

**AMENDMENT NO. 1**

**TO**

**COMPACT DEVELOPMENT FUNDING GRANT AGREEMENT**

**BETWEEN**

**THE MILLENNIUM CHALLENGE CORPORATION**

**AND**

**THE GOVERNMENT OF THE REPUBLIC OF MALAWI**

**ACTING THROUGH THE MINISTRY OF FINANCE**

**FOR THE DEVELOPMENT AND FACILITATION OF IMPLEMENTATION OF A  
MILLENNIUM CHALLENGE COMPACT**

**March 19, 2021**

**AMENDMENT TO  
COMPACT DEVELOPMENT FUNDING GRANT AGREEMENT**

This AMENDMENT NO. 1 TO THE COMPACT DEVELOPMENT FUNDING GRANT AGREEMENT (this “*Amendment*”), dated March 19, 2021, is made between the Millennium Challenge Corporation (“*MCC*”), a United States Government corporation, and the Government of the Republic of Malawi (the “*Government*”), acting through the Ministry of Finance (the “*Ministry*”). The Government and MCC are referred to herein as the “*Parties*” and each, individually, a “*Party*.” Except as otherwise expressly provided herein, capitalized terms used in this Amendment shall have the respective meanings given to such terms in the Agreement (as defined below).

**RECITALS**

WHEREAS, the Parties entered into that certain Compact Development Funding Grant Agreement dated May 22, 2020, which set out the terms on which MCC provided to the Government a grant in an amount not to exceed Seven Million Six Hundred Thousand U.S. Dollars (US\$7,600,000) to facilitate development of the Compact (“*Agreement*”);

WHEREAS, Section 7.9(a) of the Agreement provides that the Agreement may be amended or modified by written agreement of the Parties; and

WHEREAS, the Parties are entering into this Amendment to memorialize their agreement to increase the amount of the Grant as set out under Section 1.1 of the Agreement by an additional Four Million Fifty Thousand U.S. Dollars (US\$4,050,000) and to modify the Annexes to the Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, the Parties hereby agree as follows:

**AMENDMENTS**

**1. Amendment to Section 1**

Section 1.1 of the Agreement is hereby amended and restated as follows:

Section 1.1 MCC Grant. MCC hereby grants to the Government, under the terms of this Agreement, an amount not to exceed eleven million six hundred fifty thousand U.S. Dollars (US\$11,650,000) (the “*Grant*”) to fund the activities described in more detail in Annex I (each, an “*Activity*” and, collectively, the “*Activities*”).

**2. Amendment to Annex I**

Annex I (Description of the Assistance) of the Agreement is hereby amended by deleting such Annex I in its entirety and replacing it with Annex I attached hereto.

**3. Amendment to Annex II**

Annex II (Compact Development Funding Grant Financial Plan) of the Agreement is hereby amended by deleting such Annex II in its entirety and replacing it with Annex II attached hereto.

**4. Further Assurances.**

Each Party hereby covenants and agrees, without necessity of any further consideration, to execute and deliver any and all such further documents and take any and all such other action as may be reasonably necessary or appropriate to carry out the intent and purpose of this Amendment.

**5. Effect of this Amendment.**

The Agreement and this Amendment shall be read together and construed as one document and each reference in the Agreement to the “Agreement,” “hereunder,” “hereof” or words of like import referring to the Agreement, shall mean and be construed as a reference to the Agreement, as amended by this Amendment.

**6. Limitations.**

Except as expressly amended by this Amendment, all of the provisions of the Agreement remain unchanged and in full force and effect.

**7. Amendment Effective Date.**

This Amendment shall become effective as of the date first mentioned above by each Party.

**8. Counterparts.**

This Amendment may be executed in counterparts, each of which shall constitute an original, but when taken together, shall constitute one instrument.

**9. Governing Law.**

This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

**SIGNATURE PAGE FOLLOWS ON NEXT PAGE**

**IN WITNESS WHEREOF**, MCC and the Government, each acting through its duly authorized representative, have caused this Agreement to be executed in their names and delivered as of the date first written above.

MILLENNIUM CHALLENGE  
CORPORATION

THE GOVERNMENT OF MALAWI,  
ACTING THROUGH THE MINISTRY OF  
FINANCE

By: \_\_\_\_\_/s\_\_\_\_\_  
Name: Kyeh Kim  
Title: Principal Deputy Vice President,  
Department of Compact Operations

By: \_\_\_\_\_/s\_\_\_\_\_  
Name: Chauncy Simwaka  
Title: Secretary to the Treasury

## ANNEX I

### DESCRIPTION OF THE ASSISTANCE

The Grant will be utilized to assist Malawi in further developing a Compact focused on the areas set forth in the Concept Notes and will support project definition, project development (preliminary program design, feasibility studies), and administrative costs, including but not limited to the proposed activities below.

The Grant shall be utilized to support the following:

1. Accelerated Growth Corridors (“*AGC*”) Activity – this activity is expected to support improvements in road transport aimed at the provision of sustainable and less expensive road transport connectivity from farm to national and international markets; private sector-led strategies for the expansion of agriculture and agro-industry; and institutional and policy and/or regulatory reforms in the transport, agriculture, trade, or environmental sectors to improve planning, coordination, and effective public sector service delivery. To meet this objective, the Grant shall support:
  - (a) Competitive transport – Preliminary road design, feasibility studies, environmental and social impact assessment, resettlement action plan, and gender related studies for transport infrastructure and identification of accelerated growth corridors.
  - (b) AGC facility – Final design (and/or revision) of the AGC facility, including (but not limited to) additional support for design of financial inclusion interventions to be integrated into overall project design, investor roadshow (market outreach and advanced pipeline development), and further development of new design approaches and project components.
  - (c) Policy, institutional reform, and capacity building – Design of component to improve policy, regulatory framework, the business enabling environment for agriculture and rural transport connectivity. It will also support the design of a component to improve climate change resilience and adaptation through improved meteorological services and sustainable land/soil management for the protection of livelihoods and infrastructure.
  - (d) ERR calculations – Data collection and analysis, particularly related to remote sensing data that will supplement survey data in the identification and quantification of location-specific agricultural benefits.
  - (e) Design of women’s entrepreneurship and finance interventions.
2. Land Activity – this activity is expected to support more efficient and transparent allocation of land for higher value commercial use; enhancing resource mobilization to fund stronger land administration; and institutional capacity building, where necessary. To meet this objective, the Grant shall support:

- (a) Comprehensive calculation of operating costs for institutions described in suite of 2016 laws;
- (b) Study of land authority implementation feasibility and approach;
- (c) Estate lands mobilization preparatory work;
- (d) Customary land mobilization preparatory work;
- (e) Land based revenue preparations;
- (f) Design of interventions to ensure inclusive, equitable consolidation, registration, negotiation, and payment processes;
- (g) Data collection and analysis, particularly related to remote sensing data that will supplement survey data in the identification and quantification of location-specific agricultural benefits of the land project; and
- (h) Studies and plans to meet MCC environmental guidelines requirements.

### 3. Administrative

- (a) Program Management – The Grant will support MMD’s effort to successfully manage the compact development process by purchasing software applications to maximize document sharing and collaboration along with tracking the flow of the joint MMD/MCC work, an online videoconferencing platform to support increased collaboration, hardware and software build and maintain geospatial tools, and possible consultant support to maximize the effectiveness of these enhanced project management efforts.
- (b) Program Administration – The Grant will support certain administrative costs related to the operations of MMD and the establishment and setting up of MCA-Malawi. The Grant will also support the reimbursement of compensation, for a limited period of time and amount, for the Chief Executive Officer and National Coordinator of MMD and up to 13 members of MMD with expertise in the areas of : (i) environmental and social protection, (ii) economic analysis, (iii) private sector investment, (iv) social and gender impact analysis, (v) stakeholder engagement and communications, (vi) monitoring and evaluation, (vii) agricultural sector, (viii) land sector, (ix) transportation sector, (x) finance, (xi) legal matters, (xii) procurement, and (xiii) information technology, in accordance with each respective contract between each MMD member and MMD. Despite the term set out in each individual contract between MMD and each MMD member, MCC will only reimburse compensation, to include any applicable payroll taxes, for each MMD member up until the time MCA-Malawi is formed, throughout the transition time until MCA-Malawi personnel have been hired in an open and competitive process, and subject to the availability of funds under this Agreement. All fees for MMD members will be paid by the Government, who will be responsible for withholding any applicable taxes. For the avoidance of

doubt, Grant funding will not be available for any mandatory severance or termination indemnities or payments, or any similar end-of-term payments that may be owed to consultants or employees as a matter under the laws of Malawi.

After payment of compensation determined to be reasonable by the Government using funding provided by the Government, the Government may request reimbursement from funds under this Agreement for eligible members of MMD, including applicable taxes withheld from nationals or permanent residents of Malawi. MCC reserves the right to reject requests for reimbursement if it determines costs requested for reimbursement to be unreasonable or if insufficient funding exists under this Agreement. Reimbursement requests may be made according to the procedure specified in Annex IV.

- (c) Public Relations Firm – Given the reform efforts, the Grant will support MMD in increasing its public outreach on the two prospective projects by engaging a public relations firm.
- (d) Pre-Entry into Force Support – These activities include the hiring of a recruitment firm, a fiscal agent, a procurement agent, and other tasks that allow the Government of Malawi to set up the accountable entity.

The allocation between the Government-Contracted Activities and the MCC-Contracted Activities shall be set forth in the CDF Procurement Plan, as such may be amended from time to time.

**ANNEX II**  
**COMPACT DEVELOPMENT FUNDING GRANT FINANCIAL PLAN**

| <b>Activity</b>                         | <b>Budget (US\$)</b> |
|---|----------------------|
| AGC                                     | \$5,000,000          |
| Land                                    | \$3,100,000          |
| Administrative                          | \$3,550,000          |
| <b>Total Estimated MCC Contribution</b> | <b>\$11,650,000</b>  |