
ASWAP SP MDTF GRANT NUMBER TF0B7533
PARALLEL ASWAP SP MDTF GRANT NUMBER TF0B7497

*Agricultural Sector Wide Approach
Support Project Multi-Donor Trust Fund*
Grant Agreement
(Additional Financing to the Second Agriculture Sector
Wide Approach Support Project)

between

REPUBLIC OF MALAWI

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

both, acting as administrator of the Agricultural Sector Wide Approach Support
Project Multi-Donor Trust Fund

**ASWAP SP MDTF GRANT NUMBER TF0B7533
PARALLEL ASWAP SP MDTF GRANT NUMBER TF0B7497**

**AGRICULTURAL SECTOR WIDE APPROACH SUPPORT PROJECT
MULTI-DONOR TRUST FUND
GRANT AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF MALAWI (“Recipient”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL DEVELOPMENT ASSOCIATION (collectively, the “Bank”), both, acting as administrator of the Agricultural Sector Wide Approach Support Project Multi-Donor Trust Fund (“ASWAP SP MDTF”) for the purpose of providing additional financing for activities related to the Original Project. The Recipient and the Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard 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 Standard Conditions or in the Appendix to this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out Parts 1, 3 and 4 of the Project, and cause Part 2 of the Project to be carried out by the Roads Authority and the Roads Fund Administration in accordance with the provisions of Article II of the Standard Conditions and Schedule 2 to this Agreement.

**Article III
The Grant**

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed ten million seventy-nine thousand United States Dollars (\$10,079,000) out of grant number TF0B7533 and a grant in an amount of three million ninety-three thousand United States Dollars (\$3,093,000) out of grant number TF0B7497 (“Grants”) to assist in financing the Project.

- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Recipient's Representative; Addresses

- 4.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its minister responsible for finance.
- 4.02. For purposes of Section 7.01 of the Standard Conditions:
 - (a) the Recipient's address is:

Ministry of Finance
P.O. Box 30049
Lilongwe 3
Malawi; and
 - (b) the Recipient's Electronic Address is:

Facsimile: E-mail:
265-1-789173 finance@finance.gov.mw
- 4.03. For purposes of Section 7.01 of the Standard Conditions:
 - (a) the Bank's address is:

International Bank for Reconstruction and Development
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and
 - (b) the Bank's Electronic Address is:

Telex: Facsimile:
248423 (MCI) or 1-202-477-6391
64145 (MCI)

AGREED as of the Signature Date.

REPUBLIC OF MALAWI

By

Felix Mlusu

Authorized Representative

Name: Felix Mlusu _____

Title: Minister _____

Date: 30-Dec-2021 _____

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
Both, acting as administrator of the Agricultural Sector Wide
Approach Support Project Multi-Donor Trust Fund**

By

Hugh Riddell

Authorized Representative

Name: Hugh Riddell _____

Title: Country Manager _____

Date: 29-Dec-2021 _____

SCHEDULE 1 **Project Description**

The objective of the Project is to improve the productivity of smallholder farmers and market access of selected commodities for smallholder farmers in Selected Districts of the Recipient's territory.

The Project consists of the following parts:

Part 1: Sustainable Agricultural Productivity and Diversification

Carrying out the following program of activities with the aim of addressing constraints related to limited agricultural productivity and diversification:

- (a) Provision of support for the promotion of diversified integrated crop production and management systems, including:
 - (i) micro- and macro-propagation of seeds and establishment of orchards at research stations and communal nurseries for mass production of *inter alia* clean planting materials for banana, cassava and sweet potatoes;
 - (ii) production of breeder and foundation legume seeds with a focus on soybeans, common beans and ground nuts, and ensuring their distribution to farmers;
 - (iii) support to the Farm Input Subsidy Program (FISP) to: (A) provide selected farmers with maize and legume seeds certified by the Recipient; (B) operate the FISP Logistics Unit; (C) implement FISP reforms, including carrying out a pilot use of electronic vouchers; and (D) ensure monitoring and evaluation;
 - (iv) the promotion of preventive and curative measures to anticipate and respond to emerging pests and diseases affecting agricultural production; and
 - (v) support for: the coordination, regulation and coverage of agriculture extension and advisory service delivery, the implementation of innovative extension delivery approaches, the development and capacity building of farmer organizations, nutrition education, diversification and utilization, and gender mainstreaming.
- (b) Provision of support for the promotion of integrated soil fertility management, including: (i) the scaling up of activities to increase productivity, strengthen resilience to climate change and reduce greenhouse gas emissions among smallholder farmers; (ii) the implementation of good agronomic practices based on soil

testing results; and (iii) the piloting in specific Districts of the implementation of recommendations based on soil analysis.

- (c) Support for livestock production and productivity, including: (i) a market assessment of the three selected value chains to map out key market actors along the value chains, assess the size of markets and sales volume to ensure inclusion of smallholder farmers; (ii) a 12-month pilot pass-on program to set up livestock farmer groups and strengthen their capacity to integrate livestock into their farming system; (iii) the establishment of a plan for the provision of drug boxes to complement the pilot pass-on program and serve as a basis for sustainable delivery; and (iv) analytical studies to understand the bottlenecks encountered and the existing opportunities.

Part 2: Improvement of Roads Infrastructure for Market Access

Facilitating farmers' access to agricultural markets in Selected Districts through the:

- (a) Carrying out of improvement and rehabilitation works on unpaved rural roads using labor-intensive road rehabilitation methods in areas with proven agricultural potential with the objective of providing income opportunities to local communities.
- (b) Provision of implementation support to the entities responsible for the supervision and monitoring of road improvement and rehabilitation under the Project.

Part 3: Institutional Capacity Building for the Implementation of the National Agricultural Investment Plan (NAIP)

Carrying out a program of activities designed to improve the institutional capacity of Recipient's MoA and other relevant institutions to operationalize the NAIP in the following areas: (a) Project management and coordination; (b) monitoring and evaluation; (c) agricultural statistics; (d) technical systems; and (e) agricultural skills development through the provision of academic training to selected agricultural officers.

Part 4: Project Coordination and Management

Carrying out the implementation and coordination of activities under the Project, including fiduciary management, technical assistance to the Project Facilitation Team (PFT), monitoring and evaluation, and the establishment of a citizen engagement and social accountability mechanism.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

The Recipient's MoA shall have overall responsibility for coordination of the Project.

1. NAIP Executive Management Committee

- (a) In order to ensure prompt and efficient oversight of the Project, the Recipient shall maintain, at all times during the implementation of the Project, the NAIP Executive Management Committee, with a mandate, composition and resources satisfactory to the Bank. The NAIP Executive Management Committee shall be supported by the NAIP Secretariat and shall be headed by MoA's principal secretary, with membership from MoT, MoL, MoTPW, MoLG, MoF, MoEPD&PSR.
- (b) The NAIP Executive Management Committee shall be responsible for the overall strategic oversight of the Project and shall provide endorsement of the Annual Work Plans and Budgets before their final approval.

2. PFT

- (a) In order to ensure the efficient coordination of the Project, the Recipient shall maintain at all times during the implementation of the Project, the PFT with a mandate, composition and resources satisfactory to the Bank. The PFT shall include, *inter alia*, a Project coordinator, an assistant Project coordinator, a financial management specialist, an assistant financial management specialist, a procurement specialist, a documentation assistant, a communications specialist and a monitoring and evaluation specialist.
- (b) The PFT shall be responsible for coordinating the implementation of the Project activities, monitoring and reporting on progress, and ensuring sound fiduciary management and safeguards compliance.

3. Sector Working Group

- (a) In order to ensure prompt and efficient policy dialogue for the Project, the Recipient shall maintain, at all times during the implementation of the Project, a sector working group, with a mandate, composition and resources satisfactory to the Bank ("Sector Working Group"). To this end, the Sector Working Group shall be chaired by the MoA principal secretary

and shall comprise representatives of the relevant ministries, including MoT, MoLG, MoF and MoTPW, as well as representatives of civil society organizations, academia, farmers' organizations, the private sector and development partners.

- (b) The Sector Working Group shall be responsible for policy dialogue with civil society organizations, the private sector and development partners.

4. Technical Working Groups

In order to ensure prompt and efficient implementation of the Project, the Recipient shall maintain, at all times during the implementation of the Project, technical working groups with a mandate, composition and resources satisfactory to the Bank (collectively, "Technical Working Groups"). The Technical Working Groups shall be responsible for providing guidance on technical issues and methodologies for implementation of the activities under the Project.

B. Implementation Arrangements

1. Project Implementation Manual

- (a) The Recipient shall, no later than one (1) month after the Effective Date, update and thereafter adopt a manual ("Project Implementation Manual") in a manner satisfactory to the Bank, which shall include the following provisions: (i) institutional coordination and day-to-day execution of the Project; (ii) Project budgeting, disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, reporting and communication of Project activities, including the results framework; (v) social and environmental safeguards; (vi) terms of reference for the selection of the Independent Agency as well as the protocol for the verification of achievement of PBCs; and (vii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
- (b) The Recipient shall ensure that the Project is implemented in accordance with the Project Implementation Manual. The Recipient shall not amend, abrogate, waive or fail to enforce any provisions of the Project Implementation Manual without the prior written agreement of the Bank, provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2. Annual Work Plan and Budgets

- (a) The Recipient shall prepare, in accordance with terms of reference acceptable to the Bank, and furnish to the Bank not later than January 31 of each Fiscal Year throughout the implementation of the Project, a plan of activities proposed for inclusion in the Project for the next Fiscal Year, together with a budget for said activities, a timetable for their implementation, and if any said activities would, pursuant to the Safeguards Frameworks, require a Safeguards Document, all such proposed Safeguards Documents prepared in accordance with the provisions of Section I.D of this Schedule.
- (b) The Recipient shall: (i) afford the Bank a reasonable opportunity to exchange views with the Recipient on such proposed work plan and budget and such proposed Safeguards Documents; and (ii) thereafter carry out such work plan during the period covered by said plan, according to such budget and Safeguards Documents, all as shall have been approved by the Bank (“Annual Work Plan and Budget”).
- (c) Only such activities as shall have been included in the Annual Work Plan and Budget shall be eligible for inclusion in the Project and financing out of the proceeds of the Grant, provided that the Bank may, upon request, authorize the financing of activities additional to the Annual Work Plan and Budget.

3. Performance-Based Conditions

To facilitate the carrying out of Parts 1(a), 1(b), 3(b) and 3(c) of the Project, the Recipient shall:

- (a) ensure that the activities subject to PBCs are carried out with due diligence and efficiency and in accordance with sound standards and practices acceptable to the Bank, in particular in accordance with this Agreement, the Project Implementation Manual, and associated documents;
- (b) adhere to the Anti-Corruption Guidelines and ensure that the goods and services required are procured in accordance with the Procurement Regulations;
- (c) maintain adequate records to reflect, in accordance with sound accounting practices, the resources, operations and expenditures received; and
- (d) enable the Bank and the Recipient to inspect its facilities, operations and any records and documents relevant to the activities subject to PBCs; and

prepare and furnish to the Bank and Recipient all such information as either shall reasonably request relating to said activities.

4. Independent Verification

In order to verify the achievement of the PBCs, as set forth in the table in Schedule 3 to this Agreement, the Recipient shall:

- (a) no later than one (1) month after the Effective Date, select, hire and thereafter retain an independent verification entity (“Independent Verification Agency”) with qualifications and experience, and under terms of reference acceptable to the Bank;
- (b) cause the Independent Verification Agency to: (i) carry out a periodical technical verification of the level of achievement of the PBCs; and (ii) (A) prepare Independent Verification Reports covering a period of one calendar semester of such scope and detail as set forth in the Project Implementation Manual, and (B) furnish each Independent Verification Report, no later than forty-five (45) days after the end of each calendar semester; and
- (c) no later than thirty (30) days after the receipt of each Independent Verification Report, forward to the Bank each said report.

C. Project Implementation Agreement

1. For purposes of the carrying out of Part 2 of the Project, the Recipient shall maintain, at all times during the implementation of the Project, an agreement, under conditions satisfactory to the Bank, with the Roads Authority and the Roads Fund Administration (“Project Implementation Agreement”), pursuant to which:

- (a) the Roads Authority shall be required, on behalf, and acting as agent, of the Recipient, to:
 - (i) carry out the day-to-day activities under Part 2 of the Project with due diligence and efficiency, and in accordance with the Safeguards Frameworks and any Safeguards Documents required for said activities, so as to ensure timely implementation of said Part 2 of the Project in accordance with the provisions of this Agreement;
 - (ii) prepare in accordance with terms of reference acceptable to the Bank, and furnish to the Recipient not later than January 31 in each Fiscal Year for its review and incorporation in the annual work plan referred to in Section I.B.2 of this Schedule, an annual

work plan and related budget for all activities planned to be carried out under Part 2 of the Project during the following Fiscal Year;

- (iii) prepare, in accordance with terms of reference acceptable to the Bank and furnish to the Recipient not later than 30 days after the end of each quarter, for incorporation in the Project Reports referred to in Section II.B of this Schedule, quarterly reports on the progress of the implementation of Part 2 of the Project during said quarter;
 - (iv) carry out the procurement for Part 2 of the Project in accordance with the Procurement Regulations, including preparation of the bidding documents and bid evaluation;
 - (v) certify to the Roads Fund Administration the appropriateness of invoices for payment for activities carried out under Part 2 of the Project; and
 - (vi) maintain at all times during Project implementation, competent and qualified staff in adequate numbers for the implementation of Part 2 of the Project, such staff to include procurement specialists and environmental and social specialists whose terms of reference, qualifications and experience shall be satisfactory to the Bank;
- (b) the Roads Fund Administration shall be required, on behalf, and acting as agent, of the Recipient, to:
- (i) carry out the financial management activities, including processing of payments for invoices certified by the Roads Authority, and financial reporting for Part 2 of the Project, both in accordance with the provisions of Section 2.07 of the Standard Conditions; and
 - (ii) maintain at all times during Project implementation competent and qualified staff in adequate numbers for purposes of the Project Implementation Agreement, such staff to include a Project accountant whose terms of reference, qualifications and experience shall be satisfactory to the Bank; and
- (c) the Recipient shall provide all such resources as may be necessary for the Roads Authority and the Roads Fund Administration to carry out the responsibilities aforesaid.

2. The Recipient shall carry out its obligations and exercise its rights under the Project Implementation Agreement in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the Grants. Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Project Implementation Agreement or any of its provisions.

D. Safeguards

1.
 - (a) The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Safeguards Frameworks and all Safeguards Documents.
 - (b) If any Project activities proposed for inclusion in an Annual Work Plan would, pursuant to the ESMF, require the preparation of an EMP, the Recipient shall ensure that said activities shall not be implemented unless and until such EMP has been prepared in accordance with the ESMF, furnished to the Bank for review and approval, disclosed as required by the ESMF and approved by the Bank as part of the proposed Annual Work Plan.
 - (c) If a RAP would be required for any Project activities proposed for inclusion in an Annual Work Plan on the basis of the RPF, the Recipient shall ensure that: (i) said RAP has been prepared in accordance with the requirements of the RPF, furnished to the Bank for approval as part of the proposed Annual Work Plan, and disclosed locally; and (ii) said activities shall not commence until: (A) all measures required to be taken under said RAP prior to the initiation of said activities have been taken, including full payment of compensation to all Affected Persons; (B) a report, in form and substance satisfactory to the Bank, on the status of compliance with the requirements of said RAP has been prepared and furnished to the Bank; and (C) the Bank has confirmed that said activities may be commenced.
2.
 - (a) The Recipient shall finance exclusively out of its own or other resources, and not out of the proceeds of the Grants, and provide, promptly as needed, the resources needed for the following: (i) all land acquisition required for purposes of the Project; and (ii) resettlement and rehabilitation payments and other assistance to Affected Persons in accordance with the provisions of the applicable Safeguards Framework and / or Safeguards Document.
 - (b) The Recipient shall uniformly apply the provisions of the Safeguards Frameworks and Safeguards Documents to all parts of the Project, regardless of the source of financing.
3. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, in accordance with terms of reference satisfactory to the Bank:

(a) monitor the status of compliance with the Safeguards Frameworks and Safeguards Documents; and (b) prepare and furnish to the Bank, as part of each Project Report, or separately if circumstances so warrant, a report on the results of such monitoring activities during the period covered by said Project Report, giving details of:

- (i) measures taken in furtherance of such Safeguards Frameworks and Safeguards Documents;
- (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Frameworks and Safeguards Documents; and
- (iii) remedial measures taken or required to be taken to address such conditions.

- 4. The Recipient shall afford the Bank a reasonable opportunity to review the reports prepared under the preceding paragraph, and thereafter shall carry out with due diligence all remedial measures agreed with the Bank so as to ensure the proper implementation of the Project in accordance with the Safeguards Frameworks and Safeguards Documents.

E. Donor Visibility and Visit

- 1. The Recipient shall take or cause to be taken all such measures as the Bank may reasonably request to identify publicly the Donors' support for the Project.
- 2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the Bank's request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Recipient's territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Documents; Records

In addition, and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

- (a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include:
 - (i) this Agreement, all addenda thereof, and any amendments thereto;
 - (ii) the Recipient's financial and narrative progress reports submitted to the Bank;
 - (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records;
 - (iv) the Recipient's implementation documentation (including sub-agreements, procurement

files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

- (b) the representatives of the Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time-to-time reasonably request; and (iii) able to disclose such records and information to the Donors.

B. Project Reports

The Recipient shall ensure that each Project Report is furnished to the Bank not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Grant Proceeds

A. General

- 1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Grant No. TF0B7533 Allocated (expressed in USD)	Amount of the Grant No. TF0B7497 Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consulting services, Operating Costs and Training under Parts 1(c) and 4 of the Project	3,071,850	0	100%
(2) Goods, works, non-consulting services, consulting services, Operating Costs and Training under Part 2 of the Project	0	0	100%
(3) Eligible Expenditures under Parts 1(a), 1(b), 3(b) and 3(c)	7,007,150	3,093,000	Up to 100% of the PBC achieved as set forth in the table in Schedule 3 to the Agreement
(4) Unallocated	0	0	100%
TOTAL AMOUNT	10,079,000	3,093,000	

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, except for withdrawals up to an aggregate amount not to exceed \$500,000 may be made for payments made prior to this date but on or after the date falling twelve (12) months prior to the Signature Date, for Eligible Expenditures under Category (1);
 - (b) under Category (2) unless and until the Project Implementation Agreement referred to in Section I.C of Schedule 2 to this Agreement has been revised to reflect any additional amount allocated to Part 2 of the Project; or

- (c) under Category (3) unless and until the Recipient has furnished to the Bank: (i) evidence, in form and substance satisfactory to the Bank, that the respective PBCs specified in the table in Schedule 3 have been met and verified in accordance with Section I.B.4 of this Schedule; (ii) evidence of actual expenditures to which the PBCs are attributed to and evidence that the expenditures have been verified in accordance with the Project Implementation Manual and the provisions of Section I.B.4 of this Schedule; and (iii) an Eligible Expenditure withdrawal application for said PBCs, in form and substance satisfactory to the Bank.
2. Notwithstanding the provisions of part B.1(b) of this Section:
- (a) if the Bank is not satisfied that any of the PBCs has been achieved by the date by which said PBC is set to be achieved, the Bank may, at any time, by notice to the Recipient, decide, in its sole discretion, to: (i) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Grant then allocated to the respective PBC(s) under PBCs # 1, 2, 3, 4 and 5 which, in the opinion of the Bank, corresponds to the extent of the achievement of said PBC(s), said lesser amount to be calculated in accordance with the respective formulae set forth in Schedule 3 to this Agreement; (ii) when satisfied that said PBC has been complied with, authorize that the unwithdrawn amount by which the corresponding disbursement had been reduced be carried forward to the immediately subsequent withdrawal; or (iii) cancel all or a portion of the proceeds of the Grant allocated to said PBC.
 - (b) if the Bank is satisfied that a PBC has been achieved before the date on which said PBC is set to be achieved, the Bank may decide, at its sole discretion and at any time, by notice to the Recipient, to authorize the withdrawal of the proceeds of the Grant then allocated to the respective PBC; and
 - (c) if, at any time, the Bank determines that any portion of the amounts disbursed by the Recipient under Category (2) was made: (i) for expenditures which are not eligible; or (ii) not in compliance with the provisions of Parts B.1(b) of this Section, the Recipient shall promptly refund any such amount to the Bank as the Bank shall specify by notice to the Recipient.
2. The Closing Date is June 30, 2023.

Section IV. Other Undertakings

1. Without limitation upon its other obligations under Section 2.01 of the Standard Conditions, the Recipient shall throughout the implementation of the Project:

A. Financial Management and Procurement Staff

maintain a financial management specialist, a procurement specialist and an assistant financial management specialist in MoA, all with qualifications, experience and terms of reference satisfactory to the Bank;

B. Accounting Software

maintain separate accounting software with specifications and configurations agreed with the Bank for the purpose of the Project; and

C. Counterpart Funds Account

appropriate in its budget the counterpart contribution corresponding to its share of the cost of the Project for each Fiscal Year, and as further described in the Project Implementation Manual.

SCHEDULE 3

Performance-Based Conditions

Performance-Based Conditions	Performance-Based Results	Target and timeline (Indicative)	Disbursement Calculation Formula	Amount Allocated (expressed in US Dollars)
PBC 1: Farmers adopting improved agricultural technology	Additional number of farmers adopting improved agricultural technology	<ul style="list-style-type: none"> • 13,433 farmers by July 2022 • 8,767 farmers by December 2022 • 14,567 farmers by June 2023 <p>Total: 36,767</p>	US\$73 for each farmer	2,683,991
PBC 2: Areas planted with clean planting materials and improved varieties (banana, cassava and sweet potatoes)	Additional area planted with clean planting materials and improved varieties	<ul style="list-style-type: none"> • 1,158 ha by July 2022 • 275 ha by December 2022 • 550 ha by June 2023 <p>Total: 1,983</p>	US\$815 for each ha	1,616,145
PBC 3: Volume of early generation legume seeds produced	Additional volume of early generation legume seeds	<ul style="list-style-type: none"> • 102 tons by July 2022 • 40 tons by December 2022 • 80 tons by June 2023 <p>Total: 222</p>	US\$4,955 for each ton	1,100,010
PBC 4: Hectarage under climate smart agriculture	Additional hectarage under climate smart agriculture	<ul style="list-style-type: none"> • 346 ha by July 2022 • 4,654 ha by December 2022 • 1,000 ha by June 2023 <p>Total: 450</p>	US\$450 for each ha	2,700,000
PBC 5: Number of NAMIS modules rolled out to the Project districts	Additional modules rolled out	<ul style="list-style-type: none"> • 6 modules by July 2022 • 3 modules by December 2022 • 3 modules by June 2023 <p>Total: 12</p>	US\$166,667 per module	2,000,004

APPENDIX

Definitions

1. “Affected Person” means a person who, on account of implementation of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and “Affected Persons” means, collectively, all such persons.
2. “Annual Work Plan and Budget” means each annual work plan, together with the related budget, for the Project, approved by the World Bank pursuant to the provisions of Section I.B.2 of Schedule 2 to this Agreement.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 2 of the Appendix to the Standard 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. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “District” means a local government area established pursuant to the Regional and District Boundaries and Place Names Act, Chapter 18:04 of the laws of the Recipient, or any successor(s) thereto.
6. “Eligible Expenditures under Parts 1 (a) and 1 (b) and Parts 3 (b) and (c) of the Project” means a set of selected expenditures (including, *inter alia*, goods, non-consulting services, consulting services, Operating Costs) for activities under the Recipient’s budget codes and incurred by the Recipient under the Project (and thus said set of expenditures constitute a subset of the Eligible Expenditures defined in the Standard Conditions).
7. “Environmental Management Plan” or “EMP” means for a Project activity for which the ESMF requires an EMP, the environmental management plan for said activity, prepared by the Recipient in accordance with the ESMF; and “EMPs” means, collectively, all or several such plans.
8. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s environmental and social management framework for the Project, entitled Environmental and Social Management Framework and dated

December 3, 2017, as updated on September 2, 2021 and disclosed by the Recipient on September 15, 2021 and the Bank on September 22, 2021.

9. “Farm Inputs Subsidy Program” or “FISP” means the Recipient’s program set forth in its Medium-Term Plan of 2009-2014, designed to subsidize the cost of agricultural inputs to small-holder farmers.
10. “Fiscal Year” means the financial year of the Recipient commencing April 1 and ending the following March 31 in each calendar year.
11. “Independent Verification Agency” means either a consultant or consultants or a panel of experts selected in accordance with the criteria set forth in the Project Implementation Manual and referred to in Section I.B.4 of Schedule 2 to this Agreement.
12. “Independent Verification Report” means each of the reports referred to in Section I.B.4 of Schedule 2 to this Agreement.
13. “Logistics Unit” means the unit responsible for monitoring the implementation logistics of FISP.
14. “MoA” or “Ministry of Agriculture” means the Recipient’s ministry responsible for agriculture, or any successor(s) thereto.
15. “MoEPD&PSR” or “Ministry of Economic Planning and Development and Public Sector Reforms” means the Recipient’s ministry responsible for economic planning and development, and public sector reforms, or any successor(s) thereto.
16. “MoF” or “Ministry of Finance” means the Recipient’s ministry responsible for finance, or any successor(s) thereto.
17. “MoL” or “Ministry of Land” means the Recipient’s ministry responsible for land, or any successor(s) thereto.
18. “MoLG” or “Ministry of Local Government” means the Recipient’s ministry responsible for local government, or any successor(s) thereto.
19. “MoT” or “Ministry of Trade” means the Recipient’s ministry responsible for trade, or any successor(s) thereto.
20. “MoTPW” or “Ministry of Transport and Public Works” means the Recipient’s ministry responsible for transport and public works, or any successor(s) thereto.
21. “NAIP Executive Management Committee” means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.

22. “NAMIS” means the national agriculture management information system, the first web-based system for the MoA to collect and store agricultural data.
23. “Operating Costs” means the incremental expenses, based on Annual Work Plans, for Project supervision, management, and monitoring, on account of office space rental and utilities, office supplies and equipment, bank charges, communications, vehicle operation, maintenance and insurance, building and equipment maintenance, local travel costs for Project supervision, advertising and staff salaries (other than consultants’ services), but excluding salaries of the Recipient’s civil servants.
24. “Original Financing Agreement” means the Financing Agreement for the Second Agricultural Sector Wide Approach Support Project, between the Recipient and the Bank, dated April 13, 2018 (TF0A7167 / TF0A7166).
25. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.
26. “Performance-Based Condition” and “PBC” mean an indicator whose achievement is a condition for disbursement of the Grant proceeds, pursuant to Section III.B.1 (c) of Schedule 2 to the Agreement.
27. “Performance-Based Result” or “PBR” means in respect of Category (2), each of the results related to said Category as set forth in the table in Schedule 3 to this Agreement, on the basis of the achievement of which, the amount of the Grant allocated to said result may be withdrawn in accordance with the provisions of Section III.B of Schedule 2 to this Agreement, and “Performance-Based Results” or “PBRs” means, collectively, more than one such Performance-Based Result or PBR.
28. “Pest Management Plan” means the Recipient’s pest management plan for the Project, entitled Pest Management Plan, dated October 2017 as revised in September 2021.
29. “Procurement Regulations” means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
30. “Project Facilitation Team” or “PFT” means the team referred to in Section I.A.2 of Schedule 2 to this Agreement.
31. “Project Implementation Agreement” means the agreement referred to in Section I.C of Schedule 2 to this Agreement.
32. “Project Implementation Manual” means the Recipient’s manual, dated December 15, 2017, as updated in form and substance satisfactory to the World Bank,

outlining implementation, organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement, and procurement arrangements for purposes of Project implementation, as the same may be amended from time to time with the prior written approval of the World Bank, and such term includes any schedules to said Manual.

33. “Resettlement Action Plan” or “RAP” means, for any Project activity for which the RPF requires a resettlement action plan, the resettlement action plan for said activity, prepared by the Recipient in accordance with the RPF.
34. “Resettlement Policy Framework” or “RPF” means the Recipient’s Resettlement Policy Framework entitled Resettlement Policy Framework and dated October 2017, as updated on September 2, 2021 and disclosed by the Recipient on September 15, 2021 and the Bank on September 22, 2021.
35. “Roads Authority” or “RA” means the autonomous legal entity of same name established pursuant to Section 3 of the Roads Authority Act and operating pursuant to said law, or any successor(s) thereto.
36. “Roads Fund Administration” means the autonomous legal entity of same name established pursuant to Section 3 of the Roads Fund Administration Act and operating pursuant to said law, or any successor(s) thereto.
37. “Roads Fund Administration Act” means the Roads Fund Administration Act Chapter 69:08 of the Recipient’s laws, as the same may be amended from time to time.
38. “Safeguards Documents” means, collectively, all EMPs and RAPs required to be prepared pursuant to the Safeguards Frameworks; and “Safeguards Document” means one of said Safeguards Documents, as the context may require.
39. “Safeguards Frameworks” means, collectively, the ESMF, RPF and Pest Management Plan; and “Safeguards Framework” means, one of said Safeguards Frameworks, as the context may require.
40. “Sector Working Group” means the group referred to in Section I.A.3 of Schedule 2 to this Agreement.
41. “Selected Districts” means the districts of Lilongwe, Mchinji, Kasungu, Dedza, Mzimba, Ntchisi, Phalombe, Ntcheu, Chitipa, Zomba, Mulanje and Thyolo.
42. “Signature Date” means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions.

43. “Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019.
44. “Technical Working Groups” means the groups referred to in Section I.A.4 of Schedule 2 to this Agreement.
45. “Training” means reasonable incremental expenditures approved by the World Bank on the basis of Annual Work Plans and Budgets to finance the cost of local and international training activities, including academic training, workshops and seminars related to the Project, including expenses for rental of conference rooms, acquisition of materials and supplies, course fees and travel and subsistence for trainees.