

CONFORMED COPY

CREDIT NUMBER 2624 MAI

Project Agreement

(Second Institutional Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

MALAWI INSTITUTE OF MANAGEMENT

Dated September 8, 1994

CREDIT NUMBER 2624 MAI

PROJECT AGREEMENT

AGREEMENT, dated September 8, 1994, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and MALAWI INSTITUTE OF MANAGEMENT (MIM).

WHEREAS (A) by the Development Credit Agreement of even date herewith between Republic of Malawi (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to sixteen million Special Drawing Rights (SDR 16,000,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that MIM agrees to undertake such obligations toward the Association as are set forth in this Agreement;

(B) a portion of the proceeds of the credit provided for in the Development Credit Agreement will be made available to MIM; and

WHEREAS MIM, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. MIM declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out Part E of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, and human resources development practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for Part E of the Project.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for Part E of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to the Development Credit Agreement.

Section 2.03. MIM shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement and Part E of the Project.

Section 2.04. (a) MIM shall, at the request of the Association, exchange views with the Association with regard to the progress of Part E of the Project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Credit.

(b) MIM shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of Part E of the Project, the accomplishment of the purposes of the Credit, or the performance by MIM of its obligations under this Agreement.

Section 2.05. MIM shall by December 31 of each year, prepare and furnish to the Association a report on the progress made towards self-financing through the Endowment Fund established in 1989 to enable MIM to finance its operations with minimal external assistance.

Section 2.06. MIM shall comply with the agreed targets for the progressive phasing-out of fellowships to its courses.

ARTICLE III

Management and Operations of MIM

Section 3.01. MIM shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and human resources development practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. MIM shall at all times operate and maintain its plant, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound financial and human resources development practices.

Section 3.03. MIM shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

ARTICLE IV

Financial Covenants

Section 4.01. (a) MIM shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) MIM shall:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year including Special Account "B" audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than nine months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

ARTICLE V

Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of MIM thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) the date ten years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify MIM of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

For MIM:

Malawi Institute of Management
P.O. Box 30801
Lilongwe, 3
Malawi

Cable address:

Telex:

FINANCE
Lilongwe

44407

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of MIM may be taken or executed by the Principal or such other person or persons as the Principal shall designate in writing, and MIM shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V. K. Jaycox

Regional Vice President
Africa

MALAWI INSTITUTE OF MANAGEMENT

By /s/ N. M. Mwaungulu

Authorized Representative

