Honourable Dr. Ken Lipenga, MP  
Minister of Finance and Development Planning  
Ministry of Finance and Development Planning  
P.O. Box 30049  
Capital City, Lilongwe 3  
Republic of Malawi

Dear Honourable Lipenga:

Re: Second National Water Development Project (ACGF Grant No. TF091521)  
Amendment to the Africa Catalytic Growth Fund Grant Agreement

We refer to the Africa Catalytic Growth Fund (ACGF) Grant Agreement dated March 27, 2008 (“Agreement”), between the Republic of Malawi (“Recipient”) and the International Development Association (“Association”) acting as administrator of the ACGF for the above stated Project. We refer also to our recent correspondence concerning the refund of an amount of US$278,160 for the misprocured contract No. 021/IPC/MoIWD/G/26. We further refer to your letter dated February 8, 2012 informing us that given the shortage of foreign currency in Malawi, you propose to finance some eligible expenditures out of the Procurement Plan up to a value of US$278,160 in lieu of processing the refund of the misprocured amount.

We would like to inform you that the Association accedes to your proposal and in view of this, we propose to amend the Agreement as follows: a new Section IV.D. of Schedule 2 to the Agreement is added to read as follows:

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"D. All goods specified in the table below shall be financed by the Recipient and shall be procured, prior to June 30, 2012, in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of Section IV.B of Schedule 2 to this Agreement.

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Cost estimate (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOAIWD /G/15(b) (i)</td>
<td>Procurement of cement for rehabilitation of Lufilya in Karonga and Nkhamanga in Rumphi.</td>
<td>11,500</td>
</tr>
<tr>
<td>MOAIWD /G/15(b) (ii)</td>
<td>Procurement of cement for rehabilitation of Mpira/Balaka, Ntonda &amp; Lizulu in Ntcheu.</td>
<td>34,500</td>
</tr>
<tr>
<td>MOAIWD /G/15(b) (iii)</td>
<td>Procurement of cement for rehabilitation of Chikhwawa East Bank and Zomba East.</td>
<td>26,000</td>
</tr>
</tbody>
</table>
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Honourable Dr. Ken Lipenga, MP

April 13, 2012

Procurement of materials for construction of office space for WUA operations in the 7 schemes.

<table>
<thead>
<tr>
<th>MOAIWD/G/18</th>
<th>Procurement of materials for construction of office space for WUA operations in the 7 schemes.</th>
<th>213,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td></td>
<td>$285,000</td>
</tr>
</tbody>
</table>

“The financing by the Recipient, referred to in the paragraph immediately above, shall for all purposes, including purposes of applicability of the Anti-Corruption Guidelines be deemed to have been financing provided by the Association as part of the Grant”.

Except as provided herein, all other provisions of the Agreement shall remain in full force and effect.

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,

Laurence Clarke
Acting Country Director
Malawi, Zambia and Zimbabwe
Africa Region

AGREED:
REPUBLIC OF MALAWI

By: 
Name: DR. K. D. LIPENGA
Title: MINISTER
Date: 4/05/12
Cleared by: Marjorie Mpundu (LEGAF)

bcc: K. Kadiresan, C. Chuma Sosopi (AFCS3) Y. Amde, G. Soko (AFCMZ); T. Chimaliro (AFTFM); V. S. Krishnakumar, S. Chirwa, S. Mhone (AFTPC); G. Ledec (AFTEN); P. Waalewijn (AFTWR); J. Ahmad, A. Bakalian, M. Webster, S. Alemu, B. Asaam (AFTUW); S. Bloemenkamp, C. Kamwendo E. Lozo, A. Jere (AFMMW); DOCS