November 25, 2011

Honorable Dr. Ken Lipenga, MP  
Minister of Finance  
Ministry of Finance  
P.O. Box 30049  
Capital City  
Lilongwe 3  
Malawi  

Dear Honorable Lipenga:

Republic of Malawi: Infrastructure Services Project  
(Grant No. H242-MAI)  
Amendment to the Financing Agreement  

We refer to the Financing Agreement (the “Agreement”) between the Republic of Malawi (the “Recipient”) and the International Development Association (the “Association”) dated September 4, 2006, as amended to date, for the above mentioned Project. We also refer to your letter dated September 21, 2010, requesting the Association to amend the Agreement.

We are pleased to inform you that the Association concurs with your request and proposes to amend the above as follows:

1. The first paragraph of Schedule 1 to the Agreement is amended to read as follows:

“The objective of the Project is to improve access to basic infrastructure services in target areas.”

2. Section III.A.1(b) of Schedule 2 to the Agreement is amended to read as follows:

“(b) The performance indicators referred to above in sub-paragraph (a), which shall be measured within the Project Area, consist of the following:

(i) Number of people provided with access to electricity under the Project by household connections;

(ii) Number of people provided with access to public phone services;

(iii) Number of people with access to improved water sources under the Project;
(iv) Number of people with access to improved sanitation under the Project;

(v) Proportion of rural population with access to an all season road.

(v) Number of direct Project beneficiaries; and

(vi) Proportion of female Project beneficiaries.”

3. The table in Section V.A of Schedule 2 to the Agreement is amended to read as shown in the Annex to this letter.

4. Section V.B.2 of Schedule 2 to the Agreement is amended to read as follows:

“2. The Closing Date is June 30, 2012”

All other provisions of the Agreement, except as amended herein, will remain unchanged.

Please confirm your agreement to the foregoing by countersigning, dating, and returning to us the enclosed copy of this letter. Upon receipt by the Association of the copy of this letter countersigned by you, this amendment will become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Kundhavi Kadiresan
   Kundhavi Kadiresan
   Country Director for
   Malawi, Zambia and Zimbabwe
   Africa Region

AGREED:
REPUBLIC OF MALAWI

By: /s/ Honorable Dr. Ken Lipenga, MP

Title: Minister of Finance

Date: November 28, 2011
ANNEX

Table in Section V.A of Schedule 2 to the Agreement

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>520,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works</td>
<td>17,260,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ Services and audits</td>
<td>4,880,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Training</td>
<td>1,160,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Operating Costs</td>
<td>1,650,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Subprojects under Part B of the Project</td>
<td>830,000</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Refund of Project Preparation Advances</td>
<td>1,100,000</td>
<td>Amount Payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>(8) Unallocated</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27,400,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
cc: Mr. Joseph Mwanamvekha  
Secretary to the Treasury  
Ministry of Finance  

Mr. Peter Simbani  
Director, Dept and Aide Management  
Ministry of Finance  

Mr. Ted Sitima-Wina  
Principal Secretary  
Ministry of Economic Planning and Development  

Mr. Cliff Chiunda  
Director of Development and Policy Division  
Ministry of Economic Planning and Development  

Mr. Felix Nkhoma  
Project Manager  
Infrastructure Services Project  

Mr. Steve Siwande  
Roads Authority  

Mr. Jeff Chagunda  
Programme Coordinator  
Malawi Rural Travel and Transport Program
cw & cc: M. Mpundu, Sperling (LEGAF); Jose Janeiro (CTRFC); A. Bakalian (AFTUW),
(AFTUW);

bcc: S. Bloemenkamp, C. Kamwendo, E. Lozo, A Jere (AFMMW); T. Chimaliro
(AFTFM); S. Mhone (AFTPC); J. Ahmad, R. White, M. Woldu, B. Asaam, IRIS
(AFTUW); L. Schwarz, T. McCue (CTRLA); Y. Amde, M. McCue, G. Soko
(AFCMZ)