OFFICIAL DOCUMENTS

GRANT NUMBER D1330-MW
Second Amendment
GRANT NUMBER H761-MW
CREDIT NUMBER 5068-MW

Financing Agreement
(Additional Financing for Nutrition and HIV/AIDS Project and Second Amendment to Original Financing Agreement)

between

REPUBLIC OF MALAWI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 5, 2016
GRANT NUMBER D1330-MW

FINANCING AGREEMENT

AGREEMENT dated August 5, 2016 entered into between REPUBLIC OF MALAWI ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in Section I of the Appendix to this Agreement) and amending the Original Financing Agreement (as set forth in Section II of the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in Section I of the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to sixteen million Special Drawing Rights (SDR 16,000,000) ("Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Payment Dates are April 1 and October 1 in each year.

2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out Part 1 of the Project through DNHA and Parts 2 and 3 of the Project through NAC in accordance with the provisions of Article IV of the General Conditions.
3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) Trust Deed TR/INC.NO.1400 dated March 16, 2002, providing for the establishment and operation of NAC, has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of NAC to implement the Program.

(b) A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in paragraph (a) of Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.02. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its minister responsible for finance.

6.02. The Recipient’s Address is:

Ministry of Finance, Economic Planning and Development
P.O. Box 30049
Capital City
Lilongwe 3
Malawi

Cable: FINANCE
Facsimile: 265-1-789173
Lilongwe
6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: Facsimile:
248423 (MCI) 1-202-477-6391

AGREED at LILONGWE, MALAWI, as of the day and year first above written.

REPUBLIC OF MALAWI

By

Authorized Representative

Name: Hon. Goodall Gondwe
Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Laura Kullenberg
Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to increase coverage of selected nutrition, HIV and AIDS services and strengthen disease outbreak preparedness in Project areas.

The Project, which is a part of the Program, consists of the following parts:

Part 1: Nutritional Improvement

(a) Maternal and Child Nutrition Service Delivery

Carrying out of a program of activities designed to strengthen maternal and child nutrition service delivery at community level, including activities aimed at enhancing: (i) infant and young child feeding practices; (ii) home based care of and care seeking for common infectious diseases; (iii) hygiene and utilization of safe water and sanitation; (iv) prevention of parasitic infections; (v) iron intake by women and children; (vi) dietary intake by women before, during and after pregnancy; (vii) household care of pregnant women and utilization of antenatal services; (viii) increased spacing of pregnancies for mothers postpartum; and (ix) adequate weight gain in children under two and pregnant women (“Sub-projects”); all through the provision of Subgrants.

(b) Policy and Program Development, Management and Coordination

Carrying out of a program of activities designed to strengthen capacity of the DNHA for policy and program development, coordination, management, monitoring and evaluation of the Recipient’s nutrition program at central and District level, including provision of operating costs.

(c) Integrated Management of Acute Malnutrition

Supporting integrated management of acute malnutrition activities in Project areas, including: (i) mass screening of children under the age of 5; (ii) referrals of children with severe and moderate acute malnutrition to health facilities for treatment; (iii) procurement and distribution of nutrition commodities for the treatment of severe and moderate acute malnutrition; (iv) monitoring stocks of nutrition commodities and supplies in rural health facilities; (v) training of health surveillance assistants with a focus on screening and identification of severe and moderate acute malnutrition; and (vi) strengthening data collection, analysis and reporting on community-based management of acute malnutrition activities.
Part 2: Support for the National HIV/AIDS Strategic Plan

(a) Provision of Subprogram Grants to eligible Subprogram Beneficiaries to finance the following activities:

(i) **Support to the National Strategic Plan for HIV and AIDS**

Carrying out of a program of activities designed to support implementation of priority HIV/AIDS prevention and care interventions as outlined in the National Strategic Plan for HIV and AIDS, including enhancing the: (i) implementation, efficiency and governance of the national response to HIV/AIDS; (ii) functional capacity of local government to plan, implement and monitor activities at local level; (iii) monitoring and evaluation systems; (iv) the supply chain management system; and (v) implementation of the Health Care Waste Management Plan.

(ii) **Voluntary Medical Male Circumcision**

Carrying out of a program of activities designed to enhance the voluntary medical male circumcision program, such activities to include support: (i) to selected mobile clinics and district hospitals providing the circumcisions; (ii) to selected birthing centers providing neo-natal male circumcision; (iii) towards monitoring and evaluation of the male circumcision program; (iv) for implementation of social and behavioral change outreach activities at the national, district and community levels; and (v) provision of training and orientation support to service providers under the program.

(iii) **Prevention of Mother to Child Transmission**

Carrying out of a program of activities designed to reduce the rate of mother to child transmission of HIV/AIDS, such program to include, *inter alia*: (i) provision of HIV DNA polymerase chain reaction equipment for infants and associated supplies, HIV test kits and sexually transmitted infection treatments; (ii) provision of equipment and minor refurbishment of prevention of mother to child transmission centers; (iii) implementation of a program to promote retention of HIV-positive pregnant and post-natal women in HIV treatment; and (iv) monitoring and evaluation of the prevention of mother to child transmission program.

(b) Strengthening the health sector's monitoring and evaluation (M&E) systems, tools and processes, through: (i) developing a comprehensive M&E framework and alignment of nutrition and HIV/AIDS databases with said framework; (ii) establishing and operationalizing a single M&E platform; (iii) establishing a national M&E coordination mechanism; (iv) preparing a list of core national health indicators; (v) rolling out of revised data collection tools to health facilities as well as provision of training on said tools; and (vi) streamlining a framework for health
sector M&E reviews and sector-wide report preparation processes incorporating roles and responsibilities for M&E.

Part 3: Support for Ebola Preparedness

Carrying out a program of activities to support the implementation of the Ebola Preparedness Plan, such activities to include: (a) supplying Ebola specific health commodities and other needed goods and equipment; (b) capacity building of health sector and other staff to respond to the Ebola emergency; and (c) construction of Ebola quarantine or treatment centers at Mzuzu central hospital, Kamuzu central hospital, Karonga district hospital, proposed Blantyre district hospital and cancer center, Mchinji district hospital, Dedza district hospital and Mwanza district hospital.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Principal Secretaries Steering Committee on Nutrition, HIV and AIDS

The Recipient shall maintain, at all times during the implementation of the Project, the Principal Secretaries Steering Committee on Nutrition, HIV and AIDS, with a mandate, composition and resources satisfactory to the Association. The Principal Secretaries Steering Committee on Nutrition, HIV and AIDS shall be responsible for, among others, providing oversight of the Project.

2. DNHA

The Recipient shall maintain, at all times during the implementation of the Project, the DNHA with staffing, resources and mandate satisfactory to the Association. The DNHA shall be responsible for overall coordination, implementation, monitoring, evaluation and reporting of activities under Part 1 of the Project.

3. NAC

The Recipient shall maintain, at all times during the implementation of the Project, the NAC with staffing, resources and mandate satisfactory to the Association. The NAC shall be responsible for overall coordination, implementation, monitoring, evaluation and reporting of activities under Parts 2 and 3 of the Project.

B. Other Arrangements

1. Operational Manual

(a) The Recipient shall, not later than three (3) months after the Effective Date, update in accordance with terms of reference acceptable to the Association and furnish to the Association for review, the operational manual for the Original Project.

(b) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on said operational manual, and thereafter, shall adopt such operational manual, as shall have been approved by the Association (“Operational Manual”).

(c) The Recipient shall ensure that the Project is carried out in accordance with the Operational Manual; provided, however, that in case of any
conflict between the provisions of the Operational Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(d) Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Operational Manual.

2. Annual Work Plan

(a) The Recipient shall prepare and furnish to the Association not later than May 15 of each Fiscal Year during the implementation of the Project, a work plan and budget containing all activities proposed to be included in the Project during the following Fiscal Year (including Safeguard Instruments applicable to said activities in accordance with the provisions of Section I.F of this Schedule 2), and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing.

(b) Each such proposed work plan and budget shall specify any Training activities that may be required under the Project, including: (i) the type of Training; (ii) the purpose of the Training; (iii) the personnel to be trained; (iv) the institution or individual who will conduct the Training; (v) the location and duration of the Training; and (vi) the cost of the Training.

(c) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient and the Funding Partners on each such proposed work plan and budget and thereafter ensure that the Project is implemented with due diligence during said following Fiscal Year in accordance with such work plan and budget as shall have been approved by the Association ("Annual Work Plan").

(d) The Recipient shall not make or allow to be made any change(s) to the approved Annual Work Plan without prior approval in writing by the Association.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
D. **Sub-projects under Part 1(a) of the Project**

1. **General**

   The Recipient shall make Subgrants under Part 1(a) of the Project to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Association and set forth in more detail in the Operational Manual.

2. **Eligibility Criteria and Procedures for Subprojects**

   Except as the Association may otherwise agree in writing, no proposed Subproject shall be eligible for financing under Part 1(a) of the Project unless the Recipient has determined, on the basis of an appraisal (including an environmental assessment for the Subproject conducted in accordance with the Health Care Waste Management Plan), conducted in accordance with guidelines acceptable to the Association, that the proposed Subproject satisfies the eligibility criteria specified in the Operational Manual, including the following:

   (a) the proposed Subproject consists of specific development projects designed to enhance maternal and child nutrition service delivery in selected Districts;

   (b) the Beneficiary shall have prepared and furnished to DNHA a proposal of activities proposed to be carried out under the Subproject and the procurement plan to be followed;

   (c) the Beneficiary has adequate technical, financial management and procurement capacity to implement the proposed Subproject in compliance with the guidelines set forth in the Operational Manual; and

   (d) the proposed Subproject complies with the health care waste management guidelines set out in the HCWMP.

3. **Terms and Conditions of Subgrants**

   (a) No Subgrant shall be made to a respective Beneficiary unless the Recipient has entered into a Subgrant Agreement with the respective Beneficiary on terms and conditions approved by the Association and set forth in the Operational Manual, which shall include a requirement that the Subgrant be made on grant basis.

   (b) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Subgrant, or obtain a refund of all or any part of the amount of the Subgrant then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Subgrant
Agreement; and (ii) require each Beneficiary to: (A) carry out its Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works, non-consulting services and services to be financed out of the Subgrant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Subproject and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Subproject; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect the Subproject, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

4. The Recipient shall exercise its rights and carry out its obligations under each Subgrant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

E. Subprogram Grants Under Part 2 of the Project

1. General

The Recipient shall make Subprogram Grants under Part 2 of the Project to Subprogram Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Association and set forth in more detail in the Grants Facility Guidelines.

2. Eligibility Criteria and Procedures for Subprograms

Except as the Association may otherwise agree in writing, no proposed Subprogram shall be eligible for financing under a Subprogram Grant unless the Recipient has determined, on the basis of an appraisal (including an environmental and social assessment for the Subprogram conducted in accordance with the
HCWMP), conducted in accordance with guidelines acceptable to the Association, that the proposed Subprogram satisfies the eligibility criteria set out in the Grants Facility Guidelines, including the following:

(a) the Subprogram Beneficiary has prepared and furnished to NAC an operational plan for the proposed Subprogram, setting forth, \textit{inter alia}, the program of activities to be carried out, the outputs to be achieved, the expenditures to be incurred, the sources of financing of such expenditures and the procurement plan to be followed;

(b) the Subprogram Beneficiary has adequate technical, financial management and procurement capacity to implement the proposed Subprogram in compliance with the guidelines set forth in the Grants Facility Guidelines; and

(c) the proposed Subprogram is in compliance with the health care waste management guidelines set out in the HCWMP, and with the Recipient’s National HIV/AIDS Service Delivery Guidelines.

3. Terms and Conditions of Subprogram Grants

(a) No Subprogram Grant shall be made to a Subprogram Beneficiary unless the Recipient has entered into a Subprogram Grant Agreement with said Subprogram Beneficiary on terms and conditions approved by the Association and outlined in more detail in the Grants Facility Guidelines, which shall include the following:

(i) the Subprogram Grant shall be on grant basis; and

(ii) a requirement that said Subprogram Beneficiary shall be eligible for subsequent Subprogram Grants only if it has completed the Subprogram in the preceding Fiscal Year to the satisfaction of the Recipient, in accordance with the terms of the Subprogram Grant Agreement.

(b) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Subprogram Beneficiary to use the proceeds of the Subprogram Grant, or to obtain a refund of all or any part of the amount of the Subprogram Grant then withdrawn, upon the Subprogram Beneficiary’s failure to perform any of its obligations under the Subprogram Grant Agreement; and (ii) require each Subprogram Beneficiary to: (A) carry out its Subprogram with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in
accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works, non-consulting services and services to be financed out of the Subprogram Grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Subprogram and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Subprogram; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect the Subprogram, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

4. The Recipient shall exercise its rights and carry out its obligations under each Subprogram Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Subprogram Grant Agreement or any of its provisions.

F. Safeguards

1. The Recipient shall: (i) carry out the Project in accordance with the provisions of the Health Care Waste Management Plan ("HCWMP") and the Environmental and Social Management Plans ("ESMPs"), respectively; and (ii) take all actions, including the provision of funding, personnel and other resources necessary to ensure full and timely implementation of the recommendations of the HCWMP and ESMPs, respectively.

2. The Recipient shall not make or allow to be made any change to the HCWMP or the ESMPs, respectively, without prior approval in writing by the Association.

3. Without limitation upon its other reporting obligations under this Agreement and under Section 4.08 of the General Conditions, the Recipient shall, in accordance with terms of reference satisfactory to the Association: (a) monitor the status of compliance with the HCWMP and ESMPs, respectively; and
prepare and furnish to the Association, as part of each Project Report referred to in Section II.A of this Schedule, a report on the full implementation of HCWMP and the ESMPs, respectively, and the results of such monitoring activities during the period covered by said Project Report, giving details of:

(i) measures taken in furtherance of the HCWMP and ESMPs, respectively;

(ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the HCWMP and ESMPs, respectively; and

(iii) remedial measures taken or required to be taken to address such conditions.

4. The Recipient shall afford the Association a reasonable opportunity to review the reports prepared under paragraph 3 of this Part F, and thereafter shall carry out with due diligence all remedial measures agreed with the Association so as to ensure the proper and full implementation of the Project in accordance with the HCWMP and the ESMPs, respectively.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year of the Recipient or such other period acceptable to the Association. The audited Financial Statements
for each such period shall be furnished to the Association not later than six (6)
months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-
consulting services required for the Project and to be financed out of the proceeds
of the Financing shall be procured in accordance with the requirements set forth or
referred to in Section I of the Procurement Guidelines, and with the provisions of
this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be
financed out of the proceeds of the Financing shall be procured in accordance with
the requirements set forth or referred to in Sections I and IV of the Consultant
Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular
procurement methods or methods of review by the Association of particular
contracts, refer to the corresponding method described in the Procurement
Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting
Services

1. International Competitive Bidding. Except as otherwise provided in paragraph
2 below, goods, works and non-consulting services shall be procured under
contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting
Services. The following methods of procurement, other than International
Competitive Bidding, may be used for goods, works and non-consulting services.
The Procurement Plan shall specify the circumstances under which such methods
may be used: (a) Limited International Bidding; (b) National Competitive Bidding,
subject to the additional provisions in paragraph 3 below; (c) Shopping;
(d) procurement under Framework Agreements in accordance with procedures
which have been found acceptable to the Association; (e) Direct Contracting;
(f) Force Account; (g) Well-established Private Sector Procurement Methods or
Commercial Practices which have been found acceptable to the Association;
(h) Procurement from UN Agencies; and (i) Community Participation procedures
which have been found acceptable to the Association.

3. National Competitive Bidding ("NCB"). The procedures to be followed for NCB
shall be those set forth in the Recipient’s Public Procurement Act, as revised from
time to time in a manner deemed acceptable to the Association, subject, however, to the modifications described in the following paragraphs required for compliance with the Procurement Guidelines:

(a) No bidder or potential bidder shall be declared ineligible to bid for reasons other than those provided in Section I of the Procurement Guidelines;

(b) Standard bidding documents acceptable to the Association shall be used for any procurement process under NCB; each bidding document and contract financed from the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of the Procurement Guidelines. The Association may sanction a firm or individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded an Association-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier or service provider of an otherwise eligible firm being awarded an Association-financed contract;

(c) In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed from the proceeds of the Financing shall provide that: (i) the bidders, suppliers, and contractors and their subcontractors, agents, personnel, consultants, service providers or suppliers, shall permit the Association, at its request, to inspect their accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines;

(d) Unquantifiable criteria, such as local content, technology transfer, and managerial, scientific, and operational skills development, shall not be used in the evaluation of bids; and

(e) Contracts shall not be split into small lots, and the award of contracts shall not be restricted to small enterprises for purposes of promotion of the participation of such small enterprises.

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** The following methods of procurement, other than Quality and Cost-based Selection, may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association; (g) Selection of consultants under Indefinite Delivery Contract or Price Agreement; (h) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (i) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. **Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects”, dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services and consultants’ services for Subprojects under Part 1(a) of the Project to be financed out of the proceeds of the Subgrants</td>
<td>1,610,000</td>
<td>0% until MDTF-12631 is fully exhausted and then will become 23%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consulting services, Training and Operating Costs for Part 1(b) of the Project</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, consulting services, Training and Operating Costs for Subprograms under Part 2 of the Project to be financed out of the proceeds of the Subprogram Grants</td>
<td>7,300,000</td>
<td>59%</td>
</tr>
<tr>
<td>(4) Refund of Preparation Advance</td>
<td>0</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>(5) Goods (including vehicles), non-consulting services, consulting services, Training and Operating Costs for Part 3 of the Project <em>(Pro Memoria, see Original Financing Agreement)</em></td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>(6) Goods (including vehicles), works, non-consulting services, consulting services, Training and Operating Costs for Part 3 of the Project</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>(7) Goods, non-consulting services, consulting services, Training and Operating Costs for Part 1(c) of the Project</td>
<td>7,090,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>16,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is August 31, 2018.
APPENDIX

Section I. Definitions

1. "AIDS" means Acquired Immune Deficiency Syndrome.

2. "Annual Work Plan" means each annual work plan, together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I.B.2 of Schedule 2 to this Agreement.


4. "Beneficiary" means a non-governmental organization or a District council or any of the Recipient’s ministries, that has received a Subgrant and entered into a Subgrant Agreement with the Recipient; and "Beneficiaries" means more than one such Beneficiary.

5. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


7. "DNA" means deoxyribonucleic acid.

8. "DNHA" means the Department of Nutrition, HIV and AIDS within the Recipient’s ministry responsible for health.

9. "District" means an administrative area established pursuant to the Regional and District Boundaries and Place Names Act, Chapter 18:04 of the laws of the Recipient.


11. "Ebola Preparedness Plan" means a plan prepared and adopted by the Recipient setting out emergency and preparedness activities to be implemented by various entities of the Recipient in response to the Ebola emergency.

12. "Environmental and Social Management Plan" or "ESMP" means one of the following plans: (a) Environmental and Social Management Plan for the proposed Construction of an Ebola Virus Diseases Treatment Centre at Mzuzu Central Hospital dated May 11, 2016, and disclosed in-country and at the InfoShop on May
18, 2016; (b) Environmental and Social Management Plan for the proposed Construction of an Ebola Virus Diseases Quarantine Centre at Mwanza District Hospital dated May 5, 2016, and disclosed in-country and at the InfoShop on May 18, 2016; (c) Environmental and Social Management Plan for the proposed Construction of an Ebola Virus Diseases Quarantine Centre at Mchinji District Hospital dated May 11, 2016, and disclosed in-country and at the InfoShop on May 18, 2016; (d) Environmental and Social Management Plan for the proposed Construction of an Ebola Virus Diseases Quarantine Centre at Dedza District Hospital dated May 5, 2016, and disclosed in-country and at the InfoShop on May 18, 2016; (e) Environmental and Social Management Plan for the proposed Construction of the Ebola Virus Diseases Treatment Centre at Kameza in Blantyre dated May 11, 2016; (f) Environmental and Social Management Plan for the proposed Construction of an Ebola Virus Diseases Quarantine Centre at Karonga District Hospital dated May 6, 2016, and disclosed in-country and at the InfoShop on May 18, 2016; and (g) Environmental and Social Management Plan for the proposed Construction of an Ebola Virus Diseases Treatment Centre at Kamuzu Central Hospital dated May 6, 2016, and disclosed in-country and at the InfoShop on May 18, 2016, each prepared and adopted by the Recipient’s ministry responsible for health, for purposes of activities under Part 3 of the Project and giving details of the magnitude of the environmental and social impacts, as well as the specific actions, measures and policies designed to mitigate and manage the said environmental and social impacts, including the institutional, procedural and other measures needed to implement such actions, measures and policies in the respective sites and locations; and “ESMPs” means, collectively, two or more such plans.

13. “Fiscal Year” means the Recipient’s fiscal year commencing July 1 and ending June 30 of the following year.

14. “Funding Partners” means the Global Funds for AIDS, Tuberculosis and Malaria and the United Kingdom’s Department for International Development or any other national or international agencies or organizations contributing funds to the Program.


16. “Grants Facility Guidelines” means the Recipient’s guidelines, attached as an annex to the Operational Manual, setting forth eligibility criteria and detailed procedures and implementation arrangements for the Subprograms under the Program.

18. "HIV" means the Human Immuno-deficiency Virus.

19. "NAC" means the Recipient’s National AIDS Commission, established within the Office of the President and Cabinet and operating pursuant to Trust Deed TR/INC. No. 1400 dated March 16, 2002.

20. "National HIV/AIDS Service Delivery Guidelines" means the collection of all Ministry of Health guidelines pertaining to HIV and AIDS, including the HIV testing and counseling guidelines, the anti-retroviral treatment and PMTCT guidelines, the sexually transmitted infections guidelines and the home based care guidelines.

21. "National Strategic Plan for HIV and AIDS" means the Recipient’s plan for the initial period 2011-2016, setting forth programs and interventions designed to reduce the number of new HIV infections, provide treatment to persons living with HIV/AIDS, and mitigate the burden and impact of the HIV/AIDS epidemic, and its successor plan for the period 2015-2020.

22. "Operating Costs" means the incremental expenses, approved by the Association based on Annual Work Plans, for Project supervision, management, and monitoring, on account of office space rental and utilities, office supplies and equipment, bank charges, communications, vehicle operation, maintenance and insurance, building and equipment maintenance, travel costs for Project supervision, advertising and staff salaries (other than consultants’ services), but excluding salaries of civil servants.

23. "Operational Manual" means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement.

24. "Original Financing Agreement" means the financing agreement for a Nutrition and HIV/AIDS Project between the Recipient and the Association, dated July 17, 2012, as amended to the date of this Agreement (Grant Number H761-MW; Credit Number 5068-MW).

25. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement.

26. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on February 3, 2012 and on behalf of the Recipient on February 9, 2012.

27. "Principal Secretaries Steering Committee on Nutrition, HIV and AIDS" means the committee within the Office of the President, responsible for overseeing nutrition, HIV and AIDS activities in the Recipient’s territory.

29. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 20, 2016, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

30. “Program” means the National Strategic Plan for HIV and AIDS.

31. “Public Procurement Regulations” means the Recipient’s Public Procurement Regulations made pursuant to section 43 of the Public Procurement Act, Chapter 37:03 of the Laws of the Recipient.

32. “Subgrant” means a grant to finance the reasonable cost of goods, services, training and operating costs required for a Subproject to be carried out by a Beneficiary; “Subgrants” means more than one such Subgrant.

33. “Subgrant Agreement” means each agreement entered into between the Recipient and a Beneficiary under Section I.D of Schedule 2 to this Agreement, and pursuant to which a Subgrant shall be or has been made by the Recipient to such Beneficiary for a Subproject.

34. “Subproject” means a specific development project to be carried out by a Beneficiary under Part 1(a) of the Project; and “Subprojects” means more than one such Subproject.

35. “Subprogram” means a program of activities to be carried out by a Subprogram Beneficiary under Part 2 of the Project.

36. “Subprogram Beneficiary” means a non-governmental organization, a community based organization, a faith based organization, any of the Recipient’s ministries, a public agency, a private enterprise or a local government body, that has received a Subprogram Grant and entered into a Subprogram Grant Agreement with the Recipient; and “Subprogram Beneficiaries” means more than one such Subprogram Beneficiary.

37. “Subprogram Grant” means a grant to finance the reasonable cost of goods, services, training and operating costs required for a Subprogram to be carried out by a Subprogram Beneficiary; and “Subprogram Grants” means more than one such Subprogram Grant.

38. “Subprogram Grant Agreement” means an agreement entered into between the Recipient and a Subprogram Beneficiary under Section I.E of Schedule 2 to this
Agreement, and pursuant to which a Subprogram Grant shall be or has been made by the Recipient to such Subprogram Beneficiary for a Subprogram.

39. "Training" means reasonable expenditures approved by the Association on the basis of Annual Work Plans to finance the cost of training activities, workshops and seminars related to the Project, including expenses for rental of conference rooms, acquisition of materials and supplies, course fees and travel and subsistence for trainees.

40. "UN Agencies" means, the United Nations Children’s Fund, the World Food Program or any other UN agency acceptable to the Association.

Section II: Second Amendment to the Original Financing Agreement

The Original Financing Agreement is amended as follows:

1. Article 3.01 is amended to read as follows:

   "3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out Part 1 of the Project through DNHA and Parts 2 and 3 of the Project through NAC in accordance with the provisions of Article IV of the General Conditions."

2. Schedule 1 is amended to read as follows (emphasis added):

   "SCHEDULE 1

   Project Description

   The objective of the Project is to increase coverage of selected nutrition, HIV and AIDS services and strengthen disease outbreak preparedness in Project areas.

   The Project, which is a part of the Program, consists of the following parts:

   **Part 1: Nutritional Improvement**

   (a) Maternal and Child Nutrition Service Delivery

   Carrying out of a program of activities designed to strengthen maternal and child nutrition service delivery at community level, including activities aimed at enhancing: (A) infant and young child feeding practices; (B) home based care of and care seeking for common infectious diseases; (C) hygiene and utilization of safe water and sanitation; (D) prevention of parasitic infections; (E) iron intake by women and children; (F) dietary intake by women before, during and after
pregnancy; (G) household care of pregnant women and utilization of antenatal services; (H) increased spacing of pregnancies for mothers postpartum; and (I) adequate weight gain in children under two and pregnant women ("Sub-projects"); all through the provision of Subgrants.

(b) **Policy and Program Development, Management and Coordination**

Carrying out of a program of activities designed to strengthen capacity of the DNHA for policy and program development, coordination, management, monitoring and evaluation of the Recipient's nutrition program at central and District level, including provision of operating costs.

(c) **Integrated Management of Acute Malnutrition**

Supporting integrated management of acute malnutrition activities in Project areas, including: (i) mass screening of children under the age of 5; (ii) referrals of children with severe and moderate acute malnutrition to health facilities for treatment; (iii) procurement and distribution of nutrition commodities for the treatment of severe and moderate acute malnutrition; (iv) monitoring stocks of nutrition commodities and supplies in rural health facilities; (v) training of health surveillance assistants with a focus on screening and identification of severe and moderate acute malnutrition; and (vi) strengthening data collection, analysis and reporting on community-based management of acute malnutrition activities.

**Part 2: Support for the National HIV/AIDS Strategic Plan**

(a) Provision of Subprogram Grants to eligible Subprogram Beneficiaries to finance the following activities:

(i) **Support to the National Strategic Plan for HIV and AIDS**

Carrying out of a program of activities designed to support implementation of priority HIV/AIDS prevention and care interventions as outlined in the National Strategic Plan for HIV and AIDS, including enhancing the: (i) implementation, efficiency and governance of the national response to HIV/AIDS; (ii) functional capacity of local government to plan, implement and monitor activities at local level; (iii) monitoring and evaluation systems; (iv) the supply chain management system; and (v) implementation of the Health Care Waste Management Plan.

(ii) **Voluntary Medical Male Circumcision**

Carrying out of a program of activities designed to enhance the voluntary medical male circumcision program, such activities to
include support: (i) to selected mobile clinics and district hospitals providing the circumcisions; (ii) to selected birthing centers providing neo-natal male circumcision; (iii) towards monitoring and evaluation of the male circumcision program; (iv) for implementation of social and behavioral change outreach activities at the national, district and community levels; and (v) provision of training and orientation support to service providers under the program.

(iii) Prevention of Mother to Child Transmission

Carrying out of a program of activities designed to reduce the rate of mother to child transmission of HIV/AIDS, such program to include, *inter alia*: (i) provision of HIV DNA polymerase chain reaction equipment for infants and associated supplies, HIV test kits and sexually transmitted infection treatments; (ii) provision of equipment and minor refurbishment of prevention of mother to child transmission centers; (iii) implementation of a program to promote retention of HIV-positive pregnant and post-natal women in HIV treatment; and (iv) monitoring and evaluation of the prevention of mother to child transmission program.

(b) Strengthening the health sector’s monitoring and evaluation (M&E) systems, tools and processes, through: (i) developing a comprehensive M&E framework and alignment of nutrition and HIV/AIDS databases with said framework; (ii) establishing and operationalizing a single M&E platform; (iii) establishing a national M&E coordination mechanism; (iv) preparing a list of core national health indicators; (v) rolling out of revised data collection tools to health facilities as well as provision of training on said tools; and (vi) streamlining a framework for health sector M&E reviews and sector-wide report preparation processes incorporating roles and responsibilities for M&E.

**Part 3: Support for Ebola Preparedness**

Carrying out a program of activities to support the implementation of the Ebola Preparedness Plan, such activities to include: (a) supplying Ebola specific health commodities and other needed goods and equipment; (b) capacity building of health sector and other staff to respond to the Ebola emergency; and (c) construction of Ebola quarantine or treatment centers at Mzuzu central hospital, Kamuzu central hospital, Karonga district hospital, proposed Blantyre district hospital and cancer center, Mchinji district hospital, Dedza district hospital and Mwanza district hospital.”
3. Section I.A.3 of Schedule 2 is amended to read as follows:

"3. NAC

To ensure proper implementation of Parts 2 and 3 of the Project, the Recipient shall maintain at all times during implementation of the Project, the NAC with staffing, resources and mandate satisfactory to the Association. To this end, the Recipient shall ensure that NAC shall:

(a) be composed of qualified and experienced staff in adequate numbers, such staff to include financial management specialists and procurement specialists; and

(b) be responsible for overall coordination and implementation of said Parts 2 and 3 of the Project, including, inter alia, coordinating with Funding Partners on the implementation, monitoring, evaluation and reporting of Parts 2 and 3 of the Project, overseeing the overall HIV/AIDS national response and coordinating the financial assistance from Funding Partners to the Program."

4. Section I.G of Schedule 2 is amended to read as follows:

"G. Safeguards

1. The Recipient shall: (i) carry out the Project in accordance with the provisions of the Health Care Waste Management Plan ("HCWMP") and the Environmental and Social Management Plans ("ESMPs"), respectively; and (ii) take all actions, including the provision of funding, personnel and other resources necessary to ensure full and timely implementation of the recommendations of the HCWMP and ESMPs, respectively.

2. The Recipient shall not make or allow to be made any change to the HCWMP or the ESMPs, respectively, without prior approval in writing by the Association.

3. Without limitation upon its other reporting obligations under this Agreement and under Section 4.08 of the General Conditions, the Recipient shall, in accordance with terms of reference satisfactory to the Association: (a) monitor the status of compliance with the HCWMP and ESMPs, respectively; and (b) prepare and furnish to the Association, as part of each Project Report referred to in Section II.A of this Schedule, a report on the full implementation of HCWMP and the ESMPs,
respectively, and the results of such monitoring activities during the period covered by said Project Report, giving details of:

(i) measures taken in furtherance of the HCWMP and ESMPs, respectively;

(ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the HCWMP and ESMPs, respectively; and

(iii) remedial measures taken or required to be taken to address such conditions.

4. The Recipient shall afford the Association a reasonable opportunity to review the reports prepared under paragraph 3 of this Part G, and thereafter shall carry out with due diligence all remedial measures agreed with the Association so as to ensure the proper and full implementation of the Project in accordance with the HCWMP and the ESMPs, respectively.”

5. The table under paragraph 2 of Section IV.A of Schedule 2 is amended to read as follows:

“2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services and consultants' services for Subprojects under Part 1(a) of the Project to be financed out of the proceeds of the Subgrants</td>
<td>9,200,000</td>
<td>6,100,000</td>
<td>0% until MDTF-12631 is fully exhausted and then will become 77% from Grant Number H761-MW and 0% from Credit Number 5068-MW</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consulting services, Training and Operating Costs for Part 1(b) of the Project</td>
<td>2,200,000</td>
<td>1,500,000</td>
<td>0% until MDTF-12631 is fully exhausted and then will become 100% from Grant Number H761-MW and 0% from Credit Number 5068-MW</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, consulting services, Training and Operating Costs for Subprograms under Part 2 of the Project to be financed out of the proceeds of the Subprogram Grants</td>
<td>14,836,201</td>
<td>12,808,000</td>
<td>0% from Grant Number H761-MW and 41% from Credit Number 5068-MW</td>
</tr>
<tr>
<td>(4) Refund of Preparation Advance</td>
<td>250,000</td>
<td>150,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>(5) Goods (including vehicles), non-consulting services, consulting services, Training and Operating Costs for Part 3 of the Project (Pro Memoria, see Original Financing Agreement)</td>
<td>4,513,799</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Goods (including vehicles), works, non-consulting services, consulting services, Training and Operating Costs for Part 3 of the Project</td>
<td>0</td>
<td>142,000</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Goods, non-consulting services, consulting services, Training and Operating Costs for Part 1(c) of the Project</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>31,000,000</td>
<td>20,700,000</td>
<td></td>
</tr>
</tbody>
</table>
6. Paragraph 2 of Section IV.B of Schedule 2 is amended to read as follows:

"2. The Closing Date is August 31, 2018."

7. Section I of the Appendix to the Agreement is amended by:

(a) Introducing the following new definition immediately after paragraph 6:

"7. “DNA” means deoxyribonucleic acid."

(b) Introducing the following new definition immediately after paragraph 11:

"12. Environmental and Social Management Plan” or “ESMP” means one of the following plans: (a) Environmental and Social Management Plan for the proposed Construction of an Ebola Virus Diseases Treatment Centre at Mzuzu Central Hospital dated May 11, 2016, and disclosed in-country and at the InfoShop on May 18, 2016; (b) Environmental and Social Management Plan for the proposed Construction of an Ebola Virus Diseases Quarantine Centre at Mwanza District Hospital dated May 5, 2016, and disclosed in-country and at the InfoShop on May 18, 2016; (c) Environmental and Social Management Plan for the proposed Construction of an Ebola Virus Diseases Quarantine Centre at Mchinji District Hospital dated May 11, 2016, and disclosed in-country and at the InfoShop on May 18, 2016; (d) Environmental and Social Management Plan for the proposed Construction of an Ebola Virus Diseases Quarantine Centre at Dedza District Hospital dated May 5, 2016, and disclosed in-country and at the InfoShop on May 18, 2016; (e) Environmental and Social Management Plan for the proposed Construction of the Ebola Virus Diseases Treatment Centre at Kamuzu in Blantyre dated May 11, 2016; (f) Environmental and Social Management Plan for the proposed Construction of an Ebola Virus Diseases Quarantine Centre at Karonga District Hospital dated May 6, 2016, and disclosed in-country and at the InfoShop on May 18, 2016; and (g) Environmental and Social Management Plan for the proposed Construction of an Ebola Virus Diseases Treatment Centre at Kamuzu Central Hospital dated May 6, 2016, and disclosed in-country and at the InfoShop on May 18, 2016, each prepared and adopted by the Recipient’s ministry responsible for health, for purposes of activities under Part 3 of the Project and giving details of the magnitude of the environmental and social impacts, as well as the specific actions, measures and policies designed to mitigate and manage the said
environmental and social impacts, including the institutional, procedural and other measures needed to implement such actions, measures and policies in the respective sites and locations; and “ESMPs” means, collectively, two or more such plans.”

(c) Renumbering the subsequent paragraphs accordingly.