February 23, 2011

H.E. Mr. Ken Edward Kandodo  
Minister of Finance  
Ministry of Finance  
P.O. Box 30049  
Lilongwe  
Republic of Malawi

Re: Rapid Social Response Multi-Donor Trust Fund Grant for MALAWI: Protecting Early Childhood Development Project

Grant Number TF098514

Excellency:

I am writing on behalf of the International Development Association (the Association) to indicate IDA’s agreement, as administrator of grant funds provided by the Ministry of Foreign Affairs of the Kingdom of Norway and the Ministry of Finance of the Russian Federation under the Rapid Social Response Multi-Donor Trust Fund, to make a grant in an amount not exceeding five hundred thousand United States Dollars (US$500,000) (the Grant) to the Republic of Malawi (the Recipient).

The Grant is made in response to the Recipient’s request for financial assistance and for the purposes and on the terms and conditions set forth in the Annex to this Letter Agreement. The Recipient hereby confirms its request that the Bank carry out the activities described in paragraph 1 of the Annex to this Letter Agreement, and represents that it is authorized to contract the Grant for the said purposes and on the said terms and conditions.

Please note that it is the Bank’s policy to make publicly available this Letter Agreement and any information related thereto, after this Letter Agreement has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this Letter Agreement, confirms its consent to such disclosure.
Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. Upon receipt by the Bank of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Olivier Godron
Olivier Godron
Acting Country Director for Malawi, Zambia and Zimbabwe
Africa Region

AGREED:
REPUBLIC OF MALAWI

By: /s/ Ken Edward Kandodo

Name: H. E. Mr. Ken Edward Kandodo

Title: Minister of Finance

Date: March 11, 2011
Purposes, Terms and Conditions of the Grant

1. The purpose of the Grant is to evaluate the impact of the program of activities implemented by the Recipient under Grant No. TF098515 in the community-based childcare centers to mitigate the effects of the global food fuel and financial crisis on young children in the Recipient’s territory, with the aim of generating knowledge regarding early childhood development cost-effective strategies that can be scaled-up in anticipation of future crises.

The activities (the Activities) of the Grant consist of designing and carrying out an impact evaluation through the provision of technical assistance.

2. The Grant shall be used to finance consultants services, extended-term consultants, media & workshop costs, staff costs, temporary support staff costs (for Program administration), travel expenses, and associated overhead.

3. The Bank shall carry out the Activities on behalf of the Recipient. The Recipient shall cooperate with the Bank to the extent necessary to permit the Bank to carry out the Activities promptly and effectively, and to evaluate the results of the Activities. The Recipient shall indemnify the Bank against any costs or liabilities incurred by the Bank as a result of claims against the Bank in connection with the Activities, except those resulting from the gross negligence or willful misconduct of its staff or external consultants.

4. The Bank shall carry out the Activities pursuant to this Letter Agreement only to the extent that the Grant funds required for such Activities are available to the Bank from Ministry of Foreign Affairs of the Kingdom of Norway and the Ministry of Finance of the Russian Federation.

5. The Activities shall be completed by not later than June 30, 2012, or such later date as the Bank may establish by notice to the Recipient (the Closing Date). After the Closing Date, the Bank may at any time cancel the remaining balance of the Grant.

6. The engagement and supervision of the consultants (the Consultants) required to assist in the carrying out of the Activities shall be the responsibility solely of the Bank and shall be done according to the Bank’s applicable procedures.

7. The Recipient may at any time request IDA in writing to terminate the Activities. Whether or not the Recipient has made such a request, IDA may at any time suspend or, after consultation with the Recipient, terminate the right of the Recipient to receive Grant funds for the Activities if any of the following events has occurred and is continuing: (a) the Recipient has failed to perform any of its obligations under this Letter Agreement; or (b) the right of the Recipient, or any other entity to which the International Bank for Reconstruction and Development (the IBRD) has made a loan with the guarantee of the Recipient, to make withdrawals under any loan agreement with the IBRD or any development credit, grant or financing agreement with IDA has been suspended.

8. The Bank is not an agent of, or trustee for, the Recipient and shall not have any fiduciary relationship with the Recipient. The Recipient shall have no right to any portion of the Grant that is not expended by the Bank pursuant to this Letter Agreement.