

GRANT NUMBER H242-MAI

Financing Agreement

(Infrastructure Services Project)

between

REPUBLIC OF MALAWI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 4, 2006

GRANT NUMBER H242-MAI

FINANCING AGREEMENT

AGREEMENT dated September 4, 2006, 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) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to twenty-seven million four hundred thousand Special Drawing Rights (SDR 27,400,000) (“Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section V of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are May 1 and November 1 in each year.
- 2.05. The Payment Currency is the Dollar.

ARTICLE III—PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out or cause to be carried out the Project as follows: (a) the Ministry of Economic Planning and Development shall be the Ministry responsible for the overall coordination of Project implementation; (b) Part A through ESCOM; (c) Part B through MACRA; (d) Part C through the Regional Water Boards; (e) Part D through the Ministry of Local Government and Rural Development and the National Roads Authority; and (f) Part E through the Ministry of Economic Planning and

Development, all in accordance with the provisions of Article IV of the General Conditions.

- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV—REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
- (a) A situation has arisen which shall make it improbable that the Program or a significant part thereof, will be carried out.
 - (b) A Project Implementing Entity's Legislation shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of that Project Implementing Entity to perform any of its obligations under its respective Project Agreement.

ARTICLE V—EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) Each Subsidiary Agreement has been executed on behalf of the Recipient and each Project Implementing Entity;
 - (b) The Recipient has one staff accountant and one accounts assistant in the PMU under terms of reference, and with qualifications and experience that are satisfactory to the Association;
 - (c) The Recipient has adopted a Project Implementation Plan that is satisfactory to the Association in form and substance; and
 - (d) The Project Task Force has been established with terms of reference and membership composition that is satisfactory to the Association, as set forth in paragraph 3, Section I of Schedule 2 of this Agreement.
- 5.02. The Additional Legal Matters consist of the following:
- (a) Each Subsidiary Agreement has been duly authorized or ratified by the Recipient and each Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms; and

- (b) Each Project Agreement has been duly authorized by each of the Project Implementing Entities, and is legally binding on such Entity in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

ARTICLE VI—REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Minister of Finance of the Recipient.
- 6.02. The Recipient's Address is:

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

Cable:	Telex:	Facsimile:
FINANCE Lilongwe	44407 MI	265-1-789173

- 6.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at Lilongwe, Malawi, as of the day and year first above written.

REPUBLIC OF MALAWI

By /s/ Goodall E. Gondwe

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Timothy R. Gilbo

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to improve household welfare and strengthen economic growth in Market Centers and surrounding rural areas within the Project Area through the provision of core infrastructure services.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time to achieve such objectives:

Part A: Electrification

Expansion of direct and indirect access to electricity services to consumers through: (a) the planning and construction of power supply facilities, including but not limited to transmission and distribution lines, poles, transformers, meters, house wiring, and public lighting; and (b) carrying out of related studies, all through the provision of goods, works, and technical advisory services.

Part B: Information and Communications Technology (ICT)

1. Provision of grants to eligible private sector participants for the implementation of Subprojects.
2. Improving the regulatory framework for rural access to ICT and the institutional capacity of MACRA to run universal access programs through the provision of technical advisory services, including studies.

Part C: Water Supply and Sanitation

1. Planning and construction of water and sanitation facilities, including but not limited to source and treatment works, transmission mains, storage tanks, distribution pipes, public standpipes, individual connections, latrines and septic tanks, through the provision of goods, works and technical advisory services; and
2. Establishment and training of Water User Associations and local water operators to oversee the planning, construction and maintenance of the water and sanitation facilities, through the provision of technical advisory services.

Part D: Roads

1. Rehabilitation and periodic maintenance of secondary and tertiary roads;
2. Construction and periodic maintenance of feeder roads; and
3. Provision of technical advisory services to assist the Recipient in road construction and rehabilitation, including undertaking related studies and training of contractors.

Part E: Institutional Strengthening, Capacity Building, Environmental and Social Management, and Project Management

1. Provision of technical advisory services and training to the Key Implementing Entities, Participating Agencies and private sector participants to strengthen their technical and Project implementation capacity in areas including Project management, monitoring and evaluation, environmental and social management, and technical design and standards.
2. Provision of technical advisory services and training to the PMU and Operating Costs to the PMU and other Project Implementing Entities to strengthen their operational capacity to coordinate, monitor and supervise the implementation of the Project, including carrying out of studies.

SCHEDULE 2

Project Execution

Section I. Subsidiary Agreement; Institutional Arrangements

1. Subsidiary Agreement

- (a) To facilitate the carrying out of each Project Implementing Entity's Respective Part of the Project, the Recipient shall enter into a Subsidiary Agreement between the Recipient and each Project Implementing Entity under terms and conditions approved by the Association including: (i) a provision requiring the Project Implementing Entity to implement its Respective Part of the Project in accordance with the terms of the Financing Agreement; (ii) a provision requiring the Project Implementing Entity to ensure that it is represented on the Project Task Force throughout Project implementation; (iii) a provision requiring that the Project Implementing Entity liaise as necessary during Project implementation with the other Key Implementing Entities, the PMU and the Participating Agencies; and (iv) a provision requiring the Project Implementing Entity to comply with all environmental and social safeguards as provided in the Environmental and Social Management Framework and the Resettlement Policy Framework.
- (b) The Recipient shall exercise its rights under each Subsidiary Agreement 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 or waive the Subsidiary Agreement or any of its provisions.

2. Steering Committee

- (a) Composition. The Recipient shall maintain, at all times until the completion of the Project, a Steering Committee, under the chairmanship of the Principal Secretary of the MEP&D with a composition that is satisfactory to the Association. Without limitation to the generality of the foregoing, the Steering Committee will consist of representatives of the following ministries: MEP&D, the Ministry of Finance, the Ministry of Mines, Natural Resources and Environment, the Ministry of Transport and Public Works, the Ministry of Information and Tourism, Ministry of Irrigation and Water Development, and the Ministry of Local Government and Rural Development.

- (b) Role. The Steering Committee shall be responsible for coordination of the implementation of the integrated infrastructure packages, including environmental and social management, and their linkage to the promotion of economic activities in the Project Area.

3. Project Task Force

- (a) Composition. The Recipient shall maintain at all times until the completion of the Project a Project Task Force with a composition that is satisfactory to the Association. Without limitation to the generality of the foregoing, the said Task Force shall include senior sectoral technical specialists from the Key Implementing Entities.
- (b) Role. The Project Task Force shall be responsible for providing technical sectoral inputs required for coordination of Project implementation.

4. Key Implementing Entities and Participating Agencies

Without limitation to the provisions of Section 4.01 and Section 4.03 of the General Conditions, the Recipient shall ensure that competent staff are assigned to work on the Project in both the Key Implementing Entities and the Participating Agencies. The designated staff in the Key Implementing Entities should include persons competent in procurement, financial management, and sectoral planning and technical matters who shall be responsible for undertaking these tasks with respect to their Respective Parts of the Project. The Key Implementing Entities shall liaise, as necessary, with the Participating Agencies and the Project Task Force.

5. MEP&D

MEP&D is responsible for the overall coordination of the Project. MEP&D will be in charge of project accounting, disbursements, reporting, scheduling, and monitoring and evaluation and all aspects of implementation of Part E of the Project. MEP&D is also responsible for the PMU, which reports to MEP&D.

6. PMU

- (a) Without limitation to the provisions of paragraph 3 of this Section, the Recipient shall, throughout Project implementation, maintain the PMU adequately staffed with persons with terms of reference, qualifications and experience that are satisfactory to the Association including a Project manager, an engineer with procurement expertise, and at least one accountant and one accounts assistant.

- (b) Without limitation to the provisions of paragraph 2 (a) of this Section, the PMU shall be responsible for the overall Project coordination among the Key Implementing Entities and the Participating Agencies, financial management, monitoring and evaluation, procurement planning, environmental and social management in accordance with the ESMF and RPF, and progress reporting under the Project. For the avoidance of doubt, the PMU's role with respect to procurement shall be limited to: (i) procurement planning and scheduling to ensure that the sectoral Key Implementing Entities follow the agreed Procurement Plan; (ii) procurement under Part E of the Project; (iii) coordinating technical aspects of implementation with the technical specialists within the sectoral Key Implementing Entities; and (iv) liaising between the Key Implementing Entities and the Office of the Director of Public Procurement.

Section II. Implementation Arrangements

1. Project Implementation Plan

The Recipient shall carry out the Project in accordance with the PIP provided, however, that in case of any conflict between the PIP and the provisions of this Agreement, the provisions of this Agreement shall prevail. Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the PIP, if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

2. Environmental and social safeguards

- (a) The Recipient shall carry out the Project in accordance with the Environmental and Social Management Framework and the Resettlement Policy Framework and, wherever applicable, prepare and implement Resettlement Action Plans and Environmental Management Plans.
- (b) The Recipient shall not amend or waive, or permit to be amended or waived, the ESMF, RPF, EMP and RAP, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.
- (c) The Recipient shall ensure that: (i) all measures for carrying out the recommendations of the ESMF, RPF, EMP and RAP are taken in a timely manner; and (ii) the Project Reports referred to in Part A of Section III of this Schedule include adequate information on monitoring the measures defined in the said ESMF, RPF, EMP and RAP.

- (d) The Recipient shall ensure that the Environmental Affairs Department of the Ministry of Mines, Natural Resources and Environment provides such assistance as may be required by the Key Implementing Entities in the course of Project implementation.

3. Other

- (a) The proceeds of the Financing shall not be transferred into the Road Fund.
- (b) The Recipient undertakes to construct a 33 kV electricity transmission line within the Rumphu-Nyika-Chitipa corridor to allow for the construction of low voltage distribution networks financed by the Project in the Project Area.
- (c) The Recipient undertakes to ensure that water supply and sanitation facilities are designed and managed to recover recurrent, minor replacement, and part of major replacement and expansion costs from beneficiaries.

Section III. Project Monitoring, Reporting, and Evaluation

A. Project Reports

- 1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of six months, commencing from the Effective Date, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a), which shall be measured within the Project Area, consist of the following:
 - (1) **Electrification:**
 - (i) Number of Market Centers connected to the electric grid;
 - (ii) Number of households, public institutions, business enterprises, street lighting and water pumps connected to the electricity supply in each Market Center; and
 - (iii) Proportion of population having access to electricity.

(2) **Information and Communications Technology:**

- (i) Number of new telephones, new public telephone kiosks, Internet connections, and multi-purpose community telecenters; and
- (ii) Improved institutional capacity of MACRA to run ICT universal access programs and implementation of improved regulatory framework for rural access to ICT.

(3) **Water supply and sanitation:**

- (i) Number of Market Centers with improved water and sanitation services (water production serving current population, plus well-functioning Water User Association and utility operator);
- (ii) Number of households, public institutions and business enterprises with access to reliable water and sanitation services; and
- (iii) Proportion of population with improved water and sanitation services.

(4) **Roads:**

- (i) Kilometers of secondary and tertiary roads rehabilitated and maintained;
- (ii) Kilometers of feeder roads rehabilitated and constructed;
- (iii) Amount spent annually on routine road maintenance out of the Road Fund;
- (iv) Improved quality of roads due to maintenance as measured by the annual road condition survey; and
- (v) Proportion of population living within two kilometers of an all-season road, to be measured at the beginning and the end of the Project.

(5) **Planning, monitoring and evaluation of infrastructure development:**

- (i) Planned Project investments are implemented and monitored according to the agreed timetable;
 - (ii) Number of Market Centers screened for environmental and social impacts; and
 - (iii) Annual consultation on business opportunities.
- (c) Without limitation to the generality of sub-paragraph (a) above, the Recipient shall carry out jointly with the Association on or about November 1, 2008, a comprehensive mid-term review to assess the status of Project implementation, including but not limited to the Project's institutional arrangements, implementation progress, performance indicators, achievement of Project objectives, Category Grant allocations, Project resource allocations, and environmental and social management. The Recipient shall not later than one month before such review prepare and furnish to the Association a report in scope and detail satisfactory to the Association for purposes of such review.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than one month after the end of each calendar quarter from the Effective Date, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the first Project Preparation Advance was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section IV. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding
(b) Limited International Bidding
(c) Shopping
(d) Direct Contracting
(e) Force account
(f) Procurement from United Nations Agencies
(g) Commercial practices

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than US \$100,000 equivalent per contract may comprise entirely national consultants.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Selection based on Consultants' Qualifications
(b) Quality Based Selection
(c) Selection under Fixed Budget
(d) Least Cost Selection
(e) Selection of Individual Consultants
(f) Single Source Selection

D. Review by the Association of Procurement Decisions

1. Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association:
 - (a) each contract for goods estimated to cost the equivalent of 200,000 Dollars or more;
 - (b) the first contract for goods procured by each Key Implementing Entity on the basis of National Competitive Bidding;
 - (c) each contract for works estimated to cost the equivalent of 500,000 Dollars or more;

- (d) the first contract for works procured by each Key Implementing Entity on the basis of National Competitive Bidding;
- (e) each contract for goods or works procured on the basis of Direct Contracting;
- (f) each contract for non-consultant services estimated to cost the equivalent of 200,000 Dollars or more;
- (g) each contract for consultants' services provided by a firm estimated to cost the equivalent of 100,000 Dollars or more;
- (h) each contract for consultants' services provided by an individual estimated to cost the equivalent of 50,000 Dollars or more; and
- (i) each contract for consultants' services provided by a firm or an individual procured on the basis of Single Source Selection.

All other contracts shall be subjected to Post Review by the Association.

Section V. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions and of this Section and such additional instructions as the Association shall specify by notice to the Recipient, to (a) repay the Project Preparation Advance in accordance with Section 2.07 of the General Conditions; and (b) finance 100% of other Eligible Expenditures.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Goods	320,000	100%
(2) Works	16,900,000	100%
(3) Consultants' services and audits	4,240,000	100%
(4) Training	950,000	100%
(5) Operating costs	480,000	100%
(6) Subprojects under Part B of the Project	830,000	100%
(7) Refund of Project Preparation Advances	1,100,000	Amount payable pursuant to Section 2.07 of the General Conditions
(8) Unallocated	2,580,000	
Total	27,400,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made under Category 6 for Part B of the Project, unless the Recipient has finalized ICT Guidelines that are satisfactory to the Association.
2. The Closing Date is November 30, 2011.

APPENDIX

Definitions

1. “Affected Persons” means persons who, on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected;
2. “Category” means a category set forth in the table in Section V of Schedule 2 to this Agreement;
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004;
4. “District Assembly” means an assembly established pursuant to Section 5 of the Recipient’s Local Government Act, Chapter 22:01 of the laws of the Recipient;
5. “ESCOM” means the Electricity Supply Corporation of Malawi Limited, incorporated under the Companies Act, Chapter 46:03 of the laws of the Recipient;
6. “EMP” or “Environmental Management Plan” means an environmental management plan, approved by the Association, to be prepared by the Recipient after carrying out the environmental assessment pursuant to paragraph 2, Section II of Schedule 2 of this Agreement, proposing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental impacts, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the agreement of the Association;
7. “ESMF” means Environmental and Social Management Framework dated February 2006, approved by the Association, setting forth an environmental and social screening process for the identification and assessment of potential impacts, and proposing appropriate mitigation, monitoring, and institutional measures designed to mitigate potential adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts, and in accordance with which Environmental Management Plans will be prepared and submitted to the Association for its approval, as the same may be amended from time to time with the agreement of the Association;

8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005;
9. “ICT Guidelines” means the guidelines setting forth implementation modalities for the selection of Subprojects under Part B of the Project including eligibility criteria for participants, eligible Subprojects, financial management and procurement arrangements; and monitoring and evaluation, as the same may be amended from time to time with the agreement of the Association, and such term includes any annexes to the said guidelines;
10. “Key Implementing Entities” means collectively, MEP&D, MOLGRD, NRA, ESCOM, Regional Water Boards, and MACRA;
11. “MACRA” means the Malawi Communications Regulatory Authority, established and operating pursuant to section 3 of the Communications Act, Chapter 68:01 of the laws of the Recipient;
12. “Malawi Kwacha” or “MK” means the currency of the Recipient;
13. “Market Center” means a concentrated area of commercial activity, including surrounding households and public institutions, within the Project Area;
14. “MEP&D” means the Recipient’s Ministry of Economic Planning and Development;
15. “MIWD” means the Recipient’s Ministry of Irrigation and Water Development;
16. “MOLGRD” means the Recipient’s Ministry of Local Government and Rural Development;
17. “NRA” means the National Roads Authority, established and operating pursuant to the National Roads Authority Act, Chapter 69:07 of the laws of the Recipient;
18. “Operating Costs” means the incremental operating costs incurred by the PMU and Project Implementing Entities on account of the implementation of the Project including maintenance of vehicles, fuel, equipment, office supplies, utilities, travel per diems and allowances, but excluding salaries of the Recipient’s civil servants;
19. “Participating Agencies” means MIWD, Ministry of Transport and Public Works, Ministry of Mines, Natural Resources and Environment, Ministry of Land, Housing and Surveys, and Ministry of Information and Tourism;
20. “PIP” means the Project Implementation Plan specifying inter alia the procedures, timetables, procurement, disbursement, environmental and social

management, monitoring and evaluation, and other institutional and implementation arrangements agreed upon by the Recipient and the Association, as the same may be amended from time to time with the approval of the Association;

21. "PMU" means the Project Management Unit established within MEP&D with a composition and role described in paragraph 6, Section I of Schedule 2 of this Agreement;
22. "Procurement Guidelines" means the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004;
23. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 5, 2006 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs;
24. "Program" means the program designed by the Recipient to stimulate economic growth and improve public service delivery by providing priority, coordinated infrastructure services and set forth or referred to in the letter dated May 16, 2006 from the Recipient to the Association;
25. "Project Area" means the following implementation corridors:
 - (a) Bangula-Tengani-Nsanje-Makoko;
 - (b) Zomba-Phalombe-Mulanje;
 - (c) Rumph-Nyika-Chitipa;
 - (d) Mangochi-Cape Maclear; and
 - (e) Ntcheu-Tsangano-Mwanza;
26. "Project Implementing Entity" means ESCOM, MACRA, the NRA, and each of the Regional Water Boards, as the case may be;
27. "Project Implementing Entity's Legislation" means:
 - (a) with respect to ESCOM, collectively, the Energy Regulation Act of 2004, the Rural Electrification Act of 2004, and the Electricity Act of 2004;
 - (b) with respect to MACRA, the Communications Act of 1998, Chapter 68:01 of the laws of the Recipient;
 - (c) with respect to NRA, the National Roads Authority Act of 1997, Chapter 69:07 of the laws of the Recipient; and
 - (d) with respect to the RWBs, the Waterworks Act of 1995, Chapter 72:01 of the laws of the Recipient;

28. "Project Preparation Advances" means the advances referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the respective letter agreements signed on behalf of the Association on November 24, 2004 and on April 20, 2006 and on behalf of the Recipient on December 23, 2004 and on May 18, 2006;
29. "Project Task Force" means the task force with a composition and role referred to in paragraph 3, Section I of Schedule 2 of this Agreement;
30. "RAP" or "Resettlement Action Plan" means a plan approved by the Association for Part A of the Project, setting forth principles and procedures governing land acquisition, resettlement and compensation, as well as reporting and monitoring arrangements to ensure compliance with the said plan, as the same may be amended from time to time with the agreement of the Association;
31. "Region" means a geographic area established pursuant to the Regional and District Boundaries and Place Names Act, Chapter 18:04, of the laws of the Recipient.
32. "Road Fund" means the fund established by the Recipient pursuant to the National Roads Authority Act of 1997 for purposes of financing routine road maintenance and related expenditures as provided in the said Act;
33. "RPF" means Resettlement Policy Framework dated February 2006, approved by the Association, setting forth the governing framework for land acquisition, resettlement and compensation for Affected Persons under the Project, and in accordance with which resettlement action plans will be prepared and submitted to the Association for its approval, as the same may be amended from time to time with the agreement of the Association;
34. "RWB" means a Regional Water Board established under the Waterworks Act of 1995, to provide water supply and water-borne sanitation services in their respective designated water areas in Malawi, and for purposes of this Agreement means the Northern Region Water Board, the Central Region Water Board and the Southern Region Water Board, as the case may be;
35. "Steering Committee" means the committee with the composition and role referred to in paragraph 2, Section I of Schedule 2 of this Agreement;
36. "Subproject" means a specific information and communications technology investment financed or proposed to be financed under Part B of the Project including but not limited to telephone kiosks and internet cafes;
37. "Subsidiary Agreement" means each of the agreements to be entered into between the Recipient and each Project Implementing Entity referred to in

paragraph 1, Section I of Schedule 2 of this Agreement, pursuant to which each of the Project Implementing Entities shall implement their respective parts of the Project; and

38. “Water User Association” means a community-based group established by the District Assembly as a trust, and delegated the responsibility for managing the water supply system in a Market Center.