Honourable 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 Honourable Gondwe:

**Malawi: Strengthening Safety Nets Systems Project- Fourth Malawi Social Action Fund (MASAF IV) (CR. No. 5343-MW)**

We refer to the Financing Agreement (the Agreement) for the above-mentioned Project, dated August 13, 2014, between the Republic of Malawi (the Recipient) and the International Development Association (the Association). We also refer to the Minutes of Negotiations for the Additional Financing for the above referenced Project in which the Recipient requested the adjustment of the dated covenants in the Agreement to align with agreement reached during the negotiations.

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

1. Section I.H. of Schedule 2 to the Agreement is amended by deleting sub-sections 1 and 2 in their entirety and replacing them with the following:

   i. "The Recipient shall not later than November 30, 2015, engage an independent expert to verify the list of Cash Transfer Beneficiaries for the purpose of Part A.3 (a) of the Project in accordance with the provisions of Section III of this Schedule, whose terms of reference, qualifications and experience and terms and conditions of employment shall be satisfactory to the Association.

   ii. The Recipient shall not later than June 30, 2016, submit to the Association a technical audit report satisfactory to the Association in accordance with Section II.B.4 of this Schedule relating to the Cash Transfers made for the period following the Effective Date of the Project, and thereafter, submit to the Association not later than June 30 in each year, a technical audit report relating to the Cash Transfers made in the said year."

2. Section II.B. of Schedule 2 to the Agreement is amended by deleting sub-section 4 in its entirety and replacing it with the following:
iii. “The Recipient shall ensure that technical audits are carried out on the Cash Transfers under Part A.3 (a) of the Project by auditors and terms of reference both satisfactory to the Association, and in accordance with the Project Implementation Manual.”

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

Kundhavi Kadhresan
Country Director for Malawi, Zambia and Zimbabwe
Africa Region

CONFIRMED:

REPUBLIC OF MALAWI

By: ____________________

Name: Goodall E. Gondwe

Title: MINISTER OF FINANCE