



**GRANT NUMBER E4010-MW**

# **Financing Agreement**

**Accelerating Sustainable and Clean Energy Access Transformation in Malawi  
(ASCENT MALAWI) Project Using the Multiphase Programmatic Approach  
Program)**

**between**

**REPUBLIC OF MALAWI**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**



## **FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF MALAWI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

WHEREAS:

- A.** The Participating Countries, including the Recipient, and the Regional Bodies, have agreed to participate in the MPA Program;
- B.** Under Phase I of the MPA Program, the Association extended financial assistance to the Republic of Rwanda, Federal Republic of Somalia, Democratic Republic of Sao Tome and Principe, United Republic of Tanzania, and the Regional Bodies;
- C.** Under subsequent phases of the MPA Program, the Association will extend or has extended financing to the Recipient and other Participating Countries; and
- D.** The Recipient, having satisfied itself as to the feasibility and priority of its activities, has requested the Association to assist in financing activities related to the MPA Program.

NOW THEREFORE the Association and the Recipient 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 a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to one hundred eighty seven million, one hundred thousand Special Drawing Rights (SDR 187,100,000) (“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 January 1 and July 1 in each year.
- 2.05. The Payment Currency is Dollar.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project and the MPA Program. To this end, the Recipient shall: (a) through MoE, carry out Parts 2,3, 4 and 5.1 of the Project and (b) cause Part 1 and 5.2 of the Project to be carried out by the Project Implementing Entity (the “Project Implementing Entity’s Respective Parts of the Project”) in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement, the Project Agreement and the Subsidiary Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following, namely, that the Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) the Recipient has prepared and adopted the Project Implementation Manual (not including the POM), in form and substance satisfactory to the Association;
  - (b) the Grant Agreement shall have been duly executed and delivered on behalf of the Recipient and shall have become effective and binding upon the Recipient in accordance with its terms;

- (c) the Subsidiary Agreement, acceptable to the Association, shall have been duly executed and delivered on behalf of the Recipient and the Project Implementing Entity and shall have become effective and binding upon such parties in accordance with its terms;
  - (d) the Recipient through MoE has established the MoE PIU and recruited/ seconded/ deployed to the said PIU: a manager, deputy manager, power engineer, GIS specialist, environment and social specialist, procurement specialist, financing management specialist and a financial management assistant, monitoring and evaluation specialist, all with qualifications, experience and under terms of reference satisfactory to the Association; and
  - (e) the Recipient has caused ESCOM to establish the ESCOM PIU and recruited/ seconded/ deployed to the said PIU: a manager, deputy manager, procurement specialist, financial management specialist, accountant, environment specialist, social & gender specialist, monitoring and evaluation specialist, all with qualifications, experience and under terms of reference satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date one hundred and twenty days (120) after the Signature Date.
- 5.03. 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 years after the Signature Date.

#### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is the minister responsible for finance.
- 6.02. For purposes of Section 11.01 of the General Conditions:
- (a) the Recipient's address is:

Ministry of Finance and Economic Affairs  
P.O. Box 30049  
Capital City  
Lilongwe  
Republic of Malawi

(b) the Recipient's Electronic Address is:

Facsimile:  
(+265) 1 789173

E-mail:  
[finance@finance.gov.mw](mailto:finance@finance.gov.mw)

6.03. 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:  
248423 (MCI)

Facsimile:  
1-202-477-6391

AGREED as of the Signature Date.

**REPUBLIC OF MALAWI**

**By**

*Simplex Chithyola Banda*

\_\_\_\_\_  
**Authorized Representative**

Simplex Chithyola Banda

**Name:** \_\_\_\_\_

**Title:** Minister of Finance  
\_\_\_\_\_

**Date:** 24-Jan-2025  
\_\_\_\_\_

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**



\_\_\_\_\_  
**Authorized Representative**

FIRAS RAAD

**Name:** \_\_\_\_\_

**Title:** Country Manager  
\_\_\_\_\_

**Date:** 21-Jan-2025  
\_\_\_\_\_

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to increase clean and sustainable energy access in Malawi.

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

#### Part 1. Last Mile Grid Connection

- 1.1 Supporting ESCOM in meeting its connection targets through performance improvement measures in the areas of procurement, management information system and digitalization of customer database; and
- 1.2 Supporting grid densification including through the purchase, construction and installation of transformers, low voltage line extensions and service drops (as applicable) in Target Areas.

#### Part 2. Off-grid connection through solar home system

Financing the Ngwee Ngwee Ngwee Fund to facilitate the scaling-up of off-grid market, through provision of a credit line, results based financing and catalytic grants for qualifying proposals (Subprojects) to off-grid solar companies (Participating OGS Firms) in particular:

- 2.1 Provision of working capital through a Line of Credit to Participating OGS Firms to finance solar home systems Subprojects; and
- 2.2 Provision of grants in the form of Results-based Financing (RBF) to Participating OGS Firms based on achievement of pre-agreed connection milestones as a mechanism to facilitate off grid solar companies to expand market, and to lower market entrance barrier for start-up companies;

#### Part 3. Energy Access for Schools and Health Facilities

Provision of Sub-Grants to Participating OGS Firms to finance off-grid solar and to ESCOM to finance connections to the grid for selected schools and health facilities Subprojects detailed in the POM, including supporting operations and maintenance of the selected facilities.

#### Part 4. Clean Cooking Solutions

Increasing access to clean cooking, to urban users, through the: (i) provision of Sub-Loans through NNNF to eligible clean cooking solutions companies (Participating CCS Firms); (ii) provision of technical assistance to relevant stakeholders that includes carbon credit aggregation and management, capacity building developing standards for clean cooking solutions, implementation of a digital monitoring, reporting, and verification platform, stove testing and product development; and (iii) supporting public awareness campaigns.

#### Part 5. Technical Assistance and Capacity Building

- 5.1 (i) Carrying out a program of technical assistance and capacity building activities to support MoE in implementing the Project and supporting the acquisition of necessary capacity and analytical tools to achieve the required tasks under the project; and (ii) supporting establishment and operations of the Project Implementing Units in implementing the Project, including select costs related to environmental and social compliance of the Project as detailed in the PIM; and
- 5.2 (i) Carrying out a program of technical assistance and capacity building activities to support ESCOM in implementing the Project and supporting the acquisition of necessary capacity and analytical tools to achieve the required tasks under the project; and (ii) supporting establishment and operations of the Project Implementing Units in implementing the Project, including select costs related to environmental and social compliance of the Project as detailed in the PIM.



## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

##### **1. Ministry of Energy (MoE)**

The Recipient shall designate MoE, at all times during the implementation of the Project, to be responsible for the overall implementation, coordination and supervision of the Project, in coordination with ESCOM. The Recipient shall ensure that funds, facilities and resources, are available to MoE and ESCOM for the purpose of ensuring prompt and efficient oversight, and overall coordination, administration, contract management, monitoring, reporting and communication of the Project.

##### **2. MoE Project Implementation Unit**

- (a) The Recipient through the MoE shall maintain at all times during implementation of the Project a Project implementation unit (“MoE PIU”) for Parts 2,3,4 and 5.1 of the Project, with dedicated staff, mandate, composition and resources acceptable to the Association, including: a manager, deputy manager, power engineer, GIS specialist, environment and social specialist, procurement specialist, financing management specialist and a financial management assistant, a gender specialist and a monitoring and evaluation specialist all with terms of reference, qualifications, and experience, satisfactory to the Association.
- (b) Without limitation to the provisions of sub-paragraph 2 (a) immediately above, the MoE PIU shall be responsible for day-to-day management, implementation and planning of Parts 2,3,4 and 5.1 of the Project, including: (i) managing the environmental and social standards aspects; (ii) managing the procurement, financial management and disbursements; (iii) coordinating the preparation, adjustments, and use of the Project management tools, including any updates to the PIM and the POM, Annual Work Plan, procurement plan, and disbursement projections; and (iv) preparing Project reports, as detailed in the PIM.
- (c) Without limitation to the provisions of sub-paragraph 2(a) and (b) above, the Recipient shall, appoint and maintain throughout Project implementation, the Fund Manager, within MoE, for the efficient management and administration of the NNNF, in accordance with the provisions of the Project Operations Manual.

**3. ESCOM Project Implementation Unit**

- (a) The Recipient shall cause ESCOM to maintain at all times during implementation of the Project a Project implementation unit (“ESCOM PIU”) for Parts 1 and 5.2 of the Project, with dedicated staff, mandate, composition and resources acceptable to the Association, including: a manager, deputy manager, procurement specialist, financial management specialist, accountant, environment specialist, social & gender specialist, monitoring and evaluation specialist, all with terms of reference, qualifications, and experience, satisfactory to the Association.
- (b) Without limitation to the provisions of sub-paragraph 3(a) immediately above, the ESCOM PIU shall be responsible for day-to-day management, implementation and planning of Part 1 of the Project, as detailed in the PIM.

**4. Project Steering Committee**

- (a) The Recipient shall not later than thirty (30) days after the Effective Date establish the Project Steering Committee with the mandate, resources, terms of reference and functions, satisfactory to the Association, and thereafter, maintain said Project Steering Committee throughout the Project implementation.
- (b) Without limitation to the provisions of paragraph 3(a) immediately above, the Project Steering Committee shall be chaired by the Principal Secretary of the MoE, and will be responsible for: (i) preparing the semi-annual progress report; (ii) providing overall project oversight and strategic direction; and (iii) approving the POM and amendments of the PIM.

**B. Subsidiary Agreement.**

- 1. To facilitate the carrying out of the Project Implementing Entity’s Respective Part of the Project, the Recipient shall make the proceeds of the Financing allocated from time to time to Category (1) and (2) of the table set forth in Section III.1 of this Schedule available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association (the “Subsidiary Agreement”), which shall include:
  - (a) the obligation of the Project Implementing Entity to carry out the Project in accordance with this Agreement, the Project Agreement, the Anti-Corruption Guidelines and the Project Implementation Manual;

- (b) the obligation of the Project Implementing Entity to exchange views with the Recipient and the Association with regard to the progress of the Project and the performance of its obligations under the Subsidiary Agreement; and
  - (c) the requirement that the Project Implementing Entity shall promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of the Project, or the performance of its obligations under the Subsidiary Agreement.
2. The Recipient shall exercise its rights under the Subsidiary 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 the Subsidiary Agreement or any of its provisions.

**C. Project Implementation Manual; Project Operations Manual**

1. The Recipient shall carry out the Project, and cause the Project Implementing Entity to carry out its Respective Parts of the Project, in accordance with the provisions of manuals satisfactory to the Association (the Project Implementation Manual, and Project Operations Manual);
2. The Project Implementation Manual shall include, *inter alia*, the following provisions: (a) disbursement and financial management arrangements; (b) institutional administration, coordination and day-to-day execution of activities of the Project; (c) monitoring, evaluation, reporting and communication; (d) fiduciary aspects (*i.e.*, procurement and financial management); (e) Project impact and implementation indicators, including the procedures for monitoring and evaluation of the Project; (f) arrangements for management and monitoring of environmental and social management aspects; (g) the Verification Protocol; (h) description of the Target Areas; and (i) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
3. The Project Operations Manual shall establish the guidelines and procedures for management of the NNNF, including each Sub-Financing under Part 2, 3 and 4(i) of the Project, including *inter alia*: (a) the criteria for selection of eligible Participating OGS Firms and Participating CCS Firms (together, Participating Firms); (b) the eligibility criteria and detailed procedures for the selection and approval of Subprojects including the type of subproject that will be eligible for financing under Part 3 of the Project; (c) terms and conditions for Sub-Loans and Sub-Grants including the Results Based Financing; (d) detailed terms and conditions of the Sub-Financing Agreements; and (d) detailed financial

arrangements and funds flow arrangements, mechanisms for monitoring and verification of financing under the NNNF.

4. In case of any conflict between the arrangements and procedures set out in the Project Operations Manual, or 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 thereof without the prior written agreement of the Association.

**D. Annual Work Plan**

1. The Recipient shall prepare and furnish to the Association not later than February 28 of each Fiscal Year during the implementation of the Project (beginning in calendar year 2025), a consolidated work plan and budget containing *inter alia*: (a) all activities proposed to be implemented under the Project during the following Fiscal Year; and (b) a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing to be made available in that year and disbursement schedule.
2. The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed annual work plan and budget and shall 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”).
3. The Recipient shall not make, or allow to be made, any changes to the approved Annual Work Plan without prior approval in writing by the Association.
4. Without limitation on the provisions of this Section, the Recipient shall prepare and furnish to the Association the first proposed Annual Work Plan required under the Project not later than one month after the Effective Date.

**E. Management of Subprojects**

1. The Recipient shall, at all times during implementation of the Project, maintain the Fund Manager, with the responsibility for, *inter alia*, administration and management of the NNNF under Part 2, 3 and 4(i) of the Project, including planning, financial management and budget, evaluation and monitoring of Subprojects, review and pre-selection of the Subproject proposals, and Participating Firms, all in accordance with the provisions of the Project Operations Manual.

2. For the implementation of Part 2, 3 and 4(i) of the Project, the Recipient shall cause the Fund Manager to extend Sub-Financing to Participating Firms and ensure that the Fund Manager shall:
  - (a) select Participating Firms that:
    - (i) comply with the eligibility criteria set forth in the POM; and
    - (ii) are not in dispute with the Association or the Bank or on a list of companies declared ineligible by the Association or the Bank to receive benefits from any project supported by the Association or the Bank;
  - (b) screen and select Sub-projects to be financed through Financing Instruments in accordance with the selection and eligibility criterion set forth in the POM. The following Sub-projects shall not be eligible for financing, as further set forth in the POM:
    - (i) any Sub-projects involving non-eligible expenditures (as such term is defined in the POM);
    - (ii) any Sub-projects affecting international waterways, natural habitats, disputed areas or indigenous peoples;
    - (iii) any Sub-projects involving the conversion or degradation of forest areas;
    - (iv) any Sub-projects involving the involuntary taking of land or involuntary resettlement, resulting in relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood, or involving the involuntary restriction of access to legally designated parks and protected areas; and
    - (v) any Sub-projects involving the construction or rehabilitation of dams; and
  - (c) enter into the relevant Sub-Financing Agreement with each Participating Firm on terms and conditions set forth in this agreement and the POM

**F. Sub-Financing Agreements**

Any Sub-Financing made under Parts 2,3, and 4(i) of the Project shall be made through a Sub-Financing Agreement which shall include the terms and conditions detailed below and further provided in the Project Operations Manual:

- (a) the obligation of the Participating Firm to: (i) carry out the Subproject with due diligence and efficiency and in conformity with appropriate administrative, technical, financial, economic, practices (ii) ensure compliance with the ESCP and Environmental and Social Standards in carrying out the Subproject (iii) comply with the provision of the Anti-Corruption Guidelines in connection with a Subproject; (iv) (A) 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 (B) at the request of the Association or the Recipient, have such records audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the records as so audited to the Recipient and the Association; (v) take or permit to be taken all actions to enable the Recipient to comply with its respective obligations referred to in this Agreement; (vi) with respect to the Line of Credit under Part 2.1 of the Project, service the repayment of the pertinent sub-financing in accordance with an agreed currency, interest rate and repayment schedule; and (vii) with respect to the loan provided under Part 4(i) the mode of repayment as detailed in the POM;
- (b) the right of the Recipient/Fund Manager to (i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods and sites included in the Subproject, the operations thereof, and any relevant records and documents; (ii) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation, and financial condition of the Participating Firm; and (iii) suspend or terminate the right of the Participating Firm to use the proceeds of the Sub-Financing, or obtain a refund of all or any part of the amount of the Sub-Financing then withdrawn, as the case may be, upon failure by the Participating Firm to perform any of its obligations under the Sub-financing Agreement.
- (c) The Recipient through the Fund Manager shall exercise its rights under the Sub-financing Agreement in such manner as to protect its interests and those of the Association and to accomplish the purposes of the Financing. Except, as the Recipient and the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Sub-Financing Agreement or any of its provisions.

**G. Environmental and Social Standards.**

1. The Recipient shall, and shall cause the Project Implementing Entity to, 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, and shall cause the Project Implementing Entity to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”) and in a manner acceptable to the Association. To this end, the Recipient shall, and shall cause the Project Implementing Entity to, ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as 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, and shall cause the Project Implementing Entity to, 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, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Recipient shall, and shall cause the Project Implementing Entity to, 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, and shall cause the Project Implementing Entity to, 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.

#### **H. Verification of Achievement of Performance Based Conditions**

For purposes of implementing Performance Based Conditions (PBCs) 1 to 3, the Recipient shall cause the Project Implementing Entity to carry out a verification process through the independent verification agency selected and hired under terms of references and in a manner acceptable to the Association, that the Association has confirmed in writing to be acceptable, as determined in the Verification Protocol (“PBC Verification Agent”), for the verification of achievement of PBCs which are set forth in the table in Schedule 3 to this Agreement, and furnish to the Association, not later than sixty (60) days after the verification of compliance of said PBCs, reports on the results of said verification of compliance process of such scope and in such detail as the Association shall reasonably request and in accordance with the PIM.

#### **I. External Controls**

1. The Recipient shall, by no later than 6 months after the Effective Date, appoint independent external monitoring and evaluation experts (“NNNF Verification Agent”), to act as third-party verifiers of the proper implementation of the NNNF under Part 2,3 and 4.1 of the Project.
2. The Recipient shall, in accordance with terms of reference satisfactory to the Association, cause the NNNF Verification Agent to carry out, throughout Project implementation, quarterly verification exercises of activities under the NNNF, and to prepare and submit reports (Verification Reports), in accordance with the



provisions of the Project Operations Manual, containing, *inter alia*, said assessment on expenditures under the NNNF.

**J. Regional Level Coordination Arrangements**

The Recipient shall during implementation of the Project, collaborate and coordinate with COMESA to outline arrangements that will facilitate the Recipient’s participation in the regional energy access acceleration platform established under the MPA Program, and to draw on the technical assistance and other benefits available to the Recipient and other Participating Countries through said platform.

**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 quarter, covering the calendar quarter. 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**

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

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Eligible PBC Expenditures under Part 1.1 of the Project	34,250,000.00	100%
(2) Goods, works, non-consulting services, consulting services, Training and Operating Costs for Part 1.2 and 5.2 of the Project	83,720,000.00	100%

(3) Sub-Financing for Subprojects under Part 2, and 3 of the Project.	60,890,000.00	100%
(4) Sub-Financing for Subprojects under and 4(i) of the Project.	3,050,000.00	57.14%
(5) Goods, works, non-consulting services, consulting services, Training and Operating Costs for Part 4 (except Part 4(i)) of the Project)	770,000.00	33.33%
(6) Goods, works, non-consulting services, consulting services, Training and Operating Costs 5.1	4,420,000.00	100%
<b>TOTAL AMOUNT</b>	187,100,000	

**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 Signature Date;
  - (b) for payments under Category (1) with respect to each PBC, as set forth in Schedule 3, for which a withdrawal request has been submitted, until and unless the Recipient has also submitted:
    - (i) evidence, in form and substance satisfactory to the Association, of the Eligible PBC Expenditures paid, as presented in the IFR and verified pursuant to the PIM; and
    - (ii) supporting documentation confirming the Recipient's achievement of the respective PBC or PBCs in form and substance satisfactory to the Association, as further elaborated in Schedule 3 and as set forth in the Verification Protocol, including, but not limited to, a report issued by the PBC Verification Agent,

confirming the achievement of the respective PBC or PBCs and the amount to be paid.

- (c) under Category (1) and (2) unless the Project Implementing Entity has prepared and disclosed the ESMF and the Resettlement Policy Framework both in a manner satisfactory to the Association;
- (d) under Category (3) unless the Recipient has:
  - (i) Appointed the Fund Manager in a manner acceptable to the Association, in accordance with the Procurement Regulations;
  - (ii) Prepared and disclosed the ESMS in a manner acceptable to the Association;
  - (iii) recruited an environmental and social specialist to work with the Fund Manager in the management of the NNNF, with terms of reference, qualifications, and experience, satisfactory to the Association; and
  - (iv) prepared and adopted the Project Operations Manual, in form and substance satisfactory to the Association; and

2. Notwithstanding the provisions of Part B.1(b) of this Section:

- (a) The Recipient may request withdrawals of the Financing when the relevant Eligible PBC Expenditures have been incurred, but prior to the PBCs having been met, provided that the Recipient shall: (i) achieve such PBCs no later than the Closing Date; and (ii) submit to the Association evidence satisfactory to the Association of such PBCs having been met no later than the Disbursement Deadline Date; provided however, that if by the Disbursement Deadline Date, the Recipient has failed to provide the Association evidence satisfactory to the Association that one or more PBCs have been fully achieved, the Recipient shall, upon notice from the Association, promptly refund to the Association the Withdrawn Financing Balance related those expenditures under the Eligible PBC Expenditures under Category (1). Except as the Association may otherwise determine, the Association shall cancel all amounts refunded pursuant to this Section.
- (b) If any of the PBCs referred to in Schedule 3 to this Agreement has not been achieved, the Association may, by notice to the Recipient: (a) reallocate all or a portion of the proceeds of the Financing then allocated to said PBC to any other PBC or any other Category; and/or (b) cancel all or a portion of the proceeds of the Financing then allocated to said PBC.

3. The Closing Date is December 31, 2030

**SCHEDULE 3**

**Performance-Based Conditions for Category (1) of the Disbursement Table**

<b>Performance Based Condition</b>	<b>Action to be Completed</b>	<b>Targeted Date of Achievement</b>	<b>PBC Amount Allocated (SDR)</b>	<b>Total Financing Allocated (SDR)</b>
<b>1: Strengthening procurement systems</b>	ESCOM has prepared and executed at least one standardized framework contract for procurement of one or more of poles, meters, transformers, or line hardware.	December, 2026	11,420,000	11,420,000
<b>2: Distribution loss reduction</b>	ESCOM has recorded geospatial information (incl. location of customer and nearest transformer) for at least 95% of its customers.	December, 2026	11,420,000	11,420,000
<b>3: MIS implementation &amp; integration</b>	(3.1) ESCOM has processed 95% of maintenance incidents through its MIS over the previous 12 months	December, 2026	7,610,000	11,410,000
	(3.2) ESCOM has operationalized an electrification dashboard in its MIS	December, 2026	3,800,000	

## APPENDIX

### Section I. Definitions

1. “Annual Work Plan” means the annual work plan together with related budget for the Project approved by the Association pursuant to the provisions of Section I.D of schedule 2 of this Agreement.
2. “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.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “COMESA” means Common Market for Eastern and Southern Africa.
5. “Disbursement Deadline Date” means four months after the Closing Date.
6. “Eastern and Southern Africa” means the region of Sub-Saharan Africa consisting of the member states of the Recipient, and Participating Countries, and members of Regional Bodies, including those that will participate in future operations under the MPA Program.
7. “Electricity Supply Corporation of Malawi” or “ESCOM” means the autonomous power entity incorporated and operating pursuant to the Companies Act, Chapter 46:03 of the Laws of the Recipient and includes any successors thereto.
8. “Eligible PBC Expenditures” means the following eligible expenditures: consulting services, non-consulting services, works, goods, Training, Operating Costs incurred and paid by ESCOM in connection with the implementation of Part 1.1 of the Project.
9. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated December 12, 2024, 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.

10. “ESMF” means the environmental and social management framework described under Part 1.1 of the ESCP including the OHS Management Framework, WHS Management Framework and the TS Management Framework.
11. “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 African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.
12. “ESCOM PIU” means the implementing unit established in ESCOM described under Section I.A(3) of Schedule 2 to this Agreement.
13. “ESMS” means the environmental and social management system described in Section 9.1 of the ESCP.
14. “Fund Manager” means the Infrastructure Development Company Limited or a fund manager, acceptable to the Association, with the responsibility, *inter alia*, for the management of the Financing Facility under the terms and conditions detailed in the POM.
15. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (Last revised on July 15, 2023), with the modifications set forth in Section II of this Appendix.
16. “Grant Agreement” means the grant agreement for the Project between the Recipient and the Bank acting as administrator of the Energy Sector Management Assistance Program (“ESMAP”) Umbrella 2.0 Multi-Donor Trust Fund (ESMAP Grant Number TFOC7001 dated the same date as this Agreement, as such grant agreement may be amended from time to time. “Grant Agreement” includes all appendices, schedules and agreements supplemental to the Grant Agreement.
17. “GIS” means geographic information system

18. “Infrastructure Development Company Limited” means the company registered in Bangladesh under the registration number C-32917 (2038)/97 and Ethiopia under the registration number MT/AA/2/0056961/2016.
19. “Line of Credit” means loans to be provided as working capital to Participating OGS Firms under Part 2.1 of the Project
20. “MPA Program” means the multiphase programmatic approach program designed to increase access to sustainable and clean energy in Eastern and Southern Africa.
21. “Ministry of Energy” or “MoE” means the recipient’s ministry responsible for energy.
22. “MoE PIU” means the implementing unit established in MoE described under Section I.A(2) of Schedule 2 to this Agreement.
23. “Ngwee Ngwee Ngwee Fund” or “NNNF” means the off-grid development fund established under the Ministry of Energy and maintained under Part 2,3 and 4.1 of the Project as a mechanism for provision of Sub-Financing to Participating Firms under Part 2, 3 and 4.1 of the Project.
24. “NNNF Verification Agent” means the agent referred to in Section I(I) of Schedule 2 to this Agreement.
25. “OHS Management Framework” means the occupational health and safety management framework described in section 2.2 of the ESCP.
26. “Operating Costs” means the reasonable costs for the incremental expenses incurred for the implementation, monitoring and evaluation by MoE of Parts 2,3,4 and 5.1 of the Project and by ESCOM for Parts 1 and 5.2 of the Project consisting of, *inter alia*: on account of vehicle operation and maintenance, communication and insurance costs, banking charges, office rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and *per diem* for Project staff for travel linked to the implementation of the Project, salaries of contractual staff for the Project and reasonable communication and transport costs for Recipient’s civil servants working on the Project (but excluding salaries of officials of the Recipient’s civil service).
27. “Participating Countries” means the Recipient, and the other countries referred to in the preamble to this Agreement, and those that will participate in the future operations under the MPA Program.
28. “Participating CCS Firm” means a private sector firm (existing or start-up) registered under the laws of the Recipient, which provides clean cooking solutions and meets the financing criteria established in the Project Operations Manual, and the term “Participating CCS Firms” means such participating firms



29. “Participating Firm” means Participating OGS Firms and/or Participating CCS Firms.
30. “Participating OGS Firm” means a private sector firm (existing or start-up) registered under the laws of the Recipient, which is an off-grid solar energy distributor, or importer of solar energy equipment, or is investing in off-grid solar, and meets the financing criteria established in the Project Operations Manual, to implement Parts 2.1, 2.2 and 3 of the Project; and the term “Participating OGS Firms” means such participating firms.
31. “Performance Based Condition” or “PBC” means an indicator, set forth in Schedule 3 of this Agreement, comprised of a number of PBCs in respect of which partial or total failure to achieve may result in withdrawal of lesser amounts, withholding, reallocation, or cancellation of the Financing proceeds allocated to such PBC under Section III.A of Schedule 2 to this Agreement, pursuant to Section I.H of Schedule 2 to this Agreement.
32. “PBC Verification Agent” means the agent referred to in Section 1.H of Schedule 2 to this Agreement.
33. “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.
34. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
35. “Project Implementing Entity” means the Electricity Supply Corporation of Malawi.
36. “Project Implementing Entity’s Legislation” means ESCOM Articles of Association setting forth the internal regulations of ESCOM adopted pursuant to the Companies Act, Chapter 46:03 of the Laws of the Recipient.
37. “Project Implementation Manual” means the Recipient’s and ESCOM’s implementation manual referred to in section I.C(2) of schedule 2 to this Agreement.

38. "Project Operations Manual" means the Recipient's operations manual referred to in section I.C(3) of Schedule 2 to this Agreement.
39. "Project Steering Committee" means the steering committee established and maintained by the Recipient described in Section I.A (4) of schedule 2 to this Agreement.
40. "Regional Bodies" means the regional and sub-regional organizations participating in the MPA Program, namely Common Market for Eastern and Southern Africa (COMESA), and Eastern and Southern African Trade and Development Bank (TDB), and any regional organization that will participate in future operations under the MPA Program, as agreed by the Association and notified in writing to the Recipient, and "Regional Body" means any one of the Regional Bodies.
41. "Result-based Financing" means grants extended to Participating OGS Firms under Part 2.2 of the Project.
42. "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.
43. "Sub-Financing" means together the Line of Credit, Result-Based Financing, Sub-Loans and Sub-Grants under Parts 2,3 and 4(i) of the Project as further described in the POM.
44. "Sub-Financing Agreement" means any agreement to be executed between the Recipient and a Participating Firm pursuant to which such Participating Firm shall obtain Sub-Financing to finance a Subproject.
45. "Sub-Grant" means the grant provided or to be provided to Participating OGS Firms under Part 3 of the Project as described in the POM.
46. "Sub-Loan" means the loan provided or to be provided to Participating CCS Firms under Part 4(i) of the Project as described in the POM.
47. "Sub-Project" means an eligible investment activity carried out by a Participating Firm, under Parts 2,3, and 4(i) of the Project, financed or proposed to be financed through a Sub-Financing.
48. "Subsidiary Agreement" means, the subsidiary agreement entered into between the Recipient and ESCOM referred to under section I.B of schedule 2 to this Agreement.
49. "Targeted Areas" the means areas in the Recipient's territory where the Project main activities will be implemented, as further indicated in the PIM.

50. “Training” means the reasonable cost of training of persons involved in Project-supported activities, based on the Annual Work Plans approved by the Association, such term including seminars, workshops, and study tours, and costs associated with such activity including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation, acquisition and reproduction of training materials, and other costs directly related to training preparation and implementation.
51. “TS Management Framework” means the traffic safety management framework described under section 4.1 of the ESCP
52. “Verification Protocol” means the PBC verification protocol agreed between the Recipient and the Association and included in the PIM, for purposes of: (i) defining the PBC terms and requirements; (ii) listing the documentary evidence to be provided in support thereof; and (iii) providing the verification procedures and responsibilities to certify compliance with/achievement of each PBC, as such verification protocol may be revised, updated or supplemented from time to time with the mutual agreement of the Recipient and the Association.
53. “WHS Management Framework” means the waste and hazardous substances management framework described in section 3.1 of the ESCP.

**Section II. Modifications to the General Conditions**

In paragraphs originally numbered 4 and 81 of the Appendix, the terms “Amortization Schedule” and “Payment Date” respectively are modified to read as follows:

4. “Amortization Schedule” means the schedule for repayment of principal amount specified in the Financing Agreement for purposes of Sections 3.05 and 3.10.”

81. “Payment Date” means each date specified in the Financing Agreement occurring on or after the date of the Financing Agreement on which Service Charges, Interest Charges, Commitment Charges, and other Credit charges and fees (other than the Front-end Fee) are payable, as applicable.”