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

Dear Honorable Gondwe:

Malawi: Skills Development Project  
(Credit Number 5472-MW and Grant Number H-959-MW)  
First Amendment to the Financing Agreement

We refer to the Financing Agreement (the Agreement) for the above-mentioned Project, dated August 13, 2014, between the Republic of Malawi ("Recipient") and the International Development Association ("Association").

We also refer to our recent discussions regarding the student enrollment targets for Participating Skills Development Institutions in agreed skills development programs (Disbursement Linked Indicator: DLI#2) as well as annual target on training of master craftsmen for Technical, Entrepreneurial and Vocational Education and Training Authority (DLI#5) as outlined in the Project Appraisal Document. We noticed that targets for aforementioned DLIs in the signed Financing Agreement are different from the ones in the Project Appraisal Document, which were approved by the World Bank Board. The Association proposes to amend the Agreement by deleting the tables set forth in Schedule 4 to the Agreement in its entirety, and replacing it with the table set forth in the Annex to this letter.

All other provisions of the Agreement, except as herein amended, shall remain in full force and effect.

Please indicate your agreement with the foregoing amendment by countersigning on the two original copies of this letter and returning one original countersigned copy to us. Upon receipt by the Association of this countersigned copy, this amendment shall become effective as of the date of its countersignature.

Sincerely

INTERNATIONAL DEVELOPMENT ASSOCIATION

Bella Bird  
Country Director for Tanzania, Malawi, Burundi and Somalia  
Africa Region
CONFIRMED:

REPUBLIC OF MALAWI

By: [Signature]

Name: Goodall E. Gondwe

Title: Minister of Finance, Econ Plan. + Devlop.

Date: 14/4/2016
### Annex

**SCHEDULE 4**

**A. Disbursement Linked Indicators under Part A of the Project - University of Malawi-The Polytechnic**

<table>
<thead>
<tr>
<th>Disbursement Linked Indicator</th>
<th>Action to be Completed</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Disbursement Calculation Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI #1: Each of the Participating Skills Development Institution has developed and adopted its Institution Improvement Plan</td>
<td>DLR#1.1: The Polytechnic has developed and adopted its Institution Improvement Plan in FY 2014-2015</td>
<td>970,000</td>
<td>DLR 1.1: 970,000</td>
</tr>
<tr>
<td>DLI #2: Student enrollment in agreed skills development programs increases</td>
<td>DLR#2.1: The number of students enrolled in agreed skills development programs increases by 300 in FY 2014-2015&lt;br&gt;DLR#2.2: The number of students enrolled in agreed skills development programs increases by 300 in FY 2015-2016&lt;br&gt;DLR#2.3: The number of students enrolled in agreed skills development programs increases by 300 in FY 2016-2017&lt;br&gt;DLR#2.4: The number of students enrolled in agreed skills development programs increases by 300 in FY 2017-2018&lt;br&gt;DLR#2.5: The number of students enrolled in agreed skills development programs increases by 300 in FY 2018-2019</td>
<td>1,375,000</td>
<td>DLR 2.1: 275,000&lt;br&gt;DLR 2.2: 275,000&lt;br&gt;DLR 2.3: 345,000&lt;br&gt;DLR 2.4: 345,000&lt;br&gt;DLR 2.5: 135,000</td>
</tr>
<tr>
<td>DLI #3: Each of the Participating Skills Development Institution achieves its infrastructure development targets as set out in the Institution Improvement Plan</td>
<td>DLR#3.1: The Polytechnic has adopted a procurement plan for infrastructure development and has signed at least 20% of contracts for the implementation of infrastructure works in FY 2014-2015&lt;br&gt;DLR#3.2: The Polytechnic has signed 100% of contracts for the implementation of infrastructure works in FY 2015-2016&lt;br&gt;DLR#3.3: At least 50% of all works under the infrastructure contracts have been completed in FY 2016-2017&lt;br&gt;DLR#3.4: 100% of all works under the infrastructure contracts have been completed in FY 2017-2018</td>
<td>1,380,000</td>
<td>DLR 3.1: 275,000&lt;br&gt;DLR 3.2: 275,000&lt;br&gt;DLR 3.3: 415,000&lt;br&gt;DLR 3.4: 415,000</td>
</tr>
<tr>
<td>Disbursement Linked Indicator</td>
<td>Action to be Completed</td>
<td>Amount of the Financing Allocated (expressed in SDR)</td>
<td>Disbursement Calculation Formula</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------</td>
<td>---------------------------------</td>
</tr>
</tbody>
</table>
| DLI #4: Each of the Participating Skills Development Institution develops and implements the agreed skills development programs in consultation with the private sector | DLR#4.1: The Polytechnic has developed all the agreed skills development programs in consultation with the private sector in FY 2014-2015  
DLR#4.2: The Polytechnic has implemented at least 50% of all the agreed skills development programs in FY 2015-2016  
DLR#4.3: The Polytechnic has implemented all the agreed skills development programs in FY 2016-2017 | 1,325,000 | DLR 4.1: 465,000  
DLR 4.2: 465,000  
DLR 4.3: 395,000 |
| DLI #5: Each of the Participating Skills Development Institution achieves its staff development targets as set out in the Institution Improvement Plan | DLR#5.1: The Polytechnic has adopted all staff training plans and at least 25% of staff have commenced training in FY 2014-2015  
DLR#5.2: At least 20% of staff have been trained and resumed work in FY 2015-2016  
DLR#5.3: At least 50% of staff have been trained and resumed work in FY 2016-2017  
DLR#5.4: At least 80% of staff have been trained and resumed work in FY 2017-2018  
DLR#5.5: All staff have been trained and resumed work in FY 2018-2019 | 1,155,000 | DLR 5.1: 230,000  
DLR 5.2: 230,000  
DLR 5.3: 290,000  
DLR 5.4: 290,000  
DLR 5.5: 115,000 |
| DLI #6: Each of the Participating Skills Development Institution carries out and publishes tracer studies on on-going and new skills development programs | DLR#6.1: The Polytechnic has carried out and published tracer studies on on-going skills development programs in FY 2014-2015  
DLR#6.2: The Polytechnic has carried out and published on on-going skills development programs in FY 2016-2017  
DLR#6.3: The Polytechnic has carried out and published on-going and new skills development programs in FY 2018-2019 | 275,000 | DLR 6.1: 55,000  
DLR 6.2: 110,000  
DLR 6.3: 110,000 |
### B. Disbursement Linked Indicators under Part A of the Project - University of Malawi - The Chancellor College

<table>
<thead>
<tr>
<th>Disbursement Linked Indicator</th>
<th>Action to be Completed</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Disbursement Calculation Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI #1: Each of the Participating Skills Development Institution has developed and adopted its Institution Improvement Plan</td>
<td>DLR#1.1: The University of Malawi-Chancellor College has developed and adopted its Institution Improvement Plan in FY 2014-2015</td>
<td>970,000</td>
<td>DLR 1.1: 970,000</td>
</tr>
</tbody>
</table>
| DLI #2: Student enrollment in agreed skills development programs increases | DLR#2.1: The number of students enrolled in agreed skills development programs increases by 60 in FY 2014-2015  
DLR#2.2: The number of students enrolled in agreed skills development programs increases by 155 in FY 2015-2016  
DLR#2.3: The number of students enrolled in agreed skills development programs increases by 155 in FY 2016-2017  
DLR#2.4: The number of students enrolled in agreed skills development programs increases by 155 in FY 2017-2018  
DLR#2.5: The number of students enrolled in agreed skills development programs increases by 300 in FY 2018-2019 | 1,055,000 | DLR 2.1: 210,000  
DLR 2.2: 210,000  
DLR 2.3: 265,000  
DLR 2.4: 265,000  
DLR 2.5: 105,000 |
| DLI #3: Each of the Participating Skills Development Institution achieves its infrastructure development targets as set out in the Institution Improvement Plan | DLR#3.1: The University of Malawi-Chancellor College has adopted a procurement plan for infrastructure development and has signed at least 20% of contracts for the implementation of infrastructure works in in FY 2014-2015  
DLR#3.2: The University of Malawi-Chancellor College has signed 100% of contracts for the implementation of infrastructure works signed in FY 2015-2016  
DLR#3.3: At least 50% of all works under the infrastructure contracts has been completed in FY 2016-2017  
DLR#3.4: 100% of all works under the infrastructure contracts has been completed in FY 2017-2018 | 1,050,000 | DLR 3.1: 210,000  
DLR 3.2: 210,000  
DLR 3.3: 315,000  
DLR 3.4: 315,000 |
<table>
<thead>
<tr>
<th>Disbursement Linked Indicator</th>
<th>Action to be Completed</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Disbursement Calculation Formula</th>
</tr>
</thead>
</table>
| DLI #4: Each of the Participating Skills Development Institution develops and implements the agreed skills development programs in consultation with the private sector | DLR#4.1: The University of Malawi-Chancellor College has developed all the agreed skills development programs in consultation with the private sector in FY 2014-2015  
DLR#4.2: The University of Malawi-Chancellor College has implemented at least 50% of all the agreed skills development programs in FY 2015-2016  
DLR#4.3: The University of Malawi-Chancellor College has implemented all the agreed skills development programs in FY 2016-2017 | 1,015,000 | DLR 4.1: 355,000  
DLR 4.2: 355,000  
DLR 4.3: 305,000 |
| DLI #5: Each of the Participating Skills Development Institution achieves its staff development targets as set out in the Institution Improvement Plan | DLR#5.1: The University of Malawi-Chancellor College has adopted all staff training plans and at least 25% of staff have commenced training in FY 2014-2015  
DLR#5.2: At least 20% of staff have been trained and resumed work in FY 2015-2016  
DLR#5.3: At least 50% of staff have been trained and resumed work in FY 2016-2017  
DLR#5.4: At least 80% of staff have been trained and resumed work in FY 2017-2018  
DLR#5.5: All staff have been trained and resumed work in FY 2018-2019 | 880,000 | DLR 5.1: 175,000  
DLR 5.2: 175,000  
DLR 5.3: 220,000  
DLR 5.4: 220,000  
DLR 5.5: 90,000 |
| DLI #6: Each of the Participating Skills Development Institution carries out and publishes tracer studies on on-going and new skills development programs | DLR#6.1: The University of Malawi-Chancellor College has carried out and published tracer studies on on-going skills development programs in FY 2014-2015  
DLR#6.2: The University of Malawi-Chancellor College has carried out and published tracer studies on on-going skills development programs in FY 2016-2017  
DLR#6.3: The University of Malawi-Chancellor College has carried out and published tracer studies on on-going and new skills development programs in FY 2018-2019 | 210,000 | DLR 6.1: 40,000  
DLR 6.2: 85,000  
DLR 6.3: 85,000 |
<table>
<thead>
<tr>
<th>Disbursement Linked Indicator</th>
<th>Action to be Completed</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Disbursement Calculation Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI #1: Each of the Participating Skills Development Institution has developed and adopted its Institution Improvement Plan</td>
<td>DLR#1.1: LUANAR has developed and adopted its Institution Improvement Plan in FY 2014-2015</td>
<td>970,000</td>
<td>DLR 1.1: 970,000</td>
</tr>
</tbody>
</table>
| DLI #2: Student enrollment in agreed skills development programs increases | DLR#2.1: The number of students enrolled in agreed skills development programs increases by 600 in FY 2014-2015  
DLR#2.2: The number of students enrolled in agreed skills development programs increases by 100 in FY 2015-2016  
DLR#2.3: The number of students enrolled in agreed skills development programs increases by 100 in FY 2016-2017  
DLR#2.4: The number of students enrolled in agreed skills development programs increases by 100 in FY 2017-2018  
DLR#2.5: The number of students enrolled in agreed skills development programs increases by 200 in FY 2018-2019 | 1,055,000 | DLR 2.1: 210,000  
DLR 2.2: 210,000  
DLR 2.3: 265,000  
DLR 2.4: 265,000  
DLR 2.5: 105,000 |
| DLI #3: Each of the Participating Skills Development Institution achieves its infrastructure development targets as set out in the Institution Improvement Plan | DLR#3.1: LUANAR has adopted a procurement plan for infrastructure development and has signed at least 20% of contracts for the implementation of infrastructure works in in FY 2014-2015  
DLR#3.2: LUANAR has signed 100% of contracts for the implementation of infrastructure works signed in FY 2015-2016  
DLR#3.3: At least 50% of all works under the infrastructure contracts has been completed in FY 2016-2017  
DLR#3.4: 100% of all works under the infrastructure contracts has been | 1,050,000 | DLR 3.1: 210,000  
DLR 3.2: 210,000  
DLR 3.3: 315,000  
DLR 3.4: 315,000 |
<table>
<thead>
<tr>
<th>Disbursement Linked Indicator</th>
<th>Action to be Completed</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Disbursement Calculation Formula</th>
</tr>
</thead>
</table>
| DLI #4: Each of the Participating Skills Development Institution develops and implements the agreed skills development programs in consultation with the private sector | DLR#4.1: LUANAR has developed all the agreed skills development programs in consultation with the private sector in FY 2014-2015  
DLR#4.2: LUANAR has implemented at least 50% of all the agreed skills development programs in FY 2015-2016  
DLR#4.3: LUANAR has implemented all the agreed skills development programs in FY 2016-2017 | 1,015,000 | DLR 4.1: 355,000  
DLR 4.2: 355,000  
DLR 4.3: 305,000 |
| DLI #5: Each of the Participating Skills Development Institution achieves its staff development targets as set out in the Institution Improvement Plan | DLR#5.1: LUANAR has adopted all staff training plans and at least 25% of staff have commenced training in FY 2014-2015  
DLR#5.2: At least 20% of staff have been trained and resumed work in FY 2015-2016  
DLR#5.3: At least 50% of staff have been trained and resumed work in FY 2016-2017  
DLR#5.4: At least 80% of staff have been trained and resumed work in FY 2017-2018  
DLR#5.5: All staff have been trained and resumed work in FY 2018-2019 | 880,000 | DLR 5.1: 175,000  
DLR 5.2: 175,000  
DLR 5.3: 220,000  
DLR 5.4: 220,000  
DLR 5.5: 90,000 |
| DLI #6: Each of the Participating Skills Development Institution carries out and publishes tracer studies on on-going and new skills development programs | DLR#6.1: LUANAR has carried out and published tracer studies on on-going skills development programs in FY 2014-2015  
DLR#6.2: LUANAR has carried out and published tracer studies on on-going skills development programs in FY 2016-2017  
DLR#6.3: LUANAR has carried out and published tracer studies on on-going and new skills development programs in FY 2018-2019 | 210,000 | DLR 6.1: 40,000  
DLR 6.2: 85,000  
DLR 6.3: 85,000 |
D. Disbursement Linked Indicators under Part A of the Project- Mzuzu University

<table>
<thead>
<tr>
<th>Disbursement Linked Indicator</th>
<th>Action to be Completed</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Disbursement Calculation Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI #1: Each of the Participating Skills Development Institution has developed and adopted its Institution Improvement Plan</td>
<td>DLR#1.1: Mzuzu University has developed and adopted its Institution Improvement Plan in FY 2014-2015</td>
<td>970,000</td>
<td>DLR 1.1: 970,000</td>
</tr>
</tbody>
</table>
| DLI #2: Student enrollment in agreed skills development programs increases | DLR#2.1: The number of students enrolled in agreed skills development programs increases by 400 in FY 2014-2015  
DLR#2.2: The number of students enrolled in agreed skills development programs increases by 400 in FY 2015-2016  
DLR#2.3: The number of students enrolled in agreed skills development programs increases by 500 in FY 2016-2017  
DLR#2.4: The number of students enrolled in agreed skills development programs increases by 600 in FY 2017-2018  
DLR#2.5: The number of students enrolled in agreed skills development programs increases by 600 in FY 2018-2019 | 1,220,000 | DLR 2.1: 245,000  
DLR 2.2: 245,000  
DLR 2.3: 305,000  
DLR 2.4: 305,000  
DLR 2.5: 120,000 |
| DLI #3: Each of the Participating Skills Development Institution achieves its infrastructure development targets as set out in the Institution Improvement Plan | DLR#3.1: Mzuzu University has adopted a procurement plan for infrastructure development and has signed at least 20% of contracts for the implementation of infrastructure works in in FY 2014-2015  
DLR#3.2: Mzuzu University has signed 100% of contracts for the implementation of infrastructure works signed in FY 2015-2016  
DLR#3.3: At least 50% of all works under the infrastructure contracts has been completed in FY 2016-2017  
DLR#3.4: 100% of all works under the infrastructure contracts has been completed in FY 2017-2018 | 1,220,000 | DLR 3.1: 245,000  
DLR 3.2: 245,000  
DLR 3.3: 365,000  
DLR3.4: 365,000 |
<table>
<thead>
<tr>
<th>Disbursement Linked Indicator</th>
<th>Action to be Completed</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Disbursement Calculation Formula</th>
</tr>
</thead>
</table>
| DLI #4: Each of the Participating Skills Development Institution develops and implements the agreed skills development programs in consultation with the private sector | DLR#4.1: Mzuzu University has developed all the agreed skills development programs in consultation with the private sector in FY 2014-2015  
DLR#4.2: Mzuzu University has implemented at least 50% of all the agreed skills development programs in FY 2015-2016  
DLR#4.3: Mzuzu University has implemented all the agreed skills development programs in FY 2016-2017 | 1,117,000 | DLR 4.1: 410,000  
DLR 4.2: 410,000  
DLR 4.3: 350,000 |
| DLI #5: Each of the Participating Skills Development Institution achieves its staff development targets as set out in the Institution Improvement Plan | DLR#5.1: Mzuzu University has adopted all staff training plans and at least 25% of staff have commenced training in FY 2014-2015  
DLR#5.2: At least 20% of staff have been trained and resumed work in FY 2015-2016  
DLR#5.3: At least 50% of staff have been trained and resumed work in FY 2016-2017  
DLR#5.4: At least 80% of staff have been trained and resumed work in FY 2017-2018  
DLR#5.5: All staff have been trained and resumed work in FY 2018-2019 | 1,020,000 | DLR 5.1: 205,000  
DLR 5.2: 205,000  
DLR 5.3: 255,000  
DLR 5.4: 255,000  
DLR 5.5: 100,000 |
| DLI #6: Each of the Participating Skills Development Institution carries out and publishes tracer studies on on-going and new skills development programs | DLR#6.1: Mzuzu University has carried out and published tracer studies on on-going skills development programs in FY 2014-2015  
DLR#6.2: Mzuzu University has carried out and published tracer studies on on-going skills development programs in FY 2016-2017  
DLR#6.3: Mzuzu University has carried out and published tracer studies on on-going and new skills development programs in FY 2018-2019 | 240,000 | DLR 6.1: 50,000  
DLR 6.2: 95,000  
DLR 6.3: 95,000 |
### E. Disbursement Linked Indicators under Part A of the Project- Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA)

<table>
<thead>
<tr>
<th>Disbursement Linked Indicator</th>
<th>Action to be Completed</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Disbursement Calculation Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLI #1: Each of the Participating Skills Development Institution has developed and adopted its Institution Improvement Plan</td>
<td>DLR#1.1: TEVETA has developed and adopted its Institution Improvement Plan in FY 2014-2015</td>
<td>650,000</td>
<td>DLR 1.1: 650,000</td>
</tr>
</tbody>
</table>
| DLI #2: Student enrollment in agreed skills development programs increases | DLR#2.1: The number of students enrolled in agreed skills development programs increases by 320 in FY 2014-2015  
DLR#2.2: The number of students enrolled in agreed skills development programs increases by 750 in FY 2015-2016  
DLR#2.3: The number of students enrolled in agreed skills development programs increases by 1100 in FY 2016-2017  
DLR#2.4: The number of students enrolled in agreed skills development programs increases by 1100 in FY 2017-2018  
DLR#2.5: The number of students enrolled in agreed skills development programs increases by 1100 in FY 2018-2019 | 745,000 | DLR 2.1: 150,000  
DLR 2.2: 150,000  
DLR 2.3: 185,000  
DLR 2.4: 185,000  
DLR 2.5: 75,000 |
| DLI #3: Each of the Participating Skills Development Institution achieves its infrastructure development targets as set out in the Institution Improvement Plan | | | |
| DLI #4: Each of the Participating Skills Development Institution develops and implements the agreed skills development programs in consultation with the | DLR#4.1: TEVETA has developed ten (10) skills development programs in consultation with the private sector in FY 2014-2015  
DLR#4.2: TEVETA has developed an additional five (5) skills development programs and has implemented the ten (10) skills development programs in FY 2015-2016 | 820,000 | DLR 4.1: 205,000  
DLR 4.2: 205,000  
DLR 4.3: 205,000  
DLR 4.4: 205,000 |
<table>
<thead>
<tr>
<th>Disbursement Linked Indicator</th>
<th>Action to be Completed</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Disbursement Calculation Formula</th>
</tr>
</thead>
</table>
| private sector               | DLR#4.3: TEVETA has implemented thirteen (13) skills development programs in FY 2016-2017  
DLR#4.4: TEVETA has implemented all the agreed skills development programs in FY 2017-2018 | | |
| DLI #5: Each of the Participating Skills Development Institution achieves its staff development targets as set out in the Institution Improvement Plan | DLR#5.1: TEVETA has trained 100 master craftsmen in FY 2014-2015  
DLR#5.2: TEVETA has trained 150 master craftsmen in FY 2015-2016  
DLR#5.3: TEVETA has trained 200 master craftsmen in FY 2016-2017  
DLR#5.4: TEVETA has trained 250 master craftsmen in FY 2017-2018  
DLR#5.5: TEVETA has trained 250 master craftsmen in FY 2018-2019 | 725,000 | DLR 5.1: 145,000  
DLR 5.2: 145,000  
DLR 5.3: 180,000  
DLR 5.4: 180,000  
DLR 5.5 75,000 |
| DLI #6: Each of the Participating Skills Development Institution carries out and publishes tracer studies on on-going and new skills development programs | DLR#6.1: TEVETA has carried out and published tracer studies on on-going skills development programs in FY 2014-2015  
DLR#6.2: TEVETA has carried out and published tracer studies on on-going skills development programs in FY 2015-2016  
DLR#6.3: TEVETA has carried out and published tracer studies on on-going skills development programs in FY 2016-2017  
DLR#6.4: TEVETA has carried out and published tracer studies on on-going skills development programs in FY 2017-2018  
DLR#6.5: TEVETA has carried out and published tracer studies on on-going and new skills development programs in FY 2018-2019 | 300,000 | DLR 6.1: 60,000  
DLR 6.2: 60,000  
DLR 6.3: 60,000  
DLR 6.4: 60,000  
DLR 6.5: 60,000 |