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DOCUMENTS**

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**CREDIT NUMBER 5622-MW**

**Project Agreement**

**(Southern Africa Trade and Transport Facilitation (Phase 2) Project)**

**between**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**and**

**ROADS AUTHORITY**

**Dated November 25, 2015**

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**CREDIT NUMBER 5622-MW**

**PROJECT AGREEMENT**

AGREEMENT dated November 25, 2015, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and ROADS AUTHORITY (“Project Implementing Entity”) in connection with the Financing Agreement (“Financing Agreement”) of the same date between the REPUBLIC OF MALAWI (“Recipient”) and the Association. The Association and the Project Implementing Entity hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Financing Agreement or the General Conditions.

**ARTICLE II — PROJECT**

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

**ARTICLE III — TERMINATION**

- 3.01. For purposes of Section 8.05(c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.

**ARTICLE IV — REPRESENTATIVE; ADDRESSES**

- 4.01. The Project Implementing Entity’s Representative is its Chief Executive Officer.

4.02. The Association's Address is:

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

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

4.03. The Project Implementing Entity's Address is:

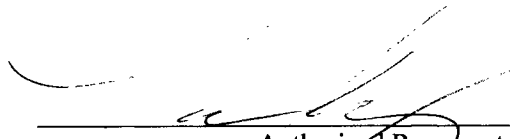
Roads Authority  
Functional Building  
Off Paul Kagame Road  
Private Bag B346  
Lilongwe 3  
Malawi

Facsimile:  
+265 175 0307

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

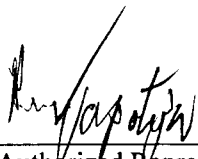
INTERNATIONAL DEVELOPMENT ASSOCIATION

By

  
\_\_\_\_\_  
Authorized Representative  
Name: Laura Kullenberg  
Title: Country Manager

ROADS AUTHORITY

By

  
\_\_\_\_\_  
Authorized Representative  
Name: Mr. Benjamin Kapteza  
Title: Acting Chief Executive Officer

## SCHEDULE

### Execution of the Project

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

##### 1. Project Implementation Team

- (a) The Project Implementing Entity shall establish and maintain at all times during the implementation of the Project, the Project Implementation Team, with a mandate, composition and resources satisfactory to the Association.
- (b) Without limitation on the foregoing, the Project Implementation Team shall be responsible for, *inter alia*: (i) Project implementation and management; (ii) monitoring, evaluation, and reporting for the Project; (iii) financial and procurement management; (iv) management of and compliance with environmental and social safeguards; and (v) preparing Annual Work Plans.

##### 2. Subsidiary Agreement

- (a) To facilitate the carrying out of the Project, the Project Implementing Entity shall enter into the Subsidiary Agreement with the Recipient and RFA, in accordance with the provisions of Section I.B of Schedule 2 to the Financing Agreement.
- (b) The Project Implementing Entity shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Project Implementing Entity, the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.
- (c) In case of any conflict between the provisions of the Subsidiary Agreement on the one hand, and the provisions of this Agreement or the Financing Agreement on the other, the provisions of this Agreement and the Financing Agreement shall prevail.

##### B. Project Implementation Plan

- 1. The Project Implementing Entity shall carry out the Project in accordance with the provisions of the Project Implementation Plan.

2. The Project Implementing Entity shall not 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 arrangements and procedures set out in any of said Project Implementation Plan and the provisions of this Agreement, the provisions of this Agreement shall prevail.

**C. Annual Work Plans**

1. The Project Implementing Entity shall, by no later than March 31 of each year, prepare and furnish to the Association, an annual program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.
2. The Project Implementing Entity shall 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.

**D. Anti-Corruption; GAAP**

1. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the GAAP.
2. The Project Implementing Entity shall not 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 arrangements and procedures set out in any of said GAAP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

**E. Safeguards**

1. The Project Implementing Entity shall carry out the Project in accordance with the Safeguard Instruments.
2. Without limitation on the foregoing, the Project Implementing Entity shall 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 Project Implementing Entity shall 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 Project Implementing Entity shall 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 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. The Project Implementing Entity shall not 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.
6. 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.
7. Without limitation on the foregoing:
  - (a) the Project Implementing Entity shall 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 the environment and social aspects; and
  - (b) to this end, the Project Implementing Entity shall, 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.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Project Reports**

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Recipient and the Bank not later forty-five (45) days after the end of the period covered by such report.
2. The Project Implementing Entity shall, not later than September 30, 2018, furnish to the Association for comments, a report prepared under terms of reference satisfactory to the Association, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph 1 above, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient



carrying out of the Project and the achievement of the objectives thereof during the period following such date.

3. The Project Implementing Entity shall, not later than December 31, 2018, undertake a mid-term review, in conjunction with the Recipient and the Association, of the report referred to in paragraph 2 above, during which the Recipient, the Project Implementing Entity and the Association shall exchange views on all matters relating to the progress of the Project, and the performance by the Recipient and the Project Implementing Entity of their obligations under this Agreement and the Financing Agreement, respectively.
4. Following the mid-term review referred to in paragraph 3 above, the Project Implementing Entity shall, act promptly and diligently in order to take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.
5. The Project Implementing Entity shall provide to the Recipient not later than two (2) months after the Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions, all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

**B. Financial Management, Financial Reports and Audits**

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.
2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one (1) Fiscal Year. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

**Section III. Procurement**

All goods, works and services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.