

## PROJECT INFORMATION DOCUMENT (PID)

### IDENTIFICATION/CONCEPT STAGE

Report No.: PIDC108410

<b>Project Name</b>	
<b>Region</b>	AFRICA
<b>Country</b>	Malawi
<b>Financing Instrument</b>	IPF
<b>Project ID</b>	P163245
<b>Borrower Name</b>	Ministry of Finance, Economic Planning and Development
<b>Implementing Agency</b>	Ministry of Natural Resources, Energy and Mines
<b>Environmental Category</b>	C - Not Required
<b>Date PID Prepared</b>	28-Feb-2017
<b>Estimated Date of Approval</b>	
<b>Initiation Note Review Decision</b>	The review did authorize the preparation to continue

### I. Introduction and Context

#### Country Context

Malawi is a land-locked and densely populated country located in sub-Saharan Africa. The country lies at the southern end of the Great East African Rift Valley system. It is bordered by Tanzania to the north, Zambia to the west and Mozambique to the east, south and south-west. The country's total area is 118,484 km<sup>2</sup>, with an estimated population of 17.2 million that is growing at a rate of 2.8% per annum. Its gross domestic product (GDP) per capita is \$227 (2013).

Although Malawi has been able to make important economic and structural reforms and sustain its economic growth rates over the last decade, poverty remains widespread with rates historically higher in the rural south (i.e. Shire River Basin) and lower in the north, largely due to land constraints in the face of high population density] and the economy remains undiversified and vulnerable to external shocks.

Malawi is challenged by climate variability, such as droughts and flooding, and will continue to be impacted by the changing climate in the coming decades. Global and regional models project increasing frequency of droughts, floods and heat waves which will have consequent impacts across the sectors, with the poor being disproportionately impacted. The National Climate Change Investment Plan (NCCIP) (GOM, 2016) notes, for example, that GDP losses for agriculture due to droughts are estimated to range from 1.1 to 21.5 percent for return periods of 5 and 25 years. Malawi's vulnerability to climate change is further exacerbated by the Government's limited fiscal space. Indeed, Malawi is considered one of the most vulnerable countries to severe climate-related events. There are evident and strong links between high rates of land degradation and exposure to climate and disaster risks in lower lying areas. For this reason, Malawi has identified the need for improved management of the country's forests and other natural resources as the highest priority in its efforts to address climate change and

build resilience of its population . This is also outlined as a key priority in its latest Growth and Development Strategy (MGDS II) for 2011-2016 under sub-theme 2 – Natural Resources and Environmental Management.

### **Sectoral and Institutional Context**

Globally, the \$1.2 billion Pilot Program for Climate Resilience (PPCR) is a funding window of the Climate Investment Funds (CIFs) for climate change adaptation and resilience building. Using a two-phase, programmatic approach, the PPCR assists national governments in integrating climate resilience into development planning across sectors and stakeholder groups. It also provides additional funding to put the plan into action and pilot innovative public and private sector solutions to pressing climate-related risks. PPCR support seeks to improve capacities for the integration of climate resilience into planning, processes, and implementation, increase finance availability for climate resilient development, and enhance learning and knowledge sharing on integration of climate resilience into development, at the country, regional and international levels.

In this context, Malawi's Strategic Program for Climate Resilience aims to set out a level of ambition and strategic vision that will help to put the country on a climate resilient trajectory in the face of a changing climate. The value proposition of the PPCR is that it sets out a programmatic resilience platform implemented through a set of coherent transformation investments. The Government of Malawi has established a clear institutional framework for climate change coordination which will guide SPCR preparation and implementation in accordance with this organizational structure. This will promote harmonization with government policies and processes and help promote coordination at the national level. The National Climate Change Steering Committee is chaired by the Secretary to Treasury (housed in the Ministry of Finance, Economic Planning and Development – MoFEPD) and is supported by a Technical Committee and Secretariat (housed in the Ministry of Natural Resources, Energy and Mining – MoNREM). The technical assistance (TA) to be supported by this PPCR preparation grant will be hosted by this Secretariat and would provide support for its operations for the duration of the 18-month preparation grant period.

In Malawi's Nationally Determined Contribution (NDC) submission to the UNFCCC, integrated natural resources and catchment management is specified as a priority for addressing climate uncertainty. The GoM has expressed its ambition to scale-up integrated catchment management to the national level as a cross-cutting approach to address climate uncertainty. This includes food productivity, forestry, flooding, drought, rural energy access, management of waterways and siltation, ecosystem services, etc. This scaling-up process would build on positive outcomes from ongoing activities in the Shire River basin, and could extend to sustainable management of critical wetlands, such as Lake Chilwa and the floodplains of the lower Shire Valley. As part of the Shire River Basin Management Program (SRBMP), interventions have been implemented in four micro-catchments. The approach has successfully engaged villages and communities through a small-scale financing mechanism and there is now momentum to expand the approach used to achieve impact at scale and across several vulnerable basins. The preparation grant could be used to evaluate recent lessons to inform potential PPCR investment in national integrated NRM and catchment management.

### **Relationship to CAS/CPS/CPF**

The WBG Country Assistance Strategy (CAS) for Malawi for the period FY13-FY17 is built around three thematic areas: (1) Promoting Sustainable, Diversified, and Inclusive Growth; (2) Enhancing Human Capital and Reducing Vulnerabilities; and (3) Mainstreaming Governance for Enhanced Development Effectiveness. The PPCR program supports the priorities of Theme 1, Outcome 1.3: Increased productivity and commercialization of agriculture and sustainable management of water resources for multiple uses” and Theme 2, Outcome 2.2: Improved resilience for poor communities through adequate social safety nets, improved climate resilience, and enhanced capacity to respond to

disaster risks, as it aims to improve local livelihoods and break the cycle of food insecurity through the mainstreaming of climate resilience into national planning. The Malawi Systematic Country Diagnostic process is now underway and the new Country Partnership Framework will be prepared during FY18. It envisaged that analytical work and support provided under this grant will also help inform these processes.

## **II. Project Development Objective(s)**

### **Proposed Development Objective(s)**

The Program Development Objective (PDO) is to support the Government of Malawi's capacity in the development, coordination and early implementation of a programmatic multi-sector climate-resilient investment plan.

#### **Key Results**

- (a) Malawi's SPCR is developed and agreed by the GoM.
- (b) the SPCR priorities are integrated into the upcoming National Development Plan (successor to the Malawi Growth and Development Strategy II which concluded in 2016)

## **III. Preliminary Description**

### **Concept Description**

## **IV. Safeguard Policies that Might Apply**

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

## **V. Financing (in USD Million)**

Total Project Cost:	1.5	Total Bank Financing:	0
Financing Gap:	0		
<b>Financing Source</b>			<b>Amount</b>
Climate Investment Funds			1.5

## **VI. Contact point**

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