

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: AB4632

<b>Project Name</b>	MW-Second HIV/AIDS SIL (FY08)
<b>Region</b>	AFRICA
<b>Sector</b>	Health (100%)
<b>Project ID</b>	P107545
<b>Borrower(s)</b>	
<b>Implementing Agency</b>	
	NATIONAL AIDS COMMISSION P. O. BOX 30622 LILONGWE 3 Malawi Tel: (265) 01 770 022
<b>Environment Category</b>	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	March 16, 2009
<b>Date of Appraisal Authorization</b>	February 19, 2009
<b>Date of Board Approval</b>	May 5, 2009

Country and Sector Background

1. Malawi is among the countries in Southern Africa at the epicenter of the HIV/AIDS pandemic. Estimates indicate that 12 percent of adults (15-49 years) in the country are currently living with HIV infection. The general national epidemiologic trend over the past few years has been that of stabilization of the antenatal HIV seroprevalence, although mainly in semi-urban areas. Malawi's epidemic is heterogeneous in nature, with respect to gender, age, socioeconomic, and geographic differentials. There have been recent increases in prevalence in some urban and rural areas, particularly in the rural northern, central, and southern parts of Malawi. Given that over 85 percent of Malawi's population lives in rural areas, the 2009 Joint Annual HIV/AIDS Review concluded that an upward trajectory in national prevalence is likely in the coming years, given the limited impact of rural prevention programs, to date. Current estimates of the burden of HIV, based on projections from antenatal and population based estimates, indicate that about 100,000 new HIV infections occur every year in Malawi and that about 930,000 Malawians are living with HIV infection.

2. Despite the challenging development context of Malawi, substantial progress has been made during the last four years of IDA financing, especially in testing, treatment and care of those affected by HIV/AIDS. The proposed Additional Financing builds on these achievements and seeks to ensure that the momentum developed to date is continued and intensified, while also focusing on the identified and substantial gaps. The national program is now in a position to substantially increase its reach and impact, particularly with respect to strengthening prevention and the rural/decentralized response to HIV/AIDS.

3. The proposed Additional Financing will support the financing of expanded activities that scale-up the original project's impact and development effectiveness, including the strengthened focus on evidence-based prevention strategies for vulnerable groups. Additional Financing has been assessed by IDA and Government as the appropriate instrument to consolidate and expand gains from the original IDA operation. Addressing HIV/AIDS in a comprehensive and sustained manner requires a long-term commitment and the continued involvement of the Bank is consequently viewed as both politically and financially critical. As noted earlier, the proposed Additional Financing operation would finance a further

three year time slice of a national program. This scale-up requires the indicated additional financial resources, as indicated.

4. The project remains as originally designed and appraised. The proposed changes are marginal and consist primarily of extending the Bank’s financial contribution to the project by US\$30 million. The economic, financial, and technical justifications remain the same as in the original project. The components, and implementation modalities also remain unchanged.

#### Objectives

5. The proposed objective of this operation is to increase the coverage and utilization of prevention and treatment services, and to mitigate the impact of HIV/AIDS with a particular focus on highly vulnerable populations.

#### Rationale for Bank Involvement

6. The Government views IDA’s continuing financial support as critical to addressing fiduciary and technical needs over the next three years, a “bridging period” during which the next National Action Framework, supporting a stronger evidence-based approach, will be finalized. The final year of the proposed Additional Financing operation will support the development of the next National Action Framework, thereby continuing and strengthening the evidence-based approach of the previous period.

#### Description

7. An SDR 25.4 million (US\$35.0 million equivalent) IDA grant in support of the Malawi Multi-Sectoral HIV/AIDS Project was approved by the Board of Executive Director’s on July 29, 2003 and became effective on February 6, 2004. The project is expected to close on June 30, 2009 and is expected to be fully disbursed prior to closing. This FY04 operation was part of the first phase of the Multi-Country HIV/AIDS Program (MAP) for Africa. The project components included: (i) prevention and advocacy; (ii) treatment, care and support; (iii) impact mitigation; (iv) sectoral mainstreaming; (v) capacity building and partnerships; (vi) monitoring, evaluation, and research; and (vii) national leadership and coordination. The project has supported a comprehensive range of prevention, treatment, and social support services and has focused on increasing and strengthening programmatic and management capacity. The project components and institutional modalities remain unchanged for the proposed Additional Financing operation.

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#### Financing

Source:	(\$m.)
BORROWER/RECIPIENT	0
IDA Grant	30
Total	30

#### Implementation

9. The institutional arrangements for the Additional Financing remain unchanged from the original operation. The National AIDS Commission (NAC) remains the institutional home of the national multisectoral response in Malawi. The NAC has been a stable agency in terms of both governance and management over the past seven years. The partners to the pooled financing mechanism, including the World Bank, provide budget support in support of the National Action Framework, and subscribe to agreed common systems for planning, financial management, financial and program reporting, procurement, auditing and monitoring and evaluation and program reviews.

10. The mechanism of operation of this common/pooled funding mechanism is outlined in a Memorandum of Understanding signed by all involved agencies, on June 20, 2003, at the inception of the original IDA investment. Through the HIV/AIDS Pool, the partners fund implementation of a joint integrated annual work plan with agreed outputs and timeframes. The overall coordination of the national response to HIV/AIDS is the responsibility of the National AIDS Commission (NAC), a semi-autonomous agency under the Office of the President.

11. As a result, whereas coordination of the annual work plan preparation for the HIV/AIDS Pooled Funding is the responsibility of the NAC, the actual implementation of activities is contracted out to a wide range of stakeholders including public sector institutions and line ministries, non-Governmental organizations, private sector entities, faith-based organizations, and community based organizations, including organizations of People Living with HIV/AIDS. Program funding is made available to implementers through an internal Grant Management Unit managed by NAC.

#### Sustainability

12. Key issues related to the institutional, technical, and financial sustainability of the proposed Additional Financing are summarized below.

- a) *Institutional sustainability:* The National AIDS Commission has developed substantial experience in managing and coordinating the national response over the last 6 years. Most of the program is being implemented through existing institutions in the country, particularly the Ministry of Health and other line ministries. While there are capacity challenges related to the line ministries, as noted above, there are also continuing efforts to address these issues over the long run. The planned greater focus on decentralized structures, including District Assemblies, will also help to assure longer term institutional sustainability.
- b) *Technical sustainability:* A significant proportion of the national program is related to the bio-medical response (testing and treatment), which is implemented through the Ministry of Health and the Christian Health Association of Malawi (CHAM). They have put in place quality assurance systems to improve the technical quality of their HIV/AIDS services. Impact mitigation activities are implemented through districts, NGOs and CBOs. Funding to these organizations is on the basis of their existing activities in supporting individuals, families and communities.
- c) *Financial sustainability:* Financial sustainability of the national response continues to be a major risk of this program. The NAF program is heavily dependent on donor funding, with approximately 3- percent of contributions from the government, and the rest coming from external sources. A large proportion of the national health budget already is spent on HIV/AIDS-related services (estimated as up to 60 percent), and if projections for number of people to be provided ARVs are realized, then it is likely that HIV/AIDS funding could dwarf the entire national health budget. The estimated HIV/AIDS funding calculated to be required annually to reach the Universal Access targets would come to approximately 3 percent of Malawi's GDP.

### Lessons Learned from Past Operations in the Country/Sector

13. The proposed operation is Additional Financing to the on-going HIV/AIDS project in Malawi. As such, lessons from the past four years of implementation are reflected in its design, particularly with respect to the indicated emphasis on prevention and highly vulnerable populations.

### Safeguard Policies (including public consultation)

14. The waste management plan of the original operation remains relevant given the consistency in program design, structure, and activities. As a result, the Africa Regional Safeguards Unit has confirmed that no further safeguards assessments are required.

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
<a href="#">Environmental Assessment (OP/BP 4.01)</a>	[x]	[ ]
Natural Habitats ( <a href="#">OP/BP 4.04</a> )	[ ]	[ x]
Pest Management ( <a href="#">OP 4.09</a> )	[ ]	[ x]
Physical Cultural Resources ( <a href="#">OP/BP 4.11</a> )	[ ]	[ x]
Involuntary Resettlement ( <a href="#">OP/BP 4.12</a> )	[ ]	[ x]
Indigenous Peoples ( <a href="#">OP/BP 4.10</a> )	[ ]	[ x]
Forests ( <a href="#">OP/BP 4.36</a> )	[ ]	[ x]
Safety of Dams ( <a href="#">OP/BP 4.37</a> )	[ ]	[ x]
Projects in Disputed Areas ( <a href="#">OP/BP 7.60</a> )*	[ ]	[ x]
Projects on International Waterways ( <a href="#">OP/BP 7.50</a> )	[ ]	[ x]

### Contact point

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\* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

