

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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August 17, 2015

Honourable Goodall E. Gondwe
Minister of Finance, Economic Planning and Development
Ministry of Finance, Economic Planning and Development
P.O. Box 30049
Lilongwe 3, Malawi



Dear Honourable Gondwe:

Malawi: Energy Sector Support Project (Credit No. 4980-MW, Grant No. H715-MW)
Amendment the Financing Agreement

We refer to the Financing Agreement ("Agreement") dated November 2, 2011, between the Republic of Malawi ("Recipient") and the International Development Association ("Association") for the above mentioned Project ("Project"). We also refer to your letter dated May 18, 2015 requesting the transfer of the responsibility for implementation of the activities associated with the new transmission backbone line to the Project Implementing Entity.

I am pleased to inform you that the Association concurs with your request and proposes to amend the Agreement as follows.

1. Article III is amended by deleting section 3.01 in its entirety and is replacing it with the following-

"3.01 The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Parts B.1 and D.2 of the Project through its Ministry of Natural Resources, Energy and Environment; and cause Parts A, B.2, C and D.1 of 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."

2. Schedule I to the Agreement is amended by deleting Part B of the Project in its entirety and replacing it with the following -

"Part B: Generation and Transmission Feasibility Studies

1. Carrying out of feasibility and design studies and associated environmental and social impact assessments for the development of new hydropower generation at the Lower Fufu, Mpatamanga and Chimgonza sites.
2. Carrying out of feasibility and design studies and associated environmental and social impact assessments for the development of a new transmission backbone line."

3. Section I.A.3 of Schedule 2 to the Agreement is amended by replacing the words "Part B" in the first sentence of the first paragraph and sub-paragraph "(c)" with the words "Part B.1", respectively.
4. The table set forth in Section IV. A. 2 of Schedule 2 to the Agreement is deleted in its entirety and replaced with the table set forth in the Annex to this letter.
5. The Appendix to the Agreement is amended by deleting paragraphs "26" and "28" in their entirety and replacing them with the following, respectively.-

26. "Respective Part of the Project" means, for the Recipient, Parts B.1 and D.2 of the Project and for the Project Implementing Entity, Parts A, B.2, C and D.1 of the Project.

28 "Subsidiary Financing" means for the Project Implementing Entity, the proceeds of the Financing allocated from time to time under Categories (1), (3), (4) and (9) to the Project Implementing Entity."

All other provisions of the Agreement, except amended herein, shall remain in full force and effect.

Please indicate your agreement with the foregoing amendments to the Agreements on behalf of the Recipient by countersigning and dating the four original copies of this letter and returning two fully countersigned originals to us. Upon receipt by the Association of the countersigned copies, this amendment shall become effective as of the date of the last countersignature.

Sincerely
INTERNATIONAL DEVELOPMENT ASSOCIATION



Bella Bird

Country Director for Tanzania, Burundi, Malawi and Somalia
Africa Region

CONFIRMED:

REPUBLIC OF MALAWI

By: _____



Name: _____

Godall E. Gondwe

Title: _____

Minister of Finance

ANNEX

Category	Amount of the Credit Allocated (expressed in SDR)	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services and Training for Part A of the Project	12,000,000	20,478,000	100%
(2) Consultants' services for Part B.1 of the Project		6,228,970	100%
(3) Goods, works, non-consulting services, and consultants' services for Part C of the Project		3,810,000	100%
(4) Consulting services, goods, Training and Operating Costs for Part D .1 of the Project		360,000	100%
(5) Consulting services, goods, Training and Operating Costs for Part D.2 of the Project		1,655,000	100%
(6) Compensation Payments payable under each respective RAP		309,000	100%
(7) Refinancing of the Preparation Advance		1,854,000	Amount payable pursuant to Section 2.07 of the General Conditions
(8) Unallocated		3,298,000	
(9) Consultants' services for Part B.2 of the Project		2,407,030	100%
TOTAL AMOUNT	12,000,000	40,400,000	