February 2, 2018

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

Re: IDA Credit No. 6147-MW and Grant No TF0A5749
(Shire Valley Transformation Program-I)
Additional Instructions: Disbursement
Additional Instructions: Disbursement and Financial Information Letter (DFIL)

Honorable Minister:

I refer to the Financing Agreement between the Republic of Malawi ("Recipient") and the International Development Association (the "Association") and Grant Agreement between the International Bank for Reconstruction and Development acting as an implementing agency of the Global Environmental Facility and the Recipient for the above-referenced project, each dated Feb 2, 2018. The Agreements provide that the Association may issue additional instructions regarding the withdrawal of the proceeds of financing Credit No. 6147-MW and Grant No. TF0A5749 ("Financing" and "Grant"). This letter ("Disbursement and Financial Information Letter"), as revised from time to time, constitutes the additional instructions.


I. Disbursement Arrangements, Withdrawal and Reporting of Financing Proceeds

(i) Disbursement Arrangements:

- **Instructions** (Schedule 1). The table provides the disbursement methods, and conditions, information on registration of authorized signatures, processing of withdrawal applications (including minimum value of applications and processing of advances), instructions on supporting documentation, and frequency of reporting on the Designated Account.

- **Minimum Value of Applications** (subsection 3.5). The Minimum Value of Applications for Reimbursement, Direct Payment and Special Commitment is USD 100,000 equivalent.
• **Direct Payment.** Disbursements against Prior Review Contracts which have been subject to International Competitive Procurement will be made only through Direct Payment method.

• **Disbursement Deadline Date, DDD (subsection 3.7).** The DDD is four (4) months after the Closing Date. Any changes to this date will be notified by the Association.

(ii) **Electronic Delivery.** Refer to section 10.01 (c) of the General Conditions:

- The Association may permit the Recipient to electronically deliver applications (with supporting documents) through the Association’s web-based portal (https://clientconnection.worldAssociation.org) “Client Connection”. This option may be effected if: (a) the Recipient has designated in writing, its officials who are authorized to sign and deliver Applications and to receive Secure Identification Credentials (“SIDC”) from the Association for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of “Client Connection”. The designated officials may deliver Applications electronically by completing the Form 2380, which is accessible through “Client Connection”. The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower. By designating officials to use SIDC and by choosing to 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 Use of Electronic Means to Process Applications and Supporting Documentation, available in the Association’s public website at https://worldAssociation.org and “Client Connection”; and (b) to cause such official to abide by those terms and conditions.

II. **Financial Reports and Audits**

(i) **Financial Reports.** The Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each fiscal year quarter, interim unaudited financial reports (IFR) for the Project covering the quarter.

(ii) **Audits.** Each audit of the Financial Statements (single Audit for the project including all sources of financing) shall cover the period of one fiscal year of the Recipient, the audited Financial Statements for each such period shall be furnished to the association 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 Financing Handbook available on the Association’s public website and “Client Connection”. The Association 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 Financing, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the Association by email at clientconnection@worldAssociation.org.
If you have any queries in relation to the above, please contact Maiada Kassem, Finance Officer with copy to Stella Chepkorir, Finance Analyst at wfa@worldbank.org using the above reference.

Yours sincerely,

[Signature]
Bella Bitsi
Country Director
Tanzania, Burundi, Malawi and Somalia
Africa Region

Attachments:
1. Form of Authorized Signatory Letter
2. Interim unaudited Financial Report (IFR)

Cc with copies: Ministry of Agriculture, Irrigation and Water Development
Lilongwe 3
Malawi
## Schedule 1
### Disbursement Arrangements

<table>
<thead>
<tr>
<th>Basic Information</th>
<th>Country</th>
<th>Malawi</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA Credit</td>
<td>Recipient</td>
<td>Republic of Malawi</td>
</tr>
<tr>
<td>GEF TF</td>
<td>Name of the Project</td>
<td>Shire Valley Transformation Program 1</td>
</tr>
</tbody>
</table>

### Disbursement Methods, and Supporting Documentation

<table>
<thead>
<tr>
<th>Disbursement Methods</th>
<th>Methods Available</th>
<th>Supporting Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Payment</td>
<td>[Yes]</td>
<td>Copy of Records</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>[Yes]</td>
<td>Interim unaudited Financial Report</td>
</tr>
<tr>
<td>Designated Account:</td>
<td>[Yes]</td>
<td>Interim unaudited Financial Report</td>
</tr>
<tr>
<td>Special Commitments</td>
<td>[Yes]</td>
<td>Copy of Letter of Credit</td>
</tr>
</tbody>
</table>

### Designated Account (Section 5 and 6 **)

<table>
<thead>
<tr>
<th>Type</th>
<th>Segregate for IDA credit- MoAIWD-PMT-Categories 1,2,3. Segregate for GEF TF- MoAIWD-PMT- Categories 1.</th>
<th>Ceiling</th>
<th>Variable- Forecast for 2 quarters as provided in the quarterly Interim Financial Report approved by TTL-one common IFR.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Institution - Name</td>
<td>Reserve Bank of Malawi for both DAs</td>
<td>Currency</td>
<td>USD</td>
</tr>
<tr>
<td>Frequency of Reporting, Subsection 6.3 (**)</td>
<td>Same as IFRS-Quarterly</td>
<td>Amount</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

### Authorized Signatures (Subsection 3.1 and 3.2) The form for Authorized Signatories Letter is provided in Attachment 1 of this letter

Withdrawal and Documentation Applications (Subsection 3.3 and 3.4)

Please provide completed and signed (a) applications for withdrawal, together with supporting documents, to the address indicated below:

- The World Association
- Delta Centre, 13th Floor,
- Menengai Road
- Nairobi, Kenya
- Tel: +254 20 2936 000
- Attention: Financing Operations

### Additional Instructions

<table>
<thead>
<tr>
<th>Not applicable.</th>
</tr>
</thead>
</table>
Attachment 1 – Form of Authorized Signatory Letter

[Letterhead]
Ministry of Finance
Street address
City [Country]

[DATE]
The World Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Country Director

IDA Credit No. 6147-MW and Grant No TF0A5749
(Shire Valley Transformation Program-I)

I refer to the Financing Agreement ("Agreement") between the 'International Development Association (the "Association"); 'Financing' with 'Financing'; and [name of borrower] (the "Borrower"), dated [date], providing the above Financing. For the purposes of Section 2.02 of the General Conditions as defined in the Agreement, any [one] 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 Financing.

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

[This confirms that the Recipient's authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Association by electronic means. In full recognition that the Association shall rely upon such

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

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

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

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

5 Instruction to the Borrower: Add this paragraph if the Borrower 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 final letter that is sent to the Bank.
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 Association that it will cause such persons to abide by those terms and conditions.]

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

[Name], [position]    Specimen Signature: ______________________

[Name], [position]    Specimen Signature: ______________________

[Name], [position]    Specimen Signature: ______________________

Yours truly,

/ signed /

[Position]
Attachment 2 - Interim unaudited Financial Statements
Attached Separately
Government of Malawi: Shire Valley Transformation Program

Designated Account Activity Statement - IDA

For the Period Ending: ......................................

<table>
<thead>
<tr>
<th>IDA Credit No.</th>
<th>Deposit Bank</th>
<th>Currency of Designated Account</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Part I
1. Cumulative advances to end of current reporting period
2. Cumulative expenditures to end of last reporting period
3. Outstanding advances to be accounted for (line 1 minus line 2)

Part II
4. Opening DA Balance at beginning of reporting period (as of beginning of quarter)
5. Add/ Subtract: Cumulative Adjustments (if any)
6. Advances from World Bank during period
7. lines 5 and 6
8. Outstanding balances to be accounted for (add lines 4 and 7)
9. Closing DA balance at end of current reporting period (as of quarter)
10. Add / Subtract: Cumulative adjustments
11. Expenditures for current reporting period
12. Add lines 10 and 11
13. Add lines 9 and 12
14. Difference (if any) (line 8 less line 13)

Part III
15. Total forecasted amount to be paid by World Bank
16. Less: Closing DA balance after adjustments
17. Direct Payments / Special Commitments
18. Add lines 16 and 17
19. Cash requirement from World Bank for next two reporting period (line 15 less line 18)
### Sources and Uses of Funds - For the Quarter Ending 

#### IDA CREDIT NO: 

**Shire Valley Transformation Program**

<table>
<thead>
<tr>
<th></th>
<th>Original Pledged</th>
<th>Planned Forecast 6 months</th>
<th>Variance</th>
<th>Quarter</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Closing Account</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Available</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Total Credited</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
- Closing balance of the designated account in USD.
- Funds received and expenses incurred at the rate of exchange ruling on the date of the transaction.
- Opening balance of the designated account in USD.

- Closing balance.
- Total credit.
- Project closing account.
- Cash available.
- Total credited.
<table>
<thead>
<tr>
<th>Contract Number</th>
<th>Supplier</th>
<th>Contract Date</th>
<th>Contract Amount</th>
<th>Date of WB's Non Objection to</th>
<th>Amount Paid to Supplier during</th>
<th>WB's Share of Amount Paid to</th>
</tr>
</thead>
</table>

Shire Valley Transformation Program

Payments Made during Reporting Period
Against Contracts Subject to the Bank’s Prior Review
<table>
<thead>
<tr>
<th>Category</th>
<th>Brief Description of Goods, Works or Services Number</th>
<th>Supplier</th>
<th>Contract Date</th>
<th>Contract Amount</th>
<th>Amount Paid to Supplier during Period</th>
<th>% IDA</th>
<th>IDA Share of Amt Paid to Supplier during Period</th>
</tr>
</thead>
</table>

Shire Valley Transformation Program

Payments Made during the Reporting Period on expenditure
Other than those under Contracts subject to the Bank's Prior Review