
GRANT NUMBER D620-MW

Financing Agreement

(COVID-19 Emergency Response and Health Systems Preparedness Project)

between

REPUBLIC OF MALAWI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER D620-MW

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the REPUBLIC OF MALAWI (the “Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the “Association”). 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) apply to and form 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 a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in the amount of five million two hundred thousand Special Drawing Rights (SDR 5,200,000) (“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 III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Payment Dates are August 15 and February 15 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 MPA Program. To this end, the Recipient shall carry out the Project through the Ministry of Health (“MoH”) in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.02. For purposes of Section 10.05 (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 Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is its minister responsible for finance.
- 5.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

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

Cable address:	Facsimile:
FINANCE Lilongwe	265-1-789173

- 5.03. For purposes of Section 11.01 of the General Conditions:

- (a) the Association's address is:

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

- (b) the Association's Electronic Address is:

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

AGREED as of the Signature Date.

REPUBLIC OF MALAWI

By

Joseph Mwanamvekha

Authorized Representative

Name: Joseph Mwanamvekha, M.P.

Title: Minister of Finance, Economic Planning and Development

Date: 17-Apr-2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Greg Toulmin

Authorized Representative

Name: Greg Toulmin

Title: Country Manager

Date: 16-Apr-2020

SCHEDULE 1

Project Description

The objectives of the Project are to prevent, detect and respond to the threat posed by COVID-19 in Malawi and strengthen national systems for public health preparedness.

The Project constitutes a phase of the MPA Program and consists of the following parts:

Part 1: Emergency COVID-19 Response

Provision of immediate support to prevent the spread of COVID-19 through surveillance and containment strategies such as enhancement of disease detection capacities and strengthening of case management capabilities consistent with WHO guidelines, including, *inter alia*:

- (a) (i) Training of: (A) district teams in rapid response and contact tracing; and (B) zonal core teams and health workers in case management; and (ii) provision of ambulances and vehicles for rapid response teams;
- (b) (i) Training of laboratory staff for testing of COVID-19; and (ii) provision, service and maintenance of COVID-19 diagnostic equipment including purchase of testing kits, reagents, sample collection materials and cartridges, related accessories and equipment;
- (c) Provision of essential medical supplies including personal protective equipment (PPE), ventilators, oxygen, pulse oximeters, hand held infrared thermometers and disinfectants;
- (d) Renovation of the existing quarantine units at points of entry and provision of tents to enhance capacity for quarantine at all points of entry and isolation at infectious disease treatment centers; and
- (e) Enhancement of surge capacity in healthcare workers for clinical services, disease control and surveillance and laboratory services.

Part 2: Supporting National and Sub-national, Prevention and Preparedness

Strengthening the preparedness capacity of the public health system to respond to the COVID-19 pandemic and to future pandemics and other threats to health security, including, *inter alia*: (a) training of healthcare personnel, at both national and district levels, in emerging infectious diseases and control and infectious health care waste management; and (b) strengthening the capacity of the Emergency Operation Center

(“EOC”) through minor renovations of the EOC office buildings and enhancement of its information technology infrastructure.

Part 3: Implementation Management and Monitoring and Evaluation

Provision of support for Project implementation management, coordination, monitoring and evaluation, including, *inter alia*, (a) as-needed capacity enhancement for the Project Implementation Unit; and (b) Project monitoring and evaluation including: (i) preparation of financial audits, periodic evaluations and reports; (ii) assessment of environmental and social risks management and implementation of activities detailed in the ESCP; (iii) establishment of a grievance redress mechanism, including a messaging platform to handle complaints and feedback from the public; and (iv) stakeholder engagement, all through the provision of technical advisory services, Training, Operating Costs, non-consulting services and acquisition of goods for the purpose.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. **Ministry of Health (MoH).** The Recipient's ministry responsible for health ("MoH") shall be responsible for overall Project implementation and management.
2. **Health Cluster Committee (HCC).** The Recipient shall maintain, at all times during the implementation of the Project, Health Cluster Committee ("HCC"), chaired by the Chief of Health Services, with composition, powers, functions, facilities and other resources satisfactory to the Association. The Health Cluster Committee (HCC) shall be chaired by the Chief of Health Services and shall provide overall oversight and strategic guidance for implementation of the Project.
3. **Health Emergency Technical Committee (HETC).** The Recipient shall maintain, at all times during the implementation of the Project, the Health Emergency Technical Committee ("HETC"), with composition, powers, functions, facilities and other resources satisfactory to the Association. The HETC shall be responsible for coordinating preparedness and response to the COVID-19 outbreak and shall provide technical support and guidance to the HCC for the implementation of the Project.
4. **National COVID-19 Task Force.** The Recipient shall maintain, at all times during the implementation of the Project, the National COVID-19 Task Force with composition, powers, functions, facilities and other resources satisfactory to the Association. The National COVID-19 Task Force shall be responsible for developing the technical guidelines, interventions, preparedness plans and budget as well as ensuring operational readiness for any COVID-19 outbreak and shall provide technical support and guidance to the HETC for implementation of the Project.
5. **Project Implementation Unit**
 - (a) The Recipient shall: (i) maintain, at all times during the implementation of the Project, the SATHSSP Project Implementation Unit, with composition, powers, functions, staffing, facilities and other resources satisfactory to the Association; and to that end, shall, no later than one (1) month after the Effective Date, recruit an assistant procurement specialist, with qualifications, experience and terms of reference acceptable to the Association; and (ii) designate said SATHSSP Project Implementation Unit to be responsible for day-to-day management and implementation of

the Project, including *inter alia*, preparation of annual work plans, environmental and social safeguards management, financial management, procurement, monitoring and evaluation, and reporting.

- (b) The SATHSSP Project Implementation Unit shall be responsible for the timely and effective implementation of the Project, including provision of relevant performance information to the Health Cluster Committee, preparation of quarterly financial and technical reports and performance of such other functions as may be further detailed in the Project Implementation Manual.

B. Implementation Arrangements

1. National COVID-19 Preparedness and Response Plan

The Recipient shall ensure that the Project is carried out in accordance with the National COVID-19 Preparedness and Response Plan; and shall maintain, at all times during the implementation of the Project, adequate public health emergency coordination and management arrangements, all in a manner acceptable to the Association.

2. Project Implementation Manual

- (a) The Recipient shall, not later than one (1) month after the Effective Date, prepare and adopt a Project implementation manual containing detailed guidelines and procedures for the implementation of the Project, including with respect to: administration and coordination, monitoring and evaluation, financial management, procurement and accounting procedures, environmental and social safeguards, corruption and fraud mitigation measures, a grievance redress mechanism, personal data collection and processing in accordance with good international practice, roles and responsibilities for Project implementation, and such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Association (“Project Implementation Manual”).
- (b) In case of any conflict between the provisions of the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail, and except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Project Implementation Manual.

3. Work Plan and Budget

- (a) The Recipient shall, not later than one (1) month after the Effective Date, prepare and furnish to the Association, a work plan and budget containing all activities proposed to be included in the Project and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing.
- (b) The 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 on such proposed work plan and budget and thereafter ensure that the Project is implemented with due diligence in accordance with such work plan and budget as shall have been approved by the Association (“Work Plan and Budget”).
- (d) The Recipient shall not make or allow to be made any change to the approved Work Plan and Budget without prior approval in writing by the Association.

C. Environmental and Social Standards

- 1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
- 2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as

specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including workplace accidents that result in death, serious or multiple injury, pollution, or any violent labor unrest or dispute between the Recipient or security forces and local communities, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than one month after the end of each calendar semester, covering the calendar semester. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Grant (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training for the Project	5,200,000	100%
TOTAL AMOUNT	5,200,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR 2,080,000 may be made for payments made prior to this date but on or after February 1, 2020, for Eligible Expenditures under Category (1).
2. The Closing Date is May 31, 2022.

APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
4. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated April 9, 2020, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
5. “Environmental and Social Standards” or “ESSs” means, collectively:
(i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; and (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.
6. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018.

7. “Health Cluster Committee” or “HCC” means the committee established within the MoH and chaired by the chief of health services which meets regularly to discuss public health security in Malawi, and includes multilateral and bilateral parties and referred to in Section I.A.2 of Schedule 2 to this Agreement.
8. “Health Emergency Technical Committee” or “HETC” means the committee established with the MoH which provides technical support and guidance to the HCC and referred to in Section I.A.3 of Schedule 2 to this Agreement.
9. “Ministry of Health” or “MoH” means the Recipient’s ministry responsible for health, and any successor thereto.
10. “MPA Program” means the multiphase programmatic approach program designed to assist countries in their efforts to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.
11. “National COVID-19 Preparedness and Response Plan” means the Recipient’s emergency preparedness and response plan for COVID-19, received by the Association on March 17, 2020, as said document may be modified from time to time, and such term includes all schedules and annexes to said document.
12. “National COVID-19 Task Force” means the expert sub-committee under the HETC responsible for preparing guidelines and provision of advice to the HETC and referred to in Section I.A.4 of Schedule 2 to this Agreement.
13. “Operating Costs” means the reasonable incremental expenses incurred by the Recipient on account of Project implementation, including costs related to audits, office equipment and supplies, vehicle operation and maintenance, shipping costs, office rentals, communication and insurance costs, office administration costs, bank charges, utilities, transport costs, travel, per diem and supervision costs, and salaries of contracted personnel, including reasonable hazard/indemnity pay, but excluding salaries of officials of the Recipient’s civil service.
14. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
15. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.

16. “Project Implementation Manual” means the manual referred to in Section I.B.2 of Schedule 2 to this Agreement.
17. “SATHSSP Project Implementation Unit” means the Recipient’s project implementation unit for the Southern Africa Tuberculosis and Health Systems Support Project, referred to in Section I.A.5 of Schedule 2 to this Agreement.
18. “Southern Africa Tuberculosis and Health Systems Support Project” means the project financed by an agreement between the Recipient and Association, dated August 5, 2016 (Credit number 5864-MW, Grant number D1170-MW).
19. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
20. “Training” means the reasonable costs associated with training under the Project, based on the Work Plan and Budget, and attributable to study tours, training courses, seminars, workshops and other training activities, not included under service providers’ contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.
21. “Work Plan and Budget” has the meaning set forth in Section I.B.3 of Schedule 2 to this Agreement.