

Date: 17-Oct-2022

Honourable Sosten Alfred Gwengwe, M.P.  
Minister of Finance and Economic Affairs  
Ministry of Finance and Economic Affairs  
P.O. Box 30049  
Lilongwe 3  
Malawi

**Re: Republic of Malawi  
Credit No. 6379-MW and Grant No. D871-MW  
(Equity with Quality Learning at Secondary Project)**

**Amendment to the Financing Agreements**

Honourable Minister:

We refer to the Financing Agreement (the “Original Financing Agreement”) dated July 25, 2019 as amended, and the Financing Agreement (the “Additional Financing Agreement”) dated July 19, 2021 (the Original Financing Agreement and the Additional Financing Agreement collectively referred to as the “Agreements”), between the Republic of Malawi (the “Recipient”) and the International Development Association (the “Association”), for the abovementioned Equity with Quality Learning at Secondary Project (the “Project”). Please note that capitalized terms used in this amendment letter (“Amendment Letter”) and not defined herein have the meanings ascribed to them in the Agreements.

Pursuant to your letter dated June 21, 2022, requesting the Association to add a contingency emergency response component to the Project, we are pleased to inform you that the Association hereby agrees to amend the Agreements as follows:

1. The opening paragraph in the respective Schedules 1 (Project Description) to the Agreements is hereby amended to read as follows:

“The objective of the Project is to improve quality of science and mathematics instructions in Community Day Secondary Schools (CDSSs), increase access to secondary education in selected remote areas, and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

2. A new Part D is added to the respective Schedules 1 to the Agreements which read as follows:

“Part D: Contingency Emergency Response Component

Providing immediate response to an Eligible Crisis or Emergency, as needed.”

3. A new Section I.F is added under the respective Schedules 2 to the Agreements to read as follows:

**“F. Contingent Emergency Response**

1. In order to ensure the proper implementation of contingent emergency response activities under Part D of the Project (“Contingent Emergency Response Part”), the Recipient shall ensure that:
  - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
  - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
  - (c) the Contingent Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
  - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association.
3. The Recipient shall ensure that:
  - (a) the environmental and social instruments required for the Contingent Emergency Response Part have been prepared, disclosed and adopted in accordance with the CERC Manual, and in form and substance acceptable to the Association; and

- (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
- 4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.”
- 4. The disbursement tables set forth in Sections III.A of the respective Schedules 2 to the Agreements are hereby amended and replaced as follows:
  - (a) For purposes of the Original Financing Agreement (Cr. No. 6370-MW) with the table set forth in Annex 1 to this Amendment Letter; and
  - (b) For purposes of the Additional Financing Agreement (Gr. No. D871-MW) with the table set forth in Annex 2 to this Amendment Letter.
- 5. A new sub-paragraph (c) is added under Section III.B.1 of Schedule 2 to the Original Financing Agreement which reads as follows:
  - “(c) for Emergency Expenditures under Category (5), unless and until all of the following conditions have been met in respect of said expenditures:
    - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (5); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof;
    - (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association; and
    - (iii) the Recipient has prepared and disclosed all safeguard instruments, acceptable to the Association, required for the activities under the Contingent Emergency Response Part, and has implemented any actions which are required to be taken under said instruments all in accordance with the provisions of Section I.F.3 of this Schedule 2.”
- 6. Paragraph 1 in Section III.B. of Schedule 2 to the Additional Financing Agreement is hereby amended to read as follows:
  - “**B. Withdrawal Conditions; Withdrawal Period**
  - 1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
    - (a) for payments made prior to the Signature Date; and
    - (b) for Emergency Expenditures under Category (4), unless and until all of the following conditions have been met in respect of said expenditures:

- (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (4); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof;
- (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association; and
- (iii) the Recipient has prepared and disclosed all safeguard instruments, acceptable to the Association, required for the activities under the Contingent Emergency Response Part, and has implemented any actions which are required to be taken under said instruments all in accordance with the provisions of Section I.F.3 of this Schedule 2”

7. The following new definitions are added immediately after definition #32 in the Appendix to the Original Financing Agreement and as well as after definition #38 in the Appendix to the Additional Financing Agreement:

“‘CERC Manual’ means the manual referred to in Section I.F.1(a) of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Association, and which is an integral part of the Project Implementation Manual.

‘Contingent Emergency Response Part’ means any activity or activities to be carried out under Part D of the Project to respond to an Eligible Crisis or Emergency.

‘Eligible Crisis or Emergency’ means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

‘Emergency Action Plan’ means the plan referred to in Section I.F.1(b), detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.

‘Emergency Expenditures’ means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.F.1(a) of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.”


*[remainder of page intentionally left blank]*

Except as herein expressly amended, all other provisions of the Agreements shall remain in full force and effect.


Please confirm your agreement on behalf of the Recipient, to the foregoing amendments and revisions by countersigning and dating this Amendment Letter.

Sincerely,

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By:   
Hugh Riddell  
Country Manager for Malawi  
Eastern and Southern Africa Region

**AGREED:  
REPUBLIC OF MALAWI**

By:   
Hon. Sosten Alfred Gwengwe, M.P.  
Minister of Finance and Economic Affairs

Date: 20-oct-2022

**Disbursement Table for Credit No. 6379-MW**

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Eligible Expenditures for PBCs under Parts A and B of the Project except Parts A.1(d) and (e); B.1(c); B.2(e); and B.3(b) of the Project	57,200,000	100% of amounts spent in compliance with PBC amounts set out in Schedule 4 of this Agreement as reported under the Eligible Expenditures for PBCs Spending Reports for each Withdrawal
(2) Goods, works, non-consulting services, consulting services, Operating Costs and Training for Parts B.3(b) and C of the Project	6,280,775	100%
(3) Refund of Preparation Advance	142,385	Amount payable pursuant to Section 2.07(a) of the General Conditions
(4) Sub-grants under Part B.2(e)(i)	1,176,840	100%
(5) Emergency Expenditures	0	100%
<b>TOTAL AMOUNT</b>	64,800,000	

**Expenditures Table for Grant No. D871-MW**

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training for Parts A.1(d) and (e); B.1(c); and B.2(e)(ii) of the Project	1,817,000	100%
(2) Goods, works, non-consulting services, consulting services, Operating Costs and Training for Parts B.3(b) and C of the Project	1,481,000	0% until Category (2) of the Original Financing Agreement is fully disbursed, 100% thereafter.
(3) Sub-grants under Part B.2(e)(i)	202,000	0% until Category (4) of the Original Financing Agreement is fully disbursed, 100% thereafter.
(4) Emergency Expenditures	0	100%
<b>TOTAL AMOUNT</b>	<b>3,500,000</b>	