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**OFFICIAL
DOCUMENTS**

CREDIT NUMBER 5622-MW

Financing Agreement

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

between

REPUBLIC OF MALAWI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 25, 2015

CREDIT NUMBER 5622-MW

FINANCING AGREEMENT

AGREEMENT dated November 25, 2015, entered into between REPUBLIC OF MALAWI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to forty nine million one hundred thousand Special Drawing Rights (SDR 49,100,000) (variously, “Credit” and “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 IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are June 15 and December 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 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 in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
 - (a) A situation has arisen 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.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consists of the following:
 - (a) The Recipient has established the Steering Committee in accordance with Section I.A.1 of Schedule 2 to this Agreement.
 - (b) The Recipient has prepared and adopted the Project Implementation Plan, in form and substance satisfactory to the Association.
 - (c) The Subsidiary Agreement has been executed on behalf of the Recipient, the Project Implementing Entity, and the RFA.
- 5.02. The Additional Legal Matters consists of the following, namely that the Subsidiary Agreement 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 date of this Agreement.
- 5.04. For purposes of Section 8.05(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 date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is minister responsible for finance.
- 6.02. The Recipient's Address is:

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

Cable address:	Facsimile:
FINANCE Lilongwe	265-1-789173

- 6.03. The Association's Address is:

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

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

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

REPUBLIC OF MALAWI

By



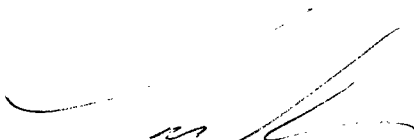
Authorized Representative

Name: Hon. Goodall E. Cordue

Title: Minister of Finance,
Economic Planning + Development

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Laura Kullenberg

Title: Country Manager

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 following parts:

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;
- (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, Mwanza and Muloza 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 PIT 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) establishment and operationalization of a road asset management system in the Project Implementing Entity;
- (f) acquisition of integrated accounting and contract management software for the Project Implementing Entity.

- (g) carrying out a study to ascertain the structure, responsibilities, and necessary resources for a network manager in the rail sector; and
- (h) 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 establish and thereafter maintain at all times during the implementation of the Project, a 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 to, acting as an agent of the Recipient and the Project Implementing Entity, 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.B of this Schedule and Section II.B of the Schedule to the Project Agreement, and the arrangements and procedures therefor;
 - (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 term 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 March 31 of each year, 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. Anti-Corruption; GAAP

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and 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. 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.
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 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.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall cause the Project Implementing Entity to 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 Project Report shall cover the period of one calendar quarter, and the Recipient shall cause the Project Implementing Entity to furnish each such Project Report to the Association and the Recipient not later than forty-five (45) days after the end of the period covered by such report.
2. The Recipient shall cause the Project Implementing Entity to, 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 Recipient shall, and shall cause the Project Implementing Entity to, 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 Project Agreement, respectively.
4. Following the mid-term review referred to in paragraph 3 above, the Recipient shall, and shall cause the Project Implementing Entity to, 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.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall, through the RFA, prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) Fiscal Year, commencing with the Fiscal Year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

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

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions set forth in paragraph 3 below; (c) Shopping; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; (e) Direct Contracting; (f) Procurement from UN agencies; and (g) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association.
3. **Additional Provisions for National Competitive Bidding.** The following additional procedures shall apply to National Competitive Bidding:
 - (a) no bidder or potential bidder shall be declared ineligible to bid for reasons other than those provided in Section I of the Procurement Guidelines;
 - (b) bidding documents acceptable to the Association shall be used;
 - (c) the bidding documents and contract shall include provisions reflecting the Bank's policy relating to firms or individuals found to have engaged in fraud and corruption as defined in the Procurement Guidelines;
 - (d) each bidding document and contract shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines;
 - (e) unquantifiable criteria, such as local content, technology transfer, and managerial, scientific, and operational skills development, shall not be used in the evaluation of bids; and

- (f) contracts may not be split into small lots, and their award may not be restricted to small enterprises for purposes of promotion of the participation of small enterprises.

C. Particular Methods of Procurement of Consultants' Services

- 1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
- 2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least-Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

- 1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
- 2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Training and Operating Costs for the Project	45,500,000	100%
(2) Refund of Preparation Advance	3,600,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	49,100,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is December 31, 2021.

Section V. Other Undertakings

- A.** The Recipient shall exercise its best efforts to enter into one or more bilateral agreements with the Republic of Mozambique, in form and substance satisfactory to the Association, to facilitate the implementation of activities under Part 3(c) of the Project related to the upgrading and modernization of border post facilities at the Dedza, Mwanza and Muloza border crossings.
- B.** The Recipient shall:
1. by no later than December 31, 2015, ensure that the structure of its road levy, referred to in the Liquid Fuels and Gas (Production and Supply) Act, on petroleum and diesel is converted from one based on a fixed charge to one based on a percentage of the pump price of petroleum and diesel per liter; and
 2. increase the road levy each Fiscal Year, and to that end shall: (a) by no later than December 1 of each year commencing in 2015, 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 July 1 of each year during the implementation of the Project commencing on July 1, 2016, 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.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 15 and December 15, commencing June 15, 2021, to and including December 15, 2052	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 3.03(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 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.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised in July 2014).
5. “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.
6. “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.
7. “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.
8. “ESMF” means the Recipient’s Environmental and Social Management Framework, disclosed in-country and in the Association’s InfoShop on February 10, 2015, and acceptable to the Association, 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 ESMP’s 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.

9. “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, and (b) 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.
10. “Fiscal Year” means a twelve (12) month period commencing July 1 and ending June 30 of the following calendar year.
11. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
12. “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.
13. “HIV/AIDS” means the Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome.
14. “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.
15. “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.
16. “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.

17. “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.
18. “Ministry of Finance, Economic Planning and Development” means the Recipient’s ministry responsible for finance; or any successor thereto.
19. “Ministry of Transport and Public Works” means the Recipient’s ministry responsible for transport and public works; or any successor thereto.
20. “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.
21. “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.
22. “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).
23. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on January 10, 2014, and on behalf of the Recipient on January 24, 2014, as amended to the date of this Agreement.
24. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised in July 2014).
25. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 16, 2015, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

26. “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.
27. “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.
28. “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.
29. “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.
30. “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.
31. “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.
32. “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; and (b) 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.
33. “RMF” means the Recipient’s Resettlement Management Framework, disclosed in-country and in the Association’s InfoShop on February 10, 2015, and acceptable to the Association, giving details of provisions for compensation, rehabilitation and resettlement assistance to Displaced Persons, and the 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.

34. "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.
35. "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.
36. "Safeguard Instruments" means the ESIA's, ESMP's, ESMF, RMF and RAPs; and "Safeguard Instrument" means any one of such documents.
37. "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.
38. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement.
39. "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).