PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: AB4728

Project Name	AIDS-SUS (National AIDS Program - National Health Service)
Region	LATIN AMERICA AND CARIBBEAN
Sector	Health (100%)
Project ID	P113540
Borrower(s)	FEDERATIVE REPUBLIC OF BRAZIL
Implementing Agency	MINISTRY OF HEALTH
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A. COUNTRY AND SECTOR BACKGROUND

Key development issues

Since the emergence of the epidemic, Brazil has been a global leader in the response to HIV/AIDS. The country has achieved notable success in controlling the spread of the disease and preventing new infections. However, Brazil is now challenged to revisit its HIV/AIDS strategy in order to address a changing epidemic. Brazil, as a large country that is socially, economically and culturally complex, is witnessing changes in the epidemic's profile that may be similar to changes that are happening on a narrower scale in other locations. As such, the country has the opportunity to remain at the forefront of the response to HIV/AIDS, as it embarks on designing innovative responses to the epidemic that can be applied to a variety of countries. The Government of Brazil has requested Bank collaboration on a unique program that further addresses the current evolution of the epidemic.

Although about one third of all people living with HIV in Latin America reside in Brazil, the country has defied early dire predictions. In the early 1990s, the epidemic was increasing in Brazil at the same rate as in Africa. Due to the efforts of the government and civil society, however, Brazil has been able to contain the epidemic at 0.6% of the adult population and has halved the number of AIDS-related deaths. The Brazilian epidemic is still concentrated in highly groups most at risk, with 50% of AIDS cases reported among men who have sex with men (MSM), sex workers (SW) and injecting drug users (IDU). Unprotected sex between men is estimated to account for about half of all HIV infections that are sexually transmitted in Brazil. Injecting drug users (IDU) and sex workers (SW) are also at significantly increased risk of infection as compared with the population in general.

However, Brazil is facing an evolving epidemic, with different epidemiological profiles emerging that may require distinct Program responses targeted to specific groups and regions of the country. In recent years, the epidemic has been spreading to females, poorer groups, and towards the interior of the country.

The Government has invested heavily in the prevention and treatment of HIV/AIDS and other sexually transmitted infections (STIs), providing condoms to highly groups most at risk, and antiretroviral treatment to all identified patients who qualify for it, free of charge. The program has put in place a solid institutional framework, which has been strongly supported by partnerships with state and local Governments and a wide range of NGOs. The program engaged on decentralization and initiated integration into primary health care; it has developed technologies that allow for more efficient and decentralized action against the epidemic; and established MONITOR-AIDS to monitor, evaluate, and report on program and project results.

Despite the numerous achievements of the Program, significant challenges persist, relating, among others, to the evolving epidemic with different profiles throughout the country, poor coverage of highly groups most at risk (MSM, SW, IDU), increased expenditures and other needs posed by PLHIV survival, developing monitoring and evaluation capacity at all levels, and weak fiduciary capacity at decentralized levels. In addition, like all sectors, health is affected by general issues of governance failures, notably the lack of incentives and accountability. The program is moving towards a renewed focus on traditional groups most at risk (MSM, SW, IDU, prisoners), while identifying and reaching new groups most at risk (young homosexual men who do not participate in traditional networks, young women), in underserved regions (either poorer areas in the South and Southeast or in the North and Northeast); integrating the national response to HIV/AIDS into the overall health system; and further developing surveillance, R&D and M&E, in a way that can serve as a model for other programs. The program is committed to improve governance throughout the three levels of implementation (federal, state and municipal), aiming at increasing its effectiveness. Establishing an evidence-based culture requires strong monitoring and evaluation, anchored on surveillance, research and other M&E activities.

B. PROJECT DEVELOPMENT OBJECTIVES AND KEY INDICATORS

The Project Development Objectives are:

(i) Increase access and utilization of prevention, care and treatment services by groups most at risk of HIV/AIDS and STI; and

(ii) Improve the national HIV/AIDS and STI program performance through decentralization, improved governance and results-based management.

The project would track Project Development Indicators (PDIs) to measure progress towards achievement of the PDOs. Some of these indicators would trigger disbursements. The remainder of the indicators would measure implementation progress and contribute to substantive dialogue between Government counterparts and Bank experts during project implementation.

C. RATIONALE FOR BANK INVOLMENT

The Government has explicitly sought continued Bank support by virtue of the continued collaboration and "embedded knowledge" about HIV/AIDS in Brazil and elsewhere. Bank involvement is key on two fronts: further strengthening of an evidence-based health system and public sector reform. The Bank participation facilitates work with groups most at risk, and it brings to the fore the Bank's substantial know-how on health system strengthening, program governance and public sector management, and on M&E. The changing global health financing architecture has made significant grant funds available for HIV/AIDS globally. However, the Bank is the only significant external source of financing for AIDS. The project would complement previous Bank assistance to the prevention and control of HIV/AIDS and STIs in Brazil. The proposed project would complement activities undertaken by other Bank-financed health projects - VIGISUS, Family Health and QUALISUS – to strengthen the health system as a whole. The Bank has extensive experience in assisting countries in Latin America and other regions to strengthen health care systems, including through the establishment of primary health care and modernization and rationalization of the hospital sector.

The new project aligns closely with the current public sector reform processes underway in Brazil. A reform movement has been sweeping Brazil's public sector, aimed at making decentralized Government more responsive to demands for services and more accountable to citizens. The so-called "*Choque de Gestão*" (Management Shock) model, first launched by the Government of Minas Gerais, involves securing a healthy macroeconomic and fiscal situation, improving efficiency and service quality in key sectors that account for a significant part of state expenditures, and committing the state Government to measurable results, among other managerial innovations. The MOH has been engaged on developing results-based management in the context of decentralization to states and municipalities for several years. The project would support the program to further develop results-based financing to states, municipalities and Civil Society Organizations (CSO). In addition, Bank support is sought to assist Brazil in addressing the persistent issue of capacity within national, state and municipal institutions. The problems with M&E and procurement in the prior project revealed some systemic areas of weakness and reinforce the urgency of capacity-building in these areas.

Successfully navigating these challenges will keep Brazil in the forefront among developing countries as it transitions from a single-disease focus to a more systemic approach. Much has been done and learnt in Brazil that has been used in other countries. By further developing the work with groups most at risk, based on evidence and governance based on results, the program will serve as a model to other programs dealing with the same issues in the context of South-South cooperation. Bank's engagement will continue facilitating learning from the Brazil AIDS Program.

D. DESCRIPTION

The Project comprises two components (i) Component 1 - Improve surveillance, prevention and control of STI and HIV/AIDS; and (ii) Component 2 - Build decentralized governance capacity and innovation. The program is financed by three budget lines: (i) Surveillance, Prevention and Control of HIV/AIDS and STIs; (ii) Federal Financial Transfers to States, Municipalities and the Federal District for Prevention and Care of HIV/AIDS and other STIs; and (iii) Federal Financing of Anti-Retroviral Drugs. Component 1 would finance EEPs (i) and (ii), focusing on results, strengthening local implementation capacity, and dissemination of benefits to the entire program. It would follow a SWAp approach disbursing against actual expenditures in Eligible Expenditure Programs (EEPs) and disbursement-linked indicators (DLI). Component 2 would finance training and other activities to support implementation of Component 1, and it would disburse against unaudited interim financial reports (IFRs).

The program would reach out to groups most at risk in their networks and communities, and improve governance at all levels. The project would contribute to the development of relevant policies, guidelines and technical regulations for the health care network; and providing incentives to the health system at federal, state and municipal level, and to CSOs, to better serve the needs of groups most at risk. Transparency, accountability and social control would be improved by promoting performance-based management, and organization of services involving relevant networks. Monitoring and evaluation of HIV/AIDS and STIs would continue to be promoted throughout the program to induce the establishment at all levels of an evidence and results-based culture.

Component 1. Improve surveillance, prevention and control of STI and HIV/AIDS (US$190 million total cost; US$59 million Bank financing). This component would contribute to improving STI and HIV/AIDS surveillance, prevention and control among groups most at risk, by supporting critical policies, management, financing, institutional arrangements, and results attainment at the three levels of Government and in CSOs.

Component 2. Build decentralized governance and innovation capacity (US$10 million total cost; US$ 8 million Bank financing). This component would finance specific support and training for expanding prevention and care for groups most at risk, and improving the program's governance and innovation capacity. Resources are included for training in strategic planning, definition of indicators and M&E for staff at the three levels of Government and in CSOs. Among other activities, the Component assigns resources to (i) map the epidemic and interventions involving groups most at risk by region; (ii) foster M&E and results-based activities; (iii) carry out technical and fiduciary capacity building at decentralized level; (iv) hire an independent technical audit; (v) training in results-based management at the three levels of Government, and CSOs; and (v) conduct impact evaluations.

E. FINANCING

Source:	($m.)
Borrower	133
International Bank for Reconstruction and Development	67
Total	200

F. IMPLEMENTATION

Partnership arrangements. The Department of Surveillance, Prevention and Control of STI and AIDS Program (DST/AIDS) leads the STI and HIV/AIDS partnerships in Brazil, and participates in the UN-Theme group (UN-TG). Under UNAIDS coordination, the UN-TG provides a forum for all stakeholders (government, civil society, bilateral and multilateral agencies, including the Bank) to regularly exchange information and views, and carry out internal and external activities.

Institutional and implementation arrangements. The proposed project would be implemented over a four-year period**.** The Project's expected Effective Date is January 1, 2010, and the expected Closing Date is December 31, 2013. The Project would be coordinated and partially implemented by the MOH through the DST/AIDS. States, municipalities, and Civil Society Organizations (CSO) would play a key role within the Program, as well as other public and private partners. The project would be implemented nation-wide, reaching out to the 27 federal units, with the North, Northeast, and Center-East regions as a priority. About 500 municipalities included in the MOH's Incentive Policy were prioritized for the development of AIDS and STI prevention and control policies.

G. SUSTAINABILITY

The government policy to provide anti-retroviral treatment free of charge to all who qualify determines in great measure the sustainability of the Program. Although the project does not include financing for ARV, it would contribute to improve access to treatment, especially by groups most at risk, as well as the overall program's governance.

H. LESSONS LEARNED FROM PAST OPERATIONS IN THE COUNTRY/SECTOR

Confronting the sensitive issues that surround HIV/AIDS is critical for program success. Brazil confronted the sensitive issues surrounding HIV/AIDS without flinching. Strong, sustained political will is a necessary (but not sufficient) requirement for a successful HIV/AIDS program. In Brazil, the Government recognized the threat inherent in the HIV/AIDS epidemic at an early stage, and established the PN to manage the crisis.

Treatment saves lives and money, but its other effects must be managed carefully. While Brazil's treatment program clearly has saved lives, it has also saved money. The cost of ARV treatment is lower than estimated hospital costs for patients if they had not received treatment. Treatment does carry the risk of drug resistance, however, so treatment regimens must be closely managed and monitored. Finally, treatment cannot be promoted at the cost of prevention, which should remain any program's highest goal.

HIV/AIDS is a complex epidemic which demands a robust response that will rely heavily on existing institutions. An effective response program will utilize talent and capacity from the national health system, so a country with a more highly developed health network will be able to more easily establish and expand an HIV/AIDS response program. The integration of HIV

prevention and treatment services into the package of services commonly available at primary health centers was a particularly effective strategy and led to significant increases in demand, access and utilization of STI, HIV and AIDS services among beneficiary populations. Brazil's challenge going forward will be to integrate HIV and AIDS activities even more fully within the overall health system. Appropriate starting points are the Surveillance, Family Health and Basic Care Programs, which focus on issues such as the information basis available for decision making in the health sector, women's health, STI treatment and control of tuberculosis.

Civil society organizations play a critical role in AIDS programs. Brazil has been a leader in collaborating with CSOs. By the end of 2007, more than 1,000 organizations were coordinating activities with the program. For national HIV/AIDS programs, including such organizations can be not only a smart financial move (CSOs often have a better record of effective spending than Governments) but also can ensure that regional trends and issues are included in strategies and objectives set at the national level. Finally, CSOs often hold regional and central Governments accountable for their actions and their spending decisions, helping to ensure transparency and effectiveness.

A multi-sector approach can increase the reach and effectiveness of program activities. In Brazil, the program's approach did not involve the entire Government. However, key ministries were included that were critical to the PN's ability to reach certain populations and geographic locations. The program's response included such essential players as the Ministry of Health, the Ministry of Education and the Defense Ministry. The latter played a particularly significant role in some remote areas of Brazil, where the national army was the only Government institution in that location and was thus the only actor that could carry out education and prevention activities. Decentralization often progresses unevenly, depending on variable capacity among state or municipal-level actors. The program has increased monitoring and supervision, training and technical assistance to weaker states and municipalities.

I. SAFEGUARD POLICIES (including public consultation)

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

OP 4.10 is triggered, as the project would focus in regions where Indigenous groups live. The DST/AIDS prepared the project's Indigenous People Planning Framework (IPPF). The DST/AIDS develops protocols, and provide condoms, rapid HIV tests and ART to indigenous populations; FUNASA, the agency responsible for Indigenous Health, delivers services to Indigenous Populations. The Indigenous Health Program includes training of indigenous groups, CSOs working with indigenous groups, and health staff working in Indigenous Health Districts (*Distritos Sanitários Especiais Indígenas* - DSEI) on HIV/AIDS and other STIs.

OP 4.01 is not triggered. The project would not present any potential impacts that would be of environmental concern, and would not involve any resettlement. Given that this is a follow on project, with no new construction envisaged, no new environmental assessment would be required. Project activities would not result in increased waste, and the project would monitor the proper disposal of health care waste by health care providers. Under the project, the DST/AIDS would develop (i) a communication strategy for proper disposal of non biodegradable condoms (mainly feminine condoms); and (ii) a system of payment for environmental services to protect the forest and its biodiversity. This would provide an added stimulus to rubber tappers and their families to increase latex production thereby contributing to the financial and environmental sustainability of the extraction of non-timber forest products.

J. LIST OF FACTUAL TECHNICAL DOCUMENTS

Carta Consulta
Project Concept Note
PCN Decision Note
QER Meeting Package
QER Meeting Minutes
M&E Report
Social Assessment
IPPF

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