

(Published 3rd November, 2020)

Act

No. 12 of 2020

I assent

DR. LAZARUS MCCARTHY CHAKWERA
PRESIDENT
31st October, 2020

ARRANGEMENT OF SECTIONS

SECTION

1. Short title
2. Authorization and ratification of the Financing Agreement
3. Application of the Financing
4. Repayment charged on the Consolidated Fund
5. Exemptions from taxes, charges, etc.
6. Ratification of withdrawals

An Act to authorize and ratify a Financing Agreement made between the Minister of Finance, for and on behalf of the Government of the Republic of Malawi, as borrower, of the one part, and the International Development Association, as lender, of the other part, dated the 22nd day of May, 2020, for a credit and a grant of an amount in various convertible currencies, not exceeding in the aggregate, the equivalent of seventy million, two hundred thousand Special Drawing Rights (SDR 58, 200, 000); and further to provide for matters incidental thereto and connected therewith.

WHEREAS, in exercise of the powers conferred by section 4 of the Public Finance Management Act (Cap.37:02) of the Laws of Malawi, the Minister of Finance, on behalf of the Government of the Republic of Malawi (hereinafter referred to as "Government"), signed a financing agreement, in writing, dated the 22nd day of May, 2020, (hereinafter referred to as the "Financing Agreement"),

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with the International Development Association (hereinafter referred to as the “IDA”);

WHEREAS, subject to the terms and conditions in the Financing Agreement, the IDA agreed to extend to the Government, a grant and a credit, in the following amounts—

(a) an amount equivalent to fourteen million six hundred thousand Special Drawing Rights (SDR 14,600,000) (“Grant”); and

(b) an amount equivalent to forty-three million six hundred thousand Special Drawing Rights (SDR 43,600,000) (“Credit”),

both Grant and Credit which are deemed as Concessional Financing for purposes of the General Conditions (collectively hereinafter referred to as the “Financing”). The maximum commitment charge rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance and the Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the withdrawn Credit balance. The Financing is to be applied solely for the purposes of providing additional funds to finance Parts 1(e), 2(d) through 2(g), and 4(e) of the Malawi Resilience and Disaster Risk Management Project (the “Project”);

AND WHEREAS it is provided in the Financing Agreement that the principal Credit shall be repaid in equal and consecutive semi-annual instalments, the first of which shall be payable on 1st February and 1st August, commencing August 1, 2026 to and including February 1, 2058;

NOW, THEREFORE, BE IT ENACTED by the Parliament of Malawi as follows—

Short title

1. This Act may be cited as the International Development Association (Additional Financing for Malawi Resilience and Disaster Risk Management Project) Loan (Authorization and Ratification) Act, 2020.

Authorization and ratification of the Finance Agreement

2. The Financing Agreement, recited in the preamble to this Act, and all of the provisions, terms and conditions therein contained, are hereby authorized and ratified for all purposes, and the Government is hereby declared henceforth to be bound thereby without reservation, and to be solely and primarily liable for any obligation or liability arising thereunder as, or stated to be, an obligation or liability of the Government.

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3. The proceeds of the Financing authorized and ratified by section 2 shall be appropriated and applied for the purpose set forth in the Preamble to this Act, and no other purpose. Application of the Financing
4. The sums required, from time to time, for the repayment of the Credit and any other payments to be made by the Government to the IDA under, and in accordance with the provisions, terms and conditions of the Financing Agreement, are hereby charged on the Consolidated Fund. Repayment charged on the Consolidated Fund
5. All sums to be payable or to be paid, from time to time, by the Government to IDA under and in accordance with the provisions, terms and conditions of the Financing Agreement shall, notwithstanding the provisions of any other written law, be paid without deduction for, and free from, any tax or charge whatsoever, and shall be free from all restrictions or limitations imposed by or under any written law of Malawi. Exemptions from taxes, charges, etc.
6. For the avoidance of doubt, it is hereby declared that notwithstanding the provisions of any other written law, any withdrawal of sums of money heretofore made by, or under authority of the Minister of Finance, for and on behalf of the Government, in pursuance of the Financing Agreement, shall for all purposes be deemed to be and to have been validly and lawfully made and are hereby ratified and approved as withdrawals properly and lawfully made, pursuant to the Financing Agreement; and further shall for all purposes be deemed to constitute valid and enforceable obligations of the Government according to the terms of the Financing Agreement. Ratification of withdrawals

Passed in Parliament this twentieth day of October, two thousand and twenty.

FIONA KALEMBA
Clerk of Parliament