
CREDIT NUMBER 7135-MW

Financing Agreement

(Shire Valley Transformation Program - Phase 2)

between

REPUBLIC OF MALAWI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 7135-MW

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:

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 credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to ninety-nine million seven hundred thousand Special Drawing Rights (SDR 99,700,000 (variously, “Credit” and “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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Payment Dates are March 1 and September 1 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out the Project through the

Ministry of Agriculture (MoA) in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consist of the following, namely, the Co-financing Deadline for the effectiveness of the Co-financing Agreement is December 31, 2024.
- 4.02. The Additional Event of Acceleration consist of the following, namely the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.02. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the Signature Date.

ARTICLE V— REPRESENTATIVE; ADDRESSES

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

- (a) the Recipient's address is:

Ministry of Finance and Economic Affairs
P.O. Box 30049
Capital City
Lilongwe 3
Malawi

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

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

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

(a) The Association's address is:

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

(b) the Association's Electronic Address is:

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

AGREED as of the Signature Date.

REPUBLIC OF MALAWI

By:



Authorized Representative

Name: Sosten Alfred Gwengwe

Title: Hon

Date: 01-Aug-2022

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:



Authorized Representative

Name: Preeti Arora

Title: Acting Country Director

Date: 28-Jul-2022

SCHEDULE 1

Project Description

The objectives of the Project are to develop irrigated commercial agriculture and strengthen the management of natural resources in the Program Area.

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

Part 1: Irrigation Infrastructure Development and Service Provision

1. Construction of the: (a) main canal through Lengwe National Park, including ancillary/associated facilities including hydraulic structures, adjacent roads, bridges, and wildlife crossings; and (b) remaining section of the main canal, starting from the southern boundary of Lengwe National Park, including ancillary/associated facilities including hydraulic structures, adjacent roads, bridges, and wildlife crossings.
2. Completion of the detailed designs for the secondary canals in the Phase 2 Area and carrying out the necessary construction supervision and quality assurance for all infrastructure developments.
3. Construction of a number of secondary canals in the Phase 1 and Phase 2 Areas, as well as drainage and flood protection works and roads.
4. Construction of an office for the Department of Irrigation and the Special Purpose Vehicle (SPV).
5. Supporting the operation and maintenance of the irrigation infrastructure constructed under the Program through financing of the necessary Operating Costs.
6. Financing of Resettlement Compensation.

Part 2: Land Tenure and Consolidation

1. Completion of demarcation and registration work in the Program Area.
2. Monitoring and updating of: (a) all group village land use plans in the Project Area; (b) the Chikwawa and Nsanje District Physical Development Plans; and (c) urban structure plans.
3. Establishment of District Land Registries in Chikwawa and Nsanje Districts through provision of goods, works and services required for that purpose.

4. Supporting the Recipient to establish and implement sustainable land administration and management including: (a) updating the land information management system and associated electronic data base; (b) consolidating and registering land into customary estates; (c) promoting electronic registration of all land transactions; (d) capacity building of Customary Land Committees and Land Tribunals; (e) disseminating information on land administration and management; and (f) carrying out communication campaigns.
5. (a) Establishing and maintaining gender disaggregated monitoring system for key performance indicators on: (i) land disputes, land tenure, land markets and land use; and (ii) District Land Registries' user satisfaction; and (b) drawing lessons from the performance indicators for nation-wide policy dialogue on land reforms.

Part 3: Agriculture Development and Commercialization

Carrying out a program of activities for improving productivity and agriculture commercialization of smallholder-owned commercial farm enterprises in the Program Area, including through:

1. Establishment of Agriculture Clusters through: (a) mapping of stakeholders, (b) developing public-private stakeholder platforms, (c) conducting business meetings with participants in value chains; (d) organizing and attending relevant national and international trade fairs, (e) carrying out annual market demand studies and (f) updating the Agricultural Development Planning Strategy.
2. Establishing and capacity building of SOCFEs through: (a) recruitment of service providers to provide SOCFEs technical advice, training and mentoring on the essentials of farm business and value chain development (b) preparing and implementing business plans and coordinating production; and (c) providing SOCFEs Matching Grants to invest in farm irrigation systems, farm equipment, other infrastructure such as farm roads, and provision of support for initial production, management, and operation.
3. Recruiting a team of independent experts to evaluate and assess the business plans and proposals prepared by SOCFEs as part of the Matching Grants application process.
4. (a) Carrying out a study on waste management in the Shire Valley including the options for collection, processing and disposal of wastes predicted to be generated; and (b) strengthening the health and safety resources to respond to the increased prevalence and types of diseases and safety issues that may occur as a result of irrigated farming.
5. Financing of Resettlement Compensation.

Part 4: Strengthening Landscape and Natural Resources Management

1. Developing, operating and maintaining the infrastructure for the management of protected areas and forest reserves including: (a) acquisition of the necessary monitoring equipment, field communication equipment, and vehicles; and (b) establishing the infrastructure for strengthened resource management including park/reserve boundary strengthening, developing nature trails, park roads, ranger camps, eco-tourism facilities and cultural sites, water holes, the infrastructure for needed utilities, defining the buffer protection areas, banks restoration, and fencing.
2. Strengthening management, monitoring, and enforcement in the protected areas and forests in the Program Area, including through: (a) increased patrols, (b) capacity building, including training, workshops, and sharing of experiences between local, national, and international partners; (c) designing and implementing monitoring programs, analyzing the results and incorporating findings into SVTP-2 activities; (d) developing and implementing management plans; and (e) improving the coordination between enforcement agencies.
3. Supporting communities' management of the natural resources within and around the protected and forest areas through: (a) training to strengthen their co-management; (b) implementation of Elephant Marsh General Adaptive Management Plan; (c) promoting alternative income streams to reduce pressure on natural resources; and (d) assessing women's role in natural resource linked value chains and target investments to support women.
4. Promoting private sector participation in landscape restoration, afforestation and maintenance through: (a) provision of Performance-based Grants (PBG) and extension support for the establishment of woodlots; and (b) providing targeted interventions along the wood and charcoal value chain for sustainable management of the forests.
5. Promoting an enabling institutional and policy foundation for integrated landscape management through provision of technical support to conduct studies for:
(a) assessing and mapping key biodiversity areas; (b) developing policy on wetlands and the needed regulations; (c) developing strategic action plans to protect and manage forests, wetlands, biodiversity conservation; (d) scaling up private sector engagement in protected area and natural resource management; and (e) providing a roadmap for sustainable development of the fisheries sector in the Program Area.

Part 5: Project Management and Coordination

Strengthening the Recipient's Project management capacity including: (a) dissemination of relevant project information; (b) participation in relevant meetings, through (c) provision of technical advisory services, (c) training, (e) acquisition of goods and vehicles; and (f) financing of the Operating Costs.

Part 6. Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Ministry of Agriculture (MoA)

- (a) The Recipient, through MoA's Department of Irrigation, shall implement the Project, and to this end, shall take all necessary action, including the provision of funding, personnel and other resources.
- (b) The Recipient, through MoA, maintain throughout the implementation of the Project, a Project Management Team ("PMT") with a composition, mandate, staffing and other resources satisfactory to the Association.
- (c) The Recipient shall ensure that the PMT is responsible for day-to-day oversight and coordination of the implementation of the Project including fiduciary and environmental and social standards, monitoring and evaluation, communication, and the grievance redress mechanism, all in accordance with the provisions of the Project Implementation Manual.

2. Project Steering Committee ("PSC")

Without limitation upon the provisions of paragraph 1 above, the Recipient shall maintain during the implementation of the Project, a PSC with a composition, mandate, terms of reference and resources satisfactory to the Association, to be responsible for, *inter alia*, provision of strategic and policy guidance on matters relating to the Project, all in accordance with the provisions of the Project Implementation Manual.

3. Project Technical Committee ("PTC")

Without limitation upon the provisions of paragraphs 1 and 2 above, the Recipient shall maintain during the implementation of the Project, a PTC with a composition, mandate, terms of reference and resources satisfactory to the Association, to be responsible for, *inter alia*, providing guidance on technical aspects of the Project, all in accordance with the provisions of the Project Implementation Manual.

B. Other Arrangements

1. Project Implementation Manual

- (a) The Recipient shall: (i) no later than three (3) months from the Effective Date update the Project Implementation Manual (PIM) in a manner satisfactory to the Association; and (ii) ensure that the Project is carried out in accordance with the PIM; provided, however, that in case of any conflict between the provisions of the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (b) Except as the Association shall otherwise agree, the Recipient shall not abrogate, or amend or waive any provision of the PIM if such an amendment or waiver is material or if it may have an adverse effect on the implementation of the Project.

2. Annual Work Plan and Budget

- (a) The Recipient shall prepare and furnish to the Association no later than forty-five (45) days after the end of each Fiscal Year, during the implementation of the Project, a work plan and budget containing all activities (including the Sub-projects) proposed to be included in the Project (including the relevant environmental and social instruments applicable to said activities in accordance with the provisions of Section I.D of this Schedule 2) during the following Fiscal Year, and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing, provided that the first such AWPB shall be delivered no later than forty-five (45) days after the Effective Date.
- (b) Each such proposed work plan and budget shall specify any Training activities that may be required under the Project, including: (i) the type of Training; (ii) the purpose of the Training; (iii) the personnel to be trained; (iv) the institution or individual who will conduct the Training; (v) the location and duration of the Training; and (vi) the cost of the Training.
- (c) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed work plan and budget and 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”).

- (d) The Recipient shall not make or allow to be made any change(s) to the approved Annual Work Plan and Budget without prior approval in writing by the Association.

C. Sub-projects under Part 3.2(c) of the Project; Matching Grants

- 1. **Eligibility Criteria.** The Recipient through MoA shall provide Matching Grants to Participating SOCFEs for the financing of Sub-projects, in accordance with eligibility criteria and procedures set forth in detail in the PIM, which shall include the following:

- (a) a Participating SOCFE shall have, in compliance with the criteria set forth in more detail in the PIM:
 - (i) demonstrated the organization, management, technical capacity and availability of financial resources (such financial resources to include the proposed Matching Grant and the resources required pursuant to the provisions of paragraph (vi) below) necessary to carry out the proposed Sub-project;
 - (ii) prepared a business plan, including financing plan, budget, and implementation plan;
 - (iii) established an adequate accounting and record keeping system;
 - (iv) demonstrated that appropriate supply and off-take arrangements are being put in place for the purpose of implementing the Sub-project;
 - (v) by-laws or other internal rules that require SOCFE members to comply with all applicable environmental laws and regulations, including fully respecting the boundaries of all Project conservation areas;
 - (vi) provided satisfactory evidence of its capacity and commitment to finance the minimum required percentage of the total estimated cost of the Sub-project out of its own resources or from other private or public financiers; and
 - (vii) previously benefited from no Matching Grant or, if it has already benefited from Matching Grant(s), has completed the corresponding Sub-project(s) in a manner satisfactory to the Recipient and the Association and (the amount of the previously received Matching Grant(s) combined with the amount of the

newly applied Matching Grant shall not exceed the total limit for Matching Grants set forth in the PIM.

- (b) a Sub-project shall, in compliance with the criteria set forth in more detail in the PIM:
 - (i) be commercially viable and technically feasible;
 - (ii) increase crop yield production, improve quality, sales, post-harvest storage and processing facilities of agricultural products; and
 - (iii) fully comply with the applicable requirements of the ESMP, which may include, if required, the preparation of activity-level environmental and social instruments by the Participating SOCFE, in consultations with the Recipient, and approved by the Association and disclosed prior to its commencement in accordance with the provisions of Section I.D of this Schedule 2; and
- (c) a Matching Grant shall not exceed such percentage of the total estimated cost of any Sub-project as set forth in the Project Implementation Manual.

2. **Terms and Conditions for Matching Grant Agreements.** The Recipient shall provide Matching Grants to a Participating SOCFEs under Matching Grant Agreements, in form attached to the PIM, and on terms and conditions approved by the Association, which shall include, *inter alia*, the following:

- (a) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:
 - (i) suspend or terminate the right of the Participating SOCFE to use the proceeds of the Matching Grant or obtain a refund of all or any part of the amount of the Matching Grant then withdrawn, upon the Participating SOCFE's failure to perform any of its obligations under the Matching Grant Agreement; and
 - (ii) require each Participating SOCFE to:
 - (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with: (1) the

provisions of the Anti-Corruption Guidelines applicable to recipients of credit proceeds other than the Recipient; (2) the Safeguard Instruments; and (3) the provisions of the PIM;

- (B) procure the goods, works, non-consulting services and consulting services to be financed out of the Matching Grant in accordance with the provisions of Section III of this Schedule 2;
 - (C) monitor and evaluate in accordance with indicators set forth in the PIM, the progress of its Sub-project and the achievement of its objectives;
 - (D) upon request, allow the representatives of the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents;
 - (E) (1) maintain an adequate record-keeping and financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association to reflect its operations, including those related to the Sub-project; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association, and permit the Association to make such statements as so audited available to the public, along with the Matching Grant Agreement; and
 - (F) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
- (b) The Recipient shall exercise its rights under each Matching Grant Agreement in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Project.
 - (c) Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive any Matching Grant Agreement or any of its provisions.

D. Performance-based Grants

1. In implementing Part 4(a) of the Project, the Recipient through MoA shall:
(a) make Performance-based Grants to eligible tree growers selected in accordance with detailed criteria set forth in the Project Implementation Manual; and (b) enter into a performance contract with an eligible tree grower on terms and conditions approved by the Association and detailed in the PIM.
2. The Recipient through MoA shall exercise its rights and carry out its obligations under each performance contract 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, terminate, waive or fail to enforce any performance contract or any of its provisions.

E. Environmental and Social Standards

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, 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 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 establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
- 6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors ,and 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.

F. Contingent Emergency Response

- 1. In order to ensure the proper implementation of contingent emergency response activities under Part 6 of the Project (“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; and
 - (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 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 Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than one month after the end of each calendar semester, covering the calendar semester.

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, and consulting services, Training and Operating Costs for the Project (except Part 1.1(b), 3.2(c) and 4.4(a)) and Resettlement Compensation under Parts 1.6 and 3.5 of the Project	66,216,000	100%
(2) Goods, works, non-consulting services, and consulting services, Training and Operating Costs under Part 1.1(b) of the Project	14,880,000	Such percentage as agreed with the Co-financier, annually, based on AWPB
(3) Matching Grants under Part 3.2.(c) and Performance-Based Grants under Part 4.4(a) of the Project	18,604,000	100%
(4) Contingent Emergency Response under Part 6 of the Project	0	100%
TOTAL AMOUNT	99,700,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for:
 - (a) payments made prior to the Signature Date; and
 - (b) under Category 4 unless and until all of the following conditions have been met in respect of said expenditures:
 - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category 4; and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.
2. The Closing Date is September 30, 2028.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 1 and September 1, commencing September 1, 2028, to and including March 1, 2060.	1.5625%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05(b) of the General Conditions.

APPENDIX

Definitions

1. “Agricultural Development Planning Strategy” means a plan for identifying productive activities and associated value chains for expansion of agricultural activities into the Program Area.
2. “Agriculture Cluster” means producers, agribusinesses and institutions that are engaged in the same agricultural or agro-industrial subsector, and interconnect and build value networks to address common challenges and pursue common opportunities.
3. “Annual Work Plan and Budget” or “AWPB” means the annual work plans and budgets for the activities under the Project approved by the Association in accordance with the provisions of Sections I.B.2 of Schedule 2 to this Agreement.
4. “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.
5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
6. “CERC Manual” means the manual referred to in Section I.F.1(a) 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 Project Implementation Manual.
7. “Chikwawa District” means a local authority established and operating under the Local Government Act, 1998; situated on the right bank of the Shire River in the southern part of the Recipient’s territory, or its successor.
8. “Co-financier” means the African Development Bank.
9. “Co-financing Agreement” means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing.
10. “Co-financing” means, for purposes of paragraph 14 of the Appendix to the General Conditions, an amount of fifty million Dollars (\$50,000,000) to be provided by the Co-financier to assist in financing Part 1.1(b) of the Project.

11. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 6 of the Project to respond to an Eligible Crisis or Emergency.
12. “Customary Land Committee” means a committee comprising selected members to manage the customary land within the area of the committee’s jurisdiction.
13. “Department of Irrigation” means the department responsible for irrigation.
14. “District Land Registry” means a registry responsible for keeping the land register with all its associated documents including maps.
15. “District Physical Development Plan” means a plan developed by a district to guide the orderly and progressive development of land in the district while taking into consideration the social and economic development aspects of all sector activities in the district, as said plan may be amended from time to time.
16. “Elephant Marsh General Adaptive Management Plan” means the plan detailing the management procedures for maintaining and enhancing the integrity of the Elephant Marsh including the sustainable utilization of wetland resources, without undermining the Elephant Marsh’s future adaptive capacity.
17. “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.
18. “Emergency Action Plan” means the plan referred to in Section I.F of Schedule 2 to this Agreement detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
19. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.F.1(a)(ii) of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
20. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 12, 2022, 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.

21. “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.
22. “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).
23. “Land Tribunal” means a tribunal responsible for adjudicating on appeal decisions made by a customary land committee.
24. “Lengwe National Park” means the area designated as such under the Recipient’s National Parks and Wildlife Act, 1994, (Cap. 67:07).
25. “Matching Grant Agreement” means an agreement between the Recipient and a Participating SOCFE providing for a Matching Grant, and “Matching Grant Agreements” means, collectively, two or more such agreements.
26. “Matching Grant” means a grant to be made by the Recipient out of the proceeds of the Financing to a Participating SOCFE for a Sub-project in accordance with the criteria set out in Section I.C of Schedule 2 to this Agreement, and “Matching Grants” means, collectively, two or more such grants.
27. “MoA” means the Recipient’s Ministry of Agriculture or its successor.
28. “Nsanje” District” means a local authority established and operating under the Local Government Act, 1998 situated on the right bank of the Shire River in the southern part of the Recipient’s territory, or its successor.
29. “Operating Costs” means the incremental expenses incurred on account of Project implementation based on the Annual Work Plan and Budget, and

consisting of, audit fees, expenditures for office supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, internships, utilities, rental, consumables, accommodation, travel and *per diem*, and salaries of Project staff, but excluding the salaries of the Recipient's civil service, meeting allowances, other sitting allowances, salary top ups and all honoraria.

30. "Participating SOCFE" means a SOCFE or smallholder owned commercial farm enterprise participating in the implementation of certain activities under the Project through implementation of a Sub-project, and "Participating SOCFEs" means two or more such enterprises.
31. "Performance-based Grants" means the Grants referred to in Section I.D of Schedule 2 to this Agreement.
32. "Phase 1" means the Project, as the first phase of the Program and include the area between the intake at Kapichira Dam and the northern boundary of Lengwe National Park.
33. "Phase 2" means this Project as the second phase of the Program with a focus on investing in private sector and value chain support in agriculture, as well as in bulk infrastructure for the relevant area and includes the area from the northern boundary of Lengwe National Park to Bangula.
34. "Phase 3" means the third phase of the Program with a focus on the scale up of investments to the Phase II area.
35. "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.
36. "Program Area" means the area covered by the Program.
37. "Program" means the 14-year (2018-2031) Shire Valley transformation program of the Recipient, comprising sequential but partially overlapping Phase 1, Phase 2 and Phase 3, to be structured around three coordinated pillars: (i) providing multiple services, including irrigation water supply and reliable, professionally managed and sustainably financed irrigation services to a large number of irrigators in a phased construction of the Shire Valley irrigation project scheme; (ii) support of: (A) farmer organizations within a comprehensive land use plan; (B) land tenure strengthening and consolidation; and (C) natural resources management; and (iii) establishment of smallholder owned commercial farm enterprises for transitioning into commercial agriculture from subsistence farming, and integrating them into commercial value chains.

38. "Project Area" means the area under Phase 2 of the Program or STVP 2.
39. "Project Implementation Manual" or "PIM" means the manual to be updated, containing detailed arrangements and procedures for implementation of the Project including *inter alia*: (i) the different roles and responsibilities in the implementation of the Project, including the various mechanisms for ensuring close coordination and collaboration among various Project stakeholders; (ii) budget and budgetary control; (iii) flow of funds, disbursement procedures and banking arrangements; (iv) financial, procurement and accounting procedures; (v) internal control procedures; (vi) reporting requirements; (vii) criteria for accessing the Matching Grants and Performance-based Grants; (viii) communication arrangements and procedures; (ix) external audit; (x) anti-corruption and fraud mitigation measures; (xi) environmental and social risks management; (xii) monitoring and evaluation arrangements; (and such other arrangements and procedures as shall be required for the effective implementation of the Project ("Project Implementation Manual" or "PIM");
40. "Project Management Team" or "PMT" means the project management team established by the Recipient in MoA and referred to in Section I.A.1 of Schedule 2 to this Agreement, and any successor thereto.
41. "Project Steering Committee" or "PSC" means the Project steering committee set up by the Recipient in accordance with the provisions of Section I.A.2 of Schedule 2 of the Agreement.
42. "Project Technical Committee" or "PTC" means the Project technical committee set up by the Recipient in accordance with the provisions of Section I.A.3 of Schedule 2 of the Agreement.
43. "Resettlement Compensation" means cash and livelihood compensation and compensation for physical structures of individuals or groups related to land acquisition or resettlement.
44. "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.
45. "SOCFE" means smallholder owned commercial farm enterprise.
46. "Special Purpose Vehicle" or "SPV" means the agency that own the infrastructure developed under the Program on behalf of government and will regulate and monitor the irrigation and drainage infrastructure and monitor the performance of the private O&M operator.

47. “Sub-project” means a specific business plan comprising of activities to be implemented by a Participating SOCFE under Part 3.2(d) of the Project in accordance with the provisions of Section I.C of Schedule 2 to this Agreement, and “Sub-projects” means, collectively, two or more such projects.
48. “SVTP-1” means Shire Valley Transformation Program – Phase 1.
49. “SVTP-2” means Shire Valley Transformation Program- Phase 2.
50. “Training” means the reasonable costs of training under the Project, based on the Annual Work Plans and budgets referred to in Section I.B of Schedule 2 to this Agreement as approved by the Association, and attributable to national and international seminars, workshops, courses, and study tours, along with national and international travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.