Financing Agreement
(Second Additional Financing for Strengthening Safety Nets Systems Project – Fourth Malawi Social Action Fund (MASAF IV)

between

REPUBLIC OF MALAWI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 23, 2017
FINANCING AGREEMENT

AGREEMENT dated January 23, 2011 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 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 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 and a credit (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule 1 to this Agreement ("Project"):

(a) an amount equivalent to thirty-four million two hundred thousand Special Drawing Rights (SDR 34,200,000) ("Grant"); and

(b) an amount equivalent to sixteen million Special Drawing Rights (SDR 16,000,000) ("Credit").

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are June 15 and December 15 in each year.
2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. 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 the Project 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 Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

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

AGREED at Lilongwe, Malawi, as of the day and year first above written.

REPUBLIC OF MALAWI

By

[Signature]
Authorized Representative

Name: Honourable Goodall E. Gondwe
Title: Minister of Finance, Economic Planning and Development

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: Maktar Diop
Title: Regional Vice President for Africa
SCHEDULE 1

Project Description

The objective of the Project is to improve resilience among poor households and to strengthen the Recipient’s social safety net delivery systems and coordination across programs.

The Project consists of the following parts:

Part 1: Productive Safety Nets

(a) Scaling up implementation of demand-driven community-based labor-intensive public works projects (“Subprojects”) designed to provide temporary employment to Public Works Beneficiaries and provision of training to said Public Works Beneficiaries.

(b) Scaling up: (i) financing, through the provision of grants (“COMSIP Grants”) to community savings and investment promotion groups (“COMSIP Grant Beneficiaries”), of a program of activities aimed at investment promotion, income-generation and asset building, and promotion of health and nutrition initiatives; and (ii) provision of training in nutrition, health and income generating enterprises to community savings and investment promotion groups.

(c) Scaling up implementation of a program of activities designed to reduce the vulnerability of Social Cash Transfer Beneficiaries, through: (i) the provision of Social Cash Transfers to said Social Cash Transfer Beneficiaries; and (ii) provision of, inter alia, health and nutrition training to Social Cash Transfer Beneficiaries.

Part 2: Systems and Capacity Building

Carrying out of a program of activities designed to finance investments in strengthening the Recipient’s unified registry, social assistance targeting and management information systems for the social safety nets program, as well as provision of capacity building and technical assistance to, inter alia, the LDF’s safety net platforms and social cash transfer systems.

Part 3: Project Management

Project coordination, management and monitoring, preparation of financial audits and periodic evaluations, and provision of goods, Training, Operating Costs and consultants’ services required therefor.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Project Steering Committee

   (a) The Recipient shall maintain, at all times during the implementation of the Project, the Project Steering Committee with a mandate, composition and resources satisfactory to the Association.

   (b) The Project Steering Committee shall meet at least semi-annually and shall be responsible for policy oversight, including, inter alia:
        (i) reviewing the proposed Annual Work Plan and Budget for the Project;
        (ii) providing overall Project oversight, guidance, coordination and harmonization with the Recipient’s relevant policies; and
        (iii) identifying necessary Project adjustments based on monitoring and evaluation reports.

2. LDF; LDF-TST

   The Recipient shall maintain, at all times during the implementation of the Project, the LDF and the LDF-TST, respectively, each with a mandate, composition and resources satisfactory to the Association. The LDF-TST shall be responsible for overall operational oversight, coordination and supervision of the Project, all in a manner satisfactory to the Association.

3. District Councils

   The participating District Councils shall implement the Project with the support of the LDF-TST, as applicable, through, inter alia, the identification of activities, preparation of designs, plans and estimates for Project activities, and monitoring and evaluation of the activities, as the case may be, all in accordance with the provisions of the Project Implementation Manual.

B. Anti-Corruption

   The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
C. **Project Implementation Manual**

1. The Recipient shall carry out the Project in accordance with the Project Implementation Manual and shall not amend, abrogate, waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof, without the prior written consent of the Association.

2. In the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

D. **Annual Work Plan and Budget**

1. Not later than May 31 in each calendar year (or one month after the Effective Date for the first year of Project implementation), the Recipient shall prepare or cause to be prepared for the purpose of forwarding to the Association: (i) a draft annual work plan and budget for the Project (including Training and Operating Costs) for the subsequent calendar year of Project implementation, of such scope and detail as the Association shall have reasonably requested; as well as; (ii) any Supplemental Social and Environmental Safeguard Instruments which are required for the implementation of the activities included in the draft annual work plan and budget.

2. The Recipient shall afford the Association a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out (or cause to be carried out) such annual work plan and budget during such subsequent calendar year as shall have been approved by the Association ("Annual Work Plan and Budget"). Only those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.

3. Any training proposed to be included in an Annual Work Plan and Budget, shall include, *inter alia*: (a) particulars of the training envisaged; (b) the criteria for selection of the personnel to be trained, and such personnel if known; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.

4. The Annual Work Plan and Budget may be revised as needed during Project implementation subject to the Association’s prior written approval.

E. **Safeguards**

1. The Recipient shall implement the Project in accordance with the relevant Safeguards Instruments, and shall, to that end:
(a) if any activity under the Project would require the adoption of any Supplemental Social and Environmental Safeguard Instrument:

(i) prepare: (A) such Supplemental Social and Environmental Safeguard Instrument in accordance with the applicable ESMF or RPF, as the case may be; (B) furnish such Supplemental Social and Environmental Safeguard Instrument to the Association for review and approval; and (C) thereafter adopt and disclose such Supplemental Social and Environmental Safeguard Instrument prior to implementation of the said activity; and

(ii) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguard Instrument; and

(b) if any activity under the Project would involve Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under the RAP, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been taken.

2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and furnish to the Association, reports in form and substance satisfactory to the Association, on the status of compliance with each of the Safeguard Instruments, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of such Safeguard Instruments;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments; and

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

3. In the event that any provision of the Safeguards Instruments conflicts with any provision under this Agreement, the provisions of this Agreement shall prevail.

F. Subprojects under Part 1.(a) of the Project

1. No proposed Subproject shall be eligible for financing under Part 1.(a) of the Project unless the LDF-TST has determined, on the basis of an appraisal conducted with the participation of impacted communities and in accordance with the procedures outlined in the Project Implementation Manual, that the proposed
Subproject satisfies the eligibility criteria specified in further detail in the Project Implementation Manual, which shall include, *inter alia*, that:

(a) the proposed Subproject provides a public good or service and is beneficial to the impacted community; and

(b) the proposed Subproject has fulfilled the requirements of any applicable Safeguard Instrument.

2. Without limitation upon the provisions of paragraph (1) of this Section F, no proposed Subproject shall be eligible for financing under Part 1.(a) of the Project if such proposed Subproject:

(a) is solely for the benefit of private, for-profit organizations;

(b) is aimed at the undertaking of minimal maintenance activities on community assets where such maintenance should be carried out on an in-kind basis by said impacted community;

(c) is for military or defense purposes; and

(d) is likely to place a significant burden on the impacted community.

3. Each Public Works Beneficiary under Part 1.(a) of the Project shall receive a maximum daily compensation and shall be employed for a period established in accordance with the terms and conditions set out in the Project Implementation Manual.

G. **COMSIP Grants under Part 1.(b)(i) of the Project**

1. The Recipient shall make the COMSIP Grants under Part 1.(b)(i) of the Project to the COMSIP Grant Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Association as further detailed in the Project Implementation Manual.

2. Without limitation upon paragraph (1) of this Section G, if, pursuant to the ESMF or RPF, a Supplemental Social and Environmental Safeguard Instrument is required, such Supplemental Social and Environmental Safeguard Instrument shall be prepared and approved by the Association, and disclosed, all in accordance with the provisions of Section I.E of this Schedule 2, and all measures required to be carried out under the said Section I.E of this Schedule 2 prior to commencement of the activities covered by the Safeguard Instruments shall have been carried out.

3. The Recipient shall make each COMSIP Grant under a COMSIP Grant Agreement with each COMSIP Grant Beneficiary on terms and conditions approved by the Association, which shall include the following:
the COMSIP Grant shall be made on a non-reimbursable grant basis; and

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 COMSIP Grant Beneficiary to use the proceeds of the COMSIP Grant, or obtain a refund of all or any part of the amount of the COMSIP Grant then withdrawn, upon the COMSIP Grant Beneficiary's failure to perform any of its obligations under the COMSIP Grant Agreement; and

(ii) require each COMSIP Grant 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 Safeguard Instruments and the Anti-Corruption Guidelines applicable to recipients of the Financing proceeds other than the Recipient;

(B) procure the goods, works, non-consulting services and services to be financed out of the COMSIP Grant in accordance with the provisions of Section III of this Schedule 2;

(C) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the activities financed by the COMSIP Grant and the achievement of its objectives;

(D) (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 its operations, including the operations, resources and expenditures related to the activities financed by the COMSIP Grant; and (2) at the Recipient's or Association'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, and permit the Association to make such statements as so audited available to the public, along with the COMSIP Grant Agreement;

(E) enable the Recipient and the Association to inspect the activities financed by the COMSIP Grant, its operation and any relevant records and documents; and

(F) 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 COMSIP 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 COMSIP Grant Agreement or any of its provisions.

H. Social Cash Transfers under Part 1.(c)(i) of the Project

1. The Recipient shall not later than May 31, 2017 engage an independent expert to verify the list of Social Cash Transfer Beneficiaries for the purpose of Part 1.(c) of the Project, in accordance with the provisions of Section III of this Schedule 2.

2. The Recipient shall not later than June 30, 2017, submit to the Association a technical audit report satisfactory to the Association in accordance with the provisions of Section II.B.4 of this Schedule 2 relating to the Social Cash Transfers made for the period following the Effective Date of the Project, and thereafter, submit to the Association not later than June 30 in each fiscal year, a technical audit report relating to the Social Cash Transfers made in the said fiscal year.

3. The Recipient shall ensure that the Social Cash Transfer Beneficiaries participate in the measures to be carried out under Part 1.(c)(ii) of the Project.

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 six calendar months, 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. Without limitation upon the provisions of Part A of this Section, 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 as may be agreed upon by 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.

4. The Recipient shall ensure that technical audits are carried out on the Social Cash Transfers under Part 1.(c)(i) of the Project by auditors and on terms of reference satisfactory to the Association, all in accordance with the provisions of Project Implementation Manual.

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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the additional procedures set forth in paragraph 3 below</td>
</tr>
<tr>
<td>(b) Direct Contracting</td>
</tr>
<tr>
<td>(c) Shopping</td>
</tr>
<tr>
<td>(d) Community Participation procedures which have been found acceptable to the Association and are outlined in the Project Implementation Manual</td>
</tr>
</tbody>
</table>

3. National Competitive Bidding ("NCB"). The procedures to be followed for NCB shall be those set forth in the Public Procurement Act (Cap. 37:03), 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;
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;

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

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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Selection Based on Consultant Qualification</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Fixed-Budget Selection</td>
</tr>
<tr>
<td>(e) Individual Consultant</td>
</tr>
<tr>
<td>(f) Single Source Selection</td>
</tr>
</tbody>
</table>
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 Credit and of the Grant 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 Credit Allocated (expressed in SDR)</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services and Operating Costs under Part 1.(a) of the Project</td>
<td>3,470,000</td>
<td>7,280,000</td>
<td>100% of the Grant until Grant is fully depleted, then 100% of the Credit</td>
</tr>
<tr>
<td>(2) Goods, consultants' services, Operating Costs and Training under Parts 1.(b) and 1.(c) of the Project</td>
<td>2,500,000</td>
<td>5,230,000</td>
<td>100% of the Grant until Grant is fully depleted, then 100% of the Credit</td>
</tr>
<tr>
<td>(3) COMSIP Grants under Part 1.(b)(i) of the Project</td>
<td>350,000</td>
<td>730,000</td>
<td>100% of the Grant until Grant is fully depleted, then 100% of the Credit</td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement;

   (b) for payments made under Category (1), unless the Recipient has exhausted the funds allocated in Category (1) of Section IV.A.2 of Schedule 2 to the Additional Financing Agreement;

   (c) for payments made under Category (2), unless the Recipient has exhausted the funds allocated in Category (2) of Section IV.A.2 of Schedule 2 to the Additional Financing Agreement;

   (d) for payments made under Category (3), unless the Recipient has exhausted the funds allocated in Category (3) of Section IV.A.2 of Schedule 2 to the Additional Financing Agreement; or

   (d) for payments made under Category (4), unless the Recipient has exhausted the funds allocated in Category (4) of Section IV.A.2 of Schedule 2 to the Additional Financing Agreement.

2. The Closing Date is December 31, 2019.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each December 15 and June 15, commencing December 15, 2022 to and including June 15, 2054</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Definitions

1. "Additional Financing Agreement" means the financing agreement for an Additional Financing for the Strengthening Safety Nets Systems Project – Fourth Malawi Social Action Fund (MASAF IV) between the Recipient and the Association, dated August 18, 2015, as amended to the date of this Agreement (Credit No. 5610-MW; Grant Number D045-MW).

2. "Affected Persons" means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and “Affected Person” means any of the Affected Persons.

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


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

6. "COMSIP" means the Community Savings and Investments Promotion Cooperative Society established and operating under the Cooperatives Societies Act (Cap. 47:02) of the laws of the Recipient.

7. "COMSIP Grant" means a grant made by the Recipient to a COMSIP Grant Beneficiary out of the proceeds of the Financing for the purposes of Part 1(b) of the Project in accordance with the provisions of Section I.G of Schedule 2 to this Agreement, and “COMSIP Grants” means, collectively, two or more such grants.

8. "COMSIP Grant Agreement" means an agreement between the Recipient and a COMSIP Grant Beneficiary pursuant to which the Recipient shall provide a COMSIP Grant to said Beneficiary in accordance with the provisions of Section I.G.3 of Schedule 2 to this Agreement, and “COMSIP Grant Agreements” means, collectively, two or more such agreements.
9. "COMSIP Grant Beneficiary" means each community savings and investment promotion group referred to in Part 1.(b)(i) of the Project and receiving a COMSIP Grant, and "COMSIP Grant Beneficiaries" means, collectively, two or more such community savings and investment promotion groups.


11. "District Councils" means the councils established pursuant to the First Schedule to the Local Government Act, Cap 22:01 of the laws of the Recipient, or any successors thereto.

12. "Environmental and Social Management Framework" and "ESMF" means the framework disclosed in the Recipient’s territory on February 11, 2015, and at the Association’s Infoshop on February 17, 2015, setting out modalities to be followed in assessing the potential adverse environmental and social impact associated with activities to be implemented under the Project, and the measures to be taken to offset, reduce, or mitigate such adverse impact.

13. "Environmental and Social Management Plan" and "ESMP" mean a plan, approved by the Association for the Project, to be prepared by the Recipient pursuant to the ESMF, proposing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental and resettlement impacts, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the agreement of the Association.


15. "LDF" means the Local Development Fund established within the MoFEPD as the Recipient’s funding mechanism for local development, and any successor thereto.

16. "LDF-TST" means the Local Development Fund Technical Support Team, a secretariat of the LDF within the MoFEPD.

17. "MoFEPD" means the Recipient’s ministry responsible for finance, and any successor thereto.

18. "Operating Costs" means incremental recurrent expenditures incurred on account of Project implementation, including: local contractual support staff salaries; travel expenditures and other travel-related allowances; equipment rental and maintenance; vehicle operation (including fuel), maintenance and repair; office rental and maintenance, materials and supplies; and utilities, media information
campaigns and communications' expenses, but excluding the salaries of officials and public servants of the Recipient's civil service.


20. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement and in Schedule 1 to the Additional Financing Agreement.

21. "Pest Management Plan" and "PMP" mean the pest management plan adopted by the Recipient and disclosed in the Recipient's territory and at the Association's Infoshop on February 11, 2015, defining specific measures to be implemented for the management of pesticides under the Project, as the said plan may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.


23. "Procurement Plan" means the Recipient's procurement plan for the Project, dated October 12, 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.


25. "Project Implementation Manual" means the manual referred to in Section I.C of Schedule 2 to this Agreement as the same may be revised from time to time with the prior written consent of the Association.

26. "Project Steering Committee" means the Recipient's inter-ministerial steering committee referred to in Section I.A.1 of Schedule 2 to the Agreement.

27. "Public Procurement Act" means the Recipient's Public Procurement Act (Cap. 37:03), as amended from time to time.

28. "Public Works Beneficiary" means an eligible poor person as determined by the criteria set forth in the Project Implementation Manual to whom the Recipient proposes to provide temporary employment under a Subproject designed under Part 1.(a) of the Project, and "Public Works Beneficiaries" means, collectively, two or more such eligible poor people.
29. "Resettlement Action Plan" and "RAP" means the plan approved by the Association for the Project, to be prepared by the Recipient on the basis of the RPF, as the said document may be amended and/or supplemented from time to time with the prior written consent of the Association.

30. "Resettlement Policy Framework" and "RPF" mean the Resettlement Policy Framework of the Recipient disclosed in the Recipient's territory on February 11, 2015, and at the Association's Infoshop on February 17, 2015, outlining the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of the affected population, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.

31. "Safeguards Instrument" means the ESMF, the RPF, PMP or any Supplemental Social and Environmental Safeguard Instrument, and "Safeguards Instruments" means, collectively, two or more such instruments.

32. "Social Cash Transfer" means a social cash transfer made by the Recipient to a Social Cash Transfer Beneficiary out of the proceeds of the Financing for the purposes of Part 1.(c) of the Project, and "Social Cash Transfers" means, collectively, two or more such social cash transfers.

33. "Social Cash Transfer Beneficiary" means an eligible extremely poor and labor-constrained person or household, as determined by the criteria set forth in the Project Implementation Manual, to whom the Recipient proposes to make a Social Cash Transfer under the program referred to in Part 1(c) of the Project, and "Social Cash Transfer Beneficiaries" means, collectively, two or more such poor and labor constrained people or households.

34. "Subproject" means a specific development project to be carried out by the Recipient under Part 1.(a) of the Project under the criteria set forth in Section I.F of Schedule 2 to this Agreement, and "Subprojects" means, collectively, two or more such specific development projects.

35. "Supplemental Social and Environmental Safeguard Instrument" means any ESMSP, RAP, or other supplemental social and environmental safeguard instrument, as required under the terms of any of the ESMF or RPF, and "Supplemental Social and Environmental Safeguard Instruments" means, collectively, two or more such instruments.

36. "Taxes" means taxes as defined in the General Conditions with the exclusion of value added taxes and custom duties.
37. "Training" means the cost arising under the Project for approved training including seminars, workshops, knowledge sharing activities and study tours, and covers the following costs associated with such activity: travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.