PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: PIDA211

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Malawi Nutrition and HIV/AIDS Project (P125237)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>AFRICA</td>
</tr>
<tr>
<td>Country</td>
<td>Malawi</td>
</tr>
<tr>
<td>Sector(s)</td>
<td>Other social services (35%), Central government administration (25%), Health (20%), Sub-national government administration (20%)</td>
</tr>
<tr>
<td>Lending Instrument</td>
<td>Specific Investment Loan</td>
</tr>
<tr>
<td>Project ID</td>
<td>P125237</td>
</tr>
<tr>
<td>Borrower(s)</td>
<td>Government of Malawi</td>
</tr>
<tr>
<td>Implementing Agency</td>
<td>National AIDS Commission, Department of Nutrition and HIV and AIDS</td>
</tr>
<tr>
<td>Environmental Category</td>
<td>B-Partial Assessment</td>
</tr>
<tr>
<td>Date PID Prepared</td>
<td>10-Jan-2012</td>
</tr>
<tr>
<td>Estimated Date of Appraisal Completion</td>
<td>23-Jan-2012</td>
</tr>
<tr>
<td>Estimated Date of Board Approval</td>
<td>27-Mar-2012</td>
</tr>
<tr>
<td>Decision</td>
<td></td>
</tr>
</tbody>
</table>

I. Project Context

1. Malawi is a landlocked country with a population of slightly more than 13.5 million. As one of southern Africa’s most densely populated countries, Malawi’s young and growing population is expected to reach 22.8 million by 2025. Approximately 90 percent of Malawi’s population lives in rural areas with the majority engaged in smallholder, rain-fed agriculture. While agriculture is the main source of Malawi’s economic growth, about 40 percent of GDP and over 90 percent of total export earnings, the high level of subsistence farming is a major contributor to poverty, estimated at 52 percent of the population in 2005. About 56 percent of the rural population is living in poverty, compared with approximately 25 percent of the population in urban areas. Malawi is one of the world’s poorest countries and is ranked 171 out of 187 countries on the United Nations Human Development Index (UNDP, 2010). Gross National Income (GNI) per capita is US$290.

2. Malawi has experienced uninterrupted solid growth from 2006-2010 with real GDP growth averaging about 7.4 percent, compared to an average of 2 percent for 1999-2004, amid a decline in inflation to mid-single digits. This growth was largely supported by sound economic policies. In addition to a positive macroeconomic environment, good weather and a fertilizer subsidy program have contributed to robust growth and moderate inflation. The significantly enhanced food security situation. However, recent political and economic developments in the country threaten to push the country off this growth trajectory and roll back the positive developments threatening the achievement of MDG indicators by 2015.

3. Malawi has witnessed a sharp deterioration of its economy over the past twelve months associated with the effects of an overvalued exchange currency on the external current account, low tobacco receipts, inadequate energy generation and supply, and weak relations with development partners due to governance concerns. Specifically, an off-track IMF Extended Credit Facility (ECF) program has affected budget support and the Millennium Challenge Corporation’s (MCC) US$350 million energy compact. As a result, the economy is also operating on low foreign reserves exacerbated by low tobacco receipts, reduced/absence of budget support and cuts in international credit lines. The intensification of foreign exchange controls and the overvaluation of the Kwacha have led to: (i) persistent fuel supply shortages; (ii) constraints on companies’ operations arising from the rationing of foreign exchange and consequent compression of imports of key intermediate inputs (and subsequent retrenchment of workers); (iii) the dislocation in import supply arrangements stemming from the build-up of external payments arrears by the private sector (approximately US$400 million backlog) and the widening of exchange rate premium to about 30 percent.

II. Sectoral and Institutional Context

4. HIV/AIDS and undernutrition are two important priorities which have considerable impact on human development and economic growth in Malawi. HIV/AIDS is estimated to yield a negative impact of 1-2 percent per year on GDP growth. Although the management of HIV/AIDS has improved average life expectancy from 46 years in 1987 to 54.6 years in 2010, substantial efforts are still required to make positive progress in containing the spread of HIV/AIDS. Similarly, through its impact on cognitive development, school performance and adult productivity, malnutrition is associated with lower wages, lower lifetime earnings and increased poverty. The total economic loss due to malnutrition (principally stunting and anemia) over a period of ten years in present value terms is estimated at US$446 million.

5. The Malawi Growth and Development Strategy II (MGDSII) 2011-2016 outlines the country’s medium term objectives of poverty reduction through sustainable economic growth, social development, reduced vulnerabilities and improved governance. The Government of Malawi (GoM) sees the fight against HIV/AIDS and malnutrition as priorities for human development and the MDGs. To adequately address health challenges and raise the health status of all Malawians, Government has identified Public Health, Sanitation, Malaria and HIV and AIDS Management as key priority areas. The management of nutrition has recently been highlighted as a key area of intervention under the nine thematic areas in the MGDSII with a budget line for nutrition created. In recognition of the multisectoral nature and the public health priority of HIV/AIDS and malnutrition, in 2004, the Government of Malawi created the Department of Nutrition, HIV and AIDS (DNHA) in the Office of the President and Cabinet (OPC) to coordinate policy development and implementation.
III. Project Development Objectives

The project development objective is to increase access to and utilization of selected services known to contribute to the reduction of child stunting, maternal and child anemia and the prevention of HIV and AIDS in children and sexually active adults.

IV. Project Description

Component Name


V. Financing (in USD Million)

For Loans/Credits/Others Amount
BORROWER/RECIPIENT 10.00
International Development Association (IDA) 80.00
CANADA Canadian International Development Agency (CIDA) 13.10
Total 103.10

VI. Implementation

6. The two implementing agencies for the project will be the DNHA for Component A and the NAC for Component B. The implementation of the NNPS/P is coordinated by the DNHA, which is in the Office of President and Cabinet (OPC). The implementation of the NSP is ensured by the NAC, a semi-autonomous agency created for the implementation of the mainly donor-funded HIV/AIDS interventions. Project oversight will be provided by the National Steering Committee on Nutrition, HIV and AIDS.

7. The implementation arrangements for component A will go through a simple triangular arrangement of the DNHA, NGOs and the District Council (DC). NGOs will implement sub-projects at District level on behalf of the DC. NGOs will be selected through a transparent and fair selection process. The sub-projects will be developed along a common set of TORs which will include the scope of service and guiding implementation principles. The implementation arrangements within a District will be articulated in the sub-projects of NGOs and DCs following the guiding principles of inclusive stakeholder involvement. Stakeholders in the Districts include Village Chiefs, Group Village Development Committees (VDC), Community-Based Organizations (CBO), sectoral extension workers (e.g., Health Surveillance Assistants, Agricultural Extension Development Officers, Community Development Agents), Traditional Authorities (TA), Area Development Committees (ADC), and line ministry departments at District level and other NGOs operating in the District.

8. Implementation will be coordinated at national level through: (i) the National Nutrition Committee under which various Technical Working Groups operate (such as, Infant and Young Child Feeding, Nutrition Surveillance and Research,); and (ii) the Government and Development Partners Nutrition Committee. In addition, the National Steering Committee on Nutrition, HIV and AIDS is a policy oversight structure which complements the operational oversight by the NAC Board of Commissioners. All these structures are in place. However, the oversight structure for nutrition policies and programs is weak and needs considerable strengthening. At District level, the District Nutrition Committees are charged with coordinating nutrition programs and interventions within the District. In the new approach, District Nutrition Committees will be provided with concrete responsibilities in the coordination of District roll out of interventions through partnership arrangements with NGOs.

9. The DNHA, the unequivocal point of entry for nutrition policy dialogue, implements various smaller donor and government funded activities and projects, but has never implemented a Bunk-funded project. Hence, it will need adequate capacity enhancing measures as envisaged under sub-component A2 as well as through support from other donors and development partners.

10. For Component B, NAC has built extensive experience in implementing the HIV/AIDS program through a combination of pooled fund and discrete financing arrangements. The NAC Secretariat will be responsible for executing activities via partnership arrangements and relationships that have been developed and adopted through the MAP such as the HIV/AIDS Pooled Fund and the Grants Funding Mechanism of the Grants Facility. The NAC Secretariat is also tasked with providing technical support to the OPC.

11. Component B will also receive oversight and policy guidance from the OPC through the DNHA. The State President is responsible for HIV and AIDS and provides full time attention to the AIDS epidemic. NAC reports to the President through the NAC Board of Commissioners. The NAC Board has final approval authority for NAC Secretariat policies and procedures, the annual work program and hiring of Secretariat executive staff.

12. The NAC will be supported in project implementation by (i) central ministries and line Ministries of Health; Agriculture; Education; Gender, Child and Community Development; Youth Development and Welfare; Local Government and Rural Development; Home Affairs and National Defense; Information and Civic Education; and others; (ii) civil society organizations including PLHIV associations, NGOs and faith-based organizations; (iii) private firms, business associations, labor organizations; and (iv) the National Statistical Office, Universities, social research groups, and other firms and organizations specialized in data collection.

VII. Safeguard Policies (including public consultation)

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Forests OP/BP 4.36</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Public Disclosure Copy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### VII. Contact point

#### World Bank

**Contact:** John Paul Clark  
**Title:** Sr Technical Spec.  
**Tel:** 473-5805  
**Email:** jclark4@worldbank.org

#### Borrower/Client/Recipient

**Name:** Government of Malawi  
**Contact:** Honorable Ken Kandodo  
**Title:** Minister of Finance  
**Tel:** 265-1789355  
**Email:** finance@finance.gov.mw

#### Implementing Agencies

**Name:** National AIDS Commission  
**Contact:** Dr. Thomas Bisika  
**Title:** Executive Director  
**Tel:** (265-1) 770-022  
**Email:** bisikat@aidsmalawi.org.mw

**Name:** Department of Nutrition and HIV and AIDS  
**Contact:** Dr. Mary Shawa  
**Title:** Principal Secretary for Nutrition and HIV and AIDS  
**Tel:** 265-1-773-846  
**Email:** mnyajere@gmail.com

### IX. For more information contact:

The InfoShop  
The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 458-4500  
Fax: (202) 522-1500  
Web: http://www.worldbank.org/infoshop