
CREDIT NUMBER 6974-MW
GRANT NUMBER D895-MW
QII GRANT NUMBER TF0B6008
AMENDMENT TO CREDIT NUMBER 5622-MW

Financing Agreement

(Additional Financing for the Southern Africa Trade and Transport
Facilitation (Phase 2) Project and Amendment to the Original Project -
Financing and Project Agreements)

between

REPUBLIC OF MALAWI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6974-MW
GRANT NUMBER D895-MW
QII GRANT NUMBER TF0B6008
AMENDMENT TO CREDIT NUMBER 5622-MW

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the REPUBLIC OF MALAWI (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project and amending the Original Project - Financing Agreement (as those terms are defined in the Appendix to this Agreement). 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 grant and a credit, which are deemed as Concessional Financing for purposes of the General Conditions (collectively, “Financing”) in the following amounts to assist in financing of Parts 1(b), 2, 3(b) and (c), and 4(b), (e) and (f) of the project described in Schedule 1 to this Agreement (“Project”):
 - (a) an amount equivalent to seven million eight hundred thousand Special Drawing Rights (SDR 7,800,000) (“Grant”); and
 - (b) an amount equivalent to seven million eight hundred thousand Special Drawing Rights (SDR 7,800,000) (“Credit”).
- 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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.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 April 15 and October 15 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 the Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity, all in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consists of the following:
 - (a) A situation has arisen that makes it improbable that the Program, or a significant part of it, will be carried out.
 - (b) The Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
 - (c) The RFA's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the RFA to perform any of its obligations under the Subsidiary Agreement.
- 4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreement is December 31, 2021.
- 4.03. The Additional Events of Acceleration consist of the following, any event specified in paragraphs (b) and (c) of Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Project Implementing Entity shall have adopted the Stakeholder Engagement Plan and the Labor Management Procedures, both in form and substance satisfactory to the Association.
 - (b) The Project Implementing Entity shall have recruited for the Project Implementation Team: (i) one (1) manager; and (ii) four (4) environmental

and social safeguards specialists, all under terms of reference and with qualifications and experience satisfactory to the Association.

- (c) The Subsidiary Agreement has been updated on behalf of the Recipient, the Project Implementing Entity, and the RFA, in form and substance satisfactory to the Association.
- 5.02. The Additional Legal Matters consists of the following, namely, that the Subsidiary Agreement, as updated, has been duly authorized or ratified by the Recipient, the Project Implementing Entity, and the RFA, and is legally binding upon the Recipient, the Project Implementing Entity, and the RFA in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.04. 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 (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its minister responsible for finance.
- 6.02. For purposes of Section 11.01 of the General Conditions:
 - (a) the Recipient's address is:

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

Cable address: Facsimile:

FINANCE (+265) 1 789173
Lilongwe
- 6.03. 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: 248423 (MCI) Facsimile: (+1) 202 477 6391

AGREED as of the Signature Date.

REPUBLIC OF MALAWI

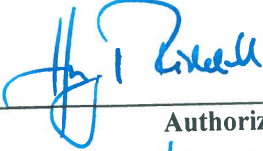
By



Authorized Representative
Name: Felix Mumba
Title: Minister
Date: 15-12-2021

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative
Name: HUGH RIDDELL
Title: COUNTRY MANAGER
Date: 15/12/21

SCHEDULE 1

Project Description

The objective of the Project is to facilitate the movement of goods and people along the North-South Corridor and at the key border crossings in the Recipient's territory, whilst supporting improvements in road safety and health services along the corridor.

The Project is part of the Program, and consists of the Original Project with the modifications set forth below:

Part 1: Improving Road Infrastructure

- (a) *Karonga-Songwe Section.* Improvement and rehabilitation of the Karonga-Songwe Section.
- (b) *Accident black-spot intervention.* Preparation, design and implementation of interventions to mitigate the risk of road accidents on selected priority accident black-spots on the North-South Corridor.

Part 2: Improving Social Infrastructure

- (a) *Improving management of road safety.* Supporting the design and implementation of pilot road safety projects, including through:
 - (i) acquisition of road safety equipment, namely, hand-held speed radars and breathalyzers, for the DRTSS; (ii) carrying out of road safety related baseline surveys; (iii) carrying out of an educational road safety campaign; (iv) carrying out of a study to estimate the socio-economic costs of road traffic accidents; (v) acquisition and installation of accident analysis software; (vi) acquisition of mobile weigh scales; and (vii) provision of technical assistance to DRTSS for the design and implementation of the pilot road safety projects.
- (b) *Improving health services and emergency response:* (i) refurbishment and extension of priority health facilities in trauma care; (ii) provision of technical assistance to develop the capacity of staff in local health facilities in HIV/AIDS awareness, counselling and testing; and (iii) supporting the introduction of a pilot for an emergency response service for road traffic accidents on the North-South Corridor.

Part 3: Improving Trade Facilitation

Supporting the modernizing, simplifying and harmonizing of trade and transit procedures and policies, including through:

- (a) carrying out of a feasibility study to assess options for establishing a national single window facility to simplify border clearance and processing procedures and, on the basis thereof, the establishment of said national single window, through the provision of goods and services required for the acquisition, installation, and user training of a trade platform that connects customs and other border agencies in Malawi;
- (b) carrying out of: (i) feasibility studies, detailed design studies, and environmental and social safeguards instruments for the upgrading and modernization of border post facilities at the Mwanza, Dedza, and Muloza border crossings; and (ii) technical supervision and monitoring of upgrading and modernization works at the Songwe, Mwanza and Dedza border crossings; and
- (c) upgrading and modernization of border post facilities and operations and introduction of integrated border management systems at the Songwe, Dedza and Mwanza border crossings, and provision of support for the identification of revisions to the applicable legal frameworks required for improvements to such border crossings.

Part 4: Institutional Strengthening and Implementation Assistance

Provision of support for Project management and implementation, capacity building for the Project Implementing Entity, and strengthening of the institutional framework for transport, including through:

- (a) preparation of a national transport master plan to guide the sustainable development of the Recipient's transport sector;
- (b) provision of support to the Project Implementing Entity for: (i) the preparation, design, and supervision of the implementation of Project activities; and (ii) to assist the Project Implementation Team in Project implementation;
- (c) carrying out of feasibility studies, detailed design studies, and environmental and social safeguards instruments, for the improvement and rehabilitation of the Kacheche-Chiweta Section and Mzimba Turn Off-Mzuzu-Kacheche Section on the M1 Corridor;
- (d) carrying out of: (i) a quality review of the processes of scheme identification, design, implementation, supervision, and handover; and (ii) an independent technical audit of civil works undertaken;
- (e) development of a road asset management strategy, including climate adaptation plans, for the Project Implementing Entity;

- (f) acquisition of integrated accounting and contract management software for the Project Implementing Entity; and
- (g) provision of capacity building and training for the Ministry of Transport and Public Works.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Steering Committee

- (a) The Recipient shall maintain at all times during the implementation of the Project, the Steering Committee under the Ministry of Transport and Public Works, with a mandate, composition, and resources satisfactory to the Association.
- (b) Without limitation on the foregoing, the Steering Committee shall be responsible for, *inter alia*, reviewing and validating: (i) proposed Annual Work Plans; (ii) evaluation and supervision reports for the Project; and (iii) financial management and accounting reports for the Project.

B. Subsidiary Agreement

- 1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the RFA under a subsidiary agreement between the Recipient, the Project Implementing Entity, and the RFA, under terms and conditions approved by the Association (“Subsidiary Agreement”), which shall include:
 - (a) the obligation of the RFA to transfer the proceeds of the Financing to the Project Implementing Entity pursuant to arrangements adequate to ensure the prompt and efficient implementation of the Project by the Project Implementing Entity;
 - (b) the obligation of the RFA, acting as an agent of the Recipient and the Project Implementing Entity: (i) to manage and carry out the financial management functions for the Project, including management of Project designated accounts, preparation of disbursement requests, processing of payments for invoices, audits, and financial reporting for the Project, in accordance with the provisions of Section II.A of this Schedule and Section II.A of the Schedule to the Project Agreement, and the arrangements and procedures therefor; and (ii) to reconfigure, not later than three (3) months after the Effective Date, its accounting software to suitably include the accounting and reporting requirements for the Financing;

- (c) the obligation of the RFA to maintain at all times during the implementation of the Project, competent and qualified staff in adequate numbers for purposes of performing its obligations under the Subsidiary Agreement, such staff to include financial management specialists whose terms of reference, qualifications and experience shall be satisfactory to the Association; and
 - (d) the obligation of the Project Implementing Entity to implement the Project in accordance with the provisions of this Agreement, the Project Agreement and the Subsidiary Agreement.
- 2. The Recipient shall exercise its rights under the 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, abrogate or waive the Subsidiary Agreement or any of its provisions.
 - 3. In case of any conflict between the provisions of the Subsidiary Agreement on the one hand, and the provisions of this Agreement or the Project Agreement on the other, the provisions of this Agreement and the Project Agreement shall prevail.

C. Project Implementation Plan

- 1. The Recipient shall cause the Project Implementing Entity to carry out the Project in accordance with the provisions of the Project Implementation Plan.
- 2. The Recipient shall not, and shall not permit the Project Implementing Entity to, amend, abrogate, waive or fail to enforce any provision of the Project Implementation Plan without the prior written agreement of the Association.
- 3. In case of any conflict between the provisions of the Project Implementation Plan and the provisions of this Agreement, the provisions of this Agreement shall prevail.

D. Annual Work Plans

- 1. The Recipient shall cause the Project Implementing Entity, by no later than January 31 of each year, to prepare and furnish to the Association, an annual work plan of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.
- 2. The Recipient shall cause the Project Implementing Entity to exchange views with the Association on each such proposed annual work plan, and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the Association, as such plan may be subsequently

revised during such following Fiscal Year with the prior written agreement of the Association (“Annual Work Plan”).

3. Only activities included in an Annual Work Plan shall be eligible for inclusion in the Project and for financing out of the proceeds of the Financing.

E. GAAP

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the GAAP.
2. The Recipient shall not, and shall not permit the Project Implementing Entity to, amend, abrogate, waive or fail to enforce any provision of the GAAP without the prior written agreement of the Association.
3. In case of any conflict between the provisions of the GAAP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

F. Safeguards

1. The Recipient shall cause the Project Implementing Entity to carry out the Project in accordance with the Safeguard Instruments.
2. Without limitation on the foregoing, the Recipient shall cause the Project Implementing Entity to take the following measures:
 - (a) if any Project activities would, pursuant to the ESMF, require the carrying out of an ESIA, no such activities shall be implemented unless:
 - (i) an ESIA for such activities has been: (A) prepared, in accordance with the ESMF and furnished to the Association; (B) disclosed locally as required by the ESMF; and (C) approved by the Association and publicly disclosed; and
 - (ii) if said ESIA would require the preparation of an ESMP, such ESMP has been: (A) prepared in accordance with such ESIA and furnished to the Association; (B) disclosed locally as required by the ESMF; and (C) approved by the Association and publicly disclosed.
 - (b) if any Project activities would, pursuant to the RMF, require the preparation of a RAP, no such activities shall be implemented unless and until:
 - (i) a RAP for such activities has been: (A) prepared in accordance with the requirements of the RMF and furnished to the

Association; (B) disclosed as required by the RMF; and (C) approved by the Association and publicly disclosed; and

- (ii) (A) all measures required to be taken under said RAP prior to the initiation of said activities have been taken, including, without limitation to the above, providing funds for resettlement compensation when and if required under a RAP; (B) a report, in form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP has been prepared and furnished to the Association; and (C) the Association has confirmed that said activities may be commenced.
3. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall cause the Project Implementing Entity to regularly collect, compile and submit to the Association as part of the Project Reports, in form and substance satisfactory to the Association, reports on the status of compliance with the Safeguard Instruments, giving details of: (a) measures taken in furtherance of such Safeguard Instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments; and (c) remedial measures taken or required to be taken to address such conditions.
4. The Recipient shall cause the Project Implementing Entity to afford the Association a reasonable opportunity to review and exchange views with the Project Implementing Entity on the reports prepared under paragraph 3 above, and thereafter, shall cause the Project Implementing Entity to carry out, or cause to be carried out, with due diligence, all remedial measures agreed with the Association so as to ensure the proper implementation of the Project in accordance with the Safeguard Instruments.
5. If sixty (60) days prior to the Closing Date, the Association determines that there are measures and actions specified in the Safeguard Instruments which will not be completed by the Closing Date, the Recipient shall, and shall cause the Project Implementing Entity to: (i) not later than thirty (30) days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions; and (ii) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Association.
6. The Recipient shall not, and shall not permit the Project Implementing Entity to, amend, suspend, abrogate or waive, or permit to be amended, suspended, abrogated or waived, any Safeguard Instrument, or any provision thereof without the prior written approval of the Association.

7. In the event of a conflict between the provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.
8. Without limitation on the foregoing:
 - (a) the Recipient shall cause the Project Implementing Entity to ensure that all terms of reference for all studies or other technical assistance to be carried out under the Project are consistent with and pay due attention to the Safeguard Instruments and to the Recipient's own laws relating to environment and social aspects; and
 - (b) to this end, the Recipient shall cause the Project Implementing Entity, prior to undertaking each study included in the Project to: (i) prepare and furnish the terms of reference for such study to the Association for its review; (ii) afford the Association a reasonable opportunity to exchange views with the Project Implementing Entity on said terms of reference; and (iii) promptly finalize such terms of reference as shall have been approved by the Association.
9. The Recipient shall ensure, and shall cause the Project Implementing Entity to ensure, that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities: (i) to comply with the relevant aspects of the Safeguard Instruments; (ii) to adopt and implement measures to assess and manage the risks and impacts of labor influx and workers' camps; (iii) to adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures on environmental, social, health and safety, gender-based violence and violence against women, children and other vulnerable groups; all as applicable to such civil works commissioned or carried out pursuant to said contracts.
10. Without limitation upon the provisions of Section 5.03 of the General Conditions, the Recipient shall provide, or cause to be provided, adequate security to the Project Implementing Entity, the contractors, sub-contractors and other parties involved in the implementation of the Project.
11. (a) The Recipient shall carry out, and cause the Project Implementing Entity to carry out, the Stakeholder Engagement Plan with due diligence and efficiency and to communicate it to the Project stakeholders: (i) to achieve their participation and support of the Project all along the period of Project implementation; and (ii) to ensure its measures and recommendations are implemented throughout Project implementation, in particular with a focus on the security of women, children and other vulnerable groups, taking the necessary measures to help prevent and, as necessary, respond appropriately to the risks and incidences of sexual exploitation and abuse

and sexual harassment against women, children and other vulnerable groups. Except as Association shall otherwise agree, the Recipient shall ensure, and cause the Project Implementing Entity to ensure, that the Stakeholder Engagement Plan is not amended, suspended or waived. In case of any inconsistencies between the provisions of the Stakeholder Engagement Plan and the provisions of this Agreement, the provisions of this Agreement shall prevail.

- (b) Without limitation upon any of its reporting obligations under this Agreement, the Recipient shall cause the Project Implementing Entity to regularly collect, compile, and submit to the Association, and promptly in a separate report whenever the Association may require, information on the status of compliance with the Stakeholder Engagement Plan. Such information shall include: (i) measures taken in furtherance of the Stakeholder Engagement Plan; (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Stakeholder Engagement Plan; and (iii) remedial measures taken or required to be taken to address such conditions.

- 12.
 - (a) The Recipient shall ensure, and cause the Project Implementing Entity to ensure, that the Project is implemented in accordance with the systemic approach to the management of labor issues set forth in the Labor Management Procedures and that its measures are implemented with due diligence and efficiency, in particular those addressing issues of child and forced labor, labor influx, sexual exploitation and abuse and sexual harassment against women, children and other vulnerable groups, and discrimination. Except as the Association shall otherwise agree, the Recipient shall ensure, and cause the Project Implementing Entity to ensure, that the LMP is not amended, suspended or waived. In case of any inconsistencies between the provisions of the LMP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

 - (b) Without limitation upon any of its reporting obligations under this Agreement, the Recipient shall cause the Project Implementing Entity to regularly collect, compile, and submit to the Association, and promptly in a separate report whenever the Association may require, information on the status of compliance with the LMP. Such information shall include: (i) measures taken in furtherance of the LMP; (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the LMP; and (iii) remedial measures taken or required to be taken to address such conditions.

G. Grievance Redress Mechanism

The Recipient shall maintain, operate and publicize the availability of, and cause the Project Implementing Entity to maintain, operate and publicize the availability of, throughout Project implementation, a functional grievance redress mechanism for the Project, with adequate staffing and processes, and in form and substance satisfactory to the Association, to register, hear and determine fairly and in good faith and in a safe and confidential manner, all complaints raised in relation to the Project, including those concerns and grievances related to sexual exploitation and abuse and sexual harassment, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association, including through the referral of survivors to the gender-based violence service provider referred to in paragraph H of this Section I.

H. Gender-Based Violence Service Provider

The Recipient shall cause the Project Implementing Entity to maintain, throughout the period of Project implementation, a gender-based violence service provider, under terms of reference and with qualifications and experience satisfactory to the Association, to sensitize Project-related workers and communities on gender-based violence matters.

I. Third-Party Monitoring Agency

The Recipient shall, through its Ministry of Transport and Public Works: (i) not later than four (4) months after the Effective Date, hire, and thereafter maintain throughout the period of Project implementation, a third-party monitoring agency, under terms of reference with qualifications and experience satisfactory to the Association, to monitor the compliance of Project-related environmental and social aspects and Project monitoring and evaluation indicators; and (ii) cause the third-party monitoring agency to furnish to the Association in a timely manner the monitoring reports in form and substance acceptable to the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each quarter, covering the calendar quarter.

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 Credit Allocated (expressed in SDR)	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under Parts 1(b), 2, 3 (b) and (c), and 4 (b) and (f) of the Project	7,800,000	7,658,000	100%
(2) Non- consulting services, consulting services, Training and Operating Costs under Part 4 (e) of the Project	0	142,000	0% until funds under the Co-financing are fully disbursed or committed, and 100% thereafter
TOTAL AMOUNT	7,800,000	7,800,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is December 31, 2023.

Section IV. Other Undertakings

- A. The Recipient shall increase the road levy each Fiscal Year, and to that end shall:
- (a) by no later than December 1 of each year commencing in 2021, prepare and furnish to the Association a proposal setting forth the amount of the proposed increase in the road levy for the following Fiscal Year and exchange views with the Association on such proposal; and
 - (b) thereafter, by no later than April 1 of each year during the implementation of the Project commencing on April 1, 2022, adopt and implement such increase in the road levy as shall have been agreed with the Association, all in accordance with the provisions of the Liquid Fuels and Gas (Production and Supply) Act and in a manner satisfactory to the Association.

Section V. Amendments to Original Project - Financing Agreement

The Original Project - Financing Agreement is amended as follows:

- (a) In Schedule 1 (**Project Description**), the description of the Project is modified as follows:
 - (i) Under Part 3 (**Improving Trade Facilitation**):
 - (A) Paragraph (a) is amended to read as follows:

“(a) carrying out of a feasibility study to assess options for establishing a national single window facility to simplify border clearance and processing procedures and, on the basis thereof, the establishment of said national single window, through the provision of goods and services required for the acquisition, installation, and user training of a trade platform that connects customs and other border agencies in Malawi;”
 - (B) paragraph (c) is amended to read as follows:

“(c) upgrading and modernization of border post facilities and operations and introduction of integrated border management systems at the Songwe, Dedza and Mwanza border crossings, and provision of support for the identification of revisions to the applicable legal frameworks required for improvements to such border crossings.”
 - (ii) Under Part 4 (**Institutional Strengthening and Implementation Assistance**):
 - (A) Paragraph (e) is amended to read as follows:

“(e) development of a road asset management strategy, including climate adaptation plans, for the Project Implementing Entity;”

(B) Paragraph (g) is deleted in the entirety and the following paragraph (h) is re-lettered as paragraph (g).

(b) Paragraph 1 of Section I.D (**Annual Work Plans**) of Schedule 2 (**Project Execution**) is amended to read as follows:

“1. The Recipient shall cause the Project Implementing Entity by, no later than January 31 of each year, to prepare and furnish to the Association, an annual work plan of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.”

(c) The following new paragraphs 8, 9, 10 and 11 are added to Section I.F (**Safeguards**) of Schedule 2 (**Project Execution**):

“8. The Recipient shall ensure, and shall cause the Project Implementing Entity to ensure, that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities: (i) to comply with the relevant aspects of the Safeguard Instruments; (ii) to adopt and implement measures to assess and manage the risks and impacts of labor influx and workers’ camps; (iii) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures on environmental, social, health and safety, gender-based violence and violence against children; all as applicable to such civil works commissioned or carried out pursuant to said contracts.

9. Without limitation upon the provisions of Section 5.03 of the General Conditions, the Recipient shall provide, or cause to be provided, adequate security to the Project Implementing Entity, the contractors, subcontractors and other parties involved in the implementation of the Project.

10. (a) The Recipient shall carry out, and cause the Project Implementing Entity to carry out, the Stakeholder Engagement Plan with due diligence and efficiency and to communicate it to the Project stakeholders: (i) to achieve their participation and support of the Project all along the period of Project implementation; and (ii) to ensure its measures and recommendations are implemented throughout Project implementation, in particular with a focus on the security of women, children and other vulnerable groups, taking the necessary measures to help prevent and, as necessary, respond appropriately to the risks and incidences of sexual

exploitation and abuse and sexual harassment against women, children and other vulnerable groups. Except as Association shall otherwise agree, the Recipient shall ensure, and cause the Project Implementing Entity to ensure, that the Stakeholder Engagement Plan is not amended, suspended or waived. In case of any inconsistencies between the provisions of the Stakeholder Engagement Plan and the provisions of this Agreement, the provisions of this Agreement shall prevail.

- (b) Without limitation upon any of its reporting obligations under this Agreement, the Recipient shall cause the Project Implementing Entity to regularly collect, compile, and submit to the Association, and promptly in a separate report whenever the Association may require, information on the status of compliance with the Stakeholder Engagement Plan. Such information shall include: (i) measures taken in furtherance of the Stakeholder Engagement Plan; (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Stakeholder Engagement Plan; and (iii) remedial measures taken or required to be taken to address such conditions.
- 11.
 - (a) The Recipient shall ensure, and cause the Project Implementing Entity to ensure, that the Project is implemented in accordance with the systemic approach to the management of labor issues set forth in the Labor Management Procedures and that its measures are implemented with due diligence and efficiency, in particular those addressing issues of child and forced labor, labor influx, sexual exploitation and abuse and sexual harassment against women, children and other vulnerable, and discrimination. Except as the Association shall otherwise agree, the Recipient shall ensure, and cause the Project Implementing Entity to ensure, that the LMP is not amended, suspended or waived. In case of any inconsistencies between the provisions of the LMP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
 - (b) Without limitation upon any of its reporting obligations under this Agreement, the Recipient shall cause the Project Implementing Entity to regularly collect, compile, and submit to the Association, and promptly in a separate report whenever the Association may require, information on the status of compliance with the LMP. Such information shall include: (i) measures taken in furtherance of the LMP; (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the LMP; and

(iii) remedial measures taken or required to be taken to address such conditions.”

- (d) The following new Sections I.G, I.H and I.I are added to Schedule 2 (**Project Execution**):

“G. Grievance Redress Mechanism

The Recipient shall maintain, operate and publicize the availability of, and cause the Project Implementing Entity to maintain, operate and publicize the availability of, throughout Project implementation, a functional grievance redress mechanism for the Project, with adequate staffing and processes, and in form and substance satisfactory to the Association, to register, hear and determine fairly and in good faith and in a safe and confidential manner, all complaints raised in relation to the Project, including those concerns and grievances related to sexual exploitation and abuse and sexual harassment, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association, including through the referral of survivors to the gender-based violence service provider referred to in paragraph H of this Section I.

H. Gender-Based Violence Service Provider

The Recipient shall cause the Project Implementing Entity to maintain, throughout the period of Project implementation, a gender-based violence service provider, under terms of reference and with qualifications and experience satisfactory to the Association, to sensitize Project-related workers and communities on gender-based violence matters.

I. Third-Party Monitoring

The Recipient shall, through its Ministry of Transport and Public Works: (i) not later than four (4) months after the Effective Date, hire, and thereafter maintain throughout the period of Project implementation, a third-party monitoring agency, under terms of reference and with qualifications and experience satisfactory to the Association, to monitor the compliance of Project-related environmental and social aspects and Project monitoring and evaluation indicators; and (ii) cause the third-party monitoring agency to furnish to the Association in a timely manner the monitoring reports in form and substance acceptable to the Association.”

- (e) The Closing Date set forth in paragraph 2 of Section IV.B (**Withdrawal of the Proceeds of the Financing**) is amended to read “December 31, 2023.”
- (f) The APPENDIX (**Definitions**) is modified as follows to add two new definitions:
- (i) A new paragraph 16 is added to read as follows:

“16. Labor Management Procedures” or “LMP” means the procedures to be adopted by the Recipient and the Project Implementing Entity, acceptable to the Association, setting forth the terms and conditions in which Project workers will be managed and a systematic approach to the management of labor issues under the Project.”

(ii) Paragraphs 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30 and 31, are renumbered, respectively, as paragraphs 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31 and 32.

(iii) A new paragraph 33 is added to read as follows:

“33. Stakeholder Engagement Plan” means the communication framework to be adopted by the Recipient and the Project Implementing Entity, acceptable to the Association, setting forth measures to ensure stakeholder engagement and participation throughout the carrying out of the Project, and including a social communication strategy that includes, *inter alia*, measures to address risks of sexual exploitation and abuse and sexual harassment against women, children and other vulnerable groups, as such framework may be amended from time to time with the prior written concurrence of the Association.”

(iv) Paragraphs 32, 33, 34, 35, 36, 37, 38 and 39 are renumbered, respectively, as paragraphs 34, 35, 36, 37, 38, 39, 40 and 41.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15, commencing on October 15, 2027, to and including April 15, 2059	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. “Annual Work Plan” means each annual work plan, together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I.D of Schedule 2 to this Agreement; and “Annual Work Plans” means more than one such plan.
2. “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.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “Co-financier” means the International Development Association acting as administrator of the Quality Infrastructure Investment Partnership Single Donor Trust Fund.
5. “Co-financing” means, for purposes of paragraph 14 of the Appendix to the General Conditions, an amount equivalent to four hundred eighty-five thousand Dollars (\$485,000) to be provided by the Co-financier to assist in financing part of the cost of Part 4(e) of the Project.
6. “Co-financing Agreement” means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing.
7. “DRTSS” means the Recipient’s Directorate of Road Traffic and Safety Services, established and operating pursuant to the Road Traffic Act Cap. 69:01 of the laws of the Recipient; or any successor thereto.
8. “Displaced Person” means a person who, on account of the execution of an activity under 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 “Displaced Persons” means more than one such person.
9. “ESIA” means, for a given activity included in the Project, the environmental and social impact assessment for said activity to be carried out in accordance with the

ESMF; as the said ESIA may be revised from time to time with the prior written agreement of the Association.

10. “ESMF” means the Recipient’s Environmental and Social Management Framework, acceptable to the Association, originally disclosed in-country and in the Association’s InfoShop on February 10, 2015, and updated and re-disclosed in country and in the Association’s website on May 10, 2021, assessing the potential environmental and social impacts of the Project, evaluating alternatives, and designing appropriate mitigation, management, and monitoring measures, including the criteria and mechanisms for carrying out ESIA’s and preparing ESMPs and managing chance finds of physical cultural resources; as the said Environmental and Social Management Framework may be revised from time to time with the prior written agreement of the Association.
11. “ESMPs” means: (a) the environmental and social management plan set forth in the Environmental and Social Impact Assessment of the Recipient for the Karonga-Songwe Section, acceptable to the Association, and disclosed in-country on February 24, 2015 and in the Association’s InfoShop on February 25, 2015; (b) the environmental and social management plan set forth in the Environmental and Social Impact Assessment of the Recipient for the Mwanza One Stop Border Post, acceptable to the Association, and initially disclosed in-country on March 31, 2018, and redisclosed on November 1, 2019, and disclosed in the Association’s website on May 18, 2021; (c) the environmental and social management plan set forth in the Environmental and Social Impact Assessment of the Recipient for the Dedza One Stop Border Post, acceptable to the Association, and initially disclosed in-country on March 31, 2018 and redisclosed on October 1, 2019, and disclosed in the Association’s website on May 18, 2021; and (d) for a given activity included in the Project, the environmental and social management plan for said activity to be prepared in accordance with the ESMF, in each case describing the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to mitigate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, or to enhance positive impacts; as the said ESMPs may be revised from time to time with the prior written agreement of the Association; and “ESMP” means one such plan.
12. “Fiscal Year” means the Recipient’s financial year, a twelve (12) month period commencing on April 1 and ending on March 31 of the following calendar year.
13. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020 and April 1, 2021).
14. “GAAP” means the Recipient’s Governance and Anti-Corruption Action Plan, dated March 16, 2015, and acceptable to the Association, setting forth specific actions and measures to improve governance, procurement and financial

management systems and procedures; as the said GAAP may be revised from time to time with the prior written agreement of the Association.

15. “HIV/AIDS” means the Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome.
16. “Kacheche-Chiweta Section” means a portion of road on the M1 Corridor of approximately seventy (70) kilometers in length, from Kacheche to Chiweta in the Recipient’s territory.
17. “Karonga-Songwe Section” means a portion of road on the M1 Corridor of approximately forty-six (46) kilometers in length, from Karonga to Songwe in the Recipient’s territory.
18. “Labor Management Procedures” or “LMP” means the procedures to be adopted by the Recipient and the Project Implementing Entity, acceptable to the Association, setting forth the terms and conditions in which Project workers will be managed and a systematic approach to the management of labor issues under the Project.
19. “Liquid Fuels and Gas (Production and Supply) Act” means the Liquid Fuels and Gas (Production and Supply) Act, Chapter 50:03, of the laws of the Recipient, as such Act may be amended from time to time.
20. “M1 Corridor” means a portion of road on the northern part of the North-South Corridor of approximately nine hundred and seventy (970) kilometers in length, from Songwe to Marka in the Recipient’s territory.
21. “Ministry of Finance” means the Recipient’s ministry responsible for finance, or any successor thereto.
22. “Ministry of Transport and Public Works” means the Recipient’s ministry responsible for transport and public works, or any successor thereto.
23. “Mzimba Turn Off-Mzuzu-Kacheche Section” means a portion of road on the M1 Corridor of approximately one hundred and forty-seven (147) kilometers in length, from Mzimba Turn Off to Kacheche in the Recipient’s territory.
24. “North-South Corridor” means a portion, located in the Recipient’s territory, of the road of approximately three thousand nine hundred (3,900) kilometers extending from Dar es Salaam in the United Republic of Tanzania to Durban in the Republic of South Africa.
25. “Operating Costs” mean, for each Annual Work Plan, the reasonable costs, which shall have been agreed to by the Association under said Annual Work Plan for the incremental expenses incurred on account of Project implementation, consisting

of: vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and *per diem* for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants' services and regular salaries of officials of the Recipient's civil service).

26. "Original Project" means the Project described in Schedule 1 to the Original Project Financing Agreement; (as hereinafter defined).
27. "Original Project - Financing Agreement" means the financing agreement for the Southern Africa Trade and Transport Facilitation (Phase 2) Project between the Recipient and the Association, dated November 25, 2015 (Credit No. 5622-MW), as amended to the date of this Agreement.
28. "Original Project - Project Agreement" means the project agreement for the Southern Africa Trade and Transport Facilitation (Phase 2) Project between the Association and the Project Implementing Entity, dated November 25, 2015 (Credit No. 5622-MW), as amended to the date of this Agreement.
29. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated November 2020.
30. "Program" means the Southern Africa Trade and Transport Facilitation Program, a regional, multi-sector, and multi-phase program intended to further facilitate trade integration among the relevant countries by contributing to the alleviation of institutional, legal, policy, and road infrastructure constraints along the North-South Corridor.
31. "Project Agreement" means the agreement between the Association and the Project Implementing Entity of even date herewith, as the same may be amended from time to time.
32. "Project Implementing Entity" means the Roads Authority, the autonomous legal entity of the same name established and operating pursuant to Section 3 of the Project Implementing Entity's Legislation; or any successor thereto.
33. "Project Implementing Entity's Legislation" means the Roads Authority Act Cap. 69:07 of the laws of the Recipient, as such Act may be amended from time to time.
34. "Project Implementation Plan" means the plan for the Project containing, *inter alia*, detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) environmental and social safeguard

guidelines; (e) monitoring, evaluation, reporting and communication; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as said plan may be revised from time to time with the prior written agreement of the Association.

35. “Project Implementation Team” means the team established for purposes of the Project and referred to in Section I.A of the Schedule to the Project Agreement.
36. “RAPs” means: (a) the Resettlement Action Plan for the Karonga-Songwe Section, acceptable to the Association, and disclosed in-country on February 24, 2015, and in the Association’s InfoShop on February 25, 2015; (b) the Abbreviated Resettlement Action Plan Report for the One Stop Border Post Facility at the Mwanza Border Post, acceptable to the Association, and disclosed in country on March 1, 2018 and on the Association’s website on May 19, 2021; (c) the Abbreviated Resettlement Action Plan Report for the One Stop Border Post Facility at the Dedza Border Post, acceptable to the Association, and disclosed in country on March 1, 2018 and on the Association’s website on May 18, 2020; and (d) for a given activity included in the Project, the resettlement action plan for said activity to be prepared in accordance with the RMF, in each case giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the RMF, along with the procedural and institutional measures needed to implement such actions, measures and policies; as the said RAPs may be revised from time to time with the prior written agreement of the Association; and RAP means one such plan.
37. “RMF” means the Recipient’s Resettlement Management Framework, acceptable to the Association, , originally disclosed in-country on February 24, 2015, and in the Association’s InfoShop on February 25, 2015, and updated and re-disclosed in country and in the Association’s website on May 10, 2021, giving details of provisions for compensation, rehabilitation and resettlement assistance to Displaced Persons, and setting forth the criteria and mechanisms for preparing RAPs; as the said RMF may be revised from time to time with the prior written agreement of the Association.
38. “RFA” means the Roads Fund Administration, the autonomous legal entity of the same name established pursuant to Section 3 of the Roads Fund Administration Act Cap. 69:08 of the laws of the Recipient; or any successor thereto.
39. “RFA’s Legislation” means the Roads Fund Administration Act Cap. 69:08 of the laws of the Recipient, as such Act may be amended from time to time.
40. “Safeguard Instruments” means the ESIA’s, ESMPs, ESMF, RMF and RAPs; and “Safeguard Instrument” means any one of such documents.

41. “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.
42. “Stakeholder Engagement Plan” means the communication framework to be adopted by the Recipient and the Project Implementing Entity, acceptable to the Association, setting forth measures to ensure stakeholder engagement and participation throughout the carrying out of the Project, and including a social communication strategy that includes, *inter alia*, measures to address risks of sexual exploitation and abuse and sexual harassment against women, children and other vulnerable groups, as such framework may be amended from time to time with the prior written concurrence of the Association.
43. “Steering Committee” means the committee established for purposes of the Project and referred to in Section I.A.1 of Schedule 2 to this Agreement.
44. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement.
45. “Training” means the reasonable costs for training and workshops included in an Annual Work Plan, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consulting services).