



SG/E/2021/16A KAZANDO

Malawi NRW Water Efficiency
(Malawi)

Monitoring report

15 December 2022

Complaint confidential: No

External distribution

Complainants
Promoter

Internal distribution

Relevant EIB project team

Disclaimers

This report is based on the information available to the EIB Group Complaints Mechanism up to 14 December 2022.

The objective of this monitoring report is to provide an update on developments following the issuance of the dispute resolution report dated 26 July 2022,¹ specifically regarding the implementation of the listed action points.

¹ [Dispute resolution report SG/E/2021/16A Kazando dated 26 July 2022.](#)

1 PROJECT

- 1.1 In November 2016, the EIB Board of Directors approved financing of up to €24.6 million for the Malawi NRW Water Efficiency project.² The total estimated cost of the project is €60.4 million. The project is being developed by the Northern Region Water Board (NRWB or the promoter).
- 1.2 The project involves the optimisation of available water resources to bridge the gap in water demand and aims to ensure a reliable water supply, primarily for people living in the Mzuzu and Ekwendeni areas in the northern region of Malawi. The project's main components consist in upgrading and extending the water distribution system, upgrading water treatment works, reducing leakages, and improving network management and the water supply to low-income areas. Certain plans are also expected to be carried out in the medium to long term, including a new water supply dam on the Lambilambi River.

2 COMPLAINT

- 2.1 On 9 July 2021, the EIB Group Complaints Mechanism (the Complaints Mechanism) received a complaint from members of several communities in the Mzuzu area (the complainants) regarding the Malawi NRW Water Efficiency project financed by the European Investment Bank (EIB). For easier understanding, this monitoring report concerns the members of the Kazando community only.
- 2.2 The Complaints Mechanism carried out an initial assessment to clarify and understand the concerns raised by the complainants and to determine if further work by the Complaints Mechanism was necessary and possible to address the allegations and resolve the issues raised by the complainants. In January 2022, the Complaints Mechanism issued the initial assessment report and proposed to proceed with collaborative dispute resolution.³

3 DISPUTE RESOLUTION PROCESS AND REPORT

- 3.1 Between December 2021 and March 2022, the parties engaged in two rounds of dialogue led by facilitators appointed by the Complaints Mechanism. Despite some progress in implementing the agreement on the way forward, it quickly became apparent that full and timely implementation of a number of issues would be challenging. The Complaints Mechanism therefore continued to facilitate the dialogue between the parties beyond the initial agreement on the way forward. Between 3 and 5 July 2022, the Complaints Mechanism convened a final round of dialogue between the parties with the Regional Commissioner for Lands North present as an observer. The process concluded after this third session of dialogue with an agreement. The Complaints Mechanism issued a dispute resolution report on 26 July 2022.⁴
- 3.2 The Complaints Mechanism welcomed the active and constructive participation of the parties in the dispute resolution process. The process provided a forum for dialogue and exchange and an opportunity to understand the concerns and limitations of each party better. On 5 July 2022, the parties signed the settlement agreement reached during the facilitated dialogue,⁵ reaching agreement on five items: (i) installation of three communal water points, (ii) payment of the remaining compensation to 13 households, (iii) rehabilitation of a hall to be used as a health centre in Kazando as part of the promoter's corporate social responsibility efforts, (iv)

² Available at: <https://www.eib.org/en/projects/pipelines/all/20160106>.

³ [Initial assessment report dated 18 January 2022](#).

⁴ [Dispute resolution report SG/E/2021/16A Kazando dated 26 July 2022](#).

⁵ [Settlement agreement dated 5 July 2022](#).

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maintenance of some roads in Kazando, and (v) assessment of payments and of the damage to structures.

4 IMPLEMENTATION

- 4.1 Following the publication of the dispute resolution report, the Complaints Mechanism followed up with the promoter and the Kazando community on the implementation of the agreed action points.
- 4.2 By the end of August 2022, the promoter paid the missing compensation and for the damage to structures, which closed the related actions. As at the beginning of December 2022, the promoter had made good progress with the communal water points and the maintenance of the roads with an expected closure of the main respective action points by the end of December 2022. The table below lists each action point and its implementation status.

No	Actions	Responsible for implementation	Implementation status
Communal water points			
1.	The parties agreed to meet by Saturday 9 July 2022 to discuss and agree on the exact location where the three water points would be installed.	Promoter and community representatives	On 22 July 2022, the parties discussed and agreed on the location of three communal water points in Kazando. The Complaints Mechanism considers this action point closed .
2.	Install three communal water points in Kazando by 31 August 2022.	Promoter	According to the promoter, the construction of communal water points has been delayed due to challenges in the procurement processes for materials to connect the communal water points to the existing network. On 2 December 2022, the promoter acquired the materials and was planning to finish the installation of the three water points by 30 December 2022. The Complaints Mechanism considers this action point ongoing .
3.	The representatives of the Kazando community and the promoter will coordinate to provide information to members of the Kazando community about the possibility of connecting to the feeder pipes for the communal water points.	Promoter and community representatives	The promoter has processes in place for connecting to the feeder pipes and members of the community may contact them for assistance with this. On 9 December 2022, the promoter met with the representative of the Kazando community and shared leaflets for community members with information about how to connect to the feeder pipes. The promoter and community representative also agreed to have a meeting after the construction of the communal water points to disseminate information on new water connection procedures. The Complaints Mechanism considers this action point ongoing .
4.	Six months after the installation of the three communal water points, the promoter shall assess how these communal water points are being	Promoter	This action point will only start once the three communal water points are put in place. The Complaints Mechanism considers this action point ongoing .

	used and if there is sufficient demand for the installation of two additional communal water points in Kazando.		
Missing compensation			
5.	On Tuesday 5 July 2022, the Regional Commissioner for Lands North shall send the draft valuation report for the missing households to the promoter.	Promoter and Regional Commissioner for Lands North	On 5 July 2022, the Regional Commissioner for Lands North submitted the draft valuation report for the 14 missing households to the promoter. The Complaints Mechanism considers this action point closed .
6.	On Friday 8 July 2022 at 9.30 a.m., the promoter and the Regional Commissioner for Lands North will meet with the concerned community members to disclose the valuations (the disclosure meeting). The representatives of the Kazando community must inform the concerned community members promptly about the disclosure meeting.	Promoter and representatives of the community	The draft valuation report for 14 households was disclosed and signed by the people concerned on 8 July 2022. The Complaints Mechanism considers this action point closed .
7.	The Regional Commissioner for Lands North shall send the final valuation report to the promoter on Monday 11 July 2022.	Promoter and Regional Commissioner for Lands North	The Regional Commissioner for Lands North sent the final valuation report to the promoter on 14 July 2022. The Complaints Mechanism considers this action point closed .
8.	Based on the final valuation report, the promoter must pay compensation to the community members concerned by 31 July 2022.	Promoter	On 4 August 2022, the promoter paid compensation to the 17 affected members of the community. The Complaints Mechanism considers this action point closed .
Rehabilitation of a hall to be used as a health centre			
9.	The representatives of the Kazando community shall consult the Mzimba North District Health Office and City Health Department on the requirements for the health centre and pass on the information obtained to the promoter.	Community representatives	Following the request of the Kazando community, in November 2022, representatives from the Mzimba North District Health Office inspected the hall to be used as a health centre. The Mzimba North District Health Office is expected to make a second visit in December 2022 and issue the final report with the requirements for the health centre by the end of December 2022. The Complaints Mechanism considers this action point ongoing .
10.	Based on the information on the requirements for the health centre, the promoter shall estimate the cost of such rehabilitation and	Promoter	This action point depends on the information provided by the community representative regarding the requirements for the health centre (action point 9).

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	make a proposal through its Corporate Social Responsibility Committee.		The Complaints Mechanism considers this action point ongoing .
11.	Work together on the rehabilitation of the hall to be converted into a health centre.	Promoter and community representatives	This action point depends on points 9 and 10 above. The Complaints Mechanism considers this action point ongoing .
Maintenance of the roads			
12.	By 22 July 2022, the promoter shall assess which other smaller roads around the Kazando water tanks may need to be graded.	Promoter	The promoter has identified all roads requiring grading around the Kazando water tanks. The Complaints Mechanism considers this action point closed .
13.	By 30 September 2022, grade the main road to Kazando and the smaller roads around the Kazando water tanks (based on the promoter's assessment), including filling and compacting where necessary as well as some basic drainage.	Promoter	The procurement and hiring process took longer than initially expected due to the limited availability of graders in Mzuzu. The graders are usually hired for extended periods, and it is difficult for contractors to reassign and transport them for a couple of days only. On 5 December 2022, the promoter finalised the process of procuring a contractor. The promoter plans to complete the grading by 30 December 2022. The Complaints Mechanism considers this action point ongoing .
14.	Representatives of the Kazando community and the promoter shall meet to discuss when and how to inform and involve other stakeholders, including local entities, on the issue of road maintenance.	Promoter and community representatives	The promoter approached the Mzuzu City Council about the maintenance of the concerned roads in Kazando. On 9 December 2022, the representative of the Kazando community and the promoter discussed when and how to inform and involve other stakeholders. The Complaints Mechanism considers this action point closed .
Damage to structures			
15.	The promoter agreed to assess the damage and evaluate the cost and to disclose this information to the 17 households concerned by Friday 22 July 2022.	Promoter	The promoter completed the assessment of the damage to structures in Kazando by 13 July 2022 and disclosed the information to the 17 households concerned. The Complaints Mechanism considers this action point closed .
16.	If there are any concerns about the amount to be paid, the representatives of the Kazando community and the promoter must consult the Regional Commissioner for Lands North, who has offered to provide guidance on reasonable costing to the parties based on its valuation experience.	Promoter, community representatives and Regional Commissioner for Lands North	No grievances regarding the amount to be paid have been received or registered. The Complaints Mechanism considers this action closed .

17.	The promoter must make the payments by 31 August 2022.	Promoter	<p>On 26 August 2022, the promoter made the payments to 15 households. Two households had already been paid previously for the damaged structures in question.</p> <p>The Complaints Mechanism considers this action point closed.</p>
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- 4.3 The Complaints Mechanism praises both parties for the implementation of the action points and encourages them to continue their constructive dialogue where necessary.

5 OUTCOME

- 5.1 Given the above, the Complaints Mechanism will continue to monitor the remaining action points.