

Date: 19-Mar-2024

Hon. Simplex Chithyola-Banda
Minister of Finance and Economic Affairs
Ministry of Finance and Economic Affairs
P.O. Box 30049
Capital City
Lilongwe 3
Malawi

**Re: Republic of Malawi: Advance Agreement for Preparation of the Proposed Resilient and Strategic Transport Operational Enhancement Project
Project Preparation Advance No. V515001
Additional Instructions: Disbursement and Financial Information Letter**

Honorable Minister:

I refer to the Advance Agreement (“Agreement”) between the of Republic of Malawi (“Recipient”) and the International Development Association (“Bank”), for the above-referenced project preparation advance. The Standard Conditions, as defined in the Advance Agreement, provide that the Recipient may, from time to time, request withdrawals of Advance amounts from the Advance V515001 (“Advance”) in accordance with the Disbursement and Financial Information Letter (“DFIL”), and such additional instructions as the Bank may specify from time to time by notice to the Recipient. The Standard Conditions also provide that the Disbursement and Financial Information Letter may set out Project specific financial reporting requirements. This letter constitutes such Disbursement and Financial Information Letter and may be revised from time to time.

I. Disbursement Arrangements, Withdrawal of Advance Funds, and Reporting of Uses of Advance Funds

The *Disbursement Guidelines for Investment Project Financing*, dated February 2017 (“Disbursement Guidelines”), are available on the Bank's public website at <https://www.worldbank.org> and are an integral part of the Disbursement and Financial Information Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Advance is specified below.

(i) Disbursement Arrangements

The table in **Schedule 1** provides the disbursement methods which may be used by the Recipient, information on registration of authorized signatories, processing of Withdrawal Applications (including the minimum value of applications and advances), instructions on supporting documentation, and frequency of reporting on the Designated Account(s).

(ii) Withdrawal Applications (Electronic Delivery)

The Recipient shall deliver Withdrawal Applications (with supporting documents, “Applications”) electronically through the Bank’s web-based portal “Client Connection” at <https://clientconnection.worldbank.org>. This option will be effective after the officials designated in writing by the Recipient, who are authorized to sign and deliver Applications, have registered as users of “Client Connection.” The designated officials shall deliver Applications electronically by completing Form 2380, which is accessible through “Client Connection.” By signing the Authorized Signatory Letter, which can be delivered manually or electronically, the Recipient confirms that it is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by these means. The Recipient may exercise the option of preparing and delivering Applications in paper form on exceptional cases (including those where the Recipient encounters legal limitations) and which were previously agreed with the Bank. By designating officials to use SIDC and deliver the Applications electronically, the Recipient confirms through the Authorized Signatory Letter its agreement to (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with the Use of Electronic Means to Process Applications and Supporting Documentation, available in the Bank’s public website at <https://www.worldbank.org> and “Client Connection” at <https://clientconnection.worldbank.org>; and (b) to cause such officials to abide by those terms and conditions.

II. Financial Reports and Audits

(i) Financial Reports

The Recipient shall through RFA-IU prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter Unaudited interim financial reports (“IFRs”) for the Project covering the semester.

• **Audits**

Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period shall be furnished to the Bank by the Recipient through the RFA-IU, not later than six (6) months after the end of such period.

(a) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

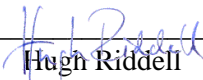
(b) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period must be furnished to the Bank not later than six (6) months after the end of the Recipient’s fiscal year in which the Refinancing Date occurs.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of above, the Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the Bank not later than six (6) months after the end of such period.

III. Other Important Information

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Bank's public website at <https://www.worldbank.org> and "Client Connection" at <https://clientconnection.worldbank.org>, the Bank recommends that you register as a user of "Client Connection." From this website, you will be able to prepare and deliver Applications, monitor the near real-time status of the Advance, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, or if you have any queries in relation to the above, please contact the Bank by email at askloans@worldbank.org using the above reference.

Yours sincerely,

By _____

Hugh Riddell
Country Manager for Malawi
Eastern and Southern Africa Region

Attachments

1. Form of Authorized Signatory Letter
2. Form of Statement of Expenditure (SOE) or Interim unaudited Financial Report (IFR)

Schedule 1: Disbursement Provisions

Basic Information					
Advance No.	V515001	Country	Republic of Malawi	Closing Date	Article III.3.03 of the Advance Agreement.
		Recipient	Minister of Finance		
		Name of the Project	Project Preparation Advance for Proposed Resilient and Strategic Transport Operational Enhancement Project	Disbursement Deadline Date	Article III.3.03 of the Advance Agreement.
Disbursement Methods and Supporting Documentation					
Disbursement Methods	Methods	Supporting Documentation			
Direct Payment	Yes	Copy of records (e.g., invoices and receipts)			
Reimbursement	Yes	Statement of Expenditure (SOE) in the format provided in Attachment 2 of the DFIL			
Advance (into a Designated Account)	Yes	Statement of Expenditure (SOE) in the format provided in Attachment 2 of the DFIL			
Special Commitments	No	Copy of Letter of Credit			
Designated Account					
Type	Segregated		Ceiling	Fixed	
Financial Institution - Name	Reserve Bank of Malawi		Currency	USD	
Frequency of Reporting	Monthly		Amount	300,000	
Minimum Value of Applications (subsection 3.5)					
The minimum value of applications for Reimbursement, Direct Payment is USD 60,000.					
Authorized Signatures					
Withdrawal and Documentation Applications					
<i>The form for Authorized Signatories Letter is provided in Attachment 1 of this letter</i>					
The form for Authorized Signatory Letter is provided in Attachment 1 of this letter. The ASL and all Withdrawal Applications corresponding to this Project Preparation Advance, with their supporting documentation, will be submitted electronically via the Bank's "Client Connection" system.					
Additional Information					
Other					
A Kwacha holding account will also be opened at the Reserve Bank of Malawi and a corresponding operating account at a commercial bank acceptable to IDA.					

Form of Authorized Signatory Letter]

Form of Authorized Signatory Letter
[Letterhead]
Ministry of Finance
[Street address]
[City] [Country]

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Country Director

Dear Nathan Belete:

Re: Republic of Malawi: Advance Agreement for Preparation of the Proposed Resilient and Strategic Transport Operational Enhancement Project Project Preparation Advance No. V515001

I refer to the Advance Agreement (“Agreement”) between the of Republic of Malawi (“Recipient”) and the International Development Association (“Bank”), providing the above Advance. For the purposes of Section 3.04 (b) of the Standard Conditions, as defined in the Agreement, any [¹one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal [and applications for a special commitment] under this Advance.

For the purpose of delivering Applications to the Bank, ²[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting ³[individually] ⁴[jointly], to deliver Applications and evidence in support thereof on the terms and conditions specified by the Bank.

⁵[This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by electronic

¹ Instruction to the Recipient when sending this letter to the Bank: Stipulate if more than one person needs to sign Applications, how many or which positions, and if any thresholds apply. *Please delete this footnote in the final letter that is sent to the Bank.*

² Instruction to the Recipient: Stipulate if more than one person needs to *jointly* sign Applications; if so, please indicate the actual number. *Please delete this footnote in the final letter that is sent to the Bank.*

³ Instruction to the Recipient: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete it. *Please delete this footnote in the final letter that is sent to the Bank.*

⁴ Instruction to the Recipient: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete it. *Please delete this footnote in the final letter that is sent to the Bank.*

⁵ Instruction to the Recipient: Add this paragraph if the Recipient wishes to authorize the listed persons to accept Secure Identification Credentials and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. *Please delete this footnote in the final letter that is sent to the Bank.*

means. In full recognition that the Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* (“Terms and Conditions of Use of SIDC”), the Recipient represents and warrants to the Bank that it will cause such persons to abide by those terms and conditions.]

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to this Agreement.

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

[Position]⁶

⁶ Instruction to Bank staff: please forward this letter to the Country Lawyer for further processing (Recipient: please do not delete this note).

