

**Digital Malawi Foundations Phase 1 (P160533) : Implementation Support Mission, and
Digital Malawi Acceleration Project (DMAP ; P505095), Technical Discussions and Negotiations
Aide-Mémoire, May 13 to 17, 2024**

A. Mission Objectives

1. A combined implementation support mission for the Malawi Digital Foundations Project-Phase I (P160533) and the technical discussions and negotiations for the Digital Malawi Acceleration Project (DMAP; P505095), took place between May 13 to 17, 2024 in Lilongwe. The mission was co-led by Task Team Leaders - Luda Bujoreanu (Sr. Digital Development Specialist) and Tim Kelly (Lead Digital Development Specialist)¹. The World Bank (WB) team would like to thank government officials and other stakeholders, for their time, commitment, and their usual collaboration.² The draft aide memoire was sent to the client for comments and the final version was endorsed by the WB management and can be publicly disclosed.

2. Below is a summary of key updates and issues discussed. Annex 1 summarizes the agreed actions from this mission and the February 4-8, 2024 mission. Annex 2 provides a list of officials met, including development partners. Annex 3 covers the latest results framework; Annex 4 contains a summary of the DMAP negotiations and Annex 5 covers potential use cases for the *Bomalathu* data exchange platform.

3. The objectives of the mission were to: a) hold technical discussions and negotiations for DMAP, under *Inclusive Digitalization in Eastern and Southern Africa* (IDEA) Multiphase Programmatic Approach (MPA); b) review implementation progress and address outstanding challenges for the Digital Malawi Foundations Project ahead of the project closing date; c) Prepare for closing the Digital Malawi project and consideration of the Government's request to extend the closing date by four months; d) follow-up on fiduciary and safeguards issues to ensure that all are addressed prior to project closure; and e) kick start the work on WB's Implementation Completion Report (ICR) for the Digital Malawi Project, including meeting with the project evaluation consulting firm hired by the government.

B. Project data and ratings

4. With only 1.5 months before the original project closing date, disbursements stand at US\$66.79 m, representing 92.3% of the appraised total amount of US\$72.4 m. In the latest Interim Financial Report (IFR), submitted by the project implementation unit (PIU) on May 12, 2024, a further withdrawal request was made of US\$2.3m. Once approved, this will bring disbursements to 95.4 percent. All remaining project funds are now committed, and the PIU will also use the modality of direct payments to ensure that the remaining funds are disbursed without leaving any balance in the Government's designated account. The PIU was encouraged to process all outstanding payments as they become due and without delay.

5. In view of the good progress made on disbursements and the project indicators (see below), the project's rating for achievement of the Project Development Objective (PDO) was maintained as "*Satisfactory*", and Implementation Progress (IP) upgraded to "*Satisfactory*". The overall project risk is maintained as "*Moderate*".

Table 1: Project Implementation and Performance Snapshot

<p>Project Development Objective (PDO): <i>To increase access to affordable, high-quality internet services for government, businesses, and citizens and to improve the Government's capacity to deliver digital public services</i></p>

¹ The mission comprised Ntayi Bandawa (Counsel), Paul Ndungutse (Sr. Digital Development Specialist), Komana Lubinda (Sr. Procurement Specialist), Trust Chimaliro (Sr. FM Specialist), Mercy Chimpokosera-Mseu (Sr. Environmental Specialist), Davies Luhanga (Social Development Specialist), and Elizabeth Mangani (Team Assistant) with Marshall Maina (Legal Consultant) and Justina Kajange (Operations Analyst) joining remotely.

Project Disbursement		Project Performance Ratings		
Original Project Amount	US\$72.4m	Ratings	Previous	Current
Amount available (as of May 13)	US\$72.69m	PDO	MS	S
Total Disbursements	US\$66.79 m (92.3%)	IP	MS	S
Disbursements in FY24	US\$20.79 m (29.7%)	Component 1	S	S
Date of Board Approval	June 5, 2017	Component 2	MS	S
Closing Date	October 31, 2024	Component 3	MS	S
HS: Highly Satisfactory; S: Satisfactory; MS: Moderately Satisfactory MU: Moderately Unsatisfactory; U: Unsatisfactory; HU: Highly Unsatisfactory.		Project	MS	S
		Management	MS	S
		Procurement	MS	S
		FM	MS	MS
		Safeguards		

*Note**: Ratings are based on the latest Implementation Status Report (ISR), dated January 15, 2024 and this AM.

+ Closing date, originally June 30, 2024, was extended following the mission to October 31, 2024.

C. Key messages

- The government has requested a project extension citing *force majeure* circumstance related to supply chain issues due to conflict in the Red Sea and unforeseen geopolitical developments as the main reasons for the delayed completion of the contracts. The project extension was approved by the World Bank on May 24, 2024.
- All current contracts will expire at the end of June. Those for the datacenter and eGovernment Procurement system (eGP) should be extended to October 31, 2024. Payments can still be carried out up to four months after project closure (to February 28, 2025) for the work/activities completed prior to October 31, 2024.
- The payments for eGP implementation continue to be delayed, even if it was reported that much progress has been made on development of the software. The mission urged the Government to address the payment of invoices due on a priority basis, as well as ensure the completion of eProcurement system and on-boarding a minimum of six agencies by the new project end date of October 31, 2024. As of May 20, 2024 the remaining balance of undisbursed funds was over a million dollars.
- The government was advised to start planning for the implementation of the new project (DMAP), ahead of its approval by the WB Board anticipated on June 27, 2024. This includes identification of appropriate office space in Lilongwe for the future of Malawi Information Technology Authority (MITA) and to host technical experts planned to be hired, or to have their contracts extended. It was agreed during the mission that this process would start straight away. Although the financing agreement for DMAP allows a period of 90 days after the signing of the agreement for effectiveness to be achieved, it is expected this will happen before the deadline.
- The Bank mission advised that the Ministry of Information and Digitalization (MoID), Public Private Partnership Commission (PPPC), Malawi Research and Education Network (MAREN), Malawi Communications Regulatory Authority (MACRA) and National Registration Bureau (NRB) should begin preparation of key Terms of Reference (ToRs) and bidding documents, to be able to advertise as soon as the (Systematic Tracking of Exchanges in Procurement) STEP becomes available for DMAP, expected in June 2024. Priority procurements include the hiring of consultants to prepare two manuals (Grants Manual and Commercial Transaction Manual) as these are disbursement conditions and the migration of data from ministries into the new national data center.

C. IMPLEMENTATION PROGRESS AND KEY FINDINGS

6. **The Digital Malawi project was originally scheduled to close on June 30, 2024**, and the Government, through its letter dated April 10, 2024 requested an extension of the closing date due for *Force Majeure* related to supply chain problems. **The extension to October 31, 2024 was granted shortly after the**

conclusion of the mission. The mission underlined the need to focus on successful completion of all outstanding works prior to the new closing date, while noting that final payments for activities undertaken prior to the closing date may be made within 120 days after the closing date.

With regard to the four major ongoing contracts, the situation is as follows:

- a) **Network connectivity:** The eGovernment team reported that, as of May 14, connectivity for some 515 out of 530 government sites had been completed with the remaining ones to be completed by end of May 2024. This will bring the total number of institutions connected with high-speed internet under the project to 640 (comprising 530 government offices; 83 higher education institutions (HEIs) and 27 Government Local Area Network (GLAN) locations). This greatly exceeds the original target of 400 sites. The eGovernment team noted that network utilization is high, reaching 90 percent of capacity at peak times. International bandwidth available to Government is currently 2.3 Gbit/s increasing to 3.8 Gbit/s at project closing. In addition, capacity provided to HEIs, via MAREN (under the project), is now 6.8 Gbit/s. Significantly, the latest bandwidth price obtained by MAREN is US\$10 per Mbit/s per month. Again, this is well below the project target of US\$50 per Mbit/s per month and represents a fall of over 400 percent compared with the baseline figure of US\$466 per Mbit/s per month. The compliance testing process for the remaining sites has been centralized to improve efficiency and they are expected to be signed off in three batches, with a target completion date of June 27, 2024, and with the payment of all remaining invoices. It was agreed that an additional 1 Gbit/s of international capacity would be purchased for Government use through a contract amendment.
- b) **The new National Data Center, currently being constructed in Lilongwe, has been the most affected by the supply chain issues** related to conflicts affecting shipment of the equipment through the Red Sea. The first two deliveries, out of the seven planned consignments, for civil works and interior finishing (such as windows, raised floors, ceiling and electrical cables), which were supposed to be installed before the IT and server equipment would be placed inside the building, will actually arrive last. The mission was informed that it finally arrived at a port in Mozambique on April 29, 2024. The IT and server equipment has already reached Lilongwe and was placed in a storage area, waiting for the interior of the building to be completed. Consequently, further work on completing the data center and conducting acceptance testing will stretch into October 2024. The mission team encouraged the PIU to manage the contract closely and ensure that invoices are paid in a timely manner. The mission team visited the site and noted that previous suggestions are being fully addressed, namely a ramp for disabled is being constructed, the water tank is moved from the roof to the side of the building and some windows have been closed up to ensure physical safety of expensive equipment and also to minimize the costs of cooling (thereby saving energy). The Bank team has also advised to ensure that the parking lots are set up closer to the fence, rather than placed directly next to the building for physical security issues, and it was recommended that arrangements be made to divert rainwater away from the datacenter building to prevent any flooding from heavy rain.
- c) The **Data Exchange Platform “Bomalathu”**, which means *my government*, is near completion. Seven agencies are now on-boarded. Annex 5 provides a table summarizing use cases and anticipated benefits of the *Bomalathu* data exchange platform, once it is launched at the end of June 2024. By the end of the project, the total number of Ministries, Departments and Agencies (MDAs) integrated is expected to be eleven (11). As of May 13, 2024, *Bomalathu* has processed some 118,000 transactions (including for testing purposes), again exceeding the original target of 25,000. The final acceptance testing of this data exchange platform should be completed by June 2024, including the contract amendments covering the unified billing engine, designed to allow MDAs to generate invoices, and the integration with the e-payment gateway, planned under the WB financed Financial Inclusion and Entrepreneurship Scaling (FIInES) project. There is high demand from other MDAs to join this data exchange platform, and these will be accommodated under the new DMAP project which plans to increase the number of institutions exchanging data to 30. This is expected to include MDAs, commercial banks and private sector firms.

- d) **The lack of progress on e-Government Procurement (eGP) platform contract, signed in June 2023, continues to be a major concern for the past few months.** The Bank team expressed multiple concerns regarding low disbursement of funds against the work that has already been completed by the vendor (Perago, Ethiopia). While more than 80 percent of the eGP software development had been completed by Q1 2024, and the server equipment delivered in February 2024 and installed and inspected by PPDA in March 2024, over a million dollars of contract value remained undisbursed as of the time of this mission. This is due to the introduction of new requirement for Compliance Statement documents, which is PPDA's preferred documentation, in addition to the User Acceptance Test. Thus, only about 23 percent of the total contract value has been paid out, in spite of the assurances given during previous mission in February 2024 that the invoices due would be paid by end of March 2024. Given the project is extended until October 31, 2024, the eGP contract will need to be extended (no cost, just duration) to allow for the testing of software, fixing any bugs acceptance testing and on-boarding of at least six agencies. Phase 2 and 3 of the eProcurement features development will be taken up by the new Governance Progress for Results (P4R) program approved by the Board in May 2024. eProcurement is the only area of the project that is underperforming at this stage and the only indicator that is currently not been met (target 6 MDAs and LGAs to be connected; actual 0 as of May 2024).
- e) The operationalization of the **Data Protection Authority (DPA)** to be hosted at MACRA, is underway and an initial 16 staff members are being recruited and should be onboard by the end of June 2024. As an interim measure, the Director of Legal Services at MACRA will act as the Data Protection Commissioner. The appointment of the Commissioner, and the provision of funds for the operation of DPA office, are proposed as triggers for the 2nd phase of the WB Development Policy Operation (DPO). MACRA reiterated its request for support from the WB for technical assistance and for the operationalization of the DPA and up to US\$5m has been set aside under the new DMAP. Specific activities to be supported include two consultant contracts for firms, one for operationalization and another for awareness-raising; support for capacity building and study tours; and equipping the new staff with ICT tools. *Digital Malawi* is also supporting travel of two people from MACRA to attend the upcoming ID4Africa event in Cape Town, May 21-24, 2024, which will have a special track on data protection related to ID data.

7. **Results Framework:** Significant progress has been made since the previous mission, and PDO indicators, and all but one intermediate indicators, have now been met or exceeded. In summary:

- **All eight updated PDO indicator targets (and all the original targets) have been met or exceeded.** The three indicators that have been exceeded since the previous mission are: (i) the percentage of internet users, which reached 42.77% at the end of December 2023, compared with a revised target of 42.0; (ii) the number of direct project beneficiaries, which reached 8.45 million compared with a target of 6.28 million³; and (iii) the number of transactions per year utilizing the data exchange platform, which had reached 118,000 (including for testing purposes) as of May 2024, compared with a target of 25,000 per year.
- **Six of the seven intermediate indicators have now been met or exceeded.** Since the previous mission, seven agencies have been connected to the *Bomalathu* data exchange platform and four more are pending (see Annex 5). This therefore meets the original target of seven.
- The single **intermediate indicator that has not yet been met** is the number of MDAs and LGAs connected to the eGP Platform due to delays as documented above. There are good reasons to believe though that this target will be met by the time the Interim Completion Report is due, on March 31, 2025.

8. **Implementation Completion Report (ICR).** The mission met with the consulting firm, *Evidence for Change Solutions*, competitively selected to draft the client-side project evaluation report which is expected to be completed by June 30, 2024. This will provide inputs to the World Bank's ICR that will follow. The draft report indicates a high degree of user satisfaction among beneficiaries and demonstrated that the project's

³ The direct project beneficiaries are measured by summing (i) the incremental increase in the number of mobile subscriptions; (ii) incremental increase in internet users since the baseline; (iii) the number of students benefitting from improved internet access; and (iv) the number of people receiving training under the project.

targets have all been met. The report highlights three “human interest” stories that included (i) a market trader that had rebuilt her business following a fire that destroyed Blantyre market, thanks to the provision of free Wifi (“ash to cash”); (ii) two student refugees who had used the digital skills training provided by TakenoLab to build a web-based health passport, as a response to COVID-19; and (iii) students who had used the connectivity provided by MAREN to continue to study during the COVID-19 pandemic. It was agreed that the contract with *Evidence for Change Solutions* be extended to allow the firm to record video testimonials from these and other beneficiaries.

9. **Digital Malawi Acceleration Project (DMAP).** In December 2023, the Government of Malawi made a formal request for IDA funding for the 2nd phase of the Digital Malawi program. At the time, no IDA-20 funds were available, but in March 2024 an initial allocation of US\$70m was identified. It was proposed that Malawi be part of the new regional IDEA MPA. Malawi is one of four operations to be included in the first phase of the IDEA MPA, along with Angola, DRC and COMESA, with project documents being prepared according to an accelerated timetable. The decision meeting for IDEA was held on April 25, appraisal was completed on May 5, and authorization to negotiate was received on May 9. Negotiations took place, in person, during the mission on May 16, and the minutes of negotiation were signed on May 20, 2024 (see Annex 4). The project is due to be approved by the WB Board on June 27, 2024. The full appraised amount is US\$150 million of which US\$70m is available in FY24 and the remaining US\$80m is expected to become available during the next IDA cycle, starting in July 2025. For now, the Government’s focus should be on meeting the effectiveness conditions for DMAP, which are a) preparation of the project implementation manual; b) preparation of a subsidiary agreement with PPPC; c) preparation and disclosure of additional safeguards instruments; and d) updating and disclosing the grievance redress mechanism. Other critical steps for operationalizing DMAP include establishing the project in STEP and Client Connection.

10. The IDEA MPA is structured around four components, as follows:

- a) Component 1: Affordable broadband and secure data hosting
- b) Component 2: Interoperable and secure data platforms
- c) Component 3: High impact digital services and productive digital usage
- d) Component 4: Project management and capacity building

Fiduciary and Safeguards

11. **Procurement Performance.** The overall procurement performance rating for the Digital Malawi project continues to be “*Moderately Satisfactory*” mainly due to the fact all the four major high value ongoing contracts (i.e., Connectivity, Data center, Data Exchange Platform and e-GP) are yet to be completed and procurement risk is maintained as “Moderate”. The mission noted that there are no outstanding procurement activities. Monitoring of activities in STEP continues to be good as currently, there are no activities with red flags. The mission recommended that the PIU should continue focusing on contract management so that all ongoing contracts are delivered without compromising on quality before the new project closing date of October 31, 2024, to be eligible for financing under the project.

12. **Financial Management (FM).** The FM arrangements are rated *Satisfactory*. The project is current on reporting requirements for both audited financial statements and interim financial reports (IFRs). The audited financial statements for the period ended March 31, 2023, were submitted on time, and had an unqualified audit opinion with few observations on control and accountability. The IFRs are being submitted on time and in the agreed format. The latest IFR was for the quarter ended March 31, 2024, and was submitted before the due date of April 15, 2024. Disbursements at the time of the mission stood at US\$66.8m, representing 92.3% of the appraised total of US\$72.4m, with almost 30 percent of disbursement taking place in FY24. The project has experienced an exchange rate gain amounting to US\$290,000. The PIU was reminded that eligible expenses to be paid are only those relating to activities that would have been completed on or before October 31, 2024, except for audit fees and reimbursements payable to external auditors. Eligible expenses may continue to be paid within four months of the current closing date, i.e., up to February 28, 2025.

13. **Environmental and Social (E&S) Safeguards.** The project's performance on E&S safeguards is maintained at Moderately Satisfactory (MS). Construction works at the data center are ongoing and the Contractor has recruited safeguards officers for the site. The contractor for the data center has developed the Contractors environmental and social management plan (C-ESMP) and an Occupational Health and Safety Manual. Implementation of the ESMPs at the data center construction site has improved. However, a site visit during the mission revealed that the ramp is being constructed at the back to ensure universal access to the second floor. In addition, provisions were made to put in a place a lounge area for workers to rest and take tea during the day, in addition to an outside patio.

14. **Grievance Redress Mechanism (GRM).** Project's GRM had registered 9 grievances since the previous mission in Aug/Sept 2023. The grievances include poor working conditions for workers, unpaid wages, and failure to compensate the family of a deceased worker in a timely manner, though this has now been resolved.

D. NEXT STEPS AND AGREED ACTIONS

15. The revised aide memoire incorporates comments from all stakeholders. The weekly progress update meetings with the PIU and key stakeholders will continue. Furthermore, the launch mission for DMAP is expected to take place in September 2024. The list of agreed actions and next steps is summarized in Annex 1.

16. **Annexes:** 1. Agreed next steps, from this mission and the February 4-8, 2024 mission; 2. List of stakeholders met and Mission Program; 3. Results Framework; 4. Outcome of negotiations for Digital Malawi Acceleration Project (DMAP); 5. Data Exchange *Bomalathu* use cases.

ANNEX 1: Agreed next steps and responsibilities.**Table 2a: Agreed Actions arising from this mission of May 13-15, 2024**

Action	Responsibility	Due date	Comments
Completion of the client-side project evaluation report –	Evidence for Change, PIU	June 30, 2024	Team met with firm during mission and provided guidance for finalizing report. Contract may be extended.
Project restructuring and extension of closing date of project by four months	WB	May 30, 2024	Completed.
Processing and payment of all project invoices before project closing, with a special attention to e-Procurement	PIU	Oct 31, 2024	Ongoing
Completion of acceptance testing for Connectivity Transaction sites	eGov, PIU	June 27, 2024	Ongoing, to be completed in three batches.
Process no cost extension for key contracts: for data center; for eProcurement; for connectivity; for data exchange platform. The extended period will be used as observation period pending final payment. For the data center, the extended period will be used for works because of the force majeure declaration which was specific to this activity	eGov, PIU, WB	June 15, 2024	Ongoing
Initiate activities and studies needed to develop tender documents for activities included in the new project DMAP	eGov, PIU, NRB, MACRA, MAREN, Lands WB	June 30, 2024	Ongoing.
Digital Malawi Acceleration Project (DMAP)			
Signing of Project documents following Board Approval now planned for June 27, 2024	MoFED	July 2024	Assuming Board Approval on June 27, 2024
Achieve milestones for effectiveness conditions, including finalization of project implementation manual and preparation and disclosure of ESMF as per financing agreement and grievance redress mechanism	PIU, WB	October 2024	Within four months of signing of financing agreement.
Establishment of DMAP in STEP and Client Connection	PIU, WB	July 2024	Publication of priority procurements in STEP
Approval of Annual Work Plan and Budget for first year of DMAP Implementation	PIU, WB, PSC	September 2024	Approval of AWPB will precede first withdrawal from designated account

Table 2b: Update on Agreed Actions from February 4-8, 2024 mission

N	Actions	Responsibility	Due Date	Current status of each item
<i>Component 1: Digital Ecosystem</i>				
1	Operationalize Data Protection Authority at MACRA: 1) Appoint a Director of DPA; 2) Develop terms of reference (ToRs) for key staff; 3) identify sources of funding; MACRA will request Technical Assistance to support capacity building on data protection.	MACRA	Ongoing , as from March 2024	Ongoing , with acting identified, and 16 positions being recruited.
2	Tech Hubs: <ul style="list-style-type: none"> • Increase the grant to Rydberg (to cover costs of drones) and pay remaining grant to NxtGen • Generate success stories (multimedia) for use in communications plan and implementation completion report (ICR). Ensure introductions between tech hubs and Evidence for Change Solutions (ICR firm) 	PIU. Evidence for Change	Ongoing March 31, 2024 April 30, 2024 May 31, 2024	Ongoing , Evidence for change contract to be extended to include video testimonials
3	MACRA: <ul style="list-style-type: none"> • MACRA to submit the latest data on ICT user indicators (including results of ICT usage survey and the missing data on mobile communications and gender) 	MACRA, PIU	Pending February 28, 2024 Overdue for many months.	Partially completed. Awaiting data from ICT usage survey
<i>Component 2: Digital Connectivity</i>				
4	Connectivity: <ul style="list-style-type: none"> • Update the status of 530 connected sites on GEMS by the end of project (portfolio mapping) • Sign the cleared amendments #3 for all three vendors • Resolve safeguards issues with BengolNet • Develop addendums for procurement of additional IP traffic 	MID eGov; PIU	Ongoing March 31, 2024	Partially completed (one contract amendment outstanding)
5	MAREN <ul style="list-style-type: none"> • MAREN to finalize constitutional review and hold the first annual general meeting of the association • MAREN to submit proposed approach for school connectivity together with an estimated budget for possible inclusion in the new regional project. Align the selection of schools with electrification initiative under the ASCENT project. 	MAREN	Ongoing May 31, 2024 April 30, 2024	Completed
<i>Component 3: Digital Platforms and Services</i>				
6	eGovernment: <ul style="list-style-type: none"> • Develop a budget for the first year of operations and maintenance costs for the datacenter, data sharing platform <i>Bomalathu</i> and the connectivity network and request a budget allocation from the Treasury 	eGov, MID	Ongoing April 30, 2024 March 31, 2024	Partially completed

	<ul style="list-style-type: none"> Reach out to other development partners (UNDP, TBI) for capacity building needs 			
7	<p>Data exchange and interoperability platform:</p> <ul style="list-style-type: none"> Address network issues for NRB and UBR (technical working group) Finalize acceptance testing for <i>Bomalathu</i> platform and pay the invoices Advance the implementation of the unified billing engine. Ensure that this is being done in close collaboration with the Accountant General Department and Natswitch/e-payment development team. Work with comms team on the launch and other awareness-building activities among government on the use of <i>Bomalathu</i> platform Ensure that proper training is done for the users in the first 11 agencies 	MID eGov, PIU	<p>Ongoing</p> <p>February 29, 2024 March 30, 2024 April 30, 2024</p> <p>May 31, 2024</p>	<p>Partially completed.</p> <p>Connection of four more agencies pending.</p>
8	<p>Data Center</p> <ul style="list-style-type: none"> Revise design to reduce number of windows and relocate water tank from the roof Ensure there is a ramp at the main entrance to allow access for disabled staff, if needed. Ensure there are bathroom facilities that do not require use of stairs. No offices and toilets upstairs, unless there is an elevator Finalize sustainability plan for the datacenter including the estimate of the operational costs and possible revenue streams. Develop options for a potential private sector management model. Ensure back-up power supply by installing the equipment and working closely with ESCOM Ensure back-up connectivity by adding additional scope of work to Digital Inq contract or other currently contracted service provider Organize secure data migration plan from existing server room at Accountant-General's Office 	MID eGov, PIU, WB	<p>Ongoing</p> <p>February 29, 2024 February 29, 2024</p> <p>April 30, 2024</p> <p>May 31, 2024</p> <p>June 30, 2024</p> <p>June 30, 2024</p>	<p>Partially completed. Building work is ongoing due to supply chain delays.</p>
9	<p>eGovernment Procurement</p> <ul style="list-style-type: none"> Issue contract amendment so that only Phase 1 is covered under Digital Malawi project, and Phase 2 and follow up under Governance P4R project Pay vendors for the work completed. If invoices are not paid, reallocate funds from Digital Malawi to other activities and fund the rest of the contract from the Governance P4R project 	PPDA, PIU	<p>Pending</p> <p>February 29, 2024</p> <p>March 31, 2024</p>	<p>Pending</p> <p>Invoices for the work performed remain unpaid.</p>
Component 4: Project Management				
10	<p>Finalize client-side implementation assessment report</p> <ul style="list-style-type: none"> Share an inception report from Evidence for Change consulting firm Complete research and fieldwork and collection of multimedia resources. Share draft report for review 	PIU, WB, Beneficiaries	<p>Ongoing</p> <p>February 29, 2024 May 31, 2024</p>	<p>Ongoing</p>
FIDUCIARY [FM & Procurement]				
11	Maintain no red flag status in STEP for the rest of the project	PIU, WB	Ongoing	Completed

12	Revise disbursement projections for next 5 months and use of designated account and direct payments	PI, WB	Ongoing	Completed
SAFEGUARDS				
13	Share communication with contractor on agreed changes	PIU	Feb 12, 2024	Completed
14	Pay compensations and workers arrears	Bengol-Net	Feb 12, 2024	Completed
15	Update ESMF to cover the new connectivity sites	PIU	March 31, 2024	Completed

Annex 2: List of Key Institutions and Stakeholders met virtually during the mission

Name	Position	Institution
Richard Kaudzu	Deputy Director, Debt and Aid MD	Ministry of Finance and Economic Affairs
Isaah Elias	Economist	Ministry of Finance and Economic Affairs
Chinsinsi Phiri	Economist	Ministry of Finance and Economic Affairs
Zaine Mpitapita	Debt Management Officer	Ministry of Finance and Economic Affairs
Wisdom Sambo	Debt & Aid Officer	Ministry of Finance and Economic Affairs
Chimwemwe Matemba	Project Manager	Public Private Partnership Commission
Tadala Nsapato	Finance Officer	Public Private Partnership Commission
Lonjezo Kachingwe	Legal Officer	Public Private Partnership Commission
Eddah Lijoni	Environmental and Social Specialist	Public Private Partnership Commission
Isaac Chimutu	Snr. Projects Procurement Specialist	Public Private Partnership Commission
Victor Funsani	Digital Technology Specialist	Public Private Partnership Commission
Eddah Lijoni	Assistant Environmental & Social Safeguards Specialist	Public Private Partnership Commission
Chiyeembekezo Chekani	Telecoms Projects Manager	Public Private Partnership Commission
Ann Liabunya	Project Liaison Officer	Public Private Partnership Commission
Mayamiko Mulemba	ICT officer	Public Private Partnership Commission
Walusungu Gondwe	Chief Digital Solutions Architect	Public Private Partnership Commission
Bessie Msusa	Deputy Director - Planning	Ministry of Information and Digitalization
Paul Kanthambi	Data Centre Manager	eGovernment Department - MID
Ackim Sanuka	Snr. Deputy Director	eGovernment Department - MID
Khama Ntelela	Economist	eGovernment Department - MID
Paul Katema	Director	eGovernment Department-MID
Brighson Simtowe	Principal Administrative Officer	eGovernment Department-MID
Andrew Nyirenda	Director of Economic Affairs	Malawi Communications Regulatory Authority
Ronald Tembo	Head of Universal Services Fund	Malawi Communications Regulatory Authority
Thokozani Chimbe	Director of Legal Services	Malawi Communications Regulatory Authority
Lumbani Mwafulirwa	Chief State Advocate	Ministry of Justice
Solomon Dindi	Chief Executive Officer	Malawi Research and Education Network
Alexius Chipalamwazani	Systems Manager	Malawi Research and Education Network
Daudi Suleman	Director General	Malawi Communication Regulatory Authority
Ronald Tembo	Head of Universal Service Fund	Malawi Communication Regulatory Authority
Mak Sambo	Principal Secretary	National Registration Bureau
Noel Chikhungu	Director	National Registration Bureau
Twitike Mbawala	Principal ICT Office	Ministry of Energy

Briytone Mutichiro	Consultant	E4C
Willie Kachaka	Consultant	E4C
Andrew Alfred Massa	Consultant	E4C
Rex Wonga	Consultant	E4C
Luda Bujoreanu	Senior Digital Development Specialist	World Bank
Tim Kelly	Lead Digital Development Specialist	World Bank
Paul Ndungutse	Senior Digital Development Specialist	World Bank
Justina Kajange	Operations Analyst	World Bank
Trust Chamukuwa Chimaliro	Senior Financial Management Specialist	World Bank
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Annex 3: Project Results Framework

Table 1 below summarizes the likelihood of PDO targets achievement.

Table 1. Status of PDO indicators as of May 2024 *

PDO Indicator	Target	Progress	Achievement Status Likelihood May, 2024	Achievement Status Likelihood with 4 months extension
Increase access to affordable, high quality services				
Internet Users per 100 people (Percentage)	42 (original target 30)	42.77	Achieved & exceeded original target of 30 and stretch target of 42	n.a.
Retail Price of Pre-Paid Mobile Broadband Monthly Bundle, 500MB Data Volume (USD)	2.00	1.28	Achieved & exceeded	n.a.
Number of Public Institutions Utilizing High Speed Internet Connections Under the Project	400	625	Achieved & exceeded	n.a.
Direct project beneficiaries	6,280,000	8,453,000	Achieved &	n.a.

			exceeded	
Female beneficiaries (Percentage)	48	49	Achieved & exceeded	n.a
Improve the government's capacity to deliver digital public services				
Number of Transactions Per Year Utilizing the Shared Digital Services Platform	25,000	118,000	Achieved & exceeded	n.a.
People obtaining new digital skills or knowledge under the project	5,000	19,000	Achieved & exceeded	n.a.
Of which, Percentage of Women and Girls obtaining new digital skills or knowledge under the project (Percentage)	50.00	51.90	Achieved & exceeded	n.a.

Table 2. Status of Intermediate Result indicators as of May 2024 *

Intermediate Results Indicators by Components	Target	Progress	Achievement Status Likelihood May, 2024	Achievement Status Likelihood by ICR (31 Dec 2024)
Digital Ecosystem				
Publication and Adoption of National Strategies for Broadband Access and Digital Government	2	2	Achieved	n.a.
Average wholesale monthly price per Mbit/s of international internet bandwidth (USD)	50 (Original target 85)	10	Achieved & exceeded original & current targets of 85 & 30	n.a.
Digital Connectivity				
Percentage of the population covered by at least a 3G mobile network (Percentage)	90 (Original target 60)	88.62	Achieved & Exceeded original & current target of 60 & 90 PPC/MACRA	n.a.
Number of Higher Education Students Provided with Enhanced with Access to the Internet Under the Project	50,000 (Original target 10,000)	83,811	Achieved & Exceeded original & current targets of 10,000 & 50,000	n.a.
Digital Platforms and Services				
Number of e-Services and Applications Utilizing the Shared Services Platform	8	9	Achieved & Exceeded	n.a.
Number of MDAs and LGAs using eProcurement System	6.00	0	Pending completion of eGP phase 1	Likely
Digital services developed based on priorities identified through citizen engagement (Yes/No)	Yes	Yes	Achieved	n.a

* *May interim status report - All eight updated PDO indicator targets (and all the original targets), and six of the seven updated intermediate indicator targets have now been met. The single remaining target is achievable by the time of the ICR completion.*

Annex 4: Summary of DMAP Technical Discussions and Negotiations

1. The mission team held technical discussions with the PPPC, MID and project beneficiaries (including MACRA, MAREN, NRB and Lands Management) on May 14-15, 2024, followed by full negotiations on May 16. The Minutes of Negotiation were signed electronically on May 20.
2. On the side of the Malawi Government, the negotiations were led by Robert Kaudzu, Deputy Director for Debt and Aid at the Ministry for Foreign Affairs and Economic Development, with the participation of colleagues from MOFED, Ministry of Justice, PPPC and all beneficiaries. On the World Bank side, the negotiations were led by the co-TTLs, Luda Bujoreanu and Tim Kelly, and by the country lawyer, Ntayi Bandawa.
3. The full negotiated amount for DMAP is US\$150m, which will be made available to the Government as a grant. However, in this FY24, only US\$70m will be available with the remaining US\$80m following once IDA funds are available. DMAP is one of three country operations under the Inclusive Digitalization for Eastern and Southern Africa (IDEA) Multiphase Programmatic Approach (MPA), which is due to be approved by the WB Board on June 27, 2024. The full list of negotiated documents is listed below:
 - a. Project Appraisal Document (PAD)
 - b. Financing Agreement (FA)
 - c. Disbursement Finance and Information Letter (DFIL)
 - d. Environmental and Social Commitments Plan (ESCP)
 - e. Procurement Plan (PP)

Annex 5: List of potential use cases for *Bomalathu* Data Exchange Platform

SN	MDA	STATUS	USE CASES
1	National Registration Bureau (NRB)	Onboarded	NRB integration onto <i>Bomalathu</i> platform brings identity data closer to third-party systems at MDAs as a single source of truth for online identity verification to improve service delivery across sectors <ul style="list-style-type: none"> - Reduces mobile money fraud through matching of identity data (NRB) with SIM card registration data (mobile operators) - Provide for beneficiary identity and age verification through integration with social protection beneficiary registries. It is expected that most of the “traffic” on <i>Bomalathu</i> will be for identity verification requests. -
2	Malawi Revenue Authority (MRA)	Onboarded	<ul style="list-style-type: none"> - Taxpayer identity verification through MRA-NRB integration is expected to reduce cases of tax evasion. - Improves tax collection through integration with public procurement data (by matching contract values with annual tax returns)

			<ul style="list-style-type: none"> - Reduces tax evasion and fraud through online and real-time tax document validation. - Improves taxpayer experience through integration with digital payment methods (upcoming).
3	Department of Registrar General (DRG)	Onboarded	<ul style="list-style-type: none"> - Reduces tax evasion by directly associating business registrant with taxpayer identification data (DRG-MRA integration) - Simplifies (online) business registration through real-time identity verification via DRG-NRB integration.
4	Accountant General Department (AGD)	Onboarded	<ul style="list-style-type: none"> - Significantly reduces the cost of secure routine data exchange between Accountant General and the Reserve Bank of Malawi - Through the integration of IFMIS and the <i>Bomalathu</i> e-Services Portal, citizens will be able request for government services, generate invoices and initiate digital payments. This will eliminate the need to queue for services at various MDAs.
5	Department of Economic Planning and Development (DEPD) - Universal Beneficiary Registry (UBR)	Onboarded	<ul style="list-style-type: none"> - Integration with NRB identity data will reduce cases of identity fraud and age cheating. - Will facilitate the implementation of direct digital payments (choice model), thereby eliminating the challenges associated with cash payouts for social safety nets programs. - <i>Long term</i>: matching of beneficiary data with SME data available at the Ministry of Trade will help track long-term impact of social safety nets programs (e.g. how many beneficiaries have graduated and progressed to register own enterprises)
6	Ministry of Health (MoH)	Onboarded	<ul style="list-style-type: none"> - Citizens will be able to easily locate health service providers within their vicinity in real-time via integration of health providers' data with <i>Bomalathu</i>. - Citizens will be able to easily obtain health certificates online. - Law enforcers will be able to digitally verify health documents.
7	Reserve Bank of Malawi	Onboarded	<ul style="list-style-type: none"> - Direct and secure integration with Accountant General (IFMIS) will eliminate the need for 3rd-party data exchange service providers, hence reducing cost to government.
8	Ministry of Lands Housing and Urban Development (MoLHUD)	Pending	<ul style="list-style-type: none"> - Citizens will be able to verify ownership of land in real-time, hence avoiding fraud in land transactions. This is possible through integration with NRB identity data and the <i>Bomalathu</i> portal. - Integration with MRA will improve tax collection through tracking of land transactions.
9	Ministry of Education (MoE)	Pending	<ul style="list-style-type: none"> - Students will be able to register and pay for examinations online through the <i>Bomalathu</i> portal. - Employers will be able to verify certificates online.
10	Directorate of Road Traffic and Safety Services (DRTSS)	Pending	<ul style="list-style-type: none"> - Citizens will be able to process vehicle registration and certification online via DRTSS integration with <i>Bomalathu</i>
11	Department of Human Resource Management and Development (DHRMD)	Pending	<ul style="list-style-type: none"> - Integration with NRB identification, death and birth data will address the issue of "ghost workers" - Direct integration with IFMIS will address challenges associated with manual payroll processing and data exchange