

CONFORMED COPY

CREDIT NUMBER 2853-MAI  
(Second Amendment)

Second Agreement Amending  
Development Credit Agreement

(Fiscal Restructuring and Deregulation Program)

between

REPUBLIC OF MALAWI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 16, 1998

CREDIT NUMBER 2853-MAI  
(Second Amendment)

SECOND AGREEMENT AMENDING  
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated March 16, 1998, between REPUBLIC OF MALAWI (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower and the Association have entered into a Development Credit Agreement (Fiscal Restructuring and Deregulation Program), dated May 15, 1996, (the Development Credit Agreement) for the purpose of providing support during the execution of the Borrower's program designed to achieve structural adjustment of the Borrower's economy (the Program);

(B) the Borrower and the Association have entered into the Agreement Amending Development Credit Agreement (Fiscal Restructuring and Deregulation Program), dated April 29, 1997, whereby additional assistance was made available to the Borrower for the purpose of providing support during the execution of the Program;

(C) the Borrower has requested the Association to provide further additional assistance in support of the Program by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to one million seven hundred thousand Special Drawing Rights (SDR 1,700,000); and

WHEREAS the Association has agreed on the basis, inter alia, of the foregoing to provide such additional assistance to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Amendments of the  
Development Credit Agreement

Section 1.01. Section 1.02 of the Development Credit Agreement is amended as follows:

(a) paragraph (i) is amended by substituting "SDR 21,000,000" by "SDR 25,100,000";

(b) the date in paragraph (k) is amended to read "April 29, 1997"; and

(c) a new paragraph (l) is added reading:

"(l) "Second Amending Agreement" means the Second Agreement Amending the Development Credit Agreement (Fiscal Restructuring and Deregulation Program) between the Borrower and the Association, dated, March 16, 1998."

Section 1.02. Section 2.01 of the Development Credit Agreement is amended to read as follows:

"Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to seventy-seven million three hundred thousand Special Drawing Rights (SDR 77,300,000) (the Credit), which includes: (a) an original amount in various currencies equivalent to seventy-three million two hundred thousand Special Drawing Rights (SDR 73,200,000), which included an amount in various currencies equivalent to two million nine hundred thousand Special Drawing Rights (SDR 2,900,000) representing an IDA Reflow allocation made by the Association, (the Initial Financing); (b) an additional amount in various currencies equivalent to two million four hundred thousand Special Drawing Rights (SDR 2,400,000) (the First Additional Financing); and (c) a second additional amount in various currencies equivalent to one million seven hundred thousand Special Drawing Rights (SDR 1,700,000) (the Second Additional Financing)."

Section 1.03. Section 2.02 of the Development Credit Agreement is amended as follows:

(a) Paragraph (a) is amended by substituting the phrase "paragraphs (b), (c) (d) and (e)" by "paragraphs (b), (c), (d), (e), and (f)".

(b) The following paragraph (f) is added at the end of said Section 2.02 reading as follows:

"(f) After a date twelve months (or such later date as the Association shall establish and promptly notify to the Borrower) from the date of the Second Amending Agreement, no withdrawal shall be made from the Credit Account in respect of expenditures to be financed out of the proceeds of the Second Additional Financing. At any time after such date, the Association may, by notice to the Borrower, cancel the unwithdrawn amount of the Second Additional Financing from the Credit Account or any part thereof."

Section 1.04. Paragraph (b) (i) of Section 2.05 of the Development Credit Agreement is amended by adding after the term "cancelled" the following proviso reading:

"and that any commitment charge on: (A) the First Additional Financing shall accrue from a date sixty days after the date of the Amending Agreement; and (B) the Second Additional Financing shall accrue from a date sixty days after the date of the Second Amending Agreement."

Section 1.05. (a) The amount in Category (2) of the table in paragraph 1 of Schedule 1 to the Development Credit Agreement is amended by substituting "21,000,000" by "25,100,000"; (b) The "Total" figure in the table in paragraph 1 of Schedule 1 to

the Development Credit Agreement is amended by substituting "73,200,000" by "77,300,000".

## ARTICLE II

### Effective Date; Termination

Section 2.01. This Second Amending Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that the execution and delivery of this Second Amending Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action.

Section 2.02. As part of the evidence to be furnished pursuant to Section 2.01 of this Second Amending Agreement, there shall be furnished to the Association an opinion or opinions, satisfactory to the Association, of counsel acceptable to the Association showing, on behalf of the Borrower, that this Second Amending Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms.

Section 2.03. This Second Amending Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Borrower notice of its acceptance of the evidence required by Section 2.01 of this Second Amending Agreement.

Section 2.04. If this Second Amending Agreement shall not have come into force and effect by a date ninety (90) days after the date of this Second Amending Agreement, this Second Amending Agreement and all obligations of the parties hereunder shall terminate, unless the Association establishes a later date for the purposes of this Section. If this Second Amending Agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this Second Amending Agreement had not been executed.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Second Amending Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF MALAWI

By /s/ Willie Chokani

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Barbara Kafka

Acting Regional Vice President  
Africa

