

Date: 28-Jul-2022

Honorable Sosthen Alfred Gwengwe, M.P.  
 Minister for Finance and Economic Affairs  
 Ministry of Finance and Economic Affairs  
 P.O. Box 30049  
 Lilongwe 3  
 Malawi

**Re: Grant No. D620-MW and Grant No. D887-MW  
 (COVID-19 Emergency Response and Health Systems Preparedness Project)**

**Second Amendment to the Original Financing Agreement and  
 Amendment to the First Additional Financing Agreement**

Honorable Minister:

We refer to the financing agreement between the Republic of Malawi (the “Recipient”) and the International Development Association (the “Association”) dated April 17, 2020, (the “Original Financing Agreement”) as amended, for the above-referenced project (the “Project”). We also refer to the financing agreement between the Recipient and the Association dated July 2, 2021, for the purpose of providing an additional financing to the Original Project (“First Additional Financing Agreement”), as amended.

In connection with the proposed second additional financing for the Project, we are pleased to inform you that the Association proposes to amend the Original Financing Agreement and the First Additional Financing Agreement (collectively referred to as the “Agreements”) as set forth below:

1. Schedule 1 (Project Description) to the Agreements is amended as follows:

(a) Part 1.2 is amended by adding new paragraphs (e) and (f) which read as follows:

“(e) Acquisition of digital health and diagnostic equipment (computed tomography (CT) scanner, Magnetic Resonance Imaging (MRI), digital X-ray machines and ultrasound machines; and

(f) Promoting improved infrastructure through: (i) renovation of PHC Training Centers, expansion and renovation of health facilities and district labs as well as data centers, and (ii) construction of an infectious disease isolation center at a central hospital”.

(b) Part 1.3 is amended by adding a new paragraph (e) which reads as follows:

“(e) Acquisition, installation and repair of solar panels to generate back-up power for the vaccine cold chain system at health facilities”

(c) A new paragraph 1.4 is added which reads as follows:

“1.4 Monitoring and maintaining Essential Health

- (a) Maintaining essential health services in the context of COVID-19 response and recovery through: (i) improving human resource planning and management to improve the demand for and delivery of essential health services including adolescent sexual and reproductive health services at both the community and health facility level; (ii) procuring essential medicines and equipment and supplies to mitigate stockouts and ensure continued delivery of essential health services; (iii) strengthening of infection control at health facilities including reviewing and disseminating of the national policy on infection, prevention and control in the water and sanitation sectors; (iv) improving data availability to promote evidence-based decisions; and (v) developing a health monitoring, evaluation and health information system strategy”.
  - (d) A new Part 4 is added which reads as follows:

“Part 4: Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.”
- 2. Schedule 2 (Project Execution) to the Agreements is amended as follows:
  - (a) Section I.A.5 is amended to read as follows:

“5. **Project Implementation Units**

    - (a) SATHSSP Project Implementation Unit (PIU)
      - (i) The Recipient shall maintain, until the COVID-19 PIU assumes responsibility for the Project, the SATHSSP PIU, with composition, powers, functions, staffing, facilities and other resources satisfactory to the Association; including an assistant procurement specialist, with qualifications, experience and terms of reference acceptable to the Association; and (2) designate said SATHSSP PIU to be responsible for day-to-day management and implementation of the Project, including *inter alia*, preparation of annual work plans, environmental and social safeguards management, financial management, procurement, monitoring and evaluation, and reporting.
      - (ii) The SATHSSP PIU shall be responsible for the timely and effective implementation of the Project, including provision of relevant performance information to the Health Cluster Committee, preparation of quarterly financial and technical reports and performance of such other functions as may be further detailed in the Project Implementation Manual.
      - (iii) The Recipient shall maintain the strengthened Project implementation structure and monitoring systems comprising of subject-matter experts (or technical advisors), in numbers and with qualification acceptable to the Association, from the Ministry of Health’s Expanded Program for Immunization, its Clinical Directorate, Planning and Policy Development Directorate and Health Technical Support Services Directorate; and a dedicated environmental and social

specialist with qualifications, experience and under terms of reference satisfactory to the Association.

(b) COVID-19 PIU

- (i) The Recipient shall establish and thereafter maintain throughout the implementation of the Project, a COVID-19 Project Implementation Unit (COVID-19 PIU), comprising a Project coordinator, monitoring and evaluation specialist, an environmental and social specialist, a procurement specialist, a financial management specialist and an infectious control and medical waste management specialist to be responsible for day-to-day management and implementation of the Project, including *inter alia*, preparation of annual work plans, environmental and social safeguards management, financial management, procurement, monitoring and evaluation, and reporting.
- (ii) The COVID-19 PIU shall assume the responsibilities of the SATHSSP PIU for the Project including the timely and effective implementation of the Project.”

(b) A new Section I.A.6 is added which reads as follows:

**“6. Project Implementation Committee**

The Recipient shall establish and thereafter maintain throughout the implementation of the Project, a Project Implementation Committee, comprising representatives of all implementing MOH departments chaired by the Chief of Health Services, to be responsible for providing Project implementation oversight, including the review of relevant performance information, and quarterly financial and technical reports as may be further detailed in the Project Implementation Manual.

(c) A new Section I.E is added which reads as follows:

**“E. Contingent Emergency Response**

- 1. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project (“Contingent Emergency Response Part”), the Recipient shall ensure that:
  - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social

assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;

- (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
  - (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
  - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
- 2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association.
- 3. The Recipient shall ensure that:
  - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Association; and
  - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
- 4. Activities under the Contingent Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.”
- (d) The withdrawal tables under Section III.A are amended as set forth in Annex 1 and 2 to this Amendment Letter.
  - (e) The Closing Date in Section III.B.2 is amended to read as December 31, 2025.
- 3. The Appendix to the Agreements is amended as set forth in Annex 3 to this Amendment Letter.

All other provisions of the Agreements, except as herein amended, shall remain in full force and effect.

Please confirm your agreement with the foregoing amendments, on behalf of the Recipient, by signing, dating and returning to the Association the enclosed copy of this Amendment Letter. This Amendment Letter shall become effective as of the date on which the Association shall communicate


to the Recent in writing, a notice declaring the effectiveness of the proposed second additional financing for the Project.

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

Yours sincerely,

By: Preeti Arora  
Preeti Arora  
Acting Country Director for Malawi  
East and Southern Africa Region

**SIGNED AND AGREED:  
REPUBLIC OF MALAWI**

By:   
Name: Sosten Alfred Gwengwe  
Title: Hon  
Date: 01-Aug-2022

**Annex 1**

**Amendment to the Withdrawal Table of the Original Financing Agreement  
(Grant No. D620-MW)**

| <b>Category</b>   | <b>Amount of the Grant<br/>(expressed in SDR)</b> | <b>Percentage of<br/>Expenditures to be<br/>Financed<br/>(inclusive of Taxes)</b> |
|---|---|---|
| (1) Goods, works, non-consulting services, consulting services, Operating Costs and Training for the Project (except under Parts 1.2 (e) and (f); 1.3; 1.4; and 4 of the Project) | 5,200,000   | 100%  |
| <b>TOTAL AMOUNT</b>   | 5,200,000   |   |

**Amendment to the Withdrawal Table of the First Additional Financing Agreement  
(Grant No. D887-MW)**

| <b>Category</b>  | <b>Amount of the<br/>Financing Allocated<br/>(expressed in SDR)</b> | <b>Percentage of<br/>Expenditures to be<br/>Financed<br/>(inclusive of Taxes)</b> |
|--|---|---|
| (1) Goods, works, non-consulting services, consulting services, Operating Costs and Training for the Project (except for Parts 1.3 (a) to (d); 1.4 and 4 of the Project) | 2,772,000   | 100%  |
| (2) Goods, non-consulting services, consulting services and Training for Part 1.3 (a) to (d) of the Project  | 18,028,000  | 100%  |
| (3) Goods, non-consulting services, and consulting services for Part 1.4 of the Project  | 0   |   |
| (4) Emergency Expenditures for Part 4 of the Project   | 0   |   |
| <b>TOTAL AMOUNT</b>  | 20,800,000  |   |

**Definitions**

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016.
2. “AU” means the African Union.
3. “AVATT” meant the African vaccine acquisition task team established by the African Union chairperson, as part of the AU’s vaccine strategy, and endorsed by the AU Bureau of Heads of State and Government on August 20, 2020.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “Central Hospital” means a referral hospital for tertiary health services.
6. “CERC Manual” means the manual referred to in Section I.E of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Association and which is an integral part of the Operational Manual.
7. “Clinical Directorate” means a directorate in the Ministry of Health responsible for technical leadership and advice on delivery of high-quality clinical services in the Recipient’s territory.
8. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 4 of the Project to respond to an Eligible Crisis or Emergency.
9. “COVAX Facility” means the global risk-sharing mechanism for pooled procurement and equitable distribution of COVID-19 vaccines lead by Gavi.
10. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
11. “COVID-19 PIU” means the Project implementation unit to be established under Section 1. A.5 (b) of Schedule 2 to this Agreement
12. “COVID-19 Vaccine Deployment Plan” means the plan developed by the Recipient for the acquisition and roll out of the vaccine.
13. “COVID-19 Vaccine Purchase and Procurement Plan” means the developed by the Recipient for procurement of a vaccine.
14. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
15. “Emergency Action Plan” means the plan referred to in Section I.E.1(b) of Schedule 2, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.



16. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section E of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
17. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated [*insert date of negotiations*], 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 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. “GBV” means gender-based violence.
20. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
21. “Health Technical Support Services Directorate” means a directorate within the Ministry of Health responsible for the management and supply of drugs and other medical supplies, provision of diagnostic services and maintenance of infrastructure and acquisition and maintenance of equipment.
22. “Identifiable Individual” means an individual 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 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.
23. “MPA Program” means the “COVID-19 Strategic Preparedness and Response Program (Global COVID-19 MPA)” multiphase programmatic approach program designed to assist countries in their efforts to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.
24. “Magnetic Resonance Imaging” or “MRI” means a medical imaging technique used in radiology to form pictures of the anatomy and the physiological processes of the body.
25. “National COVID-19 Preparedness and Response Plan” means the Recipient’s emergency preparedness and response plan for COVID-19, received by the Association on March 17, 2020,

as said document may be modified from time to time, and such term includes all schedules and annexes to said document.

26. “National COVID-19 Task Force” means the expert sub-committee under the HETC responsible for preparing guidelines and provision of advice to the HETC and referred to in Section I.A.4 of Schedule 2 to this Agreement.
27. “Operating Costs” means the reasonable incremental expenses incurred by the Recipient on account of Project implementation, including costs related to audits, office equipment and supplies, vehicle operation and maintenance, shipping costs, office rentals, communication and insurance costs, office administration costs, bank charges, utilities, transport costs, travel, per diem and supervision costs, and salaries of contracted personnel, including reasonable hazard/indemnity pay, but excluding salaries of officials of the Recipient’s civil service.
28. “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.
29. “PHC Training Centers” means the primary health care training centers which train health surveillance assistants who are community-level health care providers.
30. “Planning and Policy Directorate” means a directorate within the Ministry of Health responsible for providing strategic guidance and direction through short-, medium- and long-term plans for the health sector at national and council level, through undertaking policy analysis and formulation, coordinating formulation of health sector budgets and overseeing their implementation.
31. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
32. “Project COVID-19 Vaccine” means a vaccine for the prevention of COVID-19, authorized by the Recipient’s national regulatory authority for distribution, marketing and administration within the territory of the Recipient and acquired or deployed under the Project; “Project COVID-19 Vaccines” means the plural thereof.
33. “Project Implementation Committee” means the committee responsible for providing implementation oversight of the Project and referred to in section I.A.6 of Schedule 2 to this Agreement.
34. “Project Implementation Manual” means the manual prepared and adopted by the Recipient for purposes of implementing the Project, pursuant to Section I.B.2 of Schedule 2 to this Agreement, as the same may be further amended, from time to time, with the prior written concurrence of the Association.
35. “PSA” means pressure swing absorption plants.
36. “Regions” means the regional areas of the North America, South America, Europe, Asia, Asia Pacific, and Africa.
37. “RT-PCR” means real time polymerase chain reaction.

38. “SATHSSP PIU” means the Recipient’s Project implementation unit for the Southern Africa Tuberculosis and Health Systems Support Project, referred to in Section I.A.5(a) of Schedule 2 to this Agreement.
39. “Southern Africa Tuberculosis and Health Systems Support Project” means the project financed by an agreement between the Recipient and Association, dated August 5, 2016 (Credit number 5864-MW, Grant number D1170-MW).
40. “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.
41. “Stringent Regulatory Authority” means a national regulatory authority that has been classified by WHO as a stringent regulatory authority.
42. “Training” means the reasonable costs associated with training under the Project, based on the Work Plan and Budget, and attributable to study tours, training courses, seminars, workshops and other training activities, not included under service providers’ contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.
43. “Vaccine Approval Criteria” means the requirement that Project COVID-19 Vaccine: (a) has received regular or emergency licensure or authorization from at least one (1) of the Stringent Regulatory Authority identified by WHO for vaccines procured and/or supplied under the COVAX Facility, as may be amended from time to time by WHO; or (b) has received WHO Prequalification (PQ) or WHO Emergency Use Listing (EUL); or (c) has met such other criteria as may be agreed in writing between the Recipient and the Association.
44. “Vaccine Delivery and Distribution Manual” means the manual to be prepared and adopted by the Recipient for purposes of implementing Part 1.3 of the Project, pursuant to Section I.D.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written concurrence of the Association.
45. “WHO” means the World Health Organization., a specialized agency of the United Nations.
46. “WHO Fair Allocation Framework” means WHO’s allocation framework as elaborated in its working paper on “Fair allocation mechanism for COVID-19 vaccines through the COVAX Facility” dated September 9, 2020, for prioritizing: (a) frontline workers in health and social care settings; (b) the elderly; and (c) people who have underlying conditions that put them at a higher risk of death.
47. “WHO Prequalification” means a service provided by WHO to assess the quality, safety and efficacy of medical products for priority diseases, and which are intended for United Nations and international procurement to developing countries.
48. “Work Plan and Budget” has the meaning set forth in Section I.B.4 of Schedule 2 to this Agreement.