

22-Jul-2020

Date: \_\_\_\_\_

Honorable Dr. Bwalya Ng'andu  
Minister of Finance  
Ministry of Finance  
Lusaka  
Republic of Zambia

**Re: Republic of Zambia: Lusaka Sanitation Project  
Credit Number 5646-ZM  
Amendment to the Financing Agreement**

Honorable Minister:

We refer to the Financing Agreement entered into between the Republic of Zambia (“Recipient”) and the International Development Association (“Association”) dated March 17, 2016 (“Agreement”) for the above-mentioned Project. We also refer to your letters dated May 22, 2019 and June 26, 2019, respectively, requesting a restructuring of the Project. We are pleased to inform you that the Association concurs with your request and hereby amends the Financing Agreement as follows:

1. Schedule 1 to the Financing Agreement is amended as follows:
  - (a) Part A.1 of Schedule 1 is amended to read as follows:

“Implementing a range of investments to upgrade and expand sewerage systems in the Ngwerere and Manchinci sewersheds such investments to include construction and upgrading of sewers, sewer networks, collectors, pumping stations and interceptors, connecting customers to sewerage networks, and the carrying out of associated repairs.”
  - (b) Part B.3, Part B.4 and Part C.3 of Schedule 1 are deleted in their entirety.
2. Schedule 2 to the Financing Agreement is amended to read as follows:
  - (a) Section I.A.3(b) of Schedule 2 is deleted in its entirety. Section I.A.3 shall therefore read as follows:

“The Recipient shall maintain throughout the implementation of the Project, the Project Implementing Entity with institutional structure, staffing, functions and powers satisfactory to the Association and with resources adequate to carry out its responsibilities under the Project.”
  - (b) Section I.B.5 of Schedule 2 is amended to read as follows:

“To facilitate the carrying out of a comprehensive monitoring of the Project activities under Part C.8 of the Project, the Recipient shall cause the Project Implementing Entity to, not later than September 30, 2020, enter into a memorandum of understanding with each of LCC and MoH, detailing mutual roles

and responsibilities, resource commitments and staff allocations and other terms and conditions as may be approved by the Association (“Memorandum of Understanding”).”

- (c) The table in Section IV.A.2 of Schedule 2 is deleted and replaced with the one set out in the Annex to this letter.
- (d) Section IV.B.2 of Schedule 2 is amended to read as follows:

“The Closing Date is October 31, 2022.”

- 3. Section V of Schedule 2 is inserted to read as follows:

**“Section V. Other Undertakings”**

The Recipient shall promptly take all necessary measures (including, without limitation, financial restructuring, promotion of private sector participation, promotion of efficiency, adjustments of the structure or levels of tariffs, and provision of financial assistance) to enable the Project Implementing Entity to meet the requirements set forth in Section IV of the Schedule to the Project Agreement.”

- 4. The Appendix (Annex) to the Financing Agreement is amended to read as follows:

- (a) Definitions No. 6, 7, 15, 21 and 22 of the Appendix are deleted in their entirety.
- (b) The following definition is inserted to the Appendix to read as follows:

“Cash Compensation” means cash compensation and other assistance paid in cash for economic displacement related to the implementation of a Resettlement Action Plan or RAP under the Project.”

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

Please indicate your agreement with the foregoing amendment by signing and dating this letter and returning it to us, while keeping one original for your records. This amendment will become effective as of the date of this letter.

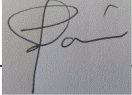
Very truly yours,  
**INTERNATIONAL DEVELOPMENT ASSOCIATION**

*Sahr J. Kpundeh*

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Sahr John Kpundeh  
Country Manager for Zambia  
Africa Region

AGREED:  
**REPUBLIC OF ZAMBIA**

By: \_\_\_\_\_  


Name: Dr. Bwalya Ng'andu

Title: Minister of Finance

Date: 10-Aug-2020  
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<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (Exclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consultants' services, under Part A of the Project	31,740,882.46	100%
(2) Goods, works, non-consulting services, consultants' services, under Part B of the Project	8,542,258	100%
(3) Goods, works, non-consulting services, consultants' services, Training and Operating Costs under Part C of the Project	5,480,257	100 %
(4) Refund of Preparation Advance	1,266,731.54	Amount payable pursuant to Section 2.07 of the General Conditions
(5) Cash Compensation	169,871.00	100%
<b>TOTAL AMOUNT</b>	<b>47,200,000</b>	