PROJECT SUPERVISION AGREEMENT
(Sustainable Management of the Nyika Transfrontier Conservation Area Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(acting as an implementing Agency of the Global Environment Facility)

and

NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

Dated December 18, 2015
PROJECT SUPERVISION AGREEMENT

This AGREEMENT (hereinafter referred to as the "Project Supervision Agreement"), made and entered into on December 18, 2015, between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank") acting as an Implementing Agency of the Global Environment Facility ("GEF") and the NORWEGIAN MINISTRY OF FOREIGN AFFAIRS (MFA).

WHEREAS:

(A) Pursuant to the GEF Trust Fund Grant Agreement ("Grant Agreement") between REPUBLIC OF MALAWI ("Recipient") and the World Bank (TF99857) dated November 2, 2011, as amended, the World Bank agreed to provide the Recipient, on the terms and conditions set forth or referred to therein, a grant in an amount of two million two hundred eighty thousand United States Dollars (US$ 2,280,000) (the "Grant") to assist in financing the Sustainable Financing of the Nyika Transfrontier Conservation Area Project ("Project");

(B) Pursuant to the Grant Agreement between the Recipient and MFA dated May 16, 2012 ("MFA Grant Agreement"), the MFA agreed to provide the Recipient, on the terms and conditions therein set forth or referred to therein, a grant in the amount of twenty five million Norwegian Kroner (NOK 25,000,000) to finance part of the activities of the Project;

(C) The Grant and the MFA Grant Agreement are collectively referred to as "Agreements";

(D) The World Bank and MFA ("Financiers" and individually as "Financier") consider it desirable to coordinate the administration of their respective parallel financing (collectively "Financings") for the activities and costs related to the Project and advise each other of relevant matters concerning the Project, the Recipient's performance under the Project, and other matters of common interest.

NOW THEREFORE, the Financiers hereby agree as follows:
ARTICLE 1
Cooperation; Consultation; and Exchange of Information

Section 1.01. Each Financier shall, in conformity with and subject to its respective policies and practices with respect to access to information:

(a) keep the other Financier informed of the progress of the Project and, at the request of either party, exchange views through their representatives with regard to the Project and any other matters relating to their respective financing thereof, including but not limited to:

(i) the financial condition and economy of the Recipient;

(ii) the progress achieved by the Recipient in the implementation of the Project; and

(iii) fiduciary, safeguards and other relevant administration and supervision matters related to the implementation and financing of the Project;

(b) inform the other Financier sufficiently in advance of any proposed supervision missions for the Project so as to afford a reasonable opportunity to the other party to participate in such missions. The Financier conducting such mission shall inform the other Financier of the main findings and results of such mission;

(c) exchange views with respect to Project documentation prepared and sent by the Recipient pursuant to the Agreements, including the periodic project reports and the final reports on the execution of the Project with related plans;

(d) promptly inform the other Financier of any of the following events:

(i) any event which is likely to materially interfere with, or seriously hinder or impair, the implementation of the Project, or to adversely and materially interfere with the performance by the Recipient of its obligations under the either the Grant Agreement, or MFA Grant Agreement; and

(ii) a determination by such Financier that any disbursement of the financing provided pursuant to its pertinent Agreement: (A) was made in respect of any expenditure or any amount not eligible for financing under such Agreement; or (B) was not justified by the evidence furnished pursuant to such Agreement.

Section 1.02. The Financiers shall inform each other promptly of any significant modification to their respective Agreements with the Recipient and of any contractual remedy that is applied in respect thereof. Without prejudice to the independent right of decision and action of each Financier under its respective
Agreement, and subject to each Financier’s applicable policies and procedures, each Financier will give notice to, and to the extent reasonably practicable consult with, the other Financier before effecting any such modification or exercising any such contractual remedy. Such modifications or contractual remedies include, but are not limited to, the following:

(a) material amendment to the Financier’ respective Agreement with the Recipient or any action which might result in the termination of such Agreement;

(b) cancellation, in whole or in part, of the proceeds of the grant provided for under the respective Agreement with the Recipient;

(c) suspension or termination, in whole or in part, of the right of the Recipient to make withdrawals under the respective Agreement;

(d) refund, in whole or in part, of the proceeds of the grant provided under the respective Agreement;

(e) extension to the disbursement deadline (closing date) under the respective Agreement.

Section 1.03. Each Financier shall retain its independent right of action and decision under its respective Agreement with the Recipient except as otherwise stated in this Project Supervision Agreement.

Section 1.04. In matters pertaining to this Project Supervision Agreement, the Norwegian Embassy in Lilongwe (the Embassy) shall be competent to represent MFA. All communication regarding the Project Supervision Agreement shall be directed to the Embassy.

ARTICLE 2
Project Implementation

Section 2.01. The supervision of the Project shall be done in accordance with the Bank’s policies and procedures, as detailed in this Project Supervision Agreement.

Section 2.02. The Recipient shall be responsible for the execution of the Project co-financed under this Project Supervision Agreement, including the procurement/selection, award and implementation of contracts thereunder in accordance with the Bank’s applicable policies and procedures.
ARTICLE 3
Procurement Administration

Section 3.01. Unless otherwise stipulated in this Project Supervision Agreement or agreed between the Parties:

(a) the procurement of goods, works and non-consulting services under the Project shall be subject to the provisions of the applicable version of the World Bank’s “Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grants” published by the World Bank in May 2004 and revised October 2006 and May 2010 (“Procurement Guidelines”);

(b) the selection, engagement and services of the consultants under the project shall be subject to the provisions of the applicable version of the World Bank’s “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”); and

(c) the World Bank’s interpretation of the Procurement Guidelines and Consultant Guidelines shall be binding and final on all procurement decisions.

Section 3.02. The application of the Procurement Guidelines and the Consultant Guidelines shall be subject to the following modifications with respect to contracts financed by MFA:

(a) application of appropriate remedies by MFA in cases where the Bank determines that the applicable procurement procedures have not been followed, shall be carried out in accordance with the provisions of Section 3.05 of this Project Supervision Agreement;

(b) handling of complaints related to fraud and corruption allegations shall be carried out in accordance with the provisions of Section 4.01 of this Project Supervision Agreement; and

(c) recognition of the MFA’s financing eligibility requirements in regard to contract award recommendations made by the Recipient shall be done in accordance with the provisions of Section 3.05 of this Project Supervision Agreement.

Section 3.03. When the use of the World Bank’s Standard Bidding Documents and Standard Requests for Proposals is required in connection with MFA parallel-financed contracts in accordance with the Procurement Guidelines and the Consultant Guidelines, respectively, the bidding documents and/or requests for proposals prepared by the Recipient for a specific procurement will be modified, when applicable, to reflect the MFA’s role as a Financier, including references to the MFA in the procurement notices and all other documentation relating to the contracts financed by the MFA.
Section 3.04. The modifications to the national competitive bidding procedures for purposes of National Competitive Bidding, ceilings for short lists comprising entirely national firms, applicability of domestic preference, and prior review thresholds shall be determined by the World Bank in accordance with the requirements and thresholds that the World Bank agrees for the Recipient under World Bank-financed projects.

Section 3.05. Upon notification by the World Bank to MFA of a determination that the applicable procurement procedures have not been followed in relation to a contract financed by the MFA, the MFA will decide its appropriate remedy in accordance with its own policies and procedures of any agreement in effect for that purpose.

ARTICLE 4
Anti-Corruption

Section 4.01. The Financiers will be responsible for addressing any fraud and corruption issues that arise with respect to activities financed by them. In such circumstances, the Financiers agree to keep each other apprised in accordance with their own policies and procedures.

ARTICLE 5
Financial Management and Reporting

Section 5.01. Each Financier shall require the Recipient, in its respective Agreement, to:

(a) include in the audited financial statements for the Project expenditures funded by both Financiers together with funds of any other financiers; and

(b) ensure that an opinion on the usage of all project funds is presented in the audit report.

Section 5.02. Each Financier shall require the Recipient, in its respective Agreement, to carry out the Project in accordance with the World Bank’s financial management policies and procedures;

Section 5.03. The World Bank shall review the periodic interim un-audited financial reports and the annual audited financial statements provided by the Recipient pursuant to each Financier’s Agreement, and shall transmit them to MFA with a cover letter including any World Bank comments on the same. The World Bank shall follow up on the implementation and pursuance of the audit’s recommendations.
ARTICLE 6
Method of Financing; Disbursement Administration

Section 6.01. It is the intention of each Financier that the proceeds of the pertinent Financier’s Grant will be applied on a parallel financing basis to finance separate contracts/expenditures under the Project. The allocation of the specific parts of the Project to be financed by each Financier shall be as set forth in the annual work plans.

Section 6.02. For the purposes of the Project, disbursements under each Financier’s Agreement shall be made in accordance with the respective Financier’s disbursement guidelines, and the respective Agreements.

ARTICLE 7
Environmental and Social Safeguards

Section 7.01. During Project implementation, the World Bank shall conduct due diligence, review documents and appraise and supervise Project activities in accordance with the World Bank’s safeguards policies. MFA shall conduct due diligence, review documents and appraise and supervise other activities that are not required by the World Bank’s safeguards policies but may be required by MFA.

Section 7.02. For the purposes of the MFA-financed parts of the Project, the Financiers agree that a single process for social and environmental assessment and planning, safeguards documentation, consultation, and disclosure requirements shall be conducted to satisfy both the World Bank’s safeguards policies and the safeguards requirements of the MFA.

ARTICLE 8
Provision of Services and Fees

Section 8.01. The World Bank accepts to provide the services described in Articles 2, 3, 4, 5, 6, and 7 of this Project Supervision Agreement, in accordance with its relevant policies and procedures and as specifically set forth in this Project Supervision Agreement. When requested, and subject to its policy on access to information, the World Bank will make available to MFA all documents, contracts, statements and reports received by the World Bank from the Recipient in accordance with the Agreements, and within the scope of the World Bank’s services set forth herein.

Section 8.02. For the services to be provided to MFA pursuant to this Project Supervision Agreement, the World Bank shall charge MFA a fee that represents the full cost of providing the services related to MFA financing equivalent based on the relevant country costs and risks associated with the Project. The costing is based on a cost recovery framework for recovering all direct costs, and with a mark-up rate to recover sustaining and indirect costs. The calculation of the cost recovery fee in relation
to the Project is included in Annex A to this Project Supervision Agreement. The fee has been calculated as Forty Thousand Six Hundred and Forty US Dollars (US$ 40,640) for the services to be performed by the Bank covering the period July 1, 2015, to June 30 2016, pursuant to this Project Supervision Agreement. Such fee shall be paid in two instalments, on the basis of invoices and a supervision report agreed by the Parties. In the event that the withdrawal period and the corresponding closing date stated in the Grant Agreement is extended, the period of this Project Supervision Agreement shall accordingly be extended with mutual agreement of the Parties, unless if the MFA’s corresponding financing agreement is not extended.

Section 8.03. All payments to the World Bank shall be made when due in full, in United States Dollars, in immediately available funds, without any deductions whatsoever for taxes, duties, charges or other withholdings, into such bank account as the World Bank may designate.

Section 8.04. Notwithstanding termination or expiration of this Project Supervision Agreement, the provisions of this Project Supervision Agreement relating to the obligation of MFA to pay to the World Bank remuneration for its services satisfactorily performed prior to the date of termination or expiration of this Project Supervision Agreement, shall continue in full force and effect.

ARTICLE 9
Disclaimers, Liabilities and Indemnification

Section 9.01. The World Bank makes no express or implied representation or warranty as to the accuracy, completeness or sufficiency of any reports, documents, analyses, memoranda or prospectuses, including any projections or estimates contained therein, prepared by the Recipient.

Section 9.02. Without limitation to the immunities and privileges of the World Bank under its Articles of Agreement and other applicable rules of international law, the World Bank shall not be liable to the MFA or any other third party for any loss, cost, damage or liability that MFA may incur as a result of this Project Supervision Agreement, unless those resulting from the gross negligence or wilful misconduct of the World Bank or its staff and consultants.

Section 9.03. MFA shall indemnify and hold the World Bank and its staff and consultants harmless from any losses, costs, damages or liability to which the World Bank or its staff and consultants may be subject, including without limitation as a result of any claim, suit or action brought against any of them by any third party (whether or not affiliated with the MFA) on whatever grounds, in connection with the performance under this Agreement by the World Bank hereunder or the reliance by any person on anything done or not done by the World Bank, and reimburse the World Bank for any expenses, including any legal expenses, reasonably incurred by the World Bank in connection therewith, except those resulting from the gross negligence or wilful misconduct of the Bank or its personnel. Notwithstanding anything herein, the
MFA's obligation to indemnify and reimburse the Bank under this Section shall not exceed the amount of five hundred thousand United States Dollars (US$ 500,000).

ARTICLE 10
Entry into Force and Effect; Termination; Dispute Resolution

Section 10.01. Upon signature of this Project Supervision Agreement by both parties, it shall enter into force and effect.

Section 10.02. Subject to Section 9.03 above, this Project Supervision Agreement shall remain in full force and effect until 90 days after the date on which both Financiers' respective Agreements with the Recipient shall have closed with no further disbursements.

Section 10.03. This Project Supervision Agreement may be modified from time to time by further agreement in writing between the Financiers. This Project Supervision Agreement may be terminated at any time upon 90 days advance notice given in writing by either party to the other party. Before giving such notice, the Financiers will agree on the most practical and effective means of limiting the impact of such termination on the implementation of the Project.

Section 10.04. The Financiers will try to resolve any dispute arising from this Project Supervision Agreement, through constructive engagement and negotiation between the parties.

ARTICLE 11
Miscellaneous

Section 11.01. This Project Supervision Agreement may be made publicly available subject to each Financier's policies and procedures on access to information. The Financiers shall each respectively obtain the other's prior written consent before publicly disclosing information that the other has explicitly provided in confidence by marking the document containing such information as proprietary and/or confidential and/or as being provided in confidence.

Section 11.02. Communications, including notices for the purposes of this Project Supervision Agreement shall be addressed to the following:
For the Bank:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.

Attention: Practice Manager (Environment and Natural Resources), Africa Region

For the Norwegian Ministry of Foreign Affairs:

The Royal Norwegian Embassy, Lilongwe
Private Bag B323
Lilongwe 3
Malawi

Attention: The Ambassador
IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this Agreement in duplicate in the English language.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT acting as an Implementing Entity of the Global Environment Facility

By: [Signature]
Name: Ahmadou Thalibou Ndinga
Title: Coordinating Director for Regional Integration
Date: 19 January, 2016

NORWEGIAN MINISTRY OF FOREIGN AFFAIRS acting through the Royal Norwegian Embassy in Malawi

By: [Signature]
Name: Bjarne Garden
Title: Head of Cooperation
Date: 18 December, 2015
### Sustainable Management of the Nyika Transfrontier Conservation Area Project

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<tr>
<th>Full Cost Estimate Worksheet (US$)</th>
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The fees are intended to cover the costs of Project supervision to the World Bank for the fiscal year 2016 (that is, from July 1, 2015 to June 30, 2016, the project’s closing date). If the closing date of the MFA’s Grant Agreement is extended, the costs of the assignment could be increased on a prorated basis.