



MW: Mining Governance and Growth Support Project (P120825)

AFRICA | Malawi | Energy & Extractives Global Practice |
IBRD/IDA | Investment Project Financing | FY 2011 | Seq No: 11 | ARCHIVED on 19-Nov-2018 | ISR34394 |

Implementing Agencies: Republic of Malawi, Ministry Of Natural Resources Energy and Mining

Key Dates

Key Project Dates

Bank Approval Date: 31-Mar-2011

Effectiveness Date: 23-Aug-2012

Planned Mid Term Review Date: 01-Dec-2014

Actual Mid-Term Review Date: 05-Dec-2014

Original Closing Date: 30-Sep-2016

Revised Closing Date: 31-Jul-2018

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

To improve the efficiency, transparency and sustainability of mining sector management

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Managing Mineral Rights and Operations:(Cost \$6.50 M)
Generating and Managing Mineral Revenue:(Cost \$1.55 M)
Promoting the Mining Sector:(Cost \$17.00 M)
Project Management:(Cost \$2.72 M)

Overall Ratings

| Name | Previous Rating | Current Rating |
|--------------------------------------|---------------------------|----------------|
| Progress towards achievement of PDO | ● Satisfactory | ● Satisfactory |
| Overall Implementation Progress (IP) | ● Moderately Satisfactory | ● Satisfactory |
| Overall Risk Rating | ● Moderate | ● Moderate |

Implementation Status and Key Decisions

The MGGSP has been effective since August 23, 2012, with a final disbursement rate of 99% of the funds made available from the World Bank's IDA lending, and grant-based financing. Overall project implementation is rated as Satisfactory.

Progress toward achievement of the Project Development Objective is satisfactory. The PDO was to improve the efficiency, transparency and sustainability of mining sector management. The project has been consistent with the national objective of increasing the contribution of mining to sustainable growth and development which stretches beyond the scope and timeline of this project.

Project Management was overall effective. Most of the project activities were delivered on time and several Intermediate Results Indicators and Project Development Indicators were satisfied by the project. However, a few of the project activities have been dropped- these being the hosting and maintenance of the Cadaster System through cloud-based services and the development of a Local Area Network (LAN) for the mining



cadaster offices. Consideration of alternative sources of support by the Government of Malawi, to implement dropped project activities, has been recommended.

The overall procurement rating was 'Moderately Satisfactory' as there were delays leading to some activities not completed by the project closing date. In addition, Procurement Plan Monitoring was not adequate, and this led to committing contracts above the project financing. The project, during implementation, generally followed the procurement procedures as stipulated in the Procurement Guidelines, Project Appraisal Document (PAD), Financing Agreement and Project Implementation Manual. The project had a dedicated Procurement Specialist and oversight from the Ministry's Internal Procurement Committee, which assisted to fast-track procurement processes with due regard to agreed procedures. As such, during the course of project implementation, there was no case of mis-procurement that was declared.

Project implementation experienced some delays which led to some activities being incomplete at the time of project closing. The implication is that either the outputs of the activities will not be achieved or that Government of Malawi would have to finance such remaining activities to reach their planned completion. The Ministry of Natural Resources, Energy and Mining (MoNREM) is also requested to make alternate arrangements to finance certain over-commitments under the project.

The project is up to date with reporting requirements for both IFRs and audited financial statements.

Risks

Systematic Operations Risk-rating Tool

| Risk Category | Rating at Approval | Previous Rating | Current Rating |
|--|--------------------|-----------------|----------------|
| Political and Governance | -- | ● Substantial | ● Substantial |
| Macroeconomic | -- | ● Moderate | ● Moderate |
| Sector Strategies and Policies | -- | ● Moderate | ● Moderate |
| Technical Design of Project or Program | -- | ● Moderate | ● Moderate |
| Institutional Capacity for Implementation and Sustainability | -- | ● Substantial | ● Substantial |
| Fiduciary | -- | ● Moderate | ● Moderate |
| Environment and Social | -- | ● Moderate | ● Moderate |
| Stakeholders | -- | ● Moderate | ● Moderate |
| Other | -- | -- | -- |
| Overall | -- | ● Moderate | ● Moderate |

Results

PDO Indicators by Objectives / Outcomes

| Increased efficiency in allocation of mineral rights | | | | |
|--|-------------|-------------------|------------------|-------------|
| ► Efficiency- weighted average number of days taken to issue mineral rights each year (Exclusive Prospecting License, Reconnaissance License, and Mining License) (Number, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 102.32 | 74.00 | 63.95 | 45.00 |
| Date | 23-Aug-2012 | 10-Nov-2017 | 02-Nov-2018 | 23-Aug-2017 |



| | |
|-----------|--|
| Comments: | The PDO indicator on 'Efficiency- weighted average number of days taken to issue mineral rights each year ' measures the weighted average number of days taken to issue Exclusive Prospecting Licenses, Reconnaissance Licenses, and Mining Licenses. While not fully achieving the original ambitious target of 45 days, the project nevertheless achieved a target of 63.95, from a baseline of 102.32 days. This reflects an efficiency improvement in the issuance of mineral rights of more than 35%. |
|-----------|--|

| Increased transparency in governance of the mineral sector | | | | |
|---|--|-------------------|------------------|-------------|
| ► Transparency- Annual Public Reporting of Mineral Sector tax revenues (Yes/No, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | No | -- | Yes | Yes |
| Date | 23-Aug-2012 | 10-Nov-2017 | 10-Nov-2017 | 30-Mar-2018 |
| Comments: | This indicator refers to whether mineral sector revenues are being reported on an annual basis or not. Malawi is now implementing EITI, and through the process, has disclosed its mineral sector revenues on an annual basis through EITI Reports, which have been published in 2017 and 2018 respectively. | | | |

| Increased sustainability in the operation of mines | | | | |
|--|--|-------------------|------------------|-------------|
| ► Sustainability - Percentage of mining operations subjected to environmental certification (Percentage, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 50.00 | 100.00 | 90.00 | 90.00 |
| Date | 23-Aug-2012 | 10-Nov-2017 | 31-Oct-2018 | 30-Mar-2018 |
| Comments: | This indicator refers to the percentage of mining operations that were found compliant, subsequent to environmental compliance audits by the Environmental Affairs Department (EAD). The baseline data refers to the compliance percentage as of August, 2012, while the actuals and targets refer to average compliance percentages over the project lifetime of 6 years. | | | |

Intermediate Results Indicators by Components

| Managing Mineral Rights and Operations | | | | |
|---|--|---|--|---|
| ► Modern mining legislation in place (Text, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | Mining Policy in place but new mining act and regulations, amended mineral taxation legislation and model mining agreement still under development | The Mines and Minerals Act has been reviewed and the Bill and associated regulations have been finalized. The activity suffered a number of delays and is now expected to be tabled in the February 2018 seating of Parliament. | The draft Mining Bill was drafted and approved by the Cabinet Committee on legal affairs, as well as the Cabinet itself. It is to be tabled in Parliament during the November 2018 sitting. Target achieved. | New mining regulations submitted to relevant authorities. |



| Date | 23-Aug-2012 | 10-Nov-2017 | 02-Nov-2018 | 30-Mar-2018 |
|--|--|---|---|--|
| ►Number of public service personnel trained in sector-relevant fields (with breakdown by gender) (Number, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 0.00 | 199.00 | 179.00 | 115.00 |
| Date | 23-Aug-2012 | 10-Nov-2017 | 02-Nov-2018 | 30-Mar-2018 |
| Comments: | Fact finding during the final project closing mission revealed that the number of public service personnel trained in sector-relevant fields were in fact 179, and not 199 as reported in the previous ISR. The comprise of 32 women, and 147 men. | | | |
| ►Modern computerized mining cadastre in use (Text, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | Minerals licensing conducted using slow and paper based system | New cadaster office is about to be completed. Regulations for transitioning from previous manual to computerized cadaster are being drafting, including regulations for the mining cadaster committee meetings.commenced. | The computer- based cadastre system went live in April 2017, and is updated in real time. All licence data from 2009 to date has been captured into the database, and all licence applications are being processed through the system by a trained team of officers. Target achieved. | Computerized cadastre in use |
| Date | 23-Aug-2012 | 10-Nov-2017 | 02-Nov-2018 | 30-Mar-2018 |
| ►Health, safety, environmental and social management policies and monitoring systems completed (Text, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | Gaps exist in policy framework and monitoring systems are in need of significant strengthening | New tools for implementing the Policy Framework and monitoring systems are being drafted. | New tools and systems have been developed to implement health, safety, environmental and social management policies and monitoring. | Policy framework complete and monitoring system in place |
| Date | 23-Aug-2012 | 10-Nov-2017 | 02-Nov-2018 | 30-Mar-2018 |

Generating and Managing Mineral Revenue

►Mineral tax administration and revenue management developed (Text, Custom)

| | | | | |
|-------|--|---|--|---|
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | No specialized arrangements for minerals tax | The cabinet has finally finalized the draft bill and will be sent to the parliament. The next | A study was conducted, which provided options on improving mineral tax | Policies to address revenue volatility and savings introduced |



| | | | | |
|---|--|---|---|---|
| | administration and revenue management | session of parliament now is February 2018 | administration and revenue management, and a study tour was conducted on the subject. However, the study noted that the low levels of current revenue collections, coupled with Malawi's macro-economic considerations for the foreseeable future, do not warrant the establishment of a separate sovereign wealth fund (Mineral Revenue Fund). The Government of Malawi is now informed on the actions required to address revenue volatility and savings. | |
| Date | 23-Aug-2012 | 10-Nov-2017 | 02-Nov-2018 | 30-Mar-2018 |
| ►Standardized fiscal regime (Text, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | Royalty and tax terms open to negotiation and selective concession | Standardized royalty and tax laws and regulations drafted. Target Achieved. | Standardized royalty and tax laws and regulations drafted. Target Achieved. | Standardized royalty and tax laws and regulations drafted |
| Date | 23-Aug-2012 | 10-Nov-2017 | 02-Nov-2018 | 30-Mar-2018 |

| | | | | |
|---|---|--|---|--|
| Promoting the Mining Sector | | | | |
| ►Number of students newly enrolled in mining-related tertiary education programs in Malawi (with breakdown by gender) (Number, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 42.00 | 262.00 | 149.00 | 150.00 |
| Date | 31-Dec-2010 | 10-Nov-2017 | 02-Nov-2018 | 30-Mar-2018 |
| Comments: | Fact-finding during the project completion mission indicated that 149 students were newly enrolled (61 women, and 88 men), and not 262 as reported in the previous ISR. | | | |
| ►Multi-stakeholder forum on mining sector established with civil society participation (Text, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | Ad hoc and reactive arrangements for stakeholder dialogue | The EITI Multi Stakeholder Group released and disseminated the first report in April 2017. The | The EITI Multi Stakeholder Group (MSG), consisting of industry, government and civil society representatives, has | Regular meetings of multi-stakeholder forum taking place |



| | | | | |
|---|--|--|---|--|
| | | MSG continues to meet on a quarterly basis. | been established and meets on a quarterly basis. The MSG released and disseminated the first EITI report in April 2017, and the second EITI Report in June 2018. Target achieved. | |
| Date | 23-Aug-2012 | 10-Nov-2017 | 02-Nov-2018 | 30-Mar-2018 |
| ►Geo-data management center providing online access (Text, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | Only old and insufficient geo-data available | The Geo- data management Centre is now in operation and accessible online. Digitization of old information is ongoing. | Geo-database management Information System (GDMIS) has been installed and is operational; actions are currently being taken to ensure provision of online access. | Geo-data management centre in operation and accessible on-line |
| Date | 30-Aug-2012 | 10-Nov-2017 | 02-Nov-2018 | 30-Mar-2018 |

Data on Financial Performance

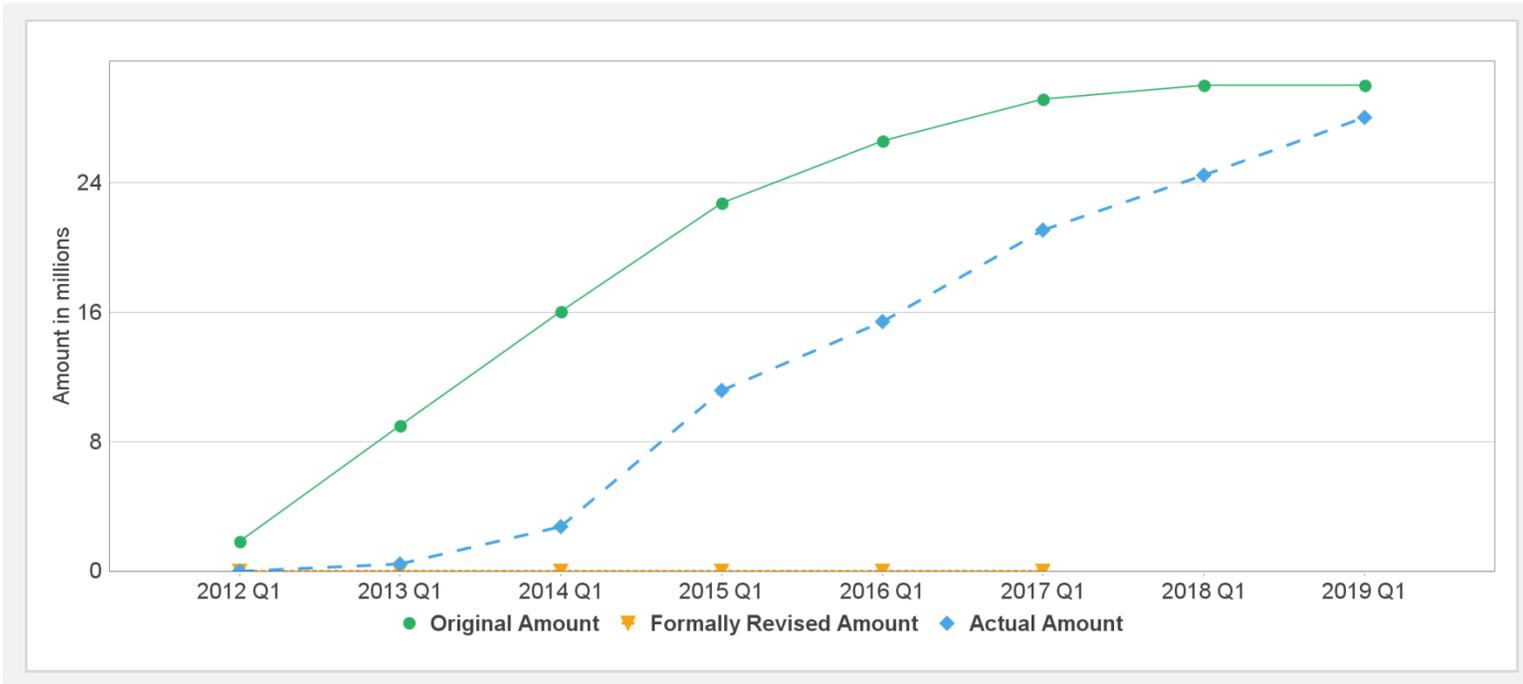
Disbursements (by loan)

| Project | Loan/Credit/TF | Status | Currency | Original | Revised | Cancelled | Disbursed | Undisbursed | % Disbursed |
|---------|----------------|--------|----------|----------|---------|-----------|-----------|-------------|-------------|
| P120825 | IDA-49010 | Closed | USD | 25.00 | 25.00 | 0.00 | 23.32 | 0.02 | 100% |
| P120825 | TF-12935 | Closed | USD | 4.83 | 4.72 | 0.10 | 4.68 | 0.00 | 100% |

Key Dates (by loan)

| Project | Loan/Credit/TF | Status | Approval Date | Signing Date | Effectiveness Date | Orig. Closing Date | Rev. Closing Date |
|---------|----------------|--------|---------------|--------------|--------------------|--------------------|-------------------|
| P120825 | IDA-49010 | Closed | 31-Mar-2011 | 02-Nov-2011 | 23-Aug-2012 | 30-Sep-2016 | 31-Jul-2018 |
| P120825 | TF-12935 | Closed | 13-Aug-2012 | 22-Aug-2012 | 23-Aug-2012 | 17-Nov-2015 | 15-Dec-2017 |

Cumulative Disbursements



Restructuring History

Level 1 Approved on 04-May-2012 ,Level 2 Approved on 11-May-2016 ,Level 2 Approved on 03-May-2017 ,Level 2 Approved on 17-Aug-2017 ,Level 2 Approved on 10-Oct-2017 ,Level 2 Approved on 29-Mar-2018

Related Project(s)

There are no related projects.