Southern African Power Market Program

Financing Agreement

(Mozambique Component – Mozambique-Malawi Transmission Interconnection Project)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 21, 2007
FINANCING AGREEMENT

AGREEMENT dated September 21, 2007, entered into between REPUBLIC OF MOZAMBIQUE (“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 twenty nine million six hundred thousand Special Drawing Rights (SDR 29,600,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 January 1 and July 1 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 the Dollars.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by EDM 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 consists of the following:

(a) a situation shall have arisen which will make it improbable that the Program or a significant part thereof will be carried out; and

(b) the Recipient’s Decree No. 28/95, dated July 17, 1995 establishing EDM 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.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consists of the following:

(a) the Subsidiary Loan Agreement has been executed on behalf of the Recipient and EDM;

(b) EDM has established a financial management system, satisfactory to the Association; and
(c) the Key Agreements have been executed on behalf of EDM, ESCOM and any other party(ies).

5.02. The Additional Legal Matters shall be that:

(a) the Subsidiary Loan Agreement has been duly authorized or ratified by the Recipient and EDM and is legally binding upon the Recipient and EDM in accordance with its terms; and

(b) the Key Agreements have been duly authorized or ratified by EDM and ESCOM and any other party(-ies) thereto and each one thereof is legally binding upon EDM, ESCOM and such party(-ies), as the case may be, in accordance with their respective 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 years after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Minister of Planning and Development.

6.02. The Recipient’s Address is:

Ministry of Planning and Development
Avenue Ahmed S. Toure, 21
Maputo, Mozambique

Facsimile:

(258) 21 490-146

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 248423 (MCI) 1-202-477-6391
Washington, D.C.
AGREED at Maputo, Mozambique as of the day and year first above written.

REPUBLIC OF MOZAMBIQUE

By /s/ Aiuba Cuereneia

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Michael Baxter

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to support the Recipient’s efforts to implement Mozambique-Malawi Interconnector as part of the Southern African Power Pool, and to:
(i) increase access to diversified, reliable, and affordable supplies of energy; and
(ii) expand opportunities to benefit from Southern African regional power trading.

The Project constitutes the second phase of the Program, and consists of the following parts:

Part A: Mozambique-Malawi Interconnection

1. Construction of approximately 135 Km of 220 kV double circuit Transmission Interconnection Line from Matambo substation in Tete region within the territory of the Recipient to the border of the Recipient and the Republic of Malawi, including carrying out landmine clearing activities on identified spots, to connect the electricity systems of the Recipient and the Republic of Malawi, through the provision of works including supply and installation.

2. Extension of the Matambo substation in Tete region in the territory of the Recipient, through the provision of works including supply and installations.

3. Carrying out EDM engineering, technical, environmental, social studies associated with the Interconnector and Matambo substation, and provision of technical assistance including, inter alia, preparation of feasibility study and tender documents associated with the Interconnector, engineering and supervision of the transmission line and Matambo substation.

4. Supporting the safe operation of the Interconnector through the acquisition of equipment and provision of training.


Part B: Capacity Building and Technical Support for Upgrade and Expansion to Support Electricity Trading

1. Carrying out system planning and operation studies for EDM including, inter alia, a feasibility study for extension of the Interconnector to the northern region within the territory of the Recipient, and update the electricity master plan, through the provision of technical advisory services and training.
2. Carrying out studies, and provision of technical advisory service and training to EDM staff and relevant key stakeholders in the electricity sector for Project management and implementation

Part C: Improved Infrastructure to Support Electricity Trading

Supporting rehabilitation and reinforcement of power transmission to facilitate electricity trading, including the provision of a new 220/66/33 kV power transformer at Matambo substation in the Tete region, and connecting the new transformer to the 66 kV and 33 kV systems, through the provision of works including supply and installation.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Loan Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to EDM under a subsidiary loan agreement between the Recipient and EDM, under terms and conditions approved by the Association (“Subsidiary Loan Agreement”), which shall, inter alia, include the following:

   (a) the obligation of EDM to service the repayment of the subsidiary loan in accordance with the repayment schedule and under terms and conditions specifically set forth under a table in the Subsidiary Loan Agreement, including an interest rate on the on-lent amount equal to five (5) percent per annum, and a repayment period of twenty (20) years including a grace period of five (5) years;

   (b) the requirement that EDM carry out the Project with due diligence and efficiency, in conformity with appropriate administrative, financial, engineering, technical, environmental and social safeguard practices and in accordance with the Project Implementation Plan, and provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for the Project;

   (c) the obligation of the EDM to comply with the procedures for procurement of works, goods, and consultants’ services set forth in the Procurement Plan and this Agreement;

   (d) the requirement that EDM comply with record keeping, auditing and reporting requirements set forth in Section II of this Schedule with respect to the Project, including the annual auditing of its records and accounts in respect of the Project (operations, resources and expenditure in respect of the Project);

   (e) the obligation of EDM to exchange views with the Recipient and the Association with regard to the progress of the Project and the performance of its obligations under the Subsidiary Loan Agreement;

   (f) the requirement that EDM promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere
with the progress of the Project, or the performance of its obligations under the Subsidiary Loan Agreement; and

(g) the requirement that EDM will comply with all the Key Agreements and, except as the Association and the Recipient shall otherwise agree, shall not assign, amend, abrogate or waive the Key Agreements or any of their respective provisions.

2. The Recipient shall exercise its rights under the Subsidiary Loan 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 Loan Agreement or any of its provisions.

B. Institutional Arrangements

1. The Recipient shall ensure that the Project is carried out by EDM in accordance with the provisions of this Agreement and the Project Agreement, and in accordance with the guidelines, procedures, recommendations, and other specifications set forth in the Project Implementation Plan, the Key Agreements, the Procurement Plan, the Environmental Impact Assessment Report, the Resettlement Policy Framework, and any Resettlement Action Plan. The Recipient shall also ensure that, except as the Association shall otherwise agree, EDM shall not assign, amend, abrogate or waive the Key Agreements or any of their respective provisions.

2. Joint Project Steering Committee

(a) Without limitation upon the provisions of Section 1.B.1 of this Schedule, the Recipient shall maintain, at all times until the completion of the Project, its active participation in the Joint Project Steering Committee. To this end, the Joint Project Steering Committee shall be responsible for, *inter alia*: (i) reviewing progress made towards achieving the Project’s objectives; (ii) facilitating governmental and inter-governmental actions that may be required under the Project; and (iii) providing general oversight and policy guidance in the implementation of the Project.

(b) The Recipient shall cause EDM to maintain, at all times until the completion of the Project: (i) active participation in the Joint Project Coordination Committee; and (ii) the Project Management Unit within EDM, all in accordance with the provisions of Section 1.A.1 of the Project Agreement.
C. **Anti-Corruption**

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

D. **Environmental and Social Safeguards**

1. The Recipient shall ensure that: (a) the Project is carried out by EDM in accordance with the Resettlement Policy Framework, any Resettlement Action Plan, and the Environmental Impact Assessment Report; (b) prior to construction of the Transmission Interconnection Line, a technical study and survey, satisfactory to the Association, is conducted to ascertain if such construction would result in displacement of any Affected Persons or adversely affect their standards of living, or their rights, usufructs or customary rights to land or other resources, and as may be required, the appropriate Resettlement Action Plans are prepared, approved and implemented in accordance with the Resettlement Policy Framework; (c) all measures for carrying out the recommendations of the Environmental Impact Assessment Report, and the Resettlement Policy Framework are taken in a timely manner; and (d) the Project Reports referred to in Part A of Section II of this Schedule shall include adequate information on monitoring the measures defined in the Environmental Impact Assessment Report, and the Resettlement Policy Framework.

2. The Recipient shall cause EDM to open and maintain an account in a commercial bank acceptable to the Association for the purpose of implementing any Resettlement Action Plans. To this end, EDM shall deposit into the said account an amount adequate to cover the cost associated with compensation of Affected Persons in accordance with any Resettlement Action Plans.

E. **Land Mines**

The Recipient shall take all necessary measures to ensure that its territory is, and will remain, free from land mines that could in any way undermine the execution or development objectives of the Project.

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

A. **Project Reports**

1. (a) The Recipient shall monitor and evaluate the progress of the Project and cause EDM to prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth in Section II.A.1(b) of the Schedule to the Project Agreement. Each Project Report shall cover the period of six months,
and shall be furnished to the Association not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the indicators referred to in Section II.A.1(b) of the Schedule to the Project Agreement.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than November 30, 2009.

B. Financial Management, and Financial Reports

1. The Recipient shall cause EDM to maintain a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall cause EDM to prepare and furnish to the Association as part of the Project Report not later than forty five 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 cause EDM to audit its Financial Statements 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 fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works 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 the 
Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in 
paragraph 2 below, goods and works shall be procured under contracts awarded 
on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following methods 
of procurement, other than International Competitive Bidding, may be used for 
goods and works under the circumstances specified in the Procurement Plan for 
each such method: (a) National Competitive Bidding; and (b) Shopping.

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 of procurement, other than Quality and Cost-based Selection, may be 
used for consultants’ services under the circumstances specified in the 
Procurement Plan for each such method: (a) Least Cost Selection; (b) Selection 
Based on Consultants’ Qualifications; (c) Single-source Selection; and 
(d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines 
for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

1. Except as the Association shall otherwise determine by notice to the Recipient, 
the following contracts shall be subject to Prior Review by the Association: 
(a) each contract for works estimated to cost the equivalent of $1,000,000 or 
more; (b) each contract or goods estimated to cost the equivalent of $250,000 or 
more; and (c) each contract for consultants’ services provided by a firm estimated 
to cost the equivalent of $100,000 or more.

2. In addition, the following prior review procedures shall apply to each contract for 
the employment of individual consultants (other than consultants to be selected 
on a sole source basis) estimated to cost the equivalent of $50,000 or more: 
(a) the report on the comparison of the qualifications and experience of 
candidates, terms of reference and conditions of employment of the consultant 
shall be furnished to the Association for its prior review and approval; (b) the 
contract shall be awarded only after the Association’s approval shall have been
given; and (c) the provisions of paragraph 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply to the contract.

3. The following prior review procedures shall apply to each contract for the employment of individual consultants to be selected on a sole source basis: (a) the qualifications, experience, terms of reference and conditions of employment of the consultants shall be furnished to the Association for its prior review and approval; (b) the contract shall be awarded only after the Association’s approval shall have been given; and (c) the provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall apply to the contract.

4. 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 may 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 Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
### Table

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, including supply and installation, and services other than Consultants’ services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) for Part A.1 and A.2 the Project</td>
<td>20,500,000</td>
<td>100% of Foreign Expenditures and 72% of Local Expenditures</td>
</tr>
<tr>
<td>(b) for Part C of the Project</td>
<td>2,600,000</td>
<td></td>
</tr>
<tr>
<td>(2) Goods, Consultants’ services, Training and Workshops for Parts A.3, A.4 and B of the Project</td>
<td>3,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of Project Preparation Advance</td>
<td>400,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>(4) Unallocated</td>
<td>3,100,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>29,600,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

### B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 350,000 equivalent may be made for payments in respect of consultants’ services and Training under Category (2), made prior to this date but on or after May 1, 2007; or
(b) under Category (1) (a) unless the Financing Agreement for support to the Southern Africa Power Market Program between the Republic of Malawi and the Association, shall have become effective.

2. The Closing Date is June 30, 2013.
### SCHEDULE 3

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each January 1 and July 1:</td>
<td></td>
</tr>
<tr>
<td>commencing January 1, 2018 to and including July 1, 2027.</td>
<td>1%</td>
</tr>
<tr>
<td>commencing January 1, 2028 to and including July 1, 2047.</td>
<td>2%</td>
</tr>
</tbody>
</table>

* 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

Section I. Definitions

1. “Affected Person” means a person who on account of the acquisition of land, for purposes of rehabilitation of the interconnection transmission line under Part A of the Project had or would have his or her: (i) standard of living adversely affected; or (ii) right, title or interest in any house, or interest in or right to use any land (including premises, agricultural and grazing land) or right in annual or perennial crops and trees or any other fixed or movable asset, acquired or possessed, temporarily or permanently; or (iii) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently, and “affected Persons” means, collectively, all persons who qualify as an Affected Person.


3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. “EDM” means Electricidade de Mocambique, EP, (the Project Implementing Entity) established and operating pursuant to the Recipient’s Decree No. 28/95 dated July 17, 1995 and includes any successors thereto.

6. “Environmental Impact Assessment Report” means the report for Parts A and C of the Project dated May, 2004, including Addendum to Environmental Impact Study of the 220kV Mozambique-Malawi Transmission Line, dated January 2007, 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 report may be amended and/or supplemented from time to time with the prior concurrence of the Association.

7. “ESCOM” means Electricity Supply Corporation of Malawi, an autonomous power entity established and operating pursuant to the Companies (CAP 46:03), of the laws of the Republic of Malawi, and includes any successors thereto.

8. “Fiscal Year” or “FY” means the fiscal year of EDM which commences on January 1 of each year, and ends on December 31 of the following year.
9. “Foreign Expenditures” means expenditures in the currency of any country other than that of the Recipient for goods or services supplied from the territory of any country other than that of the Recipient.

10. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).

11. “Hidroeléctrica de Cahora Bassa, SARL” or “HCB” means a company incorporated through public deed dated June 23, 1975, under the terms of the Recipient’s Decree Law No. 71/75, dated June 1975.

12. “Implementation Agreement” means an agreement, satisfactory to the Association, to be entered into between EDM and ESCOM setting forth the respective roles and responsibilities of EDM and ESCOM with respect to transmission interconnection.


14. “Joint Project Coordination Committee” means the committee comprised of EDM and ESCOM, and referred to in Section I.A.1 of the Schedule to the Project Agreement.

15. “Joint Project Steering Committee” means the Project Steering Committee established under Annex A.IV of the Inter-governmental Interconnection Agreement, and referred to in Section I.B.2 of Schedule 2 to this Agreement.

16. “Key Agreements” means the Implementation Agreement, the Maintenance Agreement, the System Operating Agreement, and the Wheeling Agreement.

17. “Km” means distance in kilometers.

18. “kV” means kilovolts (1,000 volts).

19. “Local Expenditures” means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient.

20. “Maintenance Agreement” means an agreement, satisfactory to the Association, to be entered into between EDM and ESCOM setting forth the respective roles and responsibilities of EDM and ESCOM in the maintenance of the transmission interconnection.

22. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 3, 2007, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

23. “Program” means the Southern African Power Pool Program designed to foster regional integration in power generation, to reduce investments and operating costs, enhance reliability of supply and share in other benefits resulting from the interconnected operation of power systems and set forth or referred to in the Southern African Development Community Inter-governmental Memorandum of Understanding dated August 28, 1995, as amended under the Revised Inter-governmental Memorandum of Understanding dated February 23, 2006, and signed and adopted by the Recipient.

24. “Project Implementation Plan” means EDM’s plan, as the same may be amended from time to time with the approval of the Association, containing detailed arrangements and procedures for: (i) day-to-day implementation and institutional coordination of the Project; (ii) procurement arrangements and procedures; (iii) disbursement and financial management arrangements and procedures; (iv) arrangements and procedures for the implementation of the Environmental Impact Assessment Report, and the Resettlement Policy Framework; (v) performance indicators, reporting, monitoring and evaluation; and (vi) such other administrative, accounting and financial procedures as shall be required for the Project.

25. “Project Management Unit” means the unit within EDM, and referred to in Section I.A.1 of the Schedule to the Project Agreement.

26. “Project 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 September 23, 2003, and on behalf of the Recipient on September 23, 2003.

27. “Resettlement Action Plan” means each plan to be prepared pursuant to the Resettlement Policy Framework, as may be required, in accordance with Section I.C.1 of the Schedule to the Project Agreement, setting out the principles, procedures, the time schedule governing acquisition of rights to land, resettlement and compensation, as well as reporting and monitoring arrangements to ensure compliance with said plan.
28. “Resettlement Policy Framework” means the framework satisfactory to the Association, dated January 2007, setting forth the guidelines and procedures for preparation of resettlement action plans in the likely event of acquisition of rights to land, resettlement and compensation, as the same may be amended from time to time with the agreement of the Association.


31. “Southern African Region” means the geographical area of the member countries of the Southern African Development Community.

32. “Subsidiary Loan Agreement” means the agreement referred to in Section I.A of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to EDM.

33. “System Operating Agreement” means an agreement, satisfactory to the Association, to be entered into between EDM, ESCOM and HCB setting forth the respective roles and responsibilities of EDM, ESCOM and HCB in the operation of the Transmission Interconnection Line from Matambo substation in the territory of the Recipient.

34. “Training and Workshops” means costs associated with the training of EDM personnel involved in implementation of the Project, including study tours, travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation.

35. “Transmission Interconnection Line” or “Interconnector” means the electric power line and the associated substations equipment connecting the territory of the Recipient to the Territory of the Republic of Malawi.
36. “Wheeling Agreement” means an agreement, satisfactory to the Association, to be entered into between EDM and ESCOM setting forth the modality for payment to EDM by ESCOM in respect of the use of the Transmission Interconnection Line within the territory of the Recipient, and EDM’s usage rights.