

No. 29582

**FEDERAL REPUBLIC OF GERMANY
and
MALAWI**

**Agreement concerning financial cooperation. Signed at
Lilongwe on 9 November 1988**

Authentic texts: German and English.

Registered by Germany on 8 February 1993.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
MALAWI**

Accord de coopération financière. Signé à Lilongwe le 9 novembre 1988

Textes authentiques : allemand et anglais.

Enregistré par l'Allemagne le 8 février 1993.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE REPUBLIC
OF MALAWI AND THE GOVERNMENT OF THE FEDERAL
REPUBLIC OF GERMANY CONCERNING FINANCIAL CO-
OPERATION

The Government of the Republic of Malawi
and
the Government of the Federal Republic of Germany,

in the spirit of the friendly relations existing between the Republic of Malawi
and the Federal Republic of Germany,

desiring to strengthen and intensify those friendly relations through finan-
cial co-operation in a spirit of partnership,

aware that the maintenance of those relations constitutes the basis of this
Agreement,

intending to contribute to social and economic development in the Republic of
Malawi,

have agreed as follows:

Article 1

- (1) The Government of the Federal Republic of Germany shall enable the Deutsche Finanzierungsgesellschaft für Beteiligungen in Entwicklungsländern GmbH (German Finance Company for Investments in Developing Countries), Cologne, hereinafter referred to as "the DEG", to make available to the Sable Farming Company Limited, hereinafter referred to as "Sable", a financial contribution of up to DM 3,000,000 (three million Deutsche Mark).

¹ Came into force on 9 November 1988 by signature, in accordance with article 7.

The procedure shall be as follows:

- (a) The DEG shall acquire an investment in Sable of up to K. 4,100,000 (four million and one hundred thousand Kwacha);
 - (b) the DEG shall, after the acquisition of the investment, grant Sable a convertible DM loan with equity features in the amount remaining from the DM 3,000,000 (three million Deutsche Mark) made available for the project.
- (2) In addition, the DEG shall grant Sable a loan with equity features to the amount of up to DM 4,000,000 (four million Deutsche Mark) from its own resources (the investment and the two loans are referred to hereinafter as the investment).

Article 2

The DEG investment referred to in Article 1 of this Agreement shall be effected in accordance with the provisions of the financing agreements to be concluded with Sable.

Article 3

- (1) The Government of the Republic of Malawi shall ensure that the investment by the DEG referred to in Article 1 of this Agreement enjoys full protection and full security. Expropriation may only take place for the public benefit and shall be subject to compensation. Such compensation shall correspond to the value of the investment expropriated, be effectively realizable and transferable, and be paid without delay. Provision shall have been made in an appropriate manner at or prior to the time of expropriation for the determination and payment of such compensation. The legality of such expropriation, the amount of compensation and the term within which it is payable shall be subject to review by due process of law. The DEG shall enjoy most-favoured-nation treatment in respect of the matters covered by this Article.

- (2) With regard to the investment referred to in Article 1 of this Agreement, the Government of the Republic of Malawi shall guarantee the free importation of any foreign currency in connection with the acquisition of the investment and the granting of the loans, as well as the free transfer of any sale or liquidation proceeds from the investment, amortization payments in respect of the loans referred to in Article 1 of this Agreement, as well as interest payments in respect of the loan referred to in Article 1 (2) of this Agreement.
- (3) The Government of the Republic of Malawi undertakes on its own behalf and on behalf of the Reserve Bank of Malawi not to hinder Sable in the discharge of its liabilities to the DEG.

Similarly, the Government of the Republic of Malawi and the Reserve Bank of Malawi shall not obstruct the payment of the purchase price to the DEG by any party acquiring the investment referred to in Article 1 of this Agreement.

- (4) The Government of the Republic of Malawi shall, in accordance with the laws applicable in the Republic of Malawi, grant on request "approved status" in respect of the DEG investment referred to in Article 1 of this Agreement.
- (5) The Contracting Parties agree that any returns on the investment referred to in Article 1 (1) (a) of this Agreement as well as any returns on the loan referred to in Article 1 (1) (b) of this Agreement shall be paid into a special account of Sable and used, in accordance with an arrangement to be concluded between the DEG and the Government of the Republic of Malawi, for development activities that are particularly eligible for promotion.

Article 4

The Government of the Republic of Malawi shall exempt the DEG from all taxes and other public charges levied in the Republic of Malawi in connection with the acquisition, sale or liquidation of the investment referred to in Article 1 of this Agreement.

Article 5

Should the investment referred to in Article 1 (1) (a) of this Agreement be increased through the issue of bonus shares, the guarantees and assurances given by the Government of the Republic of Malawi pursuant to Articles 3 and 4 of this Agreement shall also apply to the increased investment.

Article 6

This Agreement shall also apply to Land Berlin, provided that the Government of the Federal Republic of Germany does not make a contrary declaration to the Government of the Republic of Malawi within three months of the date of entry into force of this Agreement.

Article 7

This Agreement shall enter into force on the date of signature thereof.

DONE at Lilongwe on 9th November, 1988
in duplicate in the English and German languages, both texts being equally authentic.

For the Government
of the Republic of Malawi:
[Signed — Signé]¹

For the Government
of the Federal Republic of Germany:
[Signed — Signé]²

¹ Signed by Louis Chimango — Signé par Louis Chimango.

² Signed by Rupprecht — Signé par Rupprecht.