.

PROGRESS TO DATE

Mchenga Fund System

The system is currently being tested with small loans being provided to groups and to date the repayment procedures are being followed through and the repayment rates have improved immensely. Trainings for groups that are managing loans were carried out and currently the results of such trainings are already bearing fruit as groups are now able to report timely both to the CCODE office and to their respective districts and regions.

One of the recommendations from the Urban Poor Fund International learning programme in Zimbabwe was that the hub would send a follow up team to learn and also evaluate some of the systems used by the Malawian Federation. The visit was undertaken and the outcome was very positive from the Zimbabwean team as they also experienced the preparedness of the Malawian Federation to undertake large scale capital projects again.

Districts have started approving and implementing small projects using the systems which have been developed. This approach has improved the efficiency and effectiveness of the loan approval system by reducing bureaucracy in the system. There have been positive developments on this at district levels and the

process has further built the capacity of the district level structures to manage projects at that level. The bulk of these have been small business and house improvement loans.

Negotiations with Local Authorities and Project Preparation

Currently the Federation is working and negotiating with various Local Assemblies for housing projects. These Assemblies include Lilongwe, Kasungu, Mzuzu, Blantyre, Neno, Salima, Mchinji, and Chitipa. The progress on these works and negotiations is at different levels for the respective districts. Specifically, the status for respective districts is as follows:

Kasungu: The Federation is working with both the Town and District Assemblies. On the project with Kasungu Town Assembly, work has focused on finalizing inputting into the layout plan for the project and the project is expected to commence this coming quarter after finalizing inputting into the layout plan. Leaders from Bua area are also discussing with their Traditional Authority (TA) on allocation of land for development and the TA has taken up the issue with the Kasungu District Assembly for consideration. Bua is a growing urban centre where the bulk of the residents are renting in squatter villages.

Mzuzu: CCODE and Federation are currently working with Mzuzu City Assembly which has allocated land for the construction of new houses. Discussions are underway on the development of designs for this new project site. Construction works are supposed to start once these processes are finalized.

Salima: Like in Kasungu, the Federation is working with both the District and Town Assemblies in the district. The Salima Town Assembly has offered land to the Federation which is currently preparing to embark on developing layout plans and designs for the land. The District Assembly is still looking for land to allocate to the Federation.

Mchinji: The Federation have commenced mobilizing around issues of access to land and housing in the District and this has been successful with the Federation

already having had audience with the District Commissioner who has been very positive. The projects though are still in the pipeline.

Lilongwe: The Federation has been discussing with the City Assembly on the offer of Land for another project (50 houses) and the city has just offered the land. The Federation has been working on affordability thus discussing with the would-be groups on incremental housing and designs. Federation leaders have continued to work with the City Assembly to formalize the offer of the land. Designs for the area still need to be worked on. Thus further support is still needed for the Lilongwe project. The project is expected to commence once all ground works and designs for the lay out are finalized. The City Assembly has also just approved multiple story plans for development in Mchesi location and the project is expected to commence in September.

Blantyre: The Federation have continued their negotiations with the Blantyre City Assembly on the Land they were offered. This came about as the city realised that the Land the Federation had been offered had multiple Landlords. These discussions are expected to continue until the City takes over the ownership of this Land. The Federation in Blantyre has commenced all the other project preparatory processes as they wait for the final say on the Land. This project is expected to commence towards the end of the year.

Neno: The Federation in Neno has been working on reconstituting its systems and they were thus involved in the savings training and have been supported by other leaders from the Region. The Federation in the District has shelved their plans of a housing project until they are ready for such.

Chitipa: The Federation is working with the Ministry of Local Government through the District Assembly. It is currently discussing with the District Assembly so that it includes on its development plans issues of poor people. This is as a result of poor people who have turned destitute after the Ministry of Local Government through the Integrated Rural Growth Centers project which is funded by the Clinton Hunter Foundation displaced and compensated poor people but these people have nowhere to go for settlement.

Since the successful introduction of savings to groups across the country, leadership has been decentralized to the Districts where leaders now have autonomy and have space to lead their respective Federations. At these meetings, leadership has begun evolving and also there is equal participation of all groups with all the groups having a say on how the fund is being used and also whether a project is approved or not. The process of Federation leaders submitting plans and budgets to CCODE was cumbersome and bureaucratic hence from the month of April; funds are being disbursed to the Districts directly by depositing their monthly operation budgets into their accounts. This has further contributed towards developing the capacity of the districts to effectively manage, monitor and control their accounts.

The District leadership have also begun preparing and implementing the small grants projects and they have managed to learn on the systems and the Districts are at different levels of learning. This has increased incidences where communities are now negotiating and discussing with their Local Authorities. Since the devolution of resources (exchange visits and all learning resources) from the Centre to the District, activities and intra District activities have also increased.

Since the commencement of the savings training, the Federation is now able to track its savings and membership at the group level, from January 2009, district meetings have been held where groups come together with their Centre information and is collated into District information. As more centres are trained their participation and ability to provide their own basic centre information has been enhanced. The first ever Regional Meetings were held for the June reports where all the three regions were able to bring District members and reported on their consolidated district reports. This made it possible to have a collated National savings report. As this is a process that is still being implemented and the Federation is learning, it is hoped that by the close of the year (December 2009) the reports would have been enhanced and also more centres who have not been reached on how to collect and collate information especially at the centre level

would have been reached. It is estimated that of all the groups 30% have since been reached, and given the financial constraints the process of reaching all the groups might take another year. Below is the report on the savings as from January 2009, when the groups begun earnestly reporting, some of the Districts though had just begun with their savings being less than a month old. The Daily Savings are held at the group level, and some groups have begun loaning their members albeit slowly. All the Federation members are contributing MK20 to the Mchenga Fund and the figure below depicts the amounts contributed as from January 2009. The Malawi Federation also have the Chisoni (Bereavement) Fund where each member contributes MK50, every month and this fund is managed at the District level with members getting support during funerals (the figures are as of January). As this fund is a District level Fund some Districts are yet to constitute their Funds.

National Savings as of June 2009

Districts	N# of Centres	Female	Male	Total	Daily Savings	Mchenga Fund	Chisoni Fund	Centre Loans
24	357	3,634	1,366	5,000	1,823,725	707,405	133,170	205,630
					\$13,207	\$5,053	\$951	\$1,429

As the Savings at the group/centre level have been revamped with the management systems of the savings being up-to-date and transparent, group participation has improved with some of the members who had stopped participating rejoining their groups. Groups have been able to innovate with members coming up with their own initiatives that have not only enhanced participation but also their lives.

By building the capacity of the Federation Leadership at the group level and the District it has enhanced the participation of the majority of members and has also

ensured that discussions between the Local Authorities and the communities are not only depended on the National Leaders or CCODE Staff but the members themselves from those areas. Thus several Districts (7) have commenced such discussions with the District leaders initiating such programmes, a feat we wouldn't have managed before this support.

At the Local Level, Local Authorities are now in the forefront in working and identifying suitable land for the urban poor and also opening space for engagement with their communities. This is expected to lead towards better land and housing provision policies with the Local Governments. The Federation and CCODE have continued inputting into the upcoming housing policy and this input is expected to lead towards a pro poor housing policy.

The systems being used by the Federation are still just being implemented and tested and for now the results have been positive with lots of work still yet to be accomplished. As the Government is still supporting the people with Land, the costs of construction are still relatively low, thus making it possible to still manage to construct affordable housing for the poor. As land become scarcer, other strategies will need to be put in place so as to help finance affordable housing. The interest charged for long term housing loans is pegged at 12% per annum and this is slightly above the current 9% inflation and we do hope the inflation rate continues to decrease so as to provide relief on the fund. There is need to work on other models of financing especially harnessing the local capital that the Malawi Federation has begun working on.

As we have been working on the systems, not much funds have been raised except for a small programme (\$45,000) on enhancing access to sanitation in the informal areas of Lilongwe. Several programmes are on the pipeline, and we do hope that they would have been finalized in the next reporting period.

The Federation has continued to make strides in the project preparation processes and the Funds from the UPFI were very useful in ensuring that the systems are in place for people to fully implement the projects. As these funds were for capacity building, it can now be stated that the Federation in Malawi is ready to implement UPFI projects.