1. Country and Sector Background

Country context: The HIV/AIDS epidemic in Malawi is among the more severe cases in the region. It is estimated that 15% of adults aged 15-49 are infected, which translates to about 1,000,000 adults and children with HIV (2001). General awareness of the disease is fairly high, but so are misconceptions about how to avoid the disease. As a result, high risk behavior among sexually active youth and adults continues. Most transmission in Malawi is believed to be via heterosexual contact (90%), with mother-to-child transmission a distant second (8%). However, a recent medical waste management and injection safety assessment carried out in November / December 2002 indicates that transmission through unsterile injections and improper medical waste handling may be a larger problem than previously thought. The share attributable to nosocomial transmission is therefore currently under review and debate, and may be revised in future. Women are contracting AIDS younger than men and at higher prevalence rates (four to six times more in the 15-29 age group); the very high rates of HIV prevalence (24 percent on average) in women of reproductive age, combined with high fertility, suggests that future mother-to-child transmission rates could increase significantly. The immediate impacts are staggering: 70% of all admissions to hospital medical wards are AIDS related, and HIV/AIDS is now the leading cause of death in the most productive age group (20-49 years), resulting in an estimated 50,000 to 70,000 adult and child deaths annually. By the end of last year, an estimated 1.2 million children under 15 were without one or both parents (Malawi’s total population is about 10 million). The medium and long term impacts are also sobering: the sharp rise in adult mortality rates is driving down life expectancy at birth (now estimated at less than 39 years), and national productivity is declining, undermining efforts...
to reduce poverty.

**National Strategic Framework:** To respond to this massive challenge, Malawi adopted a National HIV/AIDS Strategic Framework (NSF) in October 1999. Developed through a highly participatory process (involving private sector, public sector, NGOs, CBOs, faith communities and people living with HIV/AIDS), the NSF defines priorities for the national response and lays the foundation for enhanced partnerships. The overarching goal of the NSF is to reduce the incidence of HIV and other sexually transmitted infections, improve the quality of life of those infected and affected by HIV/AIDS, and mitigate the impact of HIV/AIDS in all sectors and at all levels of Malawian society. Nine themes were identified as the main areas for attention:

1. facilitating changes in cultural values/norms to reduce spread of AIDS
2. strengthening dialogue with youth to promote responsible behavior
3. empowering vulnerable groups to resist behavior harmful to their health status
4. promoting love, care, and support for those infected by or living with HIV/AIDS
5. implementing effective, multi-sectoral mitigation plans in the home, hospital, and work-place
6. caring for orphans, widows, and widowers
7. strengthening the effectiveness of HIV prevention programs
8. establishing a comprehensive and effective IEC strategy to reduce the spread of HIV
9. increasing accessibility of VCT services for men, women, and youth

The NSF is based on the premise that effective action will require a multi-sectoral approach, implemented by a wide spectrum of partners encompassing the public and private sectors, civil society, and faith communities. In this spirit, existing partnerships are being consolidated and new ones established. A Government - Faith Communities Task Force was inaugurated in early October 2001, and an annual stock-taking exercise took place in November 2002 to follow up on earlier initiatives. A National HIV/AIDS Best Practices Conference was held in April 2002 to promote sharing of information and establishment of networks among national, district, and village level practitioners, and a first annual Joint Review of NSF implementation progress was organized in March 2003. NAC is currently working with private sector leaders and the Chambers of Commerce to facilitate the formation of a Business Coalition Against AIDS.

As the NSF is entering into its final year, the NAC and national stakeholders have developed a programmatic framework to guide interventions during the next five years of the national response – the Strategic Management Plan (SMP). The SMP includes those interventions which are coordinated and directly funded by the National AIDS Commission. It is expected that a new NSF 2004-2009 will be formulated before the end of the current NSF.

**Institutional Framework:** The Cabinet Committee for HIV/AIDS has ultimate oversight and responsibility for HIV/AIDS policy in Malawi. The Cabinet Committee is chaired by the Vice President, and the secretariat is provided by the Executive Director of the National AIDS Commission (NAC). A national HIV/AIDS Policy is at an advanced stage of preparation, having been developed with stakeholder input and consultation over the past six months. It is expected to be submitted to the Cabinet Committee for HIV/AIDS by June 2003, prior to full Cabinet consideration thereafter. The national policy framework will be completed in the coming year through the preparation of an HIV/AIDS law, which will formalize the institutional and policy framework for the HIV/AIDS response.

The National AIDS Commission was established in July 2001 to coordinate and facilitate the national response. To perform this function, it provides technical and financial support to implementing agencies,
mobilizes resources to support HIV/AIDS interventions, and monitors the trajectory of the epidemic and the progress of the national response. NAC does not have an implementation role. Administratively, the National AIDS Commission reports to the President of Malawi, through his Minister for HIV/AIDS Programmes. The NAC is composed of a Board of Commissioners and a Secretariat. The Board's 19 commissioners are drawn from civil society (including faith communities) and the public and private sectors. The Board has final approval authority for NAC Secretariat policies and procedures, the annual work program, and hiring of Secretariat executive staff. NAC is currently operating under a Trust Deed which gives it legal personality and institutional autonomy; it is expected that this Trust Deed will be superseded once the HIV/AIDS law is enacted by Parliament, as the law will formally create the Commission by law.

In early 2002, a Country Coordinating Mechanism for the Global Fund (GFCCM) was established as per GF requirements to review country funding requests prior to submission to the Global Fund. The GFCCM is responsible for reviewing requests for malaria and tuberculosis as well as HIV/AIDS. It is chaired by the Principal Secretary of the Ministry of Health, the Secretariat is provided by the Executive Director of NAC, and its membership is drawn from the same stakeholders who sit on the NAC Board of Commissioners and on the national Technical HIV/AIDS Working Group. With respect to the AIDS portion of its mandate, the GFCCM does not have policy-making responsibilities or powers.

A Technical HIV/AIDS Working Group (TWG), chaired by the NAC and composed of government, NGOs and donors, is active at the national level. Various TWG sub-groups have formed to address selected technical issues, develop protocols to guide action, and promote effective coordination of interventions. These sub-groups participated actively in the development of the Global Fund national proposal approved in 2002, and contributed to thematic assessments of NSF implementation progress in their respective areas, as input to the first annual joint review which took place in March 2003.

District AIDS Coordinating Committees (DACCs) were formed in the mid-1990s in Malawi's rural and urban districts to coordinate and monitor local HIV/AIDS initiatives. These committees (composed of government staff, community representatives, NGO representatives) developed District HIV/AIDS plans for implementation by community-based groups and public-private partnerships. The District Health Officer coordinated DACC activities, in addition to his/her regular work program. Following Malawi's first district level elections in November 2000 and establishment of district local governments in 2001, the DACCs were not included in the formal committee structure at the district level. This oversight is being addressed as part of the on-going decentralization reform process, linked to decisions on how HIV/AIDS planning and monitoring will be integrated within the local government structures.

**Constraints to the National Response:** Implementation of the national response to the HIV/AIDS epidemic is currently constrained by a wide range of factors which reflects the multi-sectoral nature of the response. Summary information on some of the most inhibiting factors is provided below:

1. **Social stigma** – the implicit and explicit message from the community and from some important social leaders is that HIV/AIDS is a punishment for immoral living; acknowledgement of HIV sero-positive status may lead to expulsion from the household, refusal to accept orphans into the extended family for care, drop in social status in community, etc. This atmosphere inhibits voluntary testing and counseling. Village headmen/women, and religious leaders are important partners to engage in changing the stigma currently associated with HIV/AIDS in Malawi. The 2002 World AIDS Day explicitly targeted issues of stigma and discrimination in events held in three major venues throughout the country.

2. **Culture of silence** – awareness of the disease is widespread, but open discussion (of what behavior
causes the disease, of what to do to avoid infection, of who is infected) causes discomfort among family, neighbors, and colleagues and is therefore avoided. Gender roles also play their part in shaping what men and women feel they can and can’t say to each other, particularly between spouses, where open discussion is equated with lack of trust and suspicion of infidelity. The stigma mentioned above contributes to this behavior, and perpetuates the culture of silence. Some courageous Malawians have begun to speak out and identify themselves as HIV positive or to announce that their families have lost loved ones to the epidemic. These are small but critical steps for the long term.

3. Accessibility of reliable information – there are six major language groups used in Malawi, and within each, there are culturally appropriate and inappropriate ways to communicate information about HIV/AIDS. Development of culturally appropriate messages targeted to key social groups in their mother tongue has now begun, and use of the schools and the media to communicate to the youth, key social groups, and the population at large has also been initiated.

4 Weakening of family and community safety nets – the increased numbers of sick family members and orphans are placing ever heavier burdens on families and communities as they endeavor to care for their loved ones; as income-earners fall ill or take on the role of care-giver, income available to the family shrinks, resources put aside for the future are raided, and eventually assets are sold to pay for food and treatment. Erosion of these economic safety nets is limiting the extended family’s ability to absorb the demands being placed on it, and the incidence of sibling-headed households and street children appears to be increasing. The Government of Malawi is putting in place publicly-funded safety net programs to reach these most vulnerable groups.

5. Weak implementation capacity – the capacity to carry out AIDS-related programs and to expand services, whether at the local, district or national level, is constrained by limited numbers of trained staff and volunteers, weak financial and management skills, and poor access to information about good practices to replicate; the stretched economic resources available at the community level (mentioned previously) also plays a role in constraining the local level response. The GOM recognizes the challenges posed by weak implementation capacity, and is therefore supportive of developing and implementing a capacity building strategy for different partnership groupings and for individual agencies.

6. Weak coordination capacity - at the district level, the DACCs have not been formally integrated into the District Assembly (DA) committee structure, and DAs suffer from a lack of trained staff, financial management systems, monitoring systems, equipment, and operating funds. The GOM is taking steps to progressively strengthen capacity at the district level, beginning with qualified planning directors and finance directors. At the national level, the NAC is a new institution and has been forced to deal with basic institutional issues - role, internal management systems, optimal organizational structure, external partnership arrangements – at the same time that it is seeking to scale up the national response and mobilize financial resources. NAC has made an excellent start in its first 21 months of existence, and is in the process of making some internal organizational and staffing changes to strengthen its multi-sectoral coordination capacity. Investments in executive capacity building are also planned to assist NAC increase its efficiency and effectiveness in achieving performance-based results. The administrative shift from the Ministry of Health to the Office of the President and Cabinet in August 2002, is facilitating NAC’s transition to a national, multi-sectoral institution.

7. Incomplete policy framework and guidelines – until recently, the National Strategic Framework was the primary reference point for the national response to HIV/AIDS, as the supporting policy framework was not yet in place. This picture has changed substantially over the past six months, as the draft National AIDS Policy has been substantially completed, and technical guidelines for PMTCT, ART, VCT, HBC are well advanced. A national Behavior Change Interventions (BCI) strategy has been
finalized, and pilot tests for key social groups have been conducted. The substantial progress made by NAC and partners over the past six months in completing and filling the gaps in the policy framework is commended and should be pursued, so that NGO and donor partners are able to scale up their support (eg, some aspects of VCT).

8. **Uneven mainstreaming of HIV/AIDS in the public sector** - A survey of 40 public institutions carried out in June 2002 revealed that almost two thirds had not yet initiated workplace programs for their staff and about one third had not yet begun integrating HIV/AIDS issues into the design, delivery, or message of public sector policies or programs under their jurisdiction. A few institutions have made significant strides in this respect (eg, ADMARC, Ministry of Labour, Ministry of Agriculture and Irrigation, Malawi Police Services and Malawi Defence Force), but such examples are not widespread. Consequently, the public sector - as employer and as provider of services - is not providing the leadership needed at this time. The Department of Human Resource Management and Development (DHRMD), responsible for civil service management, has proposed an action plan for establishing ministerial focal points and a high level steering committee to monitor mainstreaming in the public sector. These initiatives merit prompt action and support by Cabinet, and should be complemented by revising the Public Service Regulations (MPRS) with a view to improving the quality of life of infected civil servants and their families, as well as facilitating succession planning for personnel managers.

9. **Financing for HIV/AIDS interventions inadequate**: The Government of Malawi hosted a Roundtable meeting in March 2000 to raise funds for NSF implementation, and some US$110 million equivalent were pledged at that time. Not all funds pledged, however, were intended for interventions at the community level or through civil society organizations (eg, about half were targeted for health sector interventions related to blood safety and sexual/reproductive health). In other cases, funds pledged for community interventions arrived with delays. Consequently, implementation of activities identified at the district and community levels has been impeded by shortage of resources. This situation is now changing with the substantial commitment made by the Global Fund, the proposed MAP support, and additional new expressions of interest on the part of development partners.

10. **Health system overwhelmed** – the health system is inundated with patients suffering from AIDS-related OIs, and is suffering from the strain. Among the most serious constraints limiting the ability of the health system to respond effectively to this increased demand are: widespread vacancies and shortages of medical personnel at all levels; inadequately equipped and staffed laboratory facilities; stock outages for STI/OI drugs, due to a weak procurement and distribution system for health sector goods; and a weak financial accountability system in the sector. Policies, procedures, and funding for safe medical waste disposal are not in place, putting health care workers, care-givers, patients, sanitation workers, and the general public at considerable risk of exposure to infection/contamination. The Ministry of Health and Population (MOHP) is at an advanced stage of preparing a sector-wide Essential Health Package program, which will address a number of the constraints alluded to above. With respect to HIV/AIDS, the Ministry is establishing an HIV/AIDS coordinating unit to provide leadership for the health sector response, and has recently completed preparation of an action plan to reduce nosocomial infections caused by unsafe injections and poor medical waste management.

2. **Objectives**

The development objective of the national HIV/AIDS program, which the proposed MAP will support, is to reduce the transmission of HIV, to improve the quality of life of those infected and affected by AIDS, and to mitigate the impact of HIV/AIDS in all sectors and at all levels of Malawian society.
3. Rationale for Bank's Involvement
The Bank's support for HIV/AIDS programs throughout the Africa region gives it unparalleled comparative knowledge of design and implementation issues, and approaches that can accelerate program scale-up and effective performance on the ground. The primary value-added of Bank support for the Malawi national AIDS program is in the sharing of that information and in facilitating contacts among a regional network of practitioners and peers who can advise and learn from each other. Bank input into the design of the financial, procurement, and M&E systems has also proven valuable. Lastly, the flexibility of MAP financial support and the Bank's willingness to participate in the basket fund, makes the MAP support a desirable complement to assistance from other development partners, whose procedures and list of eligible activities may be more restricted.

4. Description
The Government of Malawi, through its National AIDS Commission (NAC), is putting in place management systems and funding mechanisms that will enable the public sector, private businesses, and civil society to mobilize and implement a multi-sectoral response at the national, district, and community level. The overarching principles guiding the national response are contained in the National Strategic Framework 2000-04 (NSF), which was adopted following a participatory consultation process in 1998-99. The objectives of the NSF are to reduce the transmission of HIV, improve the quality of life of those infected and affected by HIV/AIDS, and mitigate the impact of HIV/AIDS in all sectors and at all levels of Malawian society. As the NSF is entering into its final year, the NAC and national stakeholders have developed a programmatic framework to guide interventions during the next five years of the national response – the Strategic Management Plan (SMP). The SMP includes those interventions which are coordinated and directly funded by the National AIDS Commission. It is expected that a new NSF 2004-2009 will be formulated before the end of the current NSF.

The NAC has invited its external development partners to provide their financial assistance in support of the SMP, on the basis of a joint annual work plan, using joint financial, procurement, and reporting mechanisms, rather than funding multiple HIV/AIDS projects each requiring parallel systems for tracking and reporting on individual donor's funds. The SMP is composed of seven major subprograms: i) advocacy and prevention; ii) sectoral mainstreaming; iii) treatment, care and support; iv) impact mitigation; v) capacity building and partnerships; vi) monitoring evaluation and research; and vii) national leadership and coordination. The SMP includes those activities for which the NAC acts either as financier (through the HIV/AIDS grants facility) or as a direct manager of coordination/ leadership activities. The first six subprograms enumerated above cover those activities which will be implemented by stakeholders, while the seventh subprogram will be NAC managed and implemented.

The estimated cost of the five year, first phase SMP program is estimated at $221 million. In addition to the Government of Malawi itself, the external development partners who will contribute financially to the implementation of the joint program of work are: the Global Fund for AIDS, Tuberculosis and Malaria (GF), UNDP, AfDB, Centers for Disease Control, CIDA, DfID, IDA, NORAD, and SIDA. "Rules of engagement" between NAC and the development partners have been discussed extensively, and are captured in a multi-donor Memorandum of Understanding (MOU) and supporting Operational Guidelines. Within the MOU framework, pooling of funds in a common basket will be one of the financing modalities available to development partners. The partners who plan to participate in the basket pooling arrangement are: CIDA, DfID, IDA, NORAD, SIDA and the GOM. Distribution of basket funding among the subprograms will be agreed each year on the basis of rolling annual work plans and stakeholder decisions.

IDA support will be disbursed into the common hard currency basket account on the basis of PMRs, to
fund those elements of the SMP which are not being funded by ear-marked contributions from the GF, UNDP, AfDB or CDC. The IDA allocations per subprogram shown below are indicative, for the reasons explained above, and are proportionate to IDA's share in the basket (48%). For basket fund allocations, please see the table in Section D.2. and in Annex 11.

1. Advocacy and Prevention
2. Sectoral Mainstreaming
3. Treatment, Care and Support
4. Impact Mitigation
5. Capacity Building & Partnerships
6. Monitoring, Evaluation and Research
7. National Leadership and Coordination

5. Financing

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6. Implementation

**Implementation period:** The estimated period of implementation is 5 years, although this could be shorter if NAC is successful in facilitating the national response and effective demand is able to absorb MAP and other external resources more quickly.

**Implementation Approach:** The program will be implemented by existing public, private, and civil society organizations, coordinated by the National AIDS Commission/Secretariat, using streamlined procedures. It will support institutions at national and sub-national levels. Partnerships with NGOs and the private sector will be encouraged and supported.

In mobilizing the national response, the NAC will be guided by four principal implementation approaches: i) expanding people's knowledge about the nature of HIV/AIDS and its impact on individuals, families, communities and national development; ii) strengthening the capacities of individuals, families, communities and institutions to respond to the epidemic in a sustained and effective manner; iii) stimulating interaction between individuals and available programmes and services as a basis for collective action; and iv) developing and sustaining a dynamic institutional framework for planning, delivery and evaluation of HIV/AIDS programmes.

**Executing Agencies.** National AIDS Commission, supported by: (i) line ministries of Health and Population; Agriculture; Education; Gender, Youth, Community Services; Local Government Development; Medical services of Ministry of Defense; Ministry of Information; and others; (ii) civil society organizations including PLWA associations, NGOs, faith-based organizations, private firms,
Program Oversight and Policy guidance. The National AIDS Commission reports to the President of Malawi, through his Minister for HIV/AIDS Programmes. The Cabinet Committee for HIV/AIDS, which has ultimate oversight and responsibility for HIV/AIDS policy, is chaired by the Vice President. The NAC Board of Commissioners has final approval authority for NAC Secretariat policies and procedures, the annual work program, and hiring of Secretariat executive staff. The GFCCM clears country funding requests to the Global Fund, but has no policy-making mandate.

Management of the National Response and MAP-supported Activities. The NAC Secretariat will be responsible for annual work program planning, coordination of program implementation, and reporting on program results. These functions will be carried out using the Secretariat's institutional structure -- there will not be a separate Project Management Office -- as facilitating, coordinating, and monitoring the national response are all line activities of the NAC Secretariat. The NAC is currently engaged in a review of its internal staffing and structure, with the aim of strengthening its ability to facilitate and promote a multi-sectoral response. This is a normal and welcome process, as the institutional structure and staffing needs of the NAC will change over time, as the nature of the national response evolves and matures, and changes will need to be made from time to time.

Annual work planning will be carried out as part of an integrated exercise covering assistance from all development partners who channel their assistance through the NAC. The work planning/budget cycle will follow the July-June fiscal year to ensure that requests for domestic fiscal contributions are submitted in a timely way to the Ministry of Finance. Draft annual work programs will be prepared by March 31 each year at the latest, in order to allow sufficient time for development partner feedback prior to NAC Board of Commissioners approval in April, and finalization of the GOM budget in May. Annual work plans will include specific milestones and output targets, consistent with achievement of overall SMP goals. Joint semi-annual reviews will take place between NAC and its financiers to assess AWP progress, flag problem areas, and agree on the way forward. The second semi-annual review will coincide with a larger joint annual review exercise, involving external partners and local stakeholders, at which the annual M&E report for the NSF will be tabled for discussion. (see section on NAC Reporting below).

Grants Facility. The NAC Secretariat will retain policy and overall management responsibility for the civil society grants mechanism. A Steering Committee will be established by NAC to ensure transparency in decision-making and to validate grant approvals made by the Secretariat. Financial administration of the grants facility will be out-sourced to a Financial Management Agent (FMA) which will be responsible for facilitating the proposal screening process, conducting organizational capacity pre-appraisals, disbursing funds to approved applicants, receiving monthly activity sheets and quarterly progress reports, monitoring for compliance with procedures, and providing regular data to the NAC on financial and program activity through the grants facility. The FMA will be housed in the same premises as the NAC Secretariat in order to facilitate communications and business transactions related to the grants facility. The recruitment process for the FMA is well advanced (the deadline for proposals was April 25, 2003) and hiring of the best qualified firm is a condition of MAP grant effectiveness.

The NAC Secretariat will be responsible for approval of grant proposals that are multi-district, regional, or national in scope. For smaller proposals (eg, from CBOs) at the community level or within a single district, NAC will operate through umbrella NGOs who will be responsible for mobilizing CBOs in their defined area of intervention, reviewing and approving eligible proposals, on-granting to approved
applicants at the community level, monitoring CBO finances and reporting back to the FMA/NAC at the central level on a regular basis. The umbrella NGOs will also be responsible for working with the district assemblies and HIV/AIDS coordinating committees in their areas of intervention, to build their capacity to take over local level coordination and monitoring functions. NAC has managed an open information exchange and briefing process for NGOs interested in serving as umbrella NGOs. As a result of this invitation and briefing process, NAC has identified 8 NGOs with the capacity to play the role of umbrella organization at a sub-national level, and has invited proposals within agreed geographic areas. NAC's target is to sign grant agreements with the umbrella NGOs by the time that the FMA is hired and on board.

**Execution of Program Activities**: Program execution will primarily be the responsibility of partner implementing agencies in the private, non-government, and public sectors, who will operate within the framework of agreed MOUs specifying respective responsibilities (e.g., flow of funds, funds management, reporting, etc). The NAC Secretariat will be responsible for executing activities included within subprogram 7 (national leadership and coordination).

- **Advocacy and Prevention**: Prevention activities and programs will be implemented by a combination of local and national stakeholders (MOHP, CHAM, NGOs, FBOs, CBOs, local governments, private sector, etc.). Program officers in the NAC Secretariat will facilitate and coordinate activities under this subprogram.

- **Sectoral mainstreaming**: Interventions would be carried out by participating public and private institutions, with technical support from expert individuals, specialized NGOs, PLWA associations, GIPA volunteers, etc. Liaison officers in the NAC Secretariat will facilitate and coordinate activities under this subprogram.

- **Treatment, Care and Support**: The main implementers for clinical care interventions are MoHP through its hospitals and facilities at all levels, in close collaboration with CHAM hospitals and facilities. Other implementers include NGOs, private clinics, and teaching/training institutions. The main implementers for CHBC activities will be NGOs, CBOs, and FBOs with the active involvement of community and family members. MOHP will take the lead in coordinating the bio-medical response, within the framework of the multi-sectoral response coordinated by NAC.

- **Impact Mitigation**: Local and national stakeholders (Ministry of Gender, Youth, and Community Services; MOF; EP&D; international and national NGOs, FBOs, CBOs, local governments, etc.) will implement impact mitigation interventions. Liaison officers in the NAC Secretariat will facilitate and coordinate activities under this subprogram.

- **Capacity building and Partnerships**: Beneficiary organizations will be responsible for implementing their institutional capacity strategy with support from expert individuals and organizations (NGOs, specialised firms, training institutes, etc.). In some cases, specialized capacity building strategies for a particular purpose (e.g., procurement training) or for a particular target group (e.g., DACCs/DAs) may be contracted out by NAC to a specialized partner with the necessary expertise. A capacity-building officer in the NAC Secretariat will facilitate and coordinate activities under this subprogram.

- **Monitoring, Evaluation and Research**: Execution of the different elements of the M&E system will be out-sourced to specialised partners, within their domain of expertise (e.g., MOHP, NSO, EP&D, etc.). MOUs between NAC and these technical partners will spell out respective responsibilities and the budget required to perform the activity in question and deliver the agreed data/study. Program activity/financial
data on the national response will be submitted by grant recipients to the FMA, who will consolidate it for analysis by NAC. An operational M&E manual has been prepared which defines roles, responsibilities, data sources, frequency of data collection and analysis, and mechanisms for information/best practices dissemination. The NAC M&E officer and Research officer will take the lead in coordinating activities under this subprogram and generating the annual M&E and annual research report. NAC will share progress reports and M&E data with EP&D, in its capacity of monitor of the Public Sector Investment Program (PSIP) and the Malawi PRSP.

National Leadership and Coordination: The National HIV/AIDS Secretariat will be responsible for promoting the multi-sectoral response and overall program coordination. To this end, the Secretariat will be directly involved in policy development, resource mobilization, partnership outreach, and strategic planning. Managing the monitoring, evaluation and research program will also be a core function for the Secretariat, both to provide data for strategic planning and fine-tuning the national response and to facilitate information dissemination and lesson exchange among cooperating partners. The Secretariat will also be responsible for contracting specialized expertise required for sound program management and monitoring: the FMA for the grants facility, the financial auditors, the procurement auditors, multi-disciplinary monitoring teams, and executive capacity-building advisors.

Fiduciary arrangements: The proposed HIV/AIDS program described in this document will be implemented within an integrated work programming framework, and will use harmonized procurement, financial management (including pooled funding), and reporting arrangements, consistent with the SWAP guidelines issued in November 2002.

Procurement Management. Procurement procedures have been developed to apply to all goods and services purchased by NAC, as well as to goods and services purchased by NAC grant recipients, within the framework of the SMP. The NAC Procurement Manual was reviewed during appraisal and its provisions are consistent with the Bank's Procurement Guidelines and Consultants Guidelines. The Bank's Standard Bidding Documents (SBD) will be used for all ICB and with appropriate amendments for all NCB. The Bank's Standard Request for Proposals (SRFP) would be used for all consulting assignments. The NAC procurement manual includes guidelines specifically developed for grant recipients, including simple formats and “how-to” helps. These guidelines are consistent with paragraph 3.15 of the Bank Procurement Guidelines on community participation in procurement. Threshold levels have been defined, and NAC and basket partners have agreed that the World Bank will exercise prior review on behalf of the funding partners for procurements over agreed thresholds. The NAC Procurement Manual has been endorsed by the Government Contracting-Out Unit (GCU).

Procurement will be carried out at two levels: by the NAC (for NAC managed activities) and by grant recipients (for sub-programs funded through the NAC grants facility). As part of the annual work planning exercise, NAC will prepare a detailed annual procurement plan for NAC managed activities, while the procurement plan for the grants facility will only show an indicative budget per year. Grant recipients will be responsible for preparing procurement plans for their programs, in line with the formats and guidelines contained in the NAC procurement manual. The FMA and umbrella NGOs will be responsible for monitoring compliance with these guidelines, and an annual procurement audit report by independent auditors will be produced to verify the accuracy of reporting.

Financial Management. The NAC Secretariat and development partners have agreed on joint accounting, reporting, and auditing procedures that will be used by NAC to track expenditures and report on program progress. The financial management/accounting manual was reviewed at appraisal and comments for its strengthening were provided. Submission of a revised manual incorporating appraisal comments will be completed shortly.
The flow of funds has been mapped out and is described in the GOM-Multi-Donor Memorandum of Understanding: following agreement each year on the annual work plan and outputs, a detailed financing plan will be agreed identifying which activities will be funded by "discrete" donors (those who provide earmarked project funding) and which by basket donors. Donors contributing to the basket fund will deposit their share of projected funding requirements in a hard currency basket account held in a local bank. The government's basket contribution will be deposited into a local currency NAC bank account, which will be supplemented by transfers from the hard currency basket account from time to time, as implementation of the annual work plan requires. In view of the agreed common procurement framework for SMP activities, basket account funds may be used to finance any eligible program expenditures. Donors who disburse on an earmarked basis, will do so within the framework of the work plan agreed by all the parties.

Disbursements by basket funding donors (including IDA) and by GOM will be released every quarter, based on submission of Program Monitoring Reports (PMRs) which will be reviewed at quarterly meetings among NAC and its financing partners. Any adjustments to the annual work plan will be jointly agreed at the time of the quarterly review. Draft PMR reporting formats (comprising summary reports on activity outputs, financial statements, and procurement implementation) were reviewed during appraisal and and suggestions were made by IDA staff and basket partners for final revisions. Following successful completion of a quarterly review, the NAC will submit disbursement requests directly to its funding partners, with copy to MOF/DAD for recording purposes. Quarterly tranche releases will cover a six month period, in order to avoid cash flow difficulties during the review process. Each partner's deposit will be based on its relative share in the basket.

Grants Facility. Most of the funding for the proposed HIV/AIDS program (about 90%) will be channelled through the NAC Grants Facility to implementing partners (NGOs, CBOs, FBOs, private companies, public institutions) who will execute HIV/AIDS program activities. As the MAP program design is deliberately demand-driven and seeks to expand the range of partnerships steadily over time, it is not possible to conduct institutional and fiduciary assessments of all grant recipients prior to approval of the MAP program by the IDA Board. Instead, the organizational and financial appraisal of potential grant recipients has been made an integral part of the routine screening process for any proposal submitted to NAC for funding from the grant facility.

For large scale proposals the FMA will be responsible for conducting the organizational appraisal, for smaller community-based proposals, the umbrella NGOs will be responsible for exercising this due diligence. A standardized framework for assessing organizational capacity has been developed for this purpose (see Annex 12). If an applicant is found not to have adequate capacity to manage the funds, then the NAC or the umbrella NGO may propose instead an initial capacity-building grant to help the applicant “pass” the appraisal criteria and thus, graduate to a program grant. Following grant approval, the FMA will be responsible for carrying out regular spot checks of grantees in order to catch any irregularities at an early stage. Umbrella NGOs will perform the same function with the CBOs to which they provide grant funds for local HIV/AIDS activities. Recipients may also request guidance on fiduciary issues from the umbrella NGO or the FMA.

Audits. An external financial auditor, competitively recruited, will carry out semi-annual and annual audits, providing a combined program/entity report as well as individualized opinions for those donors which do not allow co-mingling of funds. The NAC auditor will examine not only NAC operations, but also FMA operations and a random sampling of the umbrella organizations in each audit report. The terms of reference and recruitment process for the independent auditor have been agreed with NAC and
the funding partners, and have been approved by the Auditor General’s office. The joint auditing framework will enter into effect beginning with program year FY03/04.

An annual independent ex-post procurement audit will also be conducted by an independent auditor, competitively recruited. The procurement audit will cover all procurement carried out by and for selected implementing agencies: NAC, Ministry of Health, all umbrella NGOs and a sample of some line Ministries and other more peripheral Grant Recipient Organizations in order to cover at least 15% by value and by number of all procurement carried out in the fiscal year under review. Terms of reference for the procurement auditor and the annual exercise were agreed at appraisal.

**NAC Reporting:** Central to effective coordination of the national response will be NAC’s ability to monitor what is happening on the ground, analyse it for strategic implications, and feed it back into outreach and promotional programs aimed to address weaknesses or take advantage of opportunities identified through the monitoring effort. The intensive efforts by NAC over the past year to develop a robust and comprehensive M&E system reflects the importance attached to this performance area by NAC and local stakeholders. NAC’s funding partners wish to take advantage of the shift to joint work programming and joint reporting to structure the external oversight relationship around monitoring processes that are NAC managed and NAC owned. In keeping with this spirit, it has been agreed that NAC will report on implementation of the annual work plan (AWP) through the following instruments:

1. quarterly program monitoring reports (PMRs) based on implementation targets defined in the Annual Work Plan and Budget;
2. semi-annual progress reports, complemented by the six-monthly financial audit report (the semi-annual reports will contain more analysis and description than the quarterly PMRs); and
3. annual progress report and annual M&E report, complemented by the annual financial and procurement audit reports.

To provide NAC with validation of information provided by grant recipients through the FMA as well as feedback on observed trends or areas requiring attention, as part of its regular M&E work program NAC will hire an independent team of multi-disciplinary specialists to assess plan implementation and provide a report for discussion by NAC and funding partners at the six monthly review meetings (each September and February). As it would be desirable for this team to have continuity over a multi-year period in order to build institutional memory and knowledge of local conditions, it is likely that NAC will outsource this task to a specialized firm over a multi-year period. Draft terms of reference for this independent multi-disciplinary team have been prepared, and agreement on this implementation monitoring mechanism will be reached prior to the signing of the multi-donor MOU. Selection of the multi-disciplinary team would be jointly agreed between NAC and its development partners; the team would be accountable to NAC but its outputs would be shared with all financiers participating in the semi-annual joint reviews.

Evaluation mechanisms include a mid-term review of the SMP (by December 2005) to identify successes and issues to be addressed. A Program Evaluation Report (ICR-equivalent) will be prepared at the end of year five (June 2008) to assess program outcomes and achievements, and to draw lessons for the next phase of program support for the national fight against HIV/AIDS.

**7. Sustainability**

From a process perspective, the institutional arrangements, procedures, and systems put in place with MAP and donor partner assistance are expected to be sustainable and to continue in use beyond the immediate program period.

The strengthening of skills and knowledge among civil society groups and the building of public sector
workplace programs, are also expected to result in lasting capacity in the public and private sectors to undertake such HIV/AIDS programs in future.

Financial sustainability is not assured, however, and will continue to depend on external financial partnerships for the foreseeable future.

8. Lessons learned from past operations in the country/sector

Experience with national HIV/AIDS programs has demonstrated that effective implementation and achievement of results are strongly correlated with a multi-sectoral approach, flexible design adapted to local conditions, and mechanisms to channel support directly to civil society and communities. Other lessons from experience which are being applied in the Malawi case include:

**Genuine stakeholder involvement is fundamental:** During project preparation, PLWAs, NGOs, faith-based organizations, and other have participated in advising on specific programs (in particular with respect to the design of the civil society grants mechanism), and advising on suitability of proposed implementation arrangements (with particular attention to M&E roles and responsibilities). During implementation, stakeholders will be actively involved in management of local level interventions funded through the grants mechanism, in providing the information necessary for the monitoring and evaluation system to provide useful lessons and trends, and in participating in the annual Joint Review process.

**Management of HIV/AIDS programs calls for exceptional measures:** National AIDS Councils and their Secretariats (NAC Secretariat) have been more effective where they see themselves as guides, facilitators and coordinators rather than traditional project “control” and implementation bureaucracies. The Malawi NAC squarely places itself in the facilitator and coordinator category, and is developing financial management and monitoring and evaluation systems, that will build extensively on outsourcing and cooperative partnerships with specialized entities.

**Readiness for Implementation is a success indicator:** The most successful MAP projects are those which have been able to hit the ground running and begin implementation promptly upon project approval. NAC has applied this lesson by giving priority to preparation of operational manuals, clarification of key responsibilities, formation of coalitions, and assessment of institutional capacity. NAC is now prioritizing preparation of annual work plans and procurement plans/documents and recruitment of the FMA and Umbrella NGOs for the grants facility, so that implementation can start upon release of funds without delay.

**Special efforts are needed to scale up existing programs:** Special interventions for targetted capacity building are under development and will be supported during the first year work program: i) umbrella NGOs are being recruited to serve as intermediaries and capacity-builders for CSOs/CBOs; ii) a capacity assessment / capacity building strategy for the district assemblies/ AIDS coordinating committees will be initiated; iii) an institutional development strategy is under preparation, building on a recently completed assessment of the NAC; and iv) technical assistance to the Ministry of Health is planned to assist with the establishment of their internal HIV/AIDS unit.

**Monitoring and evaluation systems are key:** In an experimental and learning process (such as a national HIV/AIDS program), a good M&E system is essential. During preparation, the NAC has given priority to developing a comprehensive M&E framework with support from USAID and the Bank. The comprehensive logical framework, the operational plan with implementation responsibilities, and the first year work plan for M&E have been prepared and field testing will begin before the end of the fiscal year.
Successful programs draw on the experience of others: The challenge is not to create new knowledge, but to share existing, relevant knowledge more effectively among program coordinators and implementers. Exchanges between the Malawi NAC and national AIDS programs in neighboring countries (eg, Uganda and Kenya) have already begun, and these contacts are giving NAC staff/managers peers whom they can consult on how to approach specific challenges (eg, outsourcing to an FMA, relations between Ministry of Health and NAC, relations with Office of President). Participation in future regional workshops among NAC practitioners will be helpful in maintaining and building new cross-country contacts.

Partnerships matter: Combating HIV/AIDS effectively can only be done by genuine collaboration—within government, between the public and private sectors and civil society, among citizens, and with and among donors. The Malawi NAC, assisted by UNAIDS, is devoting considerable effort and energy to building partnerships and promoting collaboration. The Technical Working Group (which groups GOM, NGOs, civil society, donors) meets regularly and has a number of sub-groups where more technical, applied work takes place. The TWG functions as a clearinghouse for information and coordination, and the NAC discussion-database reaches an even wider group of partners throughout the country. The core donors supporting the national AIDS response are also working together intensively to support the NAC's efforts to develop a common management framework for external assistance.

Multiple efforts make a difference: Private sector companies dealing with consumers know that multiple messages, with different content, sent through various media, and with diverse sponsorship, are required to affect the way individuals, families and communities act. The war against HIV/AIDS is no different, and the national response will require substantial duplication of effort to achieve desired results. The proposed Malawi MAP support has fully internalized this “creative duplication” philosophy, as reflected in the multi-sectoral design and reliance on multiple implementers - the public sector, civil society, private companies, faith-based organizations.

9. Environment Aspects (including any public consultation)

Issues:
Safe collection, storage, and disposal of medical wastes is the key environmental issue associated with scaling up the national HIV/AIDS response. Currently, Malawi does not have a policy framework and defined technical standards for managing health care wastes. As input into the development of such a national policy/action plan, an assessment of injection safety (IS) and health care waste management (HCWM) within the public and private health services was carried out in November/December 2002, supported by technical and financial assistance from UNICEF, WHO, and the World Bank.

With respect to injection safety, the assessment found that injection recipients in Malawi were at risk as a result of serious breaks in infection control practices and reuse of injection equipment in the absence of sterilization. Many injections in the curative sector were unnecessary and might have been given more safely and with equal efficacy in an oral formulation. Inadequate collection and disposal methods for used injection equipment exposed health workers and the community at large to risks of injury and infection from contaminated sharp waste.

Major deficiencies in HCW management were observed throughout the collection, storage, transportation, and treatment cycle. The major weaknesses found include: lack of planning or internal management procedures; absence of viable data about HCW production and characteristics; no monitoring system or staff member designated to monitor HCW management; insufficiency of secure collection materials and protective gear; mixing of HCW with household and office waste; and
inefficient local incinerators. As a result, health care workers, non-technical health facility staff, municipal landfill workers, and landfill scavengers are at serious risk of infection. While paramedical staff (doctors, midwives, nurses) were observed to be informed and demonstrate fairly good HCWM practices, the general public’s knowledge of risks linked with the handling of HCW was found to be very weak.

To address the issues described above, the Ministry of Health and Population has prepared a HCWM Plan of Action (POA). The goal of the HCWM Plan of Action is to prevent and mitigate the environmental and health impact of HCW on health care staff and the general public. The objectives of the Plan of Action are to: (i) reduce infections due to HCW; (ii) improve service in HCWM and mitigate the impacts of HCW on individuals and communities; and (iii) establish a well-managed multi-sector institutional framework for co-ordination and implementation of HCWM measures.

The HCWM Plan of Action recommends: a) revisions and improvements to the legal and regulatory framework (including defining technical standards and roles and responsibilities), b) upgrading HCWM treatment systems at the health facility level (system selection was based on technical feasibility in view of staff skills, cost, and ease of maintenance), c) training activities for workers who come into contact with HCW; d) public awareness activities for the general public who may come into contact with HCW; e) development of private-public partnerships for HCWM, and f) monitoring and evaluation activities. The HCWM Plan of Action also defines implementation responsibilities, timetable and cost estimates.

Within the Ministry of Health, the Department of Preventive Health Services (DPHS) through its Environmental Health Service (EHS) will take the lead in managing implementation of the HCWM plan. The Health Education Unit of the Ministry will also be involved in training and public awareness activities. EHS/DPHS will work closely with the Department of Environmental Affairs at the Ministry of Natural Resources and Environmental Affairs, which is responsible for developing appropriate standards for environmental impact assessments involving waste management, including HCW. At the district and local levels, managers of health facilities will be responsible for implementation, working closely with landfill managers (where they exist).

The draft Final HCWM Plan was received in March 2003. The HCWM Plan will be finalized in May, following a national workshop.

10. List of factual technical documents:

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12. For information on other project related documents contact.
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