

**PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING**

Report No.: PIDA22113

Project Name	MASAF IV Strengthening of Safety Nets Systems Additional Finance (P148617)
Parent Project Name	Strengthening Safety Nets Systems - MASAF IV (P133620)
Region	AFRICA
Country	Malawi
Sector(s)	Other social services (50%), General agriculture, fishing and forestry sector (25%), Irrigation and drainage (10%), Primary education (10%), Agro-industry, marketing, and trade (5%)
Theme(s)	Social Safety Nets/Social Assistance & Social Care Services (50%), Social Protection and Labor Policy & Systems (50%)
Lending Instrument	Investment Project Financing
Project ID	P148617
Parent Project ID	P133620
Borrower(s)	Government of Malawi
Implementing Agency	MASAF Local Development Fund
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	18-Feb-2015
Date PID Approved/Disclosed	17-Feb-2015, 18-Feb-2015
Estimated Date of Appraisal Completion	11-Feb-2015
Estimated Date of Board Approval	26-Mar-2015
Decision	

I. Project Context

Country Context

The objectives set out in the Country Assistance Strategy remain broadly relevant and the need for improved macroeconomic policies and the maintenance of internal and external balances is of continued importance. Malawi continues to suffer from persistent volatility in terms of macroeconomic policy and performance, with a stop-go cycle that has damaged private sector investment and job creation and hampered efforts to diversify the economy. In the short-term at least there are likely to be growth consequences resulting from fiscal consolidation and/or monetary tightening, as government is forced to undertake adjustments within a tight fiscal framework. Improving macroeconomic management is an essential pre-requisite if Malawi is to succeed in meeting the twin goals of ending extreme poverty and boosting shared prosperity. The Bank Group's program in Malawi on macroeconomics and fiscal management issues thus remains of critical importance. During the remainder of the CAS, this will include scaled up policy dialogue on

issues associated with macroeconomic management, as well as a new development policy lending series that will shift the focus from economic recovery to one of public policy reform, with a strong focus on improving the integrity of public financial management systems and undertaking the structural reforms necessary to achieve sustained spells of economic growth and poverty reduction.

Extreme poverty and vulnerability is a serious and persistent problem in rural Malawi, with extreme poverty increasing from 20 percent to 24 percent between 2005 and 2011. The introduction of the productive community driven public works program aims to have an impact on extreme poverty.

Sectoral and institutional Context

For almost two decades the Government of Malawi's (GoM's) efforts to reduce poverty have focused on its flagship safety nets program of cash transfers through MASAF-LDF public works to 1.6 million of the poor. In addition, MASAF public works beneficiaries have been organized into savings groups under the MASAF supported Community Savings and Investment Promotion. More recently, a Social Cash Transfers program supported by a number of Cooperating Partners (CPs) has targeted the most vulnerable and labor constrained households. These key programs had worked in isolation of each other and the delivery of safety nets remained fragmented and inadequate.

The MASAF IV has been designed as a second generation safety net system that builds a Safety Net platform to harmonize, coordinate and deliver safety nets based on the 17 year experience of the Local Development Fund Mechanism (LDF) and more recent approaches underway in the country on a unified registry system. It supports productive community driven public works through MASAF, the Community Savings and Investment Promotion (COMSIP), and the more recent Social Cash Transfers program. It also strengthens, coordinates and harmonizes the establishment of a system for unified registries and the targeting of the poorest and most vulnerable in the country. The MASAF IV harmonizes and coordinates the approaches, targeting, and systems of these programs. It therefore supports a second generation safety nets system through the Safety Net platform, which is based on improving the existing safety net programs in the country. MASAF IV is in line with the National Social Support Policy (NSSP) while also working within the water, agriculture, environment and climate resilience and disaster risk management sectors to reduce poverty and vulnerability.

II. Proposed Development Objectives

A. Current Project Development Objectives – Parent

The Project Development Objective of the proposed project is to strengthen Malawi's social safety net delivery systems and coordination across programs.

III. Project Description

Component Name

Productive Safety Nets

Comments (optional)

The Productive Safety Nets component contains three sub-components:

- (i) Productive Community Driven Public Works

- (ii) Livelihoods and Skills Development
- (iii) Social Cash Transfers

Component Name

Systems and Capacity Building

Comments (optional)

Component Name

Project Management

Comments (optional)

IV. Financing (in USD Million)

Total Project Cost:	75.00	Total Bank Financing:	75.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			6.50
IDA Grant			68.50
Total			75.00

V. Implementation

The proposed Additional Financing would use the same implementation arrangements that had already been set up for the implementation of the parent project. The MASAF IV would support the existing Social Protection and Safety Nets Platform as defined under the NSSP within 18 months of project effectiveness. The Platform lays out a number of safety net programs focused on communities and households. This approach could serve as a national, integrated and coordinated multi-sectoral safety nets platform. LDF will supervise, coordinate, integrate and channel financing, knowledge and technical assistance to each subprogram. Such a structure would then allow the GoM to coordinate Cooperating Partners (CPs) support for safety nets in a rationalized, coherent, predictable and integrated manner to achieve impact on vulnerability as articulated in the National Social Support Policy and the Program.

District Councils would be responsible for the implementation of the social protection programs. Following the program principles, Districts would also be responsible for supporting communities to identify Productive Community Driven Public Works, Social Cash Transfers and livelihood activities. The Implementation Manual will be revised by Negotiations to clarify the role of the newly-elected district councils in the procedures for the PWP. The LDF mechanism itself is operationally under the Ministry of Local Government and Rural Development (MoLGRD) and would also have oversight from Ministry of Finance, Economic Planning and Development (MFEPD). MFEPD was recently constructed to unite two previously existing ministries – the Ministry of Finance, and the Ministry of Economic Planning and Development. Under MASAF IV the MFEPD would play a key role in providing policy direction for safety nets. The structural change of the unification of the two ministries does not materially affect the implementation

arrangements, and would actually be in keeping with the concept of a unified policy and supervision platform for improving the coordination of the relevant stakeholders.

VI. 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
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

Comments (optional)

VII. Contact point

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