



**GRANT NUMBER D887-MW**

# **Financing Agreement**

**(Additional Financing for the COVID-19 Emergency Response and Health Systems Preparedness Project)**

**between**

**REPUBLIC OF MALAWI**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**



**GRANT NUMBER D887-MW**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between the REPUBLIC OF MALAWI (variously “Malawi” or the “Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for the Original Project (as 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, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to twenty million eight hundred thousand Special Drawing Rights (SDR 20,800,000) (“Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section II 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 Payment Dates are June 15 and December 15 in each year.
- 2.05. The Payment Currency is Dollar.

**ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project and the MPA Program. 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 are the following:
- (a) the Recipient has appointed to the Project Implementation Unit, an interim environmental and social specialist with terms of reference, experience and qualifications acceptable to the Association;
  - (b) the Recipient has updated the Project Implementation Manual to incorporate the implementation arrangements required by the Additional Activities (as define in Schedule 1 to this Agreement), in a manner and substance satisfactory to the Association, pursuant to Section I.C.1 of Schedule 2 to this Agreement;
  - (c) the Recipient has adopted a Vaccine Delivery and Distribution Manual, in a manner and substance satisfactory to the Association, pursuant to Section I.D.1 of Schedule 2 to this Agreement; and
  - (d) the Recipient has updated, consulted, redisclosed and adopted the Environmental and Social Management Framework and the Stakeholder Engagement Plan, in a manner and substance satisfactory to the Association, pursuant to the provision of the Supplemental ESCP.
- 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. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

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

- (b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
265-1-789173	finance@finance.gov.mw

5.03. 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:	Facsimile:
248423 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

**REPUBLIC OF MALAWI**

**By**

*Honourable Felix Mlusu*

\_\_\_\_\_  
**Authorized Representative**  
Honourable Felix Mlusu

**Name:** \_\_\_\_\_

**Title:** Dr

**Date:** 02-Jul-2021

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

*William G. Battaile Jr*

\_\_\_\_\_  
**Authorized Representative**  
william G. Battaile Jr

**Name:** \_\_\_\_\_

**Title:** Acting Country Director AECE1

**Date:** 30-Jun-2021

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are to prevent, detect and respond to the threat posed by COVID-19 in Malawi and strengthen national systems for public health preparedness.

The Project constitutes a phase of the MPA Program, and consists of the Original Project and the following additional parts (the “Additional Activities”):

#### **Component 1: Emergency COVID-19 Response**

##### *1.1. Case Detection, Confirmation, Contact Tracing Recording, Reporting*

- (d) Optimization of RT-PCR platforms including service contracts and calibration to accommodate multiples COVID-19 tests; and procurement of reagents for RT-PCR tests; procurement of genomic sequencing equipment and reagents.

##### *1.2. Health System Strengthening*

- (c) Procurement and installation of pressure swing absorption plants (“PSA”) and oxygen supply system at a Central Hospital, and supply of oxygen cylinders to neighboring district hospitals; procurement of oxygen therapy equipment using climate smart technologies; and operation and maintenance of PSA plants.
- (d) Development of training materials, including training toolkits for biomedical technicians/engineers on management of PSA plants and oxygen production, and for health workers on proper provision of oxygen therapy.

##### *1.3. Vaccine Procurement and Deployment:*

- (a) Purchasing Project COVID-19 Vaccines whether directly from manufacturers, and/or from excess stock from other countries; and/or through COVAX Facility, AVATT, or other multilateral aggregation mechanisms, provided they comply with Associations’ eligibility and financing requirements.
- (b) Strengthening Malawi’s institutional frameworks for deployment of Project COVID-19 Vaccines, including development of: (i) guidelines for intra-country vaccination allocations; (ii) the Vaccine Delivery and Distribution Manual, including guidelines preempting forced vaccination and ensuring that mandatory vaccination programs are well designed,

including consent seeking and due process guarantees for those who choose to opt out; (iii) standards and protocols surrounding cold chain, supplies, storage, logistics and training; and (iv) accountability, grievance redressal and citizen and community engagement mechanisms.

- (c) Supporting the deployment of Project COVID-19 Vaccines through:
  - (i) coordinating and implementing all logistics arrangements, including strengthening of Malawi's vaccine-related infrastructure, immunization systems, and service delivery capacity, *inter alia*, cold chain facilities, vehicles and logistics infrastructure, assessment of vaccine management capacity and training of delivery workers;
  - (ii) rolling out e-vaccination platforms and open logistic management information system that are interoperable with the health management information system (HMIS);
  - (iii) monitoring and investigating adverse events following immunization;
  - and (iv) enhancing waste management capacity through, *inter alia*, the operation and maintenance of existing incinerators, the training of health care workers on waste management practices, and the development/finalization of waste management guidelines and policies.
  
- (d) Addressing gender gap through enhanced communication campaigns, training and monitoring and evaluation of sex-disaggregated data, including: (i) reviewing of training materials to identify the extent to which GBV is addressed; and (ii) integrating GBV sensitization training tools for health care workers.

### **Component 3: Implementation Management and Monitoring and Evaluation**

Strengthening monitoring and reporting of adverse occurrences in relation to the COVID-19 vaccination campaign, implementing the Supplemental ESCP, and strengthening Project coordination and supervision by adopting geo-enabling monitoring and supervisions systems and carrying out an independent assessment of Malawi's COVID-19 response.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements.**

1. The Recipient shall implement the Project in accordance with the provisions in Sections I and II of Schedule 2 to the Original Financing Agreement, which sections are incorporated hereto by reference. To this end, any reference to the “Project” and the “ESCP” or “Environmental and Social Commitment Plan” in such provisions shall be deemed to refer to the Original Project and the Additional Activities provided for in Schedule 1 to this Agreement (i.e. the “Project” as defined in Schedule 1 to this Agreement), and the ESCP for the Original Project as supplemented by the Supplemental ESCP (as defined in the Appendix to this Agreement).
2. Without limitation to the provisions of paragraph 1 above, the Recipient shall:
  - (a) within one (1) month after the Effective Date, strengthen the Project implementation structure and monitoring systems through the appointment of subject-matter experts (or technical advisors), in numbers and with qualification acceptable to the Association, from the Ministry of Health’s Expanded Program for Immunization, its Clinical Directorate, Planning and Policy Development Directorate and Health Technical Support Services Directorate; and
  - (b) within (3) months after the Effective Date, appoint on a permanent basis as member of the Project Implementation Unit, and thereafter maintain throughout the period of Project implementation, a dedicated environmental and social specialist with qualification and experience, and under terms of reference satisfactory to the Association.

##### **B. Standards for COVID-19 Vaccine Approval**

All Project COVID-19 Vaccines to be procured under the Project shall satisfy the Vaccine Approval Criteria.

##### **C. Project Implementation Manual**

1. Notwithstanding the provisions of Section I.A above and Section I.B.2 of the Original Financing Agreement, the Recipient shall update the Project Implementation Manual to incorporate the Additional Activities and their required implementation arrangements, in a manner and substance acceptable to the



Association, and thereafter implement the Project, pursuant to the said updated manual.

2. Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Project Implementation Manual (other than the update required in paragraph 1 above), without the prior written concurrence of the Association.
3. In case of any conflict between the provision of the updated Project Implementation Manual, on the one side, and the provisions of this Agreement or those of the Original Financing Agreement, on the other side, the provision of the latter shall prevail.

**D. Vaccine Delivery and Distribution Manual**

1. Without limitation on Section I.A and I.B above, in order to ensure adequate implementation of Component 1.3 of the Project, the Recipient shall prepare and adopt, a manual for Project COVID-19 Vaccine delivery and distribution (“Vaccine Delivery and Distribution Manual”), in form and substance satisfactory to the Association, which shall include:
  - (a) rules and procedures for prioritizing intra-country vaccine allocation following principles established in the WHO Fair Allocation Framework, including an action plan setting out the timeline and steps for implementing such rules;
  - (b) rules and procedures establishing minimum standards for vaccine management and monitoring, including medical and technical criteria, communications and outreach plan, cold chain infrastructure, and other related logistics infrastructure;
  - (c) rules and procedures for processing and collection of Personal Data in accordance with good international practice; and
  - (d) vaccine distribution plan, including action plan setting out timeline and steps for immunization.
2. Without limitation on Section I.A above, the Recipient shall carry out the Project in accordance with this Agreement and the Vaccine Delivery and Distribution Manual. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the provisions of the Vaccine Delivery and Distribution Manual without prior written concurrence of the Association.
3. In the event of any conflict between the provisions of the Vaccine Delivery and Distribution Manual, on the one side, and this Agreement or those of the Original Financing Agreement, on the other side, the provisions of the latter shall prevail.

**Section II. 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:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training for the Project (except under Component 1.3)	2,772,000	100%
(2) Goods, non-consulting services, consulting services and Training for Component 1.3 of the Project	18,028,000	100%
<b>TOTAL AMOUNT</b>	20,800,000	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed two million seventy nine thousand Special Drawing Rights (SDR 2,079,000) may be made for payments made prior to this date but on or after March 1, 2021, for Eligible Expenditures under Category (2); and

- (b) under Category (2), until and unless the COVID-19 Infection Control and Waste Management Plan has been compiled and adopted for the Project, including waste management protocols applicable to the COVID-19 vaccination program in a manner and substance satisfactory to the Association.

2. The Closing Date is December 31, 2023.

## **APPENDIX**

### **Definitions**

1. “Additional Activities” means the Project activities described in Schedule 1 to this Agreement.
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. “AU” means the African Union.
4. “AVATT” meant the African vaccine acquisition task team established by the African Union chairperson, as part of the AU’s vaccine strategy, and endorsed by the AU Bureau of Heads of State and Government on August 20, 2020.
5. “Category” means a category set forth in the table in Section II.A of Schedule 2 to this Agreement.
6. “Central Hospital” means a referral hospital for tertiary health services.
7. “COVAX Facility” means the global risk-sharing mechanism for pooled procurement and equitable distribution of COVID-19 vaccines lead by Gavi.
8. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
9. “COVID-19 Infection Control and Waste Management Plan” means Recipient’s health care waste management plan to be prepared for the Project pursuant to the Supplemental ESCP, incorporating measures/assessments required under the ESSs to address the environmental and social risks posed by the Additional Activities, as the same may be further amended from time to time, always with the prior written concurrence of the Association.
10. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Original Project, dated April 9, 2020, as the same may be (have been) amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

11. “Environmental and Social Management Framework” means the Recipient’s environmental and social management framework prepared under the Original Project, dated July 2020, and disclosed by the Association on August 17, 2020, as updated as condition precedent for the effectiveness of this Agreement to incorporate measures/assessments required under the ESSs, and good international industry practices (including relevant WHO guidelines) in respect to COVID-19 related supplies, as required in the ESCP, to address the environmental and social risks posed and/or opportunities provided by the Additional Activities.
12. “Environmental and Social Standards” or “ESSs” means, collectively:
  - (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”;
  - (ii) “Environmental and Social Standard 2: Labor and Working Conditions”;
  - (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”;
  - (iv) “Environmental and Social Standard 4: Community Health and Safety”;
  - (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”;
  - (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”;
  - (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”;
  - (viii) “Environmental and Social Standard 8: Cultural Heritage”;
  - (ix) “Environmental and Social Standard 9: Financial Intermediaries”;
  - (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”;effective on October 1, 2018, as published by the Association.
13. “Expanded Program on Immunization” means Malawi’s immunization program under the Directorate of Preventive Health Services of the Ministry of Health, covering all maternal and childhood immunization, aimed at reducing morbidity and mortality caused by preventable diseases.
14. “Gavi” means The Gavi Alliance, the global alliance for vaccine immunization, established and operating as a Swiss Foundation with international institution status in Helvetic Confederation, and public charity status in the United States.
15. “GBV” means gender-based violence.
16. “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).
17. “Identifiable Individual” means and individual who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of data with other available information. Attributes that can be used to identify an Identifiable Individual include, but are

not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural, or social identity of an individual.

18. “Ministry of Health” means the Recipient’s ministry responsible for the provision of health services in the country, or any successor thereto acceptable to the Association.
19. “MPA Program” means the “COVID-19 Strategic Preparedness and Response Program (Global COVID-19 MPA)” multiphase programmatic approach program designed to assist countries in their efforts to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.
20. “Operating Costs” means the reasonable incremental expenses incurred by the Recipient on account of Project implementation, including costs related to audits, office supplies, office equipment maintenance and operation, vehicle operation and maintenance, shipping costs, office rentals, communication and insurance costs, office administration costs, bank charges, utilities, transport costs, travel, *per diem* and supervision costs, and salaries of contracted personnel, including reasonable hazard/indemnity pay, but excluding salaries of officials of the Recipient’s civil service.
21. “Original Financing Agreement” means the financing agreement for the ‘Covid-19 Emergency Response and Health System Preparedness Project’ between the Recipient and the Association, dated April 17, 2020 (Grant No. D620-MW).
22. “Original Project” means the project described in Schedule 1 to the Original Financing Agreement.
23. “Personal Data” means any information relating to an identified individual or an Identifiable Individual.
24. “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.
25. “Project COVID-19 Vaccine” means a vaccine for the prevention of COVID-19, authorized by the Recipient’s national regulatory authority for distribution, marketing and administration within the territory of the Recipient, and purchased or deployed under the Project; “Project COVID-19 Vaccines” means the plural thereof.
26. “Project Implementation Manual” means the manual prepared and adopted by the Recipient for purposes of implementing the Original Project, pursuant to Section

I.B.2 of Schedule 2 to the Original Financing Agreement, which shall be updated pursuant to Section I.C of Schedule 2 to this Agreement, as the same may be further amended, from time to time, always with the prior written concurrence of the Association.

27. “Project Implementation Unit” means the unit referred to in Section I.A.5 of Schedule 2 to the Original Financing Agreement.
28. “PSA” means pressure swing absorption plants.
29. “Regions” means the regional areas of the North America, South America, Europe, Asia, Asia Pacific, and Africa.
30. “Supplemental ESCP” means the supplemental environmental and social commitment plan for the Project, dated June 10, 2021, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
31. “RT-PCR” means real time polymerase chain reaction.
32. “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.
33. “Stakeholder Engagement Plan” means the Recipient’s stakeholder engagement plan, dated July 2020, and prepared under the Original Project, which shall be updated as condition precedent for the effectiveness of this Agreement pursuant to the Supplemental ESCP to reflect the communication and consultation requirement posed by the Additional Activities, as the same may be further amended from time to time, always with the prior written concurrence of the Association.
34. “Stringent Regulatory Authority” means a national regulatory authority that has been classified by WHO as a stringent regulatory authority.
35. “Training” means the reasonable costs associated with training under the Project, based on the Work Plan and Budget, and attributable to study tours, training courses, seminars, workshops and other training activities, not included under service providers’ contracts, including costs of training materials, space and equipment rental, travel, accommodation and *per diem* costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.

36. “Vaccine Approval Criteria” means the requirement that Project COVID-19 Vaccine: (a) has received regular or emergency licensure or authorization from at least one (1) of the Stringent Regulatory Authority identified by WHO for vaccines procured and/or supplied under the COVAX Facility, as may be amended from time to time by WHO; or (b) has received WHO Prequalification (PQ) or WHO Emergency Use Listing (EUL); or (c) has met such other criteria as may be agreed in writing between the Recipient and the Association.
37. “Vaccine Delivery and Distribution Manual” means the manual to be prepared and adopted by the Recipient for purposes of implementing Component 1.3 of the Project, pursuant to Section I.D.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written concurrence of the Association.
38. “WHO” means the World Health Organization., a specialized agency of the United Nations.
39. “WHO Fair Allocation Framework” means WHO’s allocation framework as elaborated in its working paper on “Fair allocation mechanism for COVID-19 vaccines through the COVAX Facility” dated September 9, 2020, for prioritizing: (a) frontline workers in health and social care settings; (b) the elderly; and (c) people who have underlying conditions that put them at a higher risk of death.
40. “WHO Prequalification” means a service provided by WHO to assess the quality, safety and efficacy of medical products for priority diseases, and which are intended for United Nations and international procurement to developing countries.
41. “Work Plan and Budget” means the planning and budgeting document to be prepared regularly by the Recipient pursuant to Section I.B.3 of Schedule 2 to the Original Financing Agreement.