
**ADDITIONAL FINANCING
CREDIT NUMBER 6568-MW
GRANT NUMBER D578-MW**

AMENDMENT OF GRANT NUMBER D1440-MW

Financing Agreement

(Additional Financing for Malawi Resilience and
Disaster Risk Management Project)
(previously known as Malawi Drought Recovery and Resilience Project)

between

REPUBLIC OF MALAWI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

**CREDIT NUMBER 6568-MW
GRANT NUMBER D578-MW**

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF MALAWI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in Section I of the Appendix to this Agreement) and amending the Original Financing Agreement (as set forth in Section II of 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 Section I of 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 Parts 1(e), 2(d) through 2(g), and 4(e) of the project described in Schedule 1 to this Agreement (“Project”):
 - (a) an amount equivalent to fourteen million six hundred thousand Special Drawing Rights (SDR 14,600,000) (“Grant”); and
 - (b) an amount equivalent to forty-three million six hundred thousand Special Drawing Rights (SDR 43,600,000) (“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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.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 February 1 and August 1 in each year.

- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Program Management Unit has in place the following staff under terms of reference, and with qualification and experience satisfactory to the Association: a Program Coordinator, a Project Management Specialist, a Procurement Specialist; a Financial Management Specialist; an Environmental Safeguards Specialist; a Social Safeguards Specialist; and a Monitoring and Evaluation Specialist and as set out in Section I.A.4(a)(i) of Schedule 2 to this Agreement; and
 - (b) the Project Implementation Manual has been updated and adopted in accordance with Section I.B.1 of Schedule 2 to this Agreement.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.03. 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 V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is its minister responsible for finance.
- 5.02. The Recipient's Address is:

Ministry of Finance, Economic Planning and Development
P.O. Box 30049
Capital City
Lilongwe 3
Malawi

Cable address:

FINANCE
Lilongwe

Facsimile:

265-1-789173

5.03. The Association's Address is:

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

Telex:

248423 (MCI)

Facsimile:

1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF MALAWI

By

Joseph M. Mwanamvekha

Authorized Representative

Name: Joseph Mwanamvekha, M.P.

Title: Minister of Finance, Economic Planning and Development

22-May-2020

Date: _____

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Greg Toulmin

Authorized Representative

Name: Greg Toulmin

Title: Country Manager

18-May-2020

Date: _____

SCHEDULE 1

Project Description

The objective of the Project is to support the recovery of livelihoods and infrastructure in flood and drought affected areas and strengthen capacity for flood and drought risk management.

The Project consists of the Original Project and the following additional paragraphs in Parts 1, 2 and 4:

Part 1: Improving Food Security and Sustainable Livelihoods

Carrying out the following program of activities:

(e) Implementing a program of activities designed to strengthen the resilience of rural agricultural communities through rehabilitation and construction of irrigation schemes, enhancement of agricultural production and catchment rehabilitation through, *inter alia*: (i) supporting increased crop production and productivity under irrigation schemes through increased extension and training services; (ii) rehabilitation and construction of resilient irrigation schemes; (iii) building capacity of water user associations and management structures on sustainable utilization, management and supervision of the constructed irrigation schemes; and (iv) catchment management interventions.

Part 2: Enhancing Flood and Drought Risk Management (renamed)

Implementing the following program of activities:

(d) Supporting rehabilitation and augmentation of critical water supply infrastructure to communities vulnerable to drought in priority regions through, *inter alia*: (i) rehabilitation of gravity-fed rural water supply systems, including drilling of high-yield boreholes equipped with pumping systems connected to water supply intakes, as well as transmission and network rehabilitation; (ii) construction of new and rehabilitation of existing boreholes so as to augment water supply in rural areas; (iii) carrying out of feasibility studies, preparation of engineering designs and supporting supervision of said works; (iv) provision of support for the establishment of water supply management structures for managing the rural water supply systems; and (v) management of the catchment areas for gravity-fed water supply systems.

(e) Enhance decision making for management of flood and drought risk in the Shire River Basin at the national, district and city levels through, *inter alia*: (i) updating the integrated flood risk management plan for the Shire Basin; (ii) investments contributing to improved decision making for the operation of the Kamuzu Barrage, which regulates water flow in the Shire river; (iii) development of flood management and investment master plans for Blantyre city to support long-term urban planning and infrastructure investment

decision-making; and (iv) modernizing the early warning and forecasting capacity of the Department of Climate change and Meteorological Services.

(f) Enhance the capacity for disaster risk management and delivery of coordinated disaster risk management services at the national, district and city levels through, *inter alia*: (i) construction and equipping of the National Emergency Operations Centre and other critical infrastructure; (ii) development of District disaster risk management plans and contingency plans; and (iii) carrying out of risk assessments and production of hazard maps; and (iv) adoption of strategic assessment tools and investment plans.

(g) Reduce the risk of communities exposed to flooding and enhance the resilience of communities to drought through strategic infrastructure investments including, *inter alia*: (i) construction of flood defense and control structures, such as dykes, check dams, and drainage structures; (ii) nature-based solutions that will enhance natural habitat and increase biodiversity in addition to controlling siltation and run-off; (iii) water harvesting structures such as excavated tanks and small dams constructed for multipurpose use including irrigation and/or water supply; and (iv) strengthening community management, restoration and conservation with priority given to hotspot micro-catchments upstream of the infrastructure.

Part 4. Project Management

(e) Strengthening the capacity of the Program Management Unit for implementation and supervision of Project activities.

SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall: (a) continue, through the Effective Date, to implement Parts 1(a) through 1(d), 2(a) through 2(c), 3 and 4(a) through 4(d) of the Project through the Ministry of Finance and Economic Planning and Development (“MoFEPD”); and (b) from the Effective Date, implement the Project through the Ministry of Irrigation and Water Development (“MoIWD”).

2. Project Steering Committee

The Recipient shall maintain throughout Project implementation, the Project Steering Committee with a composition, mandate and other resources satisfactory to the Association. The Project Steering Committee shall be responsible for providing overall coordination, as well as policy and strategic guidance on the Project, all in accordance with the provisions of the Project Implementation Manual.

3. Project Technical Committee

The Recipient shall maintain throughout Project implementation, the Project Technical Committee with a composition, mandate and other resources satisfactory to the Association. The Project Technical Committee shall be co-chaired by the Department of Water Resources and the Ministry of Disaster Management Affairs and Public Events and responsible for, *inter alia*: (a) providing technical guidance at both strategic and operational levels and resolving technical issues that are brought to its attention; and (b) ensuring the implementation of the inter-ministerial and inter-departmental coordination modalities, and for managing the respective roles and responsibilities set out for implementing ministries, departments and agencies, all in accordance with the provisions of the Project Implementation Manual.

4. Program Management Unit (“PMU”)

- (a) The Recipient shall for purposes of implementation of the Project maintain throughout Project implementation, the PMU with terms of reference, staffing and other resources satisfactory to the Association, including the Technical Team and a minimum core set of staff consisting of:

- (i) a Program Coordinator, a Project Management Specialist, a Procurement Specialist, a Financial Management Specialist, an Environmental Safeguards Specialist, a Social Safeguards Specialist, and a Monitoring and Evaluation Specialist; and
- (ii) an additional Procurement Specialist, Environmental Specialist, Social Specialist, and Monitoring and Evaluation Specialist, all to be hired within two (2) months from the Effective Date,

which PMU is responsible for overall coordination of the implementation of the Project and its related day-to-day administration, financial management, procurement, monitoring and evaluation, and reporting of activities.

- (b) Without limitation upon the foregoing, the PMU shall be responsible for overall coordination of the implementation of the Project and related day-to-day administration, financial management, procurement, monitoring and evaluation, and reporting of activities.

B. Implementation Arrangements

1. Project Implementation Manual (“PIM”)

- (a) The Recipient shall update the Project Implementation Manual in accordance with terms of reference acceptable to the Association, furnish the updated PIM to the Association for approval; and upon the Association’s approval, the Recipient shall: (i) implement the Project in accordance with the updated PIM; and (ii) except as the Association shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the updated PIM.
- (b) In case of a conflict between the provisions of the updated PIM and this Agreement, the provisions of this Agreement shall prevail.

2. Annual Work Plan and Budget

- (a) Not later than March 31 in each calendar year (or one month after the Effective Date for the first year of Project implementation), the Recipient shall prepare or cause to be prepared for the purpose of forwarding to the Association: (i) a draft annual work plan and budget for the Project (including Training and Operating Costs) for the subsequent calendar year of Project implementation, of such scope and detail as the Association shall have reasonably requested; as well as; (ii) any Safeguard Instruments which are required for the implementation of the activities included in the draft annual work plan and budget.

- (b) The Recipient shall afford the Association a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out (or cause to be carried out) such annual work plan and budget during such subsequent calendar year as shall have been approved by the Association (“Annual Work Plan and Budget”). Only those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.
- (c) Any training proposed to be included in an Annual Work Plan and Budget, shall include, *inter alia*: (i) particulars of the training envisaged; (ii) the criteria for selection of the personnel to be trained, and such personnel if known; (iii) the selection method of the institution or individuals conducting such training; (iv) the institution conducting such training if identified; (v) the purpose and justification for such training; (vi) the location and duration of the proposed training; and (vii) the estimate of the cost of such training.
- (d) Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association’s prior written approval.

C. Safeguards

Safeguard Instruments

- 1. The Recipient shall ensure that:
 - (a) The Project is carried out with due regard to appropriate health, safety, social, and environmental practices and standards, and in accordance with the Safeguards Instruments.
 - (b) For each activity under the Project for which the ESMF, and the RPF provide for the preparation of an ESIA, ESMP, IPMP and/or a RAP:
 - (i) proceed to have such ESIA, ESMP, IPMP and RAP as appropriate: (A) prepared and disclosed in accordance with the ESMF and the RPF, respectively; (B) consulted upon adequately with people affected by the Project as per the ESMF and the RPF, respectively, and submitted to the Association for review and approval; and (C) thereafter adopted, prior to implementation of the activity; and
 - (ii) take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESIA, and/or ESMP and RAP in a manner satisfactory to the Association.

- (c) All measures are taken to implement the RAPs in a manner and timeframe satisfactory to the Association. To this end, the Recipient shall ensure that:
 - (i) funds are made available to cover all the costs of implementing the RAPs;
 - (ii) prior to carrying out activities which involve displacement, Affected Persons shall be compensated at full replacement cost, resettled and provided with assistance in accordance with the RAPs, as applicable; and
 - (iii) the implementation, monitoring and evaluation of such Subproject RAPs is completed and reported in a manner satisfactory to the Association.
- 2. Except as the Association shall otherwise agree in writing, the Recipient shall ensure that none of the provisions of the Safeguard Instruments be abrogated, amended, repealed, suspended or waived. In case of any inconsistencies between the provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 3. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of the Safeguard Instruments; (b) adopt and implement measures to assess and manage the risks and impacts of labor influx; (c) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures on environmental, social, health and safety, and gender-based violence; all as applicable to such civil works commissioned or carried out pursuant to said contracts.
- 4. Without limitation to any excluded expenditures or excluded activities provision set forth in the ESMF and/or RPF, the following activities shall not be eligible to be included in or funded under the Project:
 - (a) any activity that would lead to conversion or degradation of critical natural habitats or their supporting areas;
 - (b) any activity that would lead to conversion or degradation of critical forest areas, related critical natural habitats, clearing of forests or forest ecosystems;
 - (c) any activity involving nuclear reactors and parts thereof and fuel elements (cartridges), non-irradiated, for nuclear reactors; and,
 - (d) any goods intended for a military or paramilitary purpose.

Technical Assistance

5. The Recipient shall ensure that: (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association; and (b) such terms of reference shall require the technical assistance, design and capacity building activities to take into account the requirements of the applicable Bank Safeguards Policies and EHS Guidelines.

Monitoring and Reporting

6. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall:
 - (a) take all measures necessary on its part 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 Safeguards Instruments, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the Safeguards Instruments; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the Safeguards Instruments; and (iii) corrective and preventive measures taken or required to be taken to address such conditions;
 - (b) promptly furnish to the Association a copy of each monthly progress report prepared and submitted by any entity (including any engineer) supervising the Project's civil works, the Project's contractors and/or subcontractors; and
 - (c) promptly notify the Association of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers.

Grievance Mechanism

7. The Recipient shall maintain, throughout Project implementation, and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Credit Allocated (expressed in SDR)	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive)
Goods, works, non-consulting services, consulting services, Training and Operating Costs for Parts 1(e), and 2(d) through 2(g), and 4(e) of the Project	43,600,000	14,600,000	100%
TOTAL AMOUNT	43,600,000	14,600,000	

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 January 31, 2024.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 1 and August 1, commencing August 1, 2026 to and including February 1, 2058	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

Section I. Definitions

1. “Affected Person” means a person or entity who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and, “Affected Persons”, means more than one such Affected Person.
2. “Annual Work Plan and Budget” means the program of activities agreed each fiscal year between the Recipient and the Association for implementation under the Project in accordance with the provisions of Section I.B.2 of Schedule 2 to this Agreement during the following calendar year, as the same may be revised from time to time in accordance with said Section.
3. “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.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “District” means an administrative area within the Recipient’s territory established and operating pursuant to the Regional and District Boundaries and Place Names Act (Cap 18:04), of the laws of the Recipient, and “Districts” means, collectively, two or more such administrative areas.
6. “EHS Guidelines” means the World Bank Group Environmental, Health and Safety Guidelines published on www.ifc.org/ehsguidelines, as said guidelines are updated from time to time.
7. “Environmental and Social Impact Assessment” or “ESIA” means, with respect to each activity under the Project pursuant to which the ESMF requires an environmental and social impact assessment, such assessment, carried out in accordance with the provisions of Section I.C.1.(b) of Schedule 2 to this Agreement.
8. “Environmental and Social Management Framework” or “ESMF” means the framework prepared and adopted by the Recipient, satisfactory to the Association, disclosed in-country on January 27, 2020, and the Association’s website on January 28, 2020, setting out the principles, rules, guidelines and procedures to

screen and assess the potential adverse environmental and social risks and impacts (including health and safety issues, dam safety, and physical cultural resource impact) of Project activities, including the risks of gender-based violence and sexual exploitation and abuse, adopt measures to avoid, reduce, mitigate or offset environmental and social adverse risks and impacts, including measures that endeavor to prevent and respond to gender-based violence and sexual exploitation and abuse, procedural, budget and institutional arrangements and actions needed to implement these measures, and information on the agency or agencies responsible for addressing the Projects' risks and impacts; as well as for the preparation of environmental and social management plans, pest management plans, labor management plans and such other plans provided for in said framework, as such framework may be amended by the Recipient from time to time, with the prior written agreement of the Association.

9. "Environmental and Social Management Plan" or "ESMP" each means a plan to be prepared and adopted by the Recipient pursuant to the ESMF, providing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental and social impacts under the Project, 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.
10. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Investment Project Financing", dated December 14, 2018.
11. "Integrated Pest Management Plan" or "IPMP" means the plan prepared by the Recipient, satisfactory to the Association, and disclosed on the Association's website on January 28, 2020, as said instrument may be updated from time to time with the prior written agreement of the Association.
12. "Malawi Food Balance Sheet" and "MFBS" means the comprehensive picture of the pattern of food supply in the Recipient's territory during a specified period.
13. "MDAs" means the Recipient's Ministries, Departments and Agencies.
14. "MoFEPD" means the Recipient's Ministry of Finance, Economic Planning and Development responsible for finance, and any successor thereto.
15. "MoIWD" means the Recipient's Ministry of Irrigation and Water Development responsible for matters relating to irrigation and water development, and any successor thereto.
16. "National Food Reserve Agency" or "NFRA" means the Recipient's agency responsible for the management of the Strategic Grain Reserve and established and

operating pursuant to a trust deed registered for that purpose, and any successor thereto.

17. “Operating Costs” means the incremental expenses incurred on account of Project implementation based on the Annual Work Plan and Budget, and consisting of, audit fees, expenditures for office supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, travel and *per diem*, and salaries of Project staff, but excluding the salaries of the Recipient’s civil servants, and , salary top ups.
18. “Original Financing Agreement” means the financing agreement for the Malawi Drought Recovery and Resilience Project between the Recipient and the Association, dated December 14, 2016, as amended to the date of this Agreement (Grant No. D1440-MW).
19. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.
20. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.
21. “Program Management Unit” or “PMU” means the unit established within MoIWD for purposes of implementing the Project and referred to in Section I.A.4 of Schedule 2 to this Agreement.
22. “Project Implementation Manual” or “PIM” means the manual approved by the Association under the Original Project and updated in accordance with Section I.B.1(a) of Schedule 2 to this Agreement, satisfactory to the Association, containing detailed guidelines and procedures for the implementation of the Project, including: administration and coordination mechanisms; monitoring and evaluation arrangements; financial management, procurement and accounting procedures; social and environmental safeguards management; corruption and fraud mitigation measures; roles and responsibilities of various MDAs in the implementation of Project; detailed guidelines and selection criteria for the implementation of each of the Project activities, and such other arrangements and procedures, as shall be required for the effective implementation of the Project; as such manual may be amended from time to time with the approval of the Association.
23. “Project Steering Committee” or “PSC” means the Recipient’s committee established for purposes of the Project and referred to in Section I.A.2 of Schedule 2 to this Agreement.

24. “Project Technical Committee” means a subcommittee of the Project Steering Committee established for purposes of the Project and referred to in Section I.A.3 of Schedule 2 to this Agreement.
25. “Resettlement Action Plan” or “RAP” means a plan in form and substance satisfactory to the Association, to be prepared by the Recipient for the Project pursuant to the RPF as the said plan may be amended and/or supplemented from time to time with the prior written concurrence of the Association.
26. “Resettlement Policy Framework” or “RPF” means the framework prepared and adopted by the Recipient, satisfactory to the Association, and disclosed on the Association’s website on January 28, 2020, which sets out the resettlement principles, guidelines, organizational arrangements (including consultation and budget), and design criteria for the preparation of RAPs under the Project, as such framework may be amended from time to time with the prior written agreement of the Association.
27. “Safeguard Instrument” means the ESMF, ESIA, ESMP, IPMP, RPF, RAP and such other plans prepared pursuant to the EMSF; and “Safeguard Instruments” means, collectively, two or more such documents.
28. “Safeguard Policies” means, the Operational Policies (Ops) and Bank Procedures (BPs) of the Association, namely OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.09 (Pest Management), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.36 (Forests), and OP/BP 4.37 (Safety of Dams); they can be found at <https://policies.worldbank.org>.
29. “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.
30. “Technical Team” means a team composed of government technical staff from Project relevant ministries and departments assigned to support Project preparation and implementation.
31. “Training” means the costs associated with training provided under the Project based on the Annual Work Plan and Budget, and consisting of reasonable expenditures (other than expenditures for consultants’ services) for: (a) travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.

Section II. Amendments to the Original Financing Agreement

The Original Financing Agreement is amended as follows:

1. The objective and Project description of the Project in Schedule 1 is amended and restated to read as follows:

“The objective of the Project is to support the recovery of livelihoods and infrastructure in flood and drought affected areas and strengthen capacity for flood and drought risk management.

The Project consists of the following parts:

Part 1: Improving Food Security and Sustainable Livelihoods

Carrying out the following program of activities:

- (a) Supporting: (i) procurement and distribution of maize by the World Food Programme; and (ii) procurement of maize by the National Food Reserve Agency, all designed to meet the critical food needs of drought affected populations.
- (b) Scaling up provision of Redeemed Farm Inputs Vouchers to Beneficiaries participating in rehabilitation of labor intensive community infrastructure (“Public Works Subprojects”) in select Districts.
- (c) Implementing a program of activities designed to promote cultivation of drought resistant crops and enhance livestock production, in particular: (i) production and distribution of drought tolerant seeds (such as millet and sorghum) to select community farmer groups (“CFGs”) and provision of associated training to said CFGs; and (ii) procurement and distribution of small livestock (such as goats) to communities in select Districts and vaccination of livestock against major diseases.
- (d) Implementing a program of activities designed to support the restoration and improvement of critical irrigation schemes so as to increase agricultural production and efficient water use, in particular: (i) restoration of irrigable land in selected Districts so as to increase efficiencies in water diversion, conveyance and application; (ii) installation of small scale solar powered irrigation drip kits and accessories in selected Districts; (iii) installation of medium scale solar pumps in selected Districts; (iv) procurement and distribution of treadle pumps in selected Districts; (v) carrying out of feasibility studies, preparing engineering designs and supporting supervision of said works; and (vi) strengthening the capacity of farmers for sustainable utilization and management of irrigation schemes and associated infrastructure in drought affected Districts.

(e) Implementing a program of activities designed to strengthen the resilience of rural agricultural communities through rehabilitation and construction of irrigation schemes, enhancement of agricultural production and catchment rehabilitation through, *inter alia*: (i) supporting increased crop production and productivity under irrigation schemes through increased extension and training services; (ii) rehabilitation and construction of resilient irrigation schemes; (iii) building capacity of Water User Associations (WUAs) and management structures on sustainable utilization, management and supervision of the constructed irrigation schemes; and (iv) catchment management interventions.

Part 2: Enhancing Drought Resilience and Preparedness

Implementing the following program of activities:

(a) Supporting rehabilitation and augmentation of critical water supply infrastructure with a view to restoring water and sanitation services to drought affected Districts in priority regions, in particular: (i) construction of improved surface water intake structures for existing rural piped water supply schemes; (ii) construction of new transmission pipelines to drought affected areas; (iii) rehabilitation of existing boreholes so as to augment water supply in rural areas; (iv) construction of emergency high-yielding boreholes so as to augment water supply to urban areas; (v) carrying out of feasibility studies, preparation of engineering designs and supporting supervision of said works; (vi) undertaking drought contingency planning for priority Water Boards; and (vii) strengthening community management structures (such as water user associations) for rural water supply through, *inter alia*, provision of refresher training as well as formation of new water user associations.

(b) Strengthening water resource and catchment management, through: (i) rehabilitation of priority small earth dams and associated catchments; (ii) construction of water harvesting structures/excavated tanks so as to augment water availability in drought affected areas; (iii) rehabilitation of water resource catchments and protection of selected hotspot areas; and (iv) carrying out of feasibility studies, preparation of engineering designs and supporting supervision of said works.

(c) Provision of technical advisory services for, *inter alia*:

(i) Strengthening mechanisms for operationalizing early drought warning systems and tools through, *inter alia*: (A) improving surveillance of climactic factors affecting food supplies; (B) enhancing capacities for food security data generation, collection and analysis as well as interpretation and dissemination of said data; (C) expanding the scope of early warning alerts; (D) improving data collection for the Malawi Food Balance Sheet (“MFBS”), including thorough analysis of new

commodities for inclusion in said MFBS; and (E) monitoring of market price and supply information at the domestic and international level.

(ii) Strengthening the institutional and policy frameworks for early response to disasters and developing a coordinated contingency plan with a view to identifying a sequence of early actions and responses to unfolding drought.

(iii) Undertaking a feasibility study on the establishment of a disaster contingency fund.

(iv) Preparation of drought contingency plans for all Water Boards.

(v) Scaling up civil protection communities in drought affected Districts through: (A) establishing and operationalizing district and community disaster risk management structures in select Districts impacted by drought; (B) carrying out a multi-hazard risk assessment (including drought); (C) developing contingency plans and mainstreaming disaster risk management in development plans of said select Districts; and (D) strengthening the capacity of national and District level stakeholders in drought risk assessment and management.

(d) Supporting rehabilitation and augmentation of critical water supply infrastructure to communities vulnerable to drought in priority regions through, *inter alia*: (i) rehabilitation of gravity-fed rural water supply systems, including drilling of high-yield boreholes equipped with pumping systems connected to water supply intakes, as well as transmission and network rehabilitation; (ii) construction of new and rehabilitation of existing boreholes so as to augment water supply in rural areas; (iii) carrying out of feasibility studies, preparation of engineering designs and supporting supervision of said works; (iv) provision of support for the establishment of water supply management structures for managing the rural water supply systems; and (v) management of the catchment areas for gravity-fed water supply systems.

(e) Enhance decision making for management of flood and drought risk in the Shire River Basin at the national, district and city levels through, *inter alia*: (i) updating the integrated flood risk management plan for the Shire Basin; (ii) investments contributing to improved decision making for the operation of the Kamuzu Barrage, which regulates water flow in the Shire river; (iii) development of flood management and investment master plans for Blantyre city to support long-term urban planning and infrastructure investment decision-making; and (iv) modernizing the early warning and forecasting capacity of the Department of Climate change and Meteorological Services.

(f) Enhance the capacity for disaster risk management and delivery of coordinated disaster risk management services at the national, district and city levels through, *inter alia*: (i) construction and equipping of the National Emergency Operations Centre and other critical infrastructure; (ii) development of District disaster risk management plans and contingency plans; and (iii) carrying out of risk assessments and production of hazard maps; and (iv) adoption of strategic assessment tools and investment plans.

(g) Reduce the risk of communities exposed to flooding and enhance the resilience of communities to drought through strategic infrastructure investments including, *inter alia*: (i) construction of flood defense and control structures, such as dykes, check dams, and drainage structures; (ii) nature-based solutions that will enhance natural habitat and increase biodiversity in addition to controlling siltation and run-off; (iii) water harvesting structures such as excavated tanks and small dams constructed for multipurpose use including irrigation and/or water supply; and (iv) strengthening community management, restoration and conservation with priority given to hotspot micro-catchments upstream of the infrastructure.

Part 3. Contingent Emergency Response Component

Implementing a program of activities designed to provide rapid response to an Eligible Crisis or Emergency, as appropriate.

Part 4. Project Management

(a) Strengthening the capacities of the Project Implementation Unit and priority units in relevant ministries, departments and agencies, for implementation and supervision of Project activities.

(b) Preparation of technical designs for the construction and rehabilitation of various infrastructure under the Project.

(c) Supporting supervision, quality control and contract management of works under the Project.

(d) Carrying out of audits, studies and other assessments under the Project.

(e) Strengthening the capacity of the Program Management Unit for implementation and supervision of Project activities.”

2. The proceeds of the Credit in the table in Section IV.A.2 of Schedule 2 are hereby reallocated and said table reflecting the reallocation is as follows:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods under Part 1(a)(i) of the Project	16,630,000	100%
(2) WFP Management Fees under Part 1(a)(i) of the Project	13,820,000	100%
(3) Goods under Part 1(a)(ii) of the Project	5,380,000	100%
(4) Redeemed Farm Inputs Vouchers under Part 1(b) of the Project	10,750,000	100%
(5) Goods, works, non-consulting services, consulting services, Training and Operating Costs for Parts 1(c), 1(d), 2 and 4 of the Project	20,691,685	100%
(6) Emergency Expenditures under Part 3 of the Project	7,328,315	100%
TOTAL AMOUNT	74,600,000	

3. The revised Closing Date in Section IV.B.2 is January 31, 2024.