



THE REPUBLIC OF MALAWI

MINISTRY OF IRRIGATION AND WATER DEVELOPMENT

IMPLEMENTATION MANUAL

FOR

TOWN, MARKET CENTRE AND SURROUNDING VILLAGES

PIPED WATER SUPPLY AND SANITATION



July 2010

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FOREWORD

The Water and Sanitation Sector is the second key priority area of the Malawi Growth and Development Strategy (MGDS 2006-2011). The vision "Water and Sanitation for All, Always" for the Water and Sanitation Sector endeavours to ensure that every Malawian has equitable access to water and sanitation services for sustainable socio-economic development and enhancement of the natural ecosystems.

In line with this vision, the Ministry of Irrigation and Water Development in collaboration with, the local authorities, water boards, and the community have been working to increase availability and accessibility of potable water for domestic and industrial uses. These efforts are aimed at attaining stated goals in the Malawi Growth and Development Strategy (MGDS) and targets of the Millennium Development Goals (MDG). The country projected, in the year 1994, that coverage for water supply, which is also reflected in the MGDS, will be 80% by 2011; 85% by the year 2015; and a full coverage by the year 2025. On the other hand, the target for the MDGs is to attain 74% coverage by 2015. MDGs aim at halving, by the year 2015, the proportion of people without sustainable access to safe drinking water.

In line with these goals and strategies, various projects are being implemented across the country by the Ministry of Irrigation and Water Development and its development partners in order to improve system efficiency and effectiveness for operating and managing water supply schemes. The Ministry and its development partners have intensified the rehabilitation, extension and construction of water supply schemes in towns, market centres and rural areas. There are also efforts to introduce water service regulations and water user associations. It is, therefore, the wish of the Ministry to guide all stakeholders in the implementation of water and sanitation programmes in towns, market centres and rural areas.

The Water and Sanitation Sector has developed a number of manuals and guidelines through a number of consultations at national, regional and district levels. This particular manual provides guidelines for the implementation of water supply activities in towns, market centres and rural areas. It is expected that the delivery of water and sanitation services will be undertaken in the most harmonised and standardised manner.

Ritchie Bizwick Muheya, MP
Minister of Irrigation and Water Development

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List of Abbreviations and Acronyms

AIDS	Acquired Immune Deficiency Syndrome
CBM	Community Based Management
CLTS	Community Led Total Sanitation
CWP	Communal Water Point
DCT	District Coordination Team
EWT	Extension Worker Team
FIFO	First In First Out
GOM	Government of Malawi
GRN	Goods Received Note
HIV	Human Immune Virus
HSA	Health Surveillance Assistant
IPC	Internal Procurement Committee
LA	Local Authority
M&E	Monitoring & Evaluation
MCWSS	Market Centre Water Supply and Sanitation
MoIWD	Ministry of Irrigation and Water Development
ODPP	Office of Director of Public Procurement
PFS	Project Financial Statement
PHAST	Participatory Hygiene and Sanitation Transformation
PRA	Participatory Rural Appraisal
PLWA	People Living With AIDS
RWB	Regional Water Board
TMCWSS	Town and Market Centre Water Supply and Sanitation
TWSS	Town Water Supply and Sanitation
WUA	Water Users Association

PREFACE

The Government of Malawi through the Ministry of Irrigation and Water Development is committed to improving the delivery of water and sanitation services in towns, market centres and rural areas of Malawi. This is in line with the Malawi Growth and Development Strategy which put the water and sanitation sector as the second key priority area in the country's development agenda. The Strategy also aims at promoting delivery of services using decentralized structures.

In accordance with the above, the Ministry is rehabilitating, extending, and constructing water supply schemes in towns, market centres and rural areas. These efforts aim at increasing access to potable water supply and improved sanitation.

The Ministry however, noted that there was need to harmonise and standardise implementation approaches so that there is improved efficiency and effectiveness in the delivery of water and sanitation services. Hence, the MoIWD has developed a number of generic manuals to guide stakeholders in the implementation of water and supply programmes at all levels.

The manuals have been developed through rigorous stakeholder consultations at national, regional and district levels. This particular manual intends to provide guidelines for the implementation of water supply and sanitation activities in towns, market centres and rural areas by the Ministry, the District Councils, regional water boards and all other stakeholders in the water and sanitation sector.

The Ministry is indebted to all stakeholders for their contributions to these manuals. The major task now is to effectively use these manuals and guidelines to enhance efficiency in the delivery of water services

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SECRETARY FOR IRRIGATION AND WATER DEVELOPMENT

1.1 INTRODUCTION

The Government of Malawi is committed to providing adequate, reliable and sustainable water and sanitation services to the citizens of Malawi to meet the ever increasing demand for safe/potable water for domestic, institutional, industrial, commercial and agricultural use, with some emphasis on the poor and rural communities.

Despite considerable investments in the water sector, there is still limited coverage of water supply and sanitation services in towns, market centres and rural areas due to a number of challenges including increased numbers of broken down systems. The Ministry and its development partners have intensified the water and sanitation activities in towns, market centres and rural areas. There are also efforts to introduce water service regulations and water user associations. It is, therefore, the wish of the Ministry to guide all stakeholders in the implementation of water and sanitation programmes in towns, market centres and rural areas through different manuals.

This manual has therefore, been developed to provide guidelines to key stakeholders with all the required arrangements and framework for the implementation of activities under the town and market centre water supply and sanitation. The towns are the existing centres being provided with water supply by the regional water boards while market centres are those centres which have potential for economic growth, but are not yet well developed in their infrastructure capacities.

This implementation manual has been developed based on the past experience and the practical lessons learnt from implementation of previous projects in the sector. It outlines the institutional and implementation arrangements for the town, market centre and surrounding villages water supply and sanitation programmes and the rules of engagement for planning, appraisal, contracting, and implementation.

1.1 Relevant National Policies

The Government of Malawi prepared the Malawi Growth and Development Strategy as the overarching agenda for development. The strategy ranks water development as a second priority in contribution towards achieving sustainable socio-economic growth.

Accordingly, Government through the Ministry of Irrigation and Water Development (MoIWD) prepared the National Water Policy (2005) whose overall goal is to enhance and promote “efficient, equitable and optimum utilization of water resources” for sustainable socio-economic development. The policy recognizes water as a social and economic good and encompasses water supply and sanitation (WSS), irrigation and hydropower sub-sectors. One of its main objectives for the WSS sub-sector is to ensure that every individual has access to water of acceptable quantity and quality to satisfy the basic human needs. The policy provides a guiding framework within which more detailed sub-sector strategies and institutional reforms are to be developed.

The MoIWD has also developed the National Sanitation Policy (MoIWD, 2008) of which objective is to achieve universal access to improved sanitation, health and promote best hygiene practices.

1.2 Sector Targets and Investment Needs

The overarching objective of Malawi's Public Sector Investment Programme (PSIP) is to reduce poverty by enhancing rapid economic growth while at the same time improving service delivery. Water and sanitation are among the key sector measures and cross-cutting issues to be addressed. The PSIP targets for the medium and long term are consistent with the Millennium Development Goals (MDGs). For water supply the MDG target is to halve, by 2015, the proportion of people without sustainable access to safe drinking water and sanitation. The access to water supply is 75% (NSO, 2008), and that for improved sanitation is 51% for Urban and 57.4% for Rural in the year 2008 (WHO/UNICEF, 2009). However, the goal of the Sector is to achieve 85% coverage for water and 68% for improved sanitation by 2015. To achieve the above goal there is need for major capital investment in both infrastructure and management systems.

This Manual shall be used alongside other water and sanitation sector policies, strategies documents, guidelines and manuals including the following:

- Malawi Growth & Development Strategy;
- National Sanitation Policy;
- National Water Policy;
- District Operational Manual;
- Implementation Guidelines for Rural Water Supply and Sanitation;
- Implementation Manual for Piped Water Supply Systems and Point Water Sources;
- Social Marketing Manuals;
- WUA Implementation Manual;
- Guidelines for Establishment of Water User Association in Malawi;
- Integrated Social Sanitation, Hygiene and Water Communication Plan/Strategy; and
- Various Technical Manuals for training and construction of water and sanitation systems/facilities

2.0 Guiding Principles

The following basic principles should guide the implementation of water supply and sanitation programmes in towns, market centres and rural areas to ensure efficient service delivery:

- *Compliance:* The implementation of the programme will be consistent with the National Water Policy (2005) and the Malawi Development and Growth Strategy (2006); Malawi Vision 2020; agreed project documents and any other relevant Government policies and guidelines.
- *Sustainability:* The projects implemented under this programme shall promote sustainable development and management of the water resources in the country and shall ensure improved services delivery to all communities throughout the country over time.
- *Equity:* The Programme is designed to eventually improve services throughout the country on a systematic basis over time so that all communities are served.
- *Demand Responsive:* A demand-responsive, performance-based approach will be followed so that communities will receive assistance to put in place institutions and develop capacity for implementation and will be able to access more resources for development of their water supply and sanitation systems as they demonstrate capacity for implementation.
- *Participatory approach:* Involvement of all stakeholders, including the private sector, is to be promoted so as to introduce sense of ownership, improve efficiency in service provision and management of facilities.
- *Capacity Building and Empowerment:* For sustainability, the programme will ensure the building of capacity at all levels within the management structures and empower beneficiaries to better plan, develop and manage facilities at local level.
- *Linkages:* The Programme incorporates linkages with other on-going and planned projects and shall also encourage and promote an integrated and coordinated approach by all key stakeholders undertaking projects in all related areas.
- *Cost Recovery and affordability:* Water is a social and an economic good. Therefore this programme shall fully recover costs as well as make water affordable. In this regard, Market Centre and Rural water supply and development shall be based on the principle of cost recovery for operations, maintenance and replacement to ensure sustainability. For Urban and Town Water Supply and Sanitation, service planning and development of water and sanitation services shall be based on full cost recovery and will be undertaken in a phased manner over time.
- *Integrated approach:* Planning for any water supply projects shall be integrated with sanitation and hygiene.
- *Cost effective design:* The Programme shall ensure that design of components is based on the criteria that they are financially and economically viable to ensure affordability and sustainability.

- *Transparency and Accountability:* The programme shall ensure that implementation of the various project components is done in a very open and transparent manner. For complete transparency and accountability, all procurement shall be done strictly following generally accepted standard principles and guidelines. Frequent audits shall also be carried out to ensure loss prevention and that resources allocated are actually used for the intended purpose.
- *Gender/Women Participation:* All activities and implementation of the programme shall be designed to ensure that there will be full participation of women. Efforts shall also be made by the implementing agents or beneficiaries to include women in decision making positions.
- *Stepped Approach:* Implementation of projects shall follow a stepped approach, where towns, market centres and communities will obtain assistance based on their performance as per the criteria drawn, mutually agreed and well understood by stakeholders.
- *Employment Generation and Resource Mobilization:* The implementation of the projects, where possible, shall ensure full utilization of the available local skills and resources within the projects areas.
- *Participatory Monitoring and Evaluation:* A well defined and continuous M & E system will be established to monitor agreed indicators. This monitoring and evaluation shall be carried out in a participatory manner, results disseminated and feedback obtained.
- *Environmental and social issues:* Environmental and social issues shall be tackled by adhering to guidelines as set out in the Environmental and Social Management and Resettlement Policy Frameworks.
- *HIV and Aids:* The programme shall aim at ensuring that all water and sanitation activities shall aim at integrating HIV and AIDs issues by raising awareness of the risks and promote behavioural change to prevent implementers and/or beneficiaries contracting the deadly virus.
- *Private Sector Participation:* The programme shall encourage private sector participation in the water and sanitation sector at all levels in line with the National Water Policy (2005) and Sanitation Policy.

3.0 Implementation and organizational Arrangements

The Town, Market Centre Water Supply and Sanitation (TMCWSS) implementation arrangements reflect the policy objectives of decentralization that advocates devolution of functions to lowest appropriate level, involvement of all stakeholders in the process, integration of sanitation with improvements to water supply and recognizing water as an economic as well as social good. For the TWSS, business plans should be developed to determine financial and economic viability of the schemes.

A demand responsive, performance based approach should be followed so that communities receive assistance to put in place institutions and develop capacity for implementation. Communities should also be able to access more resources for development of their water supply and sanitation systems as they demonstrate capacity for implementation. The stepped approach has been designed for both town and market centre water supply and sanitation to allow each community to move at its own pace and receive further assistance when prepared.

3.1 Town Water Supply and Sanitation

The Town Water Supply and Sanitation (TWSS) is designed to improve efficiency in large and small towns by implementing infrastructure development and capacity building initiatives. The development objective is to improve water resources management and achieve increased access to sustainable water supply and sanitation services for people living in towns.

The main undertakings of the Town Water Supply and Sanitation (TWSS) are as follows:

- Construction of new and expansion of water supply facilities in towns.
- Improved sanitation planning services in towns including on site systems, sewers, and septic treatment/disposal facilities.
- Establish systems for routine operations and maintenance, financial management, customer management in order to lower operating costs, reduce unaccounted for water and expand system to meet increasing demand.
- Assist with planning for expansion and development of existing water supply and sanitation systems.

3.1.1 Programme Management

The primary responsibility for implementation of town water supply and sanitation would rest with Regional Water Boards (RWBs), who should contract consultants to assist with planning, feasibility studies, design, capacity building, construction supervision services, works contractors and suppliers.

Each targeted scheme should have business plans that show how tariffs will be phased up to full cost recovery; that customers are willing and able to pay the tariffs required and how debt service obligations will be met. In addition, sound systems for financial and operations management, performance reporting and annual audits of financial statements must be in place along with the required capacity.

Any proposed projects should be feasible – technically, environmentally, socially, financially and economically. These projects and business plans should have been developed in consultation with stakeholders and be endorsed by the Ministry responsible for water affairs.

3.1.2 Technical Design Criteria

The focus in the project should be on affordable design to avoid financing over-designed water supply systems that customers cannot afford to pay for their services,. The systems should be designed so that they can be expanded as population grows and customers can afford a higher level of service. The emphasis should be on keeping the cost per capita low (say US\$60), designing for the longer term in phases, but initially constructing facilities to serve the expected population for the next ten years at a relatively low per capita consumption level, consistent with current consumption patterns. The estimated cost of the preliminary system design should be checked against affordability and willingness of customers to pay for improved service. This improvement of the water supply systems should be carried out in conjunction with sanitation planning. A \$5 per capita should be provided for to implement sanitation activities.

3.1.3 Implementation Strategy

The Regional Water Boards should prioritise Towns to benefit based on scheme assessment reports. For each Town a Business Plan will be prepared to outline management arrangements, tariff analysis, financial projections and expansion plans.

The Business Plans will be appraised by Ministry responsible for Water Affairs and viable town centres selected. An appraisal report should then be prepared and sent to Development Partner for their ‘No objection’.

The Regional Water Boards should then develop the selected water supply and sanitation schemes. This should be achieved by procuring and managing contracts, both for consultancy services and construction. A stepped approach should therefore be adopted to ensure that it is only the viable towns that benefit. A flow diagram of a stepped approach is depicted in figure 3.1 below:

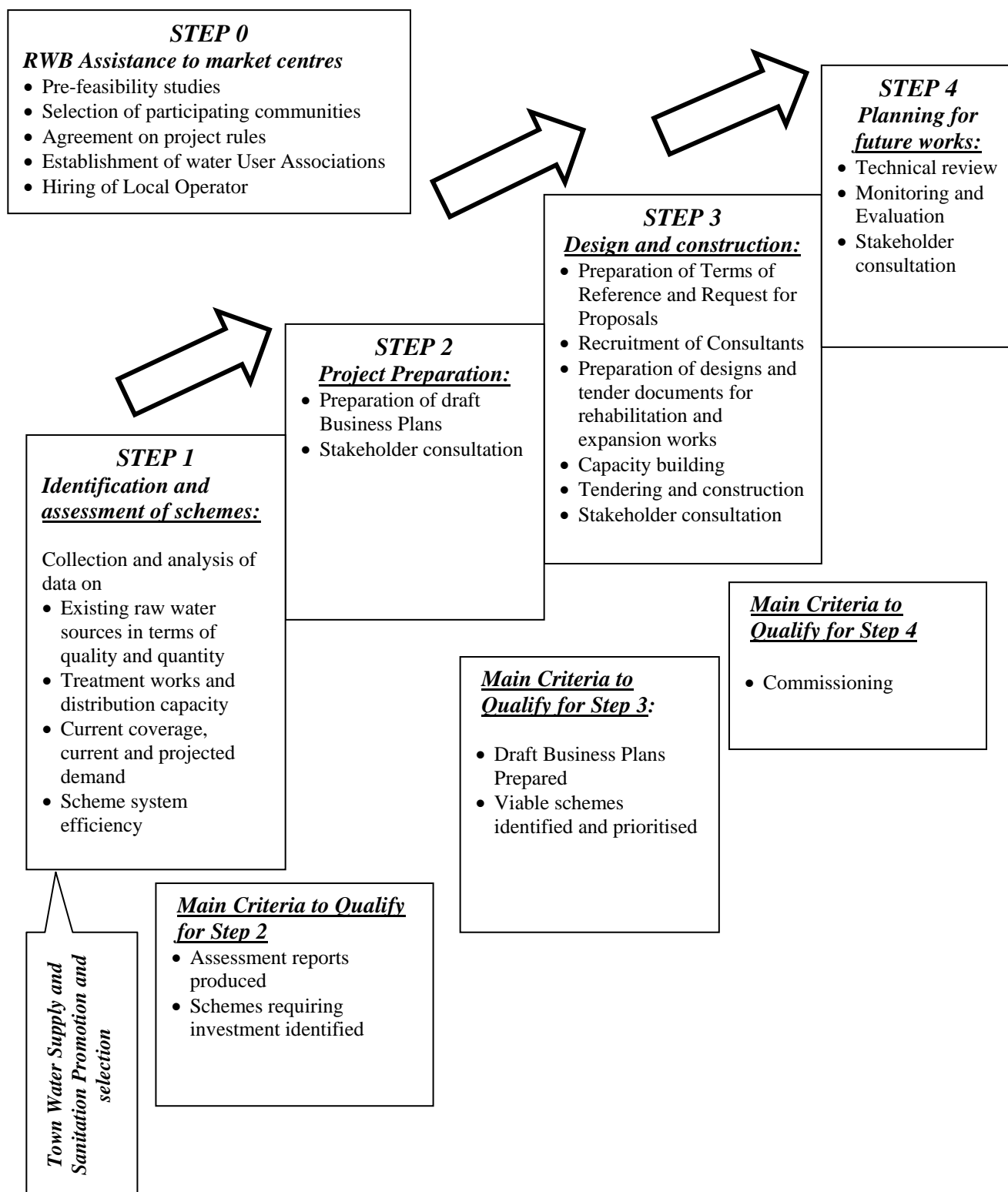


Figure 3.1 Town Water Supply and Sanitation Stepped Approach

3.2 Market Centre and Surrounding Village Water Supply and Sanitation

The Market Centre Water Supply and Sanitation (MCWSS) programme is designed to support decentralised provision of water supply and sanitation services in market centres and surrounding villages. The development objective is to improve water resources management and achieve increased access to sustainable water supply and sanitation services.

The main undertakings of the MCWSS are as follows:

- Establish well functioning water supply and sanitation systems in participating communities,
- Increase the capacity of participating Local Authorities and communities to effectively operate and manage their water supply and sanitation facilities

3.2.1 Implementation Strategy

The project implementation arrangements reflect the policy objectives of decentralization to lowest possible level, involvement of all stakeholders in the process, integration of sanitation with improvements to water supply and recognizing water as an economic, as well as social good.

A demand responsive, performance based approach should be followed so that communities receive assistance to put in place institutions and develop capacity for implementation. Communities should be able to access more resources for development of their water supply and sanitation systems as they demonstrate their growing capacity. A stepped approach has been designed for market centre water supply and sanitation to allow each community to move to the next step after completing conditions of the particular step and receive further assistance when sought. A flow diagram of a stepped approach is depicted in Figure 3.2 below:

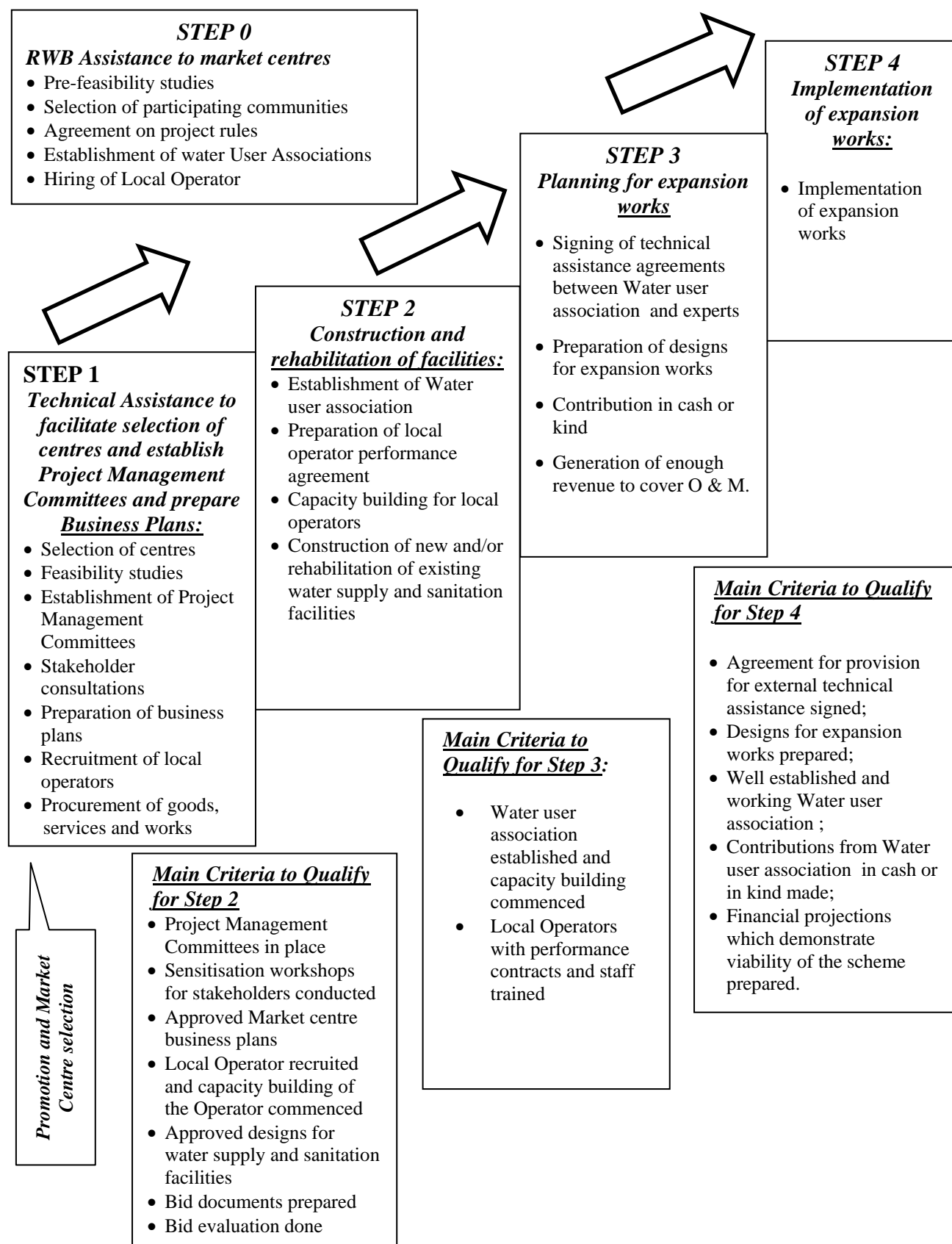


Figure 3.2 Market Centre and Surrounding Village Piped Water Supply and Sanitation Stepped Approach

In consultation with local stakeholders viable market centres will be identified. The selection criteria will include:

- Water supply coverage;
- Geographic balance;
- Whether or not the centre is a drought affected area;
- Population at and around market centres;
- Ongoing assistance by other stakeholders (Food Security etc);
- Whether or not the market centre has singled out water as a priority in their infrastructure planning process;
- Level of commitment of the market centre;
- Socio-economic potential of a centre;
- complementarily of other existing facilities.

3.2.2 Design Criteria

Small piped systems (from surface and ground water sources) should be designed such that the intake, transmission mains, treatment plant and service tanks should be adequate to meet demand for 7 years design horizon. The rest of the components should be designed for 5 year projected demand. Where possible water works should be designed to have adequate capacity to cater for rural water demand as well.

For sanitation and hygiene promotion, the emphasis should be on training of water and sanitation committees to encourage communities on improved sanitation and hygiene practices. Households will be expected to pay for their own low cost on-site sanitation, relying largely on locally available materials and technologies. Projects should support Local Artisans through WUA s to construct sanitation facilities.

3.2.3 Stakeholder Consultations

Community based management approach should be used whereby people take key decisions from planning, design, implementation, monitoring and evaluation. Increased participation of users in scheme design and management is a key to sustainability of water and sanitation facilities. A deliberate action should be taken to involve women, youth and people with special needs at all stages of the project cycle.

3.2.4 Management Arrangements

Management of MCWSS should be at district and community levels in line with decentralization policy as follows:

District Level

The implementation of extension works for market centre water supply and sanitation improvements should be the responsibility of Local Authorities (LA) and Market Centre communities. LAs should be responsible for developing MCWSS Programmes with DCT coordinating and supervising implementation. LAs can receive direct assistance from

Government to assist the WUAs with planning, management and implementation of any future expansion works.

Community Level

Communities should be involved in all stages of the project cycle and should be represented by Water User Associations (WUAs). The WUAs should sign-off on all official documentation pertaining to subproject implementation (i.e. contract award, payment certificates, completion certificates) after certification by the Implementing Entities or Consultant.

3.3 Capacity Building

Capacity building should be implemented at all levels and among all stakeholders. Capacity building should be done through trainings, provision of facilities and equipment. Some of the areas for training include:

- Preparing District MCWSS plans;
- Procurement procedures;
- Contract management skills;
- Participatory water supply planning;
- Community management including finance management;
- Operations and maintenance of water and sanitation facilities;
- Mainstreaming of Gender, HIV and AIDS and other social issues;
- Health, hygiene and sanitation promotion;
- Participatory approaches i.e. PHAST/CLTS;
- Problem solving and leadership skills;
- Environmental and catchment protection and management;
- Participatory monitoring and evaluation skills;
- Financial management skill.

4.0 Institutional Roles and Responsibilities

There are a number of institutions involved in the implementation of TMCWSS programmes with various roles and responsibilities.

Specific roles and responsibilities for the institutions at national, regional and district levels are provided in table 4.1 below:

Table 4.1: Roles and Responsibilities of Institutions at national level

Institutions	Roles and responsibilities
Ministry responsible for water affairs	<ul style="list-style-type: none"> • Providing policies, laws, strategies for the sector • Overall planning and coordination of the programme • Overall monitoring and evaluation of the programme • Coordinating channelling of funds to support the programme, in collaboration with Ministry responsible for finance Maintaining water resources information system • Developing national water standards and monitor them • Coordinating nationwide capacity building for the sector • Coordinating nationwide research and development for the sector • Facilitating transfer of MCWSS to RWBs • Facilitation of devolution of water supply and sanitation services to districts and communities. • Ensuring that relevant policies and implementation arrangements are followed and the stakeholders receive appropriate orientation and training, • Ensuring that implementation arrangements are refined through experience and supervising the RWBs including leading the appraisal of market centres and management plans. • Facilitating and coordinating hygiene education and sanitation promotion programmes
Ministry responsible for finance	<ul style="list-style-type: none"> • Facilitating and channelling resources for the programme • Monitoring of financing and disbursement arrangements • Preparing, signing credit and grant agreements • Allocation of resources between Districts Assemblies
Ministry responsible for development planning and cooperation	<ul style="list-style-type: none"> • Providing guidance on development of M&E systems • Assisting in carrying out monitoring and evaluation • Appraising projects for funding
Ministry responsible for environmental affairs	<ul style="list-style-type: none"> • Reviewing and approving of Environmental and Social Management Framework and Resettlement Policy Framework
Ministry responsible for health	<ul style="list-style-type: none"> • Assisting in coordination of hygiene education and sanitation promotion in liaison with implementing entities
Ministry responsible for justice and constitutional affairs	<ul style="list-style-type: none"> • Reviewing and providing guidance on any legal agreements. • Acting as legal counsel.
Ministry responsible for local Government and Rural Development	<ul style="list-style-type: none"> • Provide policy direction on decentralization of provision of water and sanitation services at district level.
Regional Water Boards	<ul style="list-style-type: none"> • Recruitment and supervision of feasibility study consultants, • Planning and implementing projects in town and market centre water

	<p>supply areas; including recruitment and supervision of consultants and contractors.</p> <ul style="list-style-type: none"> • Providing support with procurement and contract management, including pre-qualifying private sector contractors, and also providing ongoing technical support to market centres at a fee. • Providing technical assistance and on-the-job training to communities and Local Service Providers in the course of implementation • Identifying viable market centres based on business plans, •
Regional Water Development Offices	<ul style="list-style-type: none"> • Coordinating M&E to track progress, including facilitating of participatory monitoring. • Arranging/ supervising technical assistance to help Districts prepare their MCWSS Programmes • Appraising proposed District MCWSS Programmes
Local Authorities	<ul style="list-style-type: none"> • Coordinating activities of Government Ministries, Departments and any other key stakeholders working within the district on Water and Sanitation related projects and/or matters. • Managing and supervising activities of WUA • Soliciting and channelling funds for any future expansion works and monitoring utilization. • Participating in feasibility studies, planning and management of the MCWSS services including financial and procurement management. • Monitoring and evaluating MCWSS activities. • Facilitating formation of WUAs water users' association or other management arrangements at market centres.

Specific roles and responsibilities for the institutions at district and community levels are provided in Table 4.2 below

Table 4.2: Roles and Responsibilities at District Levels

Institutions	Roles and responsibilities
District Coordinating Team (DCT)	<ul style="list-style-type: none"> • Planning and coordinating the implementation of water supply and sanitation activities. • Promoting different approaches such as CBM, PHAST and PRA. • Training EWT in various areas such as CBM, PHAST, gender, HIV & AIDS and environment. • Supervising CBM activities in the field • Conducting appraisal of field reports by EWT • Keeping field records and preparing progress reports • Monitoring and evaluating water and sanitation activities •
Extension Workers Team (EWT)	<ul style="list-style-type: none"> • Collecting baseline data in the communities • Providing information about the project • Helping community in choosing a proper site for the communal water point • Conducting hygiene education and sanitation promotion • Building active participation of women, the youth, PLWAs and others. • Facilitating community discussions, problem solving and decision making. • Building awareness of existing situation and catalysing a commitment to change • Helping community form and train Communal Water Point (CWP) committees • Preparing progress reports and report to DCT timely. • Monitoring and evaluating water and sanitation activities • Advocating approaches such as CBM, and PHAST in the community. • Facilitating formation and training of local artisans and sanitation promoters to assist in the promotion of sanitation
Water Users	<ul style="list-style-type: none"> • Identifying, prioritising assessing community needs and ask for assistance. • Attending community meetings • Electing members of WUA/CWPC/local artisans • Choosing type of water facility and site • Deciding on how funds for maintenance of facility should be raised/managed • Providing communal labour and local material for construction of water facility • Agreeing on rules for use of new facility • Maintaining a clean environment on the facility • Participating in hygiene and sanitation promotion • Protecting catchment areas • Protecting water and sanitation facilities • Monitoring the water and sanitation system. • Participating in development of constitution for the scheme.

Water User Association	<ul style="list-style-type: none"> • Facilitating and overseeing water supply services in market centres and groups of villages sharing rural piped systems; • Guiding planning of their water supply system; • Contracting and supervising a local utility operator to handle routine operations and maintenance; • Arranging for long term technical assistance to assist local utility operations to improve efficiency, resolve problems; and • Expanding the system overtime; • Developing constitution for the scheme and facilitating its registration.
Local Operators ¹	<ul style="list-style-type: none"> • Operating and maintaining water and sanitation systems; • Ensuring a regular supply of good quality water at all times; • Ensuring adherence to good quality workmanship and service standards; • Collecting revenue for services rendered; • Providing regular, accurate and comprehensive reports to WUAs on operations and management of the schemes; • Implementing of small expansion works • Constructing sanitation facilities; • Creating and maintaining an up-to-date data base on water and sanitation services and facilities • Accountable to WUA at market centre under a performance agreement or contract;
Local Artisans/Sanitation Promoters	<ul style="list-style-type: none"> • Constructing improved pit latrines • Casting and installing different sanitation platforms such as san plats, san slabs • Promoting sanitary facilities such as improved pit latrines, hand-washing facilities, dish racks, soak ways and bath shelters. • Carrying out awareness campaigns on hygiene practice and proper use of sanitation facilities in coordination with HSAs and other extension workers. • Constructing eco-san latrines where possible. • Holding joint review/planning meetings with HSAs and other extension workers areas on issues of hygiene and sanitation.

¹ Local water operators could be individuals or firms who could demonstrate to have skills and capacity to effectively and efficiently operate and manage the MCWSS.

5.0 PROCUREMENT MANAGEMENT PROCEDURES

Development of Water and Sanitation in market centres involves procurement of works, goods and services. Therefore, it is crucial to ensure proper management and accounting of the resources in accordance with the Public Procurement Act (2003) and the existing procurement guidelines.

5.1 Procurement of Goods, Works and Consultancy Services

Goods, works and services should be procured in accordance with the provisions of the Malawi Public Procurement Act, No. 8 of 2003 and respective Development Partners procurement guidelines if involved in the procurement process.

Where any of the provisions of the Public Procurement Act and its accompanying regulations and desk instructions are contradicting, the Development Partner's procurement guidelines should be used. The Internal Procurement Committees (IPC) of the implementing agencies should be responsible for ensuring compliance with the Development Partner's procurement guidelines and the Public Procurement Act including appropriate clearance from the Office of the Director of Public Procurement (ODPP) with oversight for public procurement.

5.1.1 Procurement Process

Procurement should be done based on the procurement plans. Development partners should do prior or post review of procurement documents on the agreed thresholds if involved in the procurement process.

6.0 FINANCIAL MANAGEMENT

Financial management involves planning, organizing, controlling and monitoring the financial resources of a project or an organization to achieve objectives. The Government of Malawi realizes that for the successful implementation of projects, it requires proper financial management and accounting. Therefore, management and accounting of the resources for the TMCWSS activities shall be in compliance with the general framework of the Government Financial Management System. This is governed by the Public Financial Management Act enacted in 2003, Public Audit Act, Public Procurement Act and other relevant Acts as well as financial guidelines from the associated development partners and Treasury Circulars and Instruction issued from time to time. The objective is to achieve financial prudence, transparency and accountability in the management and accounting of the project resources.

All personnel charged with project implementation and financial responsibilities in the implementation of Town, Market Centre and Surrounding Villages Piped Water Supply and Sanitation should adhere to the existing policies, procedures and guidelines.

6.1 Principles of Financial Management

The following principles should guide and help the project teams in the implementation and discharging of the TMCWSS activities:

Custodianship

- This refers to the stewardship or safekeeping of the project's resources. Custodians hold the assets and funds in trust and must make sure that they are used in accordance with the Acts and any contractual agreements entered into.

Accountability

- Accountability is the moral or legal duty, placed on an individual, group or organization, to explain how funds, equipment or authority given by a third party has been used.

Transparency

- All financial information must be recorded accurately and presented clearly, and can be easily disclosed to those who have a right to request it.

Consistency

- The systems employed should be consistent over the years so that comparisons can be made, trends analyzed and transparency facilitated.

Integrity

- The integrity – or honesty and reliability – of an organization, and the individuals within it, has to be beyond question. There must be no doubts about how funds/resources are being utilized, the records must be a true reflection of reality and proper procedures set up and followed by all staff.

Non-Deficit Financing

- Do not borrow or undertake an activity when there are no funds.

Standard Documentation

- The system of maintaining financial records and documentation should observe accepted accounting standards and principles. Financial records should be able to be understood by any relevant person and/or accountant from anywhere in the world.

6.2 Planning and Budgeting

Financial planning is both a strategic and operational process linked to the achievement of objectives. It involves building both longer term funding strategies and shorter-term budgets and forecasts.

Financial planning does not start with budgets and numbers. Effective budgets can only be produced as a result of good underlying plans. It is impossible to start a financial forecast without a clear idea about what it is you want to do and how you intend to do it.

6.2.1 Plans

The plans may be sub-divided into several, more specific and detailed plans for each activity, function or project. Plans have a shorter time focus (about one year) and are the basis for budgets.

6.2.2 Budget

‘A budget describes an amount of money that an organization or one has or plans to raise and spend for a set purpose over a given period of time.

A budget has several different functions and these include:

- Planning
- Fundraising
- Project implementation
- Monitoring and evaluation

The main types of budget are as follows:

The Income and Expenditure Budget

The income and expenditure budget sets out the anticipated running costs (also referred to as recurrent costs) of the organisation and shows where the funds will come from to cover the costs. The annual income and expenditure budget is often broken down into shorter periods – quarterly, half yearly or even monthly – to assist with monitoring progress.

The Capital Budget

A capital budget lists the expenditure you intend to make for the coming years on capital projects and one-off items of equipment that will form part of the organization’s *Fixed Assets*. As these usually involve major expenditure and non-recurrent costs, it is better to list and monitor them separately. Examples of capital expenditure include:

- Building construction
- Major renovation works

Approaches to Budgeting

There are several different ways to build a budget and you should adopt an approach which works best for you:

Incremental budgeting

This approach bases any year's budget on the previous year's actual, or sometimes budgeted, figures with an allowance for inflation and known changes in activity levels.

A frequent criticism of this approach is that it does not encourage fresh thinking and may perpetuate existing inefficiencies.

Zero-based budgeting

An alternative approach is to start with a clean sheet – a zero base. Zero-base budgeting (or ZBB) ignores previous experience and starts with next year's targets and activities. ZBB requires justification of all the resource requirements.

This process may suit projects whose income is activity-based. Zero-based budgets are said to be more accurate since they are based on the detail of planned activities (recommended to be used).

Activity-based budgeting

This describes an approach to budgeting where the budget is built up from a detailed activity plan. It is similar to ZBB. This describes an approach to budgeting where the budget is built up from a detailed activity plan. It is similar to ZBB.

6.3 Accounting and Bookkeeping

Accounting is the art of communicating financial information about a project to users such as stakeholders, Government, Development Partners and managers. The communication is generally in the form of financial statements that show in money terms the economic resources under the control of management during implementation of the project.

Bookkeeping is the recording of transactions in a book. It originates from manual record keeping (transactions recorded in books) although it also applies to electronic recording of transactions.

During implementation financial reports should be produced together with the physical progress reports to assist in monitoring of the project and indeed compare the actual expenditure against the budget. The financial reports can be produced monthly, quarterly, and annually.

6.4 Audit

An audit is an independent examination of records, procedures and activities of a project or an organization which leads to a report outlining the auditor's opinion on the state of affairs.

There are two kinds of audit described as follows:

Internal Audit

An internal audit review is undertaken at the request of the managers of the project or based on internal audit team plans; it focuses on systems and procedures, and utilisation of resources.

An internal audit will include a range of checks as part of the independent review, including:

- financial accounting systems and procedures;
- Management accounting systems and procedures;
- Internal control mechanisms.

External Audit

An external audit is an independent examination of the financial statements prepared by the project. It is usually conducted for statutory purposes (because the law requires it). It can also be for investigative purposes (e.g. to look for a fraud).

An audit results in an audit opinion as to the 'true and fair' view of the:

- state of affairs of the project and
- operations for the period

The purpose of external audit is to verify that the annual accounts provide a true and fair picture of the project's operations and finances; and that the use of funds is in accordance with the aims and objects as outlined in the projects.

6.5 Stores Management

Stores management is a system of planning, organizing, coordinating, and controlling of all activities involved in store keeping and stock control so that they can be used efficiently, effectively and economically.

There are three basic reasons for keeping an inventory:

- Time - The time lags present in the supply chain, from supplier to user at every stage, requires that you maintain certain amount of inventory to use in this "lead time"
- Uncertainty - Inventories are maintained as buffers to meet uncertainties in demand, supply and movements of goods.
- Economies of scale - Ideal condition of "one unit at a time at a place where user needs it, when he needs it" principle tends to incur lots of costs in terms of logistics. So bulk buying, movement and storing brings in economies of scale, thus inventory.

6.5.1 Types of stock

The common types of stock are as follows:

- Buffer/safety stock
- Cycle stock (Used in batch processes, it is the available inventory excluding buffer stock)

6.5.2 Purchasing Process

Purchasing Process includes as usual 8 main stages as follows:

- Requisitioning
- Approving
- Studying Market (quotations/ inviting bids)
- Making Purchase Decision
- Placing Orders

- Receipting Goods and Services Received
- Accounting for Goods and Services
- Receiving Invoices and Making Payment
- Debit note in case of material defect

Larger quantities are purchased through the Internal Procurement Committee (IPC) following the procedure listed above.

6.5.3 Receipt of Goods

All goods received should be properly inspected, checked and reconciled to valid Purchase Orders/technical specifications.

All goods for the Project should be properly accounted for by raising a Goods Received Note.

Procedures

Receive a delivery note from the supplier and match it with the related Purchase Order/technical specifications.

Inspect the goods by checking the following:

- Quantity received shall match the quantity ordered.
- Specification of goods shall agree to that on the Order.
- Description of goods shall agree to the Order.

Technical personnel shall test and verify technical goods before receipt and sign the supplier's delivery note to acknowledge receipt of the goods.

Raise a Goods Received Note in duplicate and include the following:

- Date goods are received.
- Purchase Order number.
- Supplier's delivery note number.
- Quantity of goods actually received.

Sign the Goods Received Note as evidence of satisfaction of goods received.

Match the Goods Received Note with the Purchase Order.

Send original copy of the GRN and a copy of the Purchase Order to the Accounts Office for matching with supplier invoice. The documents are used for payment and updating records.

Each item of stock shall be recorded on a separate bin card.

6.5.4 Issuing goods

- No goods should be issued from stores without approval
- The officer requiring the goods should fill a stores requisition form or a job order which has to be authorized by the supervisor/authorizing officer

- Stores staff should maintain a list of authorizing officers to counter check / authenticate approvals
- Recipient of goods should acknowledge receipt by signing a Stores Issue form prepared in duplicate a copy of which should be retained by the stores staff
- Once issued the bin card should be updated immediately
- Stocks should be issued on a First In First Out (FIFO)

6.5.5 Stock Taking

It is the act of carrying out checks on items in stores to establish if procedures are followed and stock is being managed efficiently. This can be undertaken by internal auditors, external auditors and management depending on the need.

7.0 Cross Cutting Issues

7.1 Gender

Men and women often have different roles, levels of demand, and preferences in water and sanitation. In particular, women are usually the ones who manage water and hygiene in the households. Women and girls spend a large amount of time fetching water hence they have a strong incentive to contribute towards improved water services and to help maintain them when they are in place.

Men and women often have different roles, levels of demand, and preferences in water and sanitation. In particular, women are usually the ones who manage water and hygiene in the households. Women and girls spend a large amount of time fetching water hence they have a strong incentive to contribute towards improved water services and to help maintain them when they are in place. Therefore, they should be involved in all phases of the project cycle i.e. making the initial demand for an improved service, planning, implementation and operations and maintenance. They should be encouraged to take part in key decision making position in the various water and sanitation committees as well as participating in training programmes.

7.2 HIV and AIDS

The issues of HIV and Aids have a direct impact on sustainable management of water and sanitation services. Affected families spend much time attending to the sick and fail to concentrate on water and sanitation matters.

On the other hand, use of improved sanitary facilities shall help to prolong lives of those infected, hence enable them actively participate in water and sanitation and other development activities.

Therefore, all water and sanitation initiatives and efforts should aim at integrating HIV and Aids issues by raising awareness of the risks and promoting behavioural change to prevent the spread of HIV.

7.3 Environment

Many catchment areas are being degraded in many parts of the country affecting quantity and quality of the water resource. Environmental consideration is therefore important when carrying out water and sanitation activities.

Environmental and social impact assessment should be carried out detailing the positive and negative effects of the proposed development on the environment. Appropriate mitigation measures should be recommended to minimise undesirable effects. This should be done in accordance with the guidelines of National Environmental Policy, National Environmental Action Plan, Resettlement Policy Framework and Environmental & Social Management Framework.

8.0 Monitoring and Evaluation

Continuous assessment of projects implementation should be done at all levels. The DCT will especially be very crucial in assessing the implementation. The assessment of outcomes/impact, outputs, and activities should be based on the prescribed M&E indicators. Some of the tools used are quarterly review meetings, field visits, mid-term review, end of project reports and a documentation of lessons learnt.

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