
GRANT NUMBER E338-MW

Financing Agreement

(Digital Malawi Acceleration Project under the Inclusive Digitalization in Eastern and Southern Africa Multi-Phase Programmatic Approach Program)

between

REPUBLIC OF MALAWI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER E338-MW

FINANCING AGREEMENT

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

WHEREAS:

- A. The Participating Countries, and the Regional Bodies, including the Recipient have agreed to participate in the MPA Program, and intend to coordinate among each other for the carrying out of activities under projects and programs to be implemented by the Participating Countries and the Regional Bodies to enhance the enabling environment for increasing access to and inclusive usage of the internet and digitally enabled services in Eastern and Southern Africa.
- B. To facilitate the implementation of the MPA Program:
 - 1. by a financing agreement to be entered into, on or about the date hereof, between the Common Market for Eastern and Southern Africa (“COMESA”) and the Association (“COMESA Financing Agreement”), the Association will extend to COMESA financing to assist COMESA in financing activities related to the MPA Program on the terms and conditions set forth in the COMESA Financing Agreement;
 - 2. by a financing agreement to be entered into, on or about the date hereof, between the Democratic Republic of Congo (“DRC”) and the Association (“DRC Financing Agreement”), the Association will extend to DRC financing to assist DRC in financing activities related to the MPA Program on the terms and conditions set forth in the DRC Financing Agreement; and
 - 3. by a loan agreement to be entered into, on or about the date hereof, between the Republic of Angola (“Angola”) and the International Bank for Reconstruction and Development (“Bank”) (“Angola Loan Agreement”), the Bank will extend to Angola financing to assist Angola in financing activities related to the MPA Program on the terms and conditions set forth in the Angola Loan Agreement.
- C. 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 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 an amount equivalent to fifty-three million two hundred thousand Special Drawing Rights (SDR 53,200,000) (“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 February 15 and August 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 Public Private Partnership Commission (“PPPC”) in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement, and the Subsidiary Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consist of the following, namely, the Public-Private Partnership Act has been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of PPPC to perform any of its obligations under this Agreement or the Subsidiary Agreement.

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 in accordance with the provisions of Section I.C(1) of Schedule 2 to this Agreement;
 - (b) the Recipient has prepared and executed a Subsidiary Agreement with PPPC, in form and substance satisfactory to the Association;
 - (c) the Recipient has prepared, consulted upon, adopted and disclosed: (a) an Environmental and Social Management Framework including the following annexes: (i) a GBV/Sexual Exploitation and Abuse/Sexual Harassment Prevention and Response Action Plan; (ii) E-Waste Management Plan; and (iii) Occupational Health and Safety Plan; and (b) Resettlement Policy Framework, and (c) the Labor Management Procedures - all in form and substance satisfactory to the Association and in accordance with the Environmental and Social Commitment Plan; and
 - (d) the Recipient has updated and disclosed the grievance mechanism for the Project, in form and substance satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date ninety (90) days 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 (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its 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

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, M.P.

Authorized Representative

Name: Simplex Chithyola Banda, M.P.

Title: Hon

Date: 23-Jul-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Boutheina Guerhazi

Authorized Representative

Name: Boutheina Guerhazi

Title: Director, Regional Integration

Date: 02-Jul-2024

SCHEDULE 1

Project Description

The objective of the Project is to increase access to, and inclusive use of, the internet and improve the Recipient's government capacity to deliver digitally enabled services.

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

Part 1: Affordable Broadband and Secure Data Hosting

- 1.1. Carrying out a program of activities to expand rural connectivity, including:
 - (a) provision of expanded broadband coverage in rural areas, including supporting the private sector to roll out Mobile Broadband Coverage in uncommercial rural areas, upgrading 2G cell sites to more energy efficient 4G/5G cellular technologies, and installing additional internet exchange points, through a program of activities under private sector matching investments ("Matching Investments"); and
 - (b) closing last-mile connectivity gaps for targeted government institutions in rural areas, using energy efficient and climate-resilient solutions, including last-mile fiber and Low-Earth Orbit (LEO) Satellite.
- 1.2. Carrying out a program of activities for education sector connectivity, including:
 - (a) enhancing universal school connectivity, including the provision of internet to up to 2,000 schools and higher education institutions under the Malawi Research and Education Network (MAREN).
 - (b) sponsoring Malawi's participation in the EU Africa Connect 4 Program, in partnership with the UbuntuNet Alliance, including pre-purchase of internet capacity for the Recipient's schools and higher education institutions.
- 1.3. Strengthening regional connectivity, including:
 - (a) carrying out a program of activities designed to address the gaps in missing cross-border broadband links, including (i) conducting a survey of missing broadband links; and (ii) coordination of investments under the MPA Program in neighboring countries and with other development partners to ensure an end-to-end connectivity and efficient route planning;

- (b) supporting the integrated infrastructure planning of Digital Corridors for Southern Africa through integrated regional planning of investments;
- (c) demand aggregation for internet connectivity for the education and health sectors, and other government institutions, through the bulk pre-purchase of internet capacity, including at the regional level; and
- (d) provision of technical assistance for climate resilience, including development of regionally harmonized standards and guidelines for climate resilient digital infrastructure.

1.4. Enhancing data hosting capacity and transition to cloud computing, including:

- (a) strengthening the capacity of the National Data Center and enabling cloud services at national and regional levels, including the provision of technical assistance to oversee the development of a sustainability plan;
- (b) supporting the (i) migration of government data from various MDA server rooms to the newly built National Data Center in Lilongwe, with backup and disaster recovery options, including establishing fiber links with a datacenter in Blantyre (ii) introduction of a government cloud;
- (c) provision of managed information technology (IT) services and a help desk to ensure smooth functioning of the National Data Center; and
- (d) developing a National Data Strategy.

Part 2: Interoperable and secure data platforms

2.1 Implementing next generation digital identification (ID) and identity verification services, including for electronic Know Your Customer (eKYC) and Public Key Infrastructure (PKI), by:

- (a) supporting the upscaling from the first-generation chip powered national ID to the next generation cost-effective Digital ID, including introduction of streamlined identity verification services, enabling secure digital authentication services including for eKYC, and development of cross border mutual recognition mechanisms of IDs in Southern Africa Development Community (SADC); and
- (b) developing e-signatures capability for e-services that require a higher level of assurance, including development of PKI.

2.2. Extending the *Bomalathu* data exchange platform for government and financial institutions, including:

- (a) development of application programming interfaces (APIs) for up to 30 MDAs, and capacity building for the on-boarded government institutions;
 - (b) extending *Bomalathu* to the private sector through (i) the development of APIs for financial institutions such as banks and micro-credit institutions that may have a requirement for eKYC and identity verification; and (ii) provision of technical assistance to the relevant government department to develop a competitive price structure that will encourage demand for these services, and support the operation of the data exchange platform; and
 - (c) expanding the functionality and e-services offering on the e-services portal developed under the Digital Malawi Program Phase 1: Digital Foundations Project.
- 2.3. Enhancing policy and regulatory framework, operationalization of the Data Protection Authority (DPA), and supporting the Malawi Computer Emergency Response Team (MCERT), including provision of technical assistance to:
- (a) enhance regional policy and regulatory harmonization for digital integration, cross-border digital services and data flows, including guidelines on data classification, e-commerce, taxation of cross-border digital services, and modernization of the relevant legal and regulatory framework for e-commerce;
 - (b) operationalize the DPA, including developing regulations under the Data Protection Act, and strengthen the capacity of Malawi Communications Regulatory Authority (MACRA); and
 - (c) enhance cybersecurity resilience, including support to the MCERT .

Part 3: High-impact digital services and productive digital usage

- 3.1. Enhancing digital skills and digital literacy, including:
- (a) provision of competitively awarded performance-based grants (“Performance Grants”) to eligible tech hubs and digital start-ups on the basis of targets for offering advanced digital skills, digital entrepreneurship training, and development of the digitally enabled solutions that contribute to climate change mitigation and adaptation;
 - (b) provision of Matching Grants to digital entrepreneurs, administered as sub-grants; and
 - (c) provision of technical assistance to facilitate the establishment of tech entrepreneur associations, development of necessary policies, strategies, and implementation plans, and provision of seed financing to start-ups.

- 3.2. Provision of technical assistance: (a) to facilitate the Recipient's participation in the planned regional program on device affordability; and (b) (i) in the associated e-waste initiative for recycling and resale or safe disposal of laptops and phones, and (ii) for developing a national e-waste strategy and strengthening the government's capacity to implement e-waste initiatives.
- 3.3. Conducting sectoral deep dives in digitalization in the following key priority sectors:
 - (a) social protection, with a focus on facilitating identity verification needed for proper functioning of the dynamic social registries, and digitalization of safety nets and disaster emergency payments;
 - (b) financial sector, with a focus on, inter alia, implementation of eKYC, and activities related to credit reference system, upgrade of collateral registry, and deposit insurance system;
 - (c) disaster and emergency response, with a focus on, inter alia, establishment of early warning systems and addressing disaster management needs; and
 - (d) lands management, with a focus on, inter alia, development of APIs for identity verification, streamlining payments, capacity building in cyber security and software development, digitization of paper records and certain other aspects for strengthening the existing lands information management system.

Part 4: Program management

- 4.1 Supporting the:
 - (a) operationalization of the Malawi Information Technology Authority (MITA), including by supporting selected consultants embedded within the MITA; and
 - (b) Department of E-Government, including building technical expertise, and Operating Costs.
- 4.2 Supporting Project management, implementation and coordination, including strengthening the capacity of PPPC to carry out procurement, financial management, environmental and social safeguards, communications, monitoring and evaluation, and security and gender awareness, through the acquisition of goods, provision of technical advisory services, Training, and Operating Costs.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Project Steering Committee

- (a) the Recipient shall establish, not later than sixty (60) days after the Effective Date, and thereafter maintain throughout the implementation of the Project, a Project steering committee with composition, functions, and resources satisfactory to the Association, to be responsible for, inter alia, providing overall strategic guidance on the implementation of the Project (“Project Steering Committee” or “PSC”); and
- (b) the Project Steering Committee shall be chaired by the Principal Secretary from the Ministry of Information and Digitalization and will include representatives from the beneficiary agencies and implementing partners as may be further detailed in the PIM.

2. Project Technical Committee

- (a) the Recipient shall establish, not later than sixty (60) days after the Effective Date, and thereafter maintain throughout the implementation of the Project, a Project technical committee, with composition, functions, and resources satisfactory to the Association, to be responsible for, providing inputs to the PSC and Project Implementing Unit (PIU) on technical issues including major investments such as for connectivity, digital ID, and allocation of grants to tech hubs (“Project Technical Committee” or “PTC”);
- (b) the Project Technical Committee shall be chaired by the Director of the Department for E-Government and shall include representatives from the relevant MDAs, PIU, private sector, and civil society groups, as may be detailed in the PIM.

3. Public Private Partnership Commission

- (a) the Recipient shall designate at all times during the implementation of the Project, the Public Private Partnership Commission (“PPPC”) to be responsible for prompt and efficient oversight and coordination of Project implementation, in collaboration with the Ministry of Information and Digitalization through the Department of E-Government;

- (b) without limitation to sub-paragraph (a) immediately above, the Recipient shall cause the PPPC to: (i) maintain at all times during the implementation of the Project, the Project Implementation Unit (PIU) with composition (including a Project manager, procurement specialist, financial management specialist, and monitoring and evaluation specialist), functions, and resources satisfactory to the Association – to be responsible for, inter alia: (A) implementation of the Project; (B) managing the procurement, financial management, disbursements, and environmental and social aspects of the Project; (C) coordinating the preparation, adjustments, and use of the Project management tools, including any updates to the PIM, Annual Work Plan, Procurement Plan, and disbursement projections; (D) coordinating with key stakeholders on the technical aspects of the Project; (E) monitoring the progress of the Project development objective and intermediate indicators of the results framework; (F) preparing Project reports; and such other functions as may be detailed in the PIM; and (ii) not later than sixty (60) days after the Effective Date, appoint to the PIU and thereafter maintain throughout the implementation of the Project, an environmental specialist and a social specialist with qualifications, experience and under terms of reference satisfactory to the Association; and
- (c) the Recipient shall cause the PPPC to take all actions, including the provision of funding, personnel and other resources necessary to enable the PIU to perform its functions under this Project.

4. Malawi Research and Education Network (MAREN); National Registration Bureau (NRB); Malawi Communications Regulatory Authority (MACRA)

- (a) the Recipient shall designate: (i) the Malawi Research and Education Network (MAREN) in coordination with the PPPC, as a technical implementing partner for the implementation of Part 1.2 of the Project, and (ii) the National Registration Bureau (NRB) in coordination with the PPPC, as a technical implementing partner for the implementation of Part 2.1 of the Project; (iii) the Malawi Communications Regulatory Authority (MACRA) in coordination with the PPPC, as a technical implementing partner for the implementation of activities under Parts 1.1 and 2.3 of the Project; and
- (b) without limitation to the provisions of sub-paragraph (a) immediately above, the Recipient shall cause PPPC to, not later than ninety (90) days after the Effective Date, enter into separate legal arrangements acceptable to the Association, with MAREN, NRB, and MACRA, respectively, setting out the respective roles and responsibilities of the PPPC and each of MAREN, NRB, and MACRA, respectively, as may be further provided in the PIM.

B. Subsidiary Agreement.

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing allocated from time to time to the table set forth in Section III.A of this Schedule available to the PPPC, under a subsidiary agreement between the Recipient and PPPC, under terms and conditions approved by the Association (“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.
3. 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. Manuals

1. Project Implementation Manual

- (a) the Recipient, through PPPC, shall prepare and adopt, in form and substance satisfactory to the Association, a Project Implementation Manual (PIM) setting out *inter alia* all multi-level operational details and providing detailed guidelines, methods and procedures for the implementation of the Project, including: (i) the different entities and their roles and responsibilities in the implementation of the Project, including the various mechanisms for ensuring close coordination and collaboration between various Project stakeholders; (ii) budget and budgetary control; (iii) flow of funds, disbursement procedures and banking arrangements; (iv) financial, procurement and accounting procedures; (v) Personal Data collection and processing in accordance with applicable national law and good international practice; (vi) monitoring and evaluation arrangements;; and (vii) such other arrangements and procedures as shall be required for the effective implementation of the Project;
- (b) the Recipient, through PPPC, shall carry out the Project in accordance with this Agreement and the PIM. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the provisions of the PIM; and
- (c) in the event of any conflict between the PIM and this Agreement, this Agreement shall prevail.

2. Grants Manual

- (a) the Recipient through PPPC, shall for the purposes of Grants under Part 3.1 of the Project, prepare and adopt, in form and substance satisfactory to the Association, a grants manual (“Grants Manual”) setting out the details for the management of the Grants under the Project, including the eligibility criteria, terms and conditions for agreements under such Grants, due diligence and selection criteria, and implementation requirements for activities financed through the Grants;
- (b) the Recipient shall carry out Part 3.1 of the Project in accordance with this Agreement, the PIM, and the Grants Manual. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the provisions of the Grants Manual without prior approval of the Association;
- (c) in the event of any conflict between the provisions of the Grants Manual and this Agreement, the provisions of this Agreement shall prevail.

3. Commercial Transactions Manual

- (a) the Recipient through PPPC, shall for the purpose of implementation of Part 1.1. of the Project, prepare and adopt, in form and substance satisfactory to the Association, a commercial transactions manual (“Commercial Transactions Manual” or “CTM”) setting out *inter alia*, public private partnerships and the obligations of the operators in return for the contribution from the Recipient including the principles to follow to ensure open and non-discriminatory access to the infrastructure built through the project, the principles which ensure reasonable prices for the end-user, and the necessary amendments to the regulatory infrastructure.
- (b) the Recipient shall carry out Part 1.1 of the Project in accordance with this Agreement, the PIM, and the CTM. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the provisions of the CTM without prior approval of the Association;
- (c) in the event of any conflict between the provisions of the CTM and this Agreement, the provisions of this Agreement shall prevail.

D. Environmental and Social Standards

- 1. The Recipient shall cause PPPC 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 cause PPPC to 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 cause PPPC 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 cause PPPC 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 cause PPPC 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 cause PPPC to ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors 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.

E. Annual Work Plan and Budget

1. The Recipient shall through PPPC, prepare and furnish to the Association not later than February 28 of each Fiscal Year, during the implementation of the Project, a consolidated work plan and budget containing *inter alia*: (a) all activities proposed to be implemented under the Project during the following Fiscal Year; (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; and (c) the Training plan for such period.
2. The Recipient shall through PPPC ensure that in preparing any Training plan proposed for inclusion in an annual work plan and budget, it shall identify in the training plan: (a) the objective and content of the Training envisaged; (b) the selection method of the institutions or individuals conducting such Training, and said institutions if already known; (c) the expected duration and an estimate of the cost of said Training; and (d) the selection method of the personnel who will attend the Training, and number and names of such personnel if already known, as these requirements may be further elaborated and detailed in the Project Implementation Manual.
3. The Recipient through PPPC shall afford the Association a reasonable opportunity to exchange views 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 and Budget”).
4. The Recipient or PPPC shall not make, or allow to be made, any changes to the approved Annual Work Plan and Budget without prior approval in writing by the Association.
5. Without limitation on the provisions of this Section, the Recipient through PPPC shall prepare and furnish to the Association the first proposed Annual Work Plan

and Budget required under the Project not later than ninety (90) days after the Effective Date.

F. Performance Grants and Matching Grants under Part 3.1

1. The Recipient shall cause PPPC to ensure that the administration, management and implementation of Performance Grants and Matching Grants (collectively, “Grants”) under Part 3.1(a) and (b) of the Project respectively, is made in accordance with the Anticorruption Guidelines, the Environmental and Social Standards, Procurement Regulations, and the eligibility criteria and procedures set forth in the Grants Manual, PIM or other manual or plan as the Recipient and the Association shall agree, and under terms and conditions approved by the Association.
2. Without limitation upon the terms and conditions that shall be established in the Grants Manual, the Recipient shall cause PPPC to:
 - (a) ensure that Performance Grants are disbursed in tranches with agreed targets for, inter alia, offering Training in advanced digital skills and digital entrepreneurship;
 - (b) ensure that Matching Grants awarded to up to 20 digitally enabled start-ups and high growth firms shall not exceed US\$100,000 each; and
 - (c) monitor and evaluate, under terms of reference, satisfactory to the Association, the implementation of all approved activities under the Grants and ensure that payments are made to the respective beneficiaries exclusively for that purpose.

G. Matching Investments under Part 1.1 of the Project

1. The Recipient shall ensure that each Sub-Project to be carried out under Part 1.1 of the Project is vetted, appraised, and approved in accordance with the standards and procedures set forth in the Commercial Transactions Manual (CTM). All such Sub-Projects shall be approved by the Association, as part of the Annual Work Plan and Budget.
2. To facilitate implementation of Sub-Projects each operator shall enter into a Sub-Project Agreement with the Recipient under the terms and conditions provided for in the CTM, including: (i) the guidelines for developing the deployment options including public private partnerships, matching investments or other models with the operators (in particular for ensuring optimization of the Recipient’s resources in those partnerships), (ii) the obligations of the operators in return for the contribution from the Recipient (iii) the principles to follow to ensure open and non-discriminatory access to the infrastructure built through the Project (iv) the

principles which ensure reasonable prices for the end-user, (v) the necessary amendments to the regulatory environment, and (vi) the template form of the Sub-Project Agreement.

H. Regional Level Coordination Arrangements

1. The Recipient shall upon request of COMESA, designate on *ad hoc* basis a senior official as its representative, to participate in the regional fora organized and coordinated by COMESA in connection with the MPA Program, as shall be agreed between the Recipient and COMESA.
2. 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 harmonization and planning platform under the MPA Program, and to draw on the technical assistance and other benefits available to the Recipient and other Participating Countries through the said platform.

Section II. Project Monitoring, Reporting and Evaluation

1. The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.
2. 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 to 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 Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed. (Inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training, and Operating Costs for the Project (except Parts 1.1, 1.2, 3.1 (a) and (b), and 4.1(a)).	40,280,000	100%
(2) Sub-Projects under Parts 1.1 and 1.2 of the Project	7,600,000	100%
(3) Grants under Part 3.1(a) and (b) of the Project	3,800,000	100%
(4) Goods, works, non-consulting services, consulting services, Training, and Operating Costs for Part 4.1(a) of the Project	1,520,000	100%
TOTAL AMOUNT	53,200,000	

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) under Category (2) unless and until the Association has received the Commercial Transactions Manual including: (i) the template form of a Sub-Project Agreement duly adopted by the Recipient, detailing the modalities for Sub-Projects; and (ii) draft bidding documents and proposed safeguards to ensure competitive tendering - all in form and substance satisfactory to the Association;
 - (c) under Category (3) unless and until the Association has received the Grants Manual, including: (i) draft call for expressions of interest from tech hubs, specifying expectations for their performance; and (ii) draft call for expressions of interest from Digital Start-ups and high-growth firms, to receive Matching Grants, specifying expectations for their performance; or

(d) under category (4) unless and until the Recipient has an information technology authority law, acceptable to the Association, as part of its information, technology, and communication legal framework.

2. The Closing Date is October 31, 2030.

APPENDIX
Definitions

1. “Angola Loan Agreement” means the agreement on or about the date hereof under which the International Bank for Reconstruction and Development has agreed to extend to Angola, the amount of US\$300 million equivalent, to assist with financing activities related to the MPA Program.
2. “Annual Work Plan and Budget” means the annual work plan and budget for the activities under the Project approved by the Association in accordance with the provisions of Section I.E(3) of Schedule 2 to this Agreement.
3. “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.
4. “APIs” means Application Programming Interfaces
5. “*Bomalathu*” means the government data exchange platform which was developed pursuant to the Digital Malawi Program Phase 1: Digital Foundations Project series.
6. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
7. “COMESA” and “Common Market for Eastern and Southern Africa” means the regional organization established and operating pursuant to the Treaty Establishing the Common Market for Eastern and Southern Africa, signed on November 5, 1993.
8. “COMESA Financing Agreement” means the agreement on or about the date hereof under which the Association has agreed to extend to COMESA the amount of US\$ 10 million equivalent, to assist with financing activities related to the MPA Program.
9. “Commercial Transactions Manual” or “CTM” means the manual to be prepared pursuant to Section I.C.3 of Schedule 2 to this Agreement for the implementation of activities under Part 1.1. of the Project.
10. “Data Protection Authority” and “DPA” means the Recipient’s regulatory authority for data protection or any successor thereto, established pursuant to the Recipient’s Data Protection Act.

11. “Department of E-Government” means the department responsible for inter alia, leading, coordinating and managing ICT development at all levels, or its successor thereto.
12. "Digital Corridors” means the initiative of the governments of Republic of Botswana, Republic of Malawi, Republic of Zambia, and Republic of Zimbabwe, aimed at facilitating the growth of digital trade in the region.
13. “Digital Start-Ups” means digitally enabled new firms and high growth firms that rely upon the use of digital technologies.
14. “Digital Malawi Program Phase 1: Digital Foundations Project” means the project pursuant to which the Association entered into a financing agreement (Credit Number 6050-MW) with the Recipient, dated July 9, 2018.
15. “DRC Financing Agreement” means the agreement on or about the date hereof under which the Association has agreed to extend to DRC the amount of US\$ 400 million equivalent, to assist with financing activities related to the MPA Program.
16. “Electronic Know Your Customer” or “E-KYC” means the digital verification of a customer's identity through online channels as part of a business's market assessment procedures.
17. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 16, 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.
18. “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.

19. “Environmental and Social Management Framework” or “ESMF” means the environmental and social framework to be prepared, consulted upon, adopted and publicly disclosed by the Recipient in a manner and substance satisfactory to the Association pursuant to the ESCP, setting out the modalities to be followed in assessing the potential adverse environmental and social impacts of Project activities in accordance with the ESSs, including the risks of gender-based violence, and occupational, health and safety hazards, as well as the measures to be taken to offset, reduce or mitigate such adverse impacts, and the protocols and procedures for preparing site-/activity-specific environmental and social management plans, as such framework may be amended by the Recipient from time to time, with the prior written concurrence of the Association.
20. “EU Africa Connect 4 Program” means the fourth phase of the program conducted by the European Union for supporting the development of national research and education network in Africa.
21. “E-Waste Management Plan” means the plan to be prepared and adopted by the Recipient, in a manner and substance satisfactory to the Association, pursuant to the ESCP, for managing waste and hazardous materials, as such instrument may be updated from time to time with the prior written concurrence of the Association.
22. “Fiscal Year” means the Recipient’s fiscal year commencing April 1 and ending March 31 of the following year.
23. “GBV” means gender-based violence.
24. “GBV/Sexual Exploitation and Abuse/Sexual Harassment Prevention and Response Action Plan” means the plan to be prepared, consulted upon, adopted, and publicly disclosed by the Recipient, in a manner and substance satisfactory to the Association, pursuant to the ESCP, for assessing and managing the risks of SEA and SH, as such instrument may be updated from time to time with the prior written concurrence of the Association.
25. “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).
26. “Grants” mean Performance Grants and Matching Grants
27. “Grants Manual” means the manual to be prepared pursuant to Section I.C.2 of Schedule 2 to this Agreement, for the implementation of activities under Part 3.1(a) and (b) of the Project.

28. “ICT” means Information and Communication Technology.
29. “ID” means Identification.
30. “Labor Management Procedures” means the labor management procedures to be prepared, consulted upon, adopted and publicly disclosed by the Recipient in a manner and substance satisfactory to the Association, pursuant to the ESCP, setting out the Project’s approach and requirements to labor in meeting national requirements, protection of project workers from discrimination, forced labor and child labor, and codes of conducts, as said instrument may be updated from time to time with the prior written concurrence of the Association.
31. “Low Earth Orbit Satellite” and “LEO Satellite” means the satellite that circles around the earth at lower altitudes.
32. “Malawi Communications Regulatory Authority” and “MACRA” means the Recipient’s regulatory authority for communication, established pursuant to Communications Act (Cap. 68: 01), or any successor thereto.
33. “Malawi Computer Emergency Response Team” and “MCERT” means the department within MACRA that acts as a focal point for coordination of cyber-security related issues at national and international level, established pursuant to Section 6 of the Electronic Transaction and Cyber Security Act (Cap. 74:02).
34. “Malawi Information Technology Authority” and “MITA” means the Recipient’s national authority on information technology to be established, or any successor thereto.
35. “Matching Grants” means financial support that may be competitively awarded to digital start-ups and high-growth firms that rely on the use of digital technologies, and which are matched by equivalent sums provided by the founders, commercial banks, angel investors, venture capital companies, or other sources.
36. “Matching Investments” mean provision of financial support, using project funds, for construction of digital public infrastructure that are matched by funds provided by network operators. The precise ratio between project funds and investments from the network operators will be an outcome of a competitive tendering process with awards being made to network operators requiring the lowest level of project funds, through a so-called reverse auction.
37. “Malawi Research and Education Network” and “MAREN” means the Recipient’s research and education network or any successor thereto.
38. “Ministry of Information and Digitalization” means the Recipient’s ministry responsible for information and/or digitalization or any successor(s) thereto.

39. “Ministry of Finance and Economic Affairs” means the Recipient’s ministry responsible for finance or any successor thereto.
40. “Mobile Broadband Coverage” means the percentage of the population covered by wireless signal that facilitates the use of mobile data services, including from 4G/5G mobile cellular and/or LEO Satellite services.
41. “MPA Program” means Inclusive Digitalization in Eastern and Southern Africa, a regional, multi-sector, and multi-phase program intended to increase access to, and inclusive use of, the internet and digitally enabled services in Eastern and Southern Africa.
42. “National Data Center” means the Recipient’s central site for the hosting of digital data and applications on behalf of ministries, departments and agencies of government.
43. National Data Strategy means the strategy to be developed for ensuring a well-structure framework for data governance and sharing protocols.
44. “National Registration Bureau” and “NRB” means the bureau established and operating pursuant to the National Registration Act (Cap. 24:01) or any successor thereto.
45. "Occupation Health and Safety Plan" means the plan to be prepared and adopted by the Recipient, in a manner and substance satisfactory to the Association, pursuant to the ESCP, for addressing occupational health and safety requirements for project workers, as such instrument may be updated from time to time with the prior written concurrence of the Association.
46. “Operating Costs” means the reasonable incremental operating expenses incurred by the Recipient or PPPC on account of Project implementation, management, and monitoring, including: office equipment and supplies, maintenance of equipment, insurance costs, office administration costs, rental, consumables, accommodation, vehicle operation, insurance and maintenance costs, utilities, communication charges, per diems, travel allowances, and salaries of the Recipient’s locally contracted staff, excluding salaries, fees, honoraria, bonuses, and any other salary supplements of members of the Recipient’s civil service.
47. “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.
48. “Performance Grants” mean the provision of competitively awarded Project funds to tech hubs to facilitate the delivery of advanced digital services and to administer

sub-grants to digital start-ups and high-growth firms that rely upon the use of digital technologies. The award of the grants will be subject to a Grants Manual and will be disbursed in tranches, subject to achievement of agreed targets.

49. “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.
50. “Principal Secretary” means the Secretary for Information in the Ministry of Information and Digitalization.
51. “Procurement Plan” means the plan for procurement under the Project, dated May 16, 2024, as may be amended from time to time.
52. “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.
53. “Project Implementation Manual” and “PIM” means the manual to be adopted by the PIU in accordance with Section I.C.1 of Schedule 2 to this Agreement, setting out implementation, organizational, monitoring and evaluation, fiduciary mechanisms, and procedures governing the Project.
54. “Project Implementing Unit” and “PIU” means the Project implementing Unit established pursuant to the Digital Malawi Program Phase 1: Digital Foundations Project, within the Public Private Partnership Commission, referred to in Section I.A.3 of Schedule 2 to this Agreement, to be responsible for the implementation of this Project.
55. “Project Steering Committee” or “PSC” means the committee to be established pursuant to Section I.A.1 of Schedule 2 to this Agreement.
56. “Project Technical Committee” or “PTC” means the committee to be established pursuant to Section I.A.2 of Schedule 2 to this Agreement.
57. “Public-Private Partnership Act” means the Recipient’s legislation, Public-Private Partnership Act(Cap. 46:07) , establishing the Public Private Partnership Commission.

58. “Public Private Partnership Commission” or “PPPC” means the Public Private Partnership Commission established under the Recipient’s Public-Private Partnership Act, or any successor thereto.
59. “Resettlement Policy Framework” means the framework to be prepared, consulted upon, adopted, and publicly disclosed by Recipient outlining guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to displaced persons as said framework may be amended from time to time with the prior approval of the Association.
60. “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.
61. “Southern Africa Development Community” or “SADC” means the inter-governmental organization known as Southern African Development Community.
62. “Sub-Project” means a project taken on by an operator(s) under Part 1.1 of the Project, as detailed in a Commercial Transaction Manual.
63. “Subproject Agreement” means the agreement to be entered into by qualifying operators and the Recipient with respect to Sub-Projects under Part 1.1 of the Project as described in the PIM and the Commercial Transactions Manual.
64. “Regional Bodies” means ” means the regional organization participating in the MPA Program, namely, COMESA, and other regional organizations that may participate in future projects under the MPA Program.
65. “Training” means the costs of training under the Project, based on the Annual Work Plan and Budget as approved by the Association, and attributable to seminars, and workshops, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities/ workshop venues, preparation and reproduction of training materials (including costs of translation, printing, photocopying and advertising), food and materials provided at workshop, or seminars and other activities directly related to course preparation and implementation.
66. “Subsidiary Agreement’ means the agreement to be entered into between the Recipient and PPPC pursuant to Section I.B. of Schedule 2 to this Agreement.
67. “UbuntuNet Alliance” means the regional implementing agency for the EU AfricaConnect program, located in Malawi.