

Achim Fock
Country Director
For Zimbabwe
Eastern and Southern Africa

Date: 22-Nov-2023

Hon. Dr. Situmbeko Musokotwane
Minister of Finance and National Planning
Ministry of Finance and National Planning
P.O.Box 50062
Chimanga Road
Lusaka, Zambia

**Re: IDA Credit No.7345-ZM
(Zambia Agribusiness and Trade Project-II (ZATP-II))
Additional Instructions: Disbursement and Financial Information Letter**

Excellency,

I refer to the Financing Agreement between THE REPUBLIC OF ZAMBIA (“Recipient”) and the International Development Association (“Association”) for the above-referenced Project. The General Conditions, as defined in the Financing Agreement, provide that the Recipient may from time-to-time request withdrawals of Credit¹ amounts from the Credit Account² in accordance with the Disbursement and Financial Information Letter, and such additional instructions as the Association may specify from time to time by notice to the Recipient. The General Conditions also provide that the Disbursement and Financial Information Letter may set out Project specific financial reporting requirements. This letter constitutes such Disbursement and Financial Information Letter (“DFIL”) and may be revised from time to time.

I. Disbursement Arrangements, Withdrawal of Credit Funds, and Reporting of Uses of Credit Funds

The *Disbursement Guidelines for Investment Project Financing*, dated February 2017, (“Disbursement Guidelines”), are available in the Association’s public website at <https://www.worldbank.org> and its secure website “Client Connection” at <https://clientconnection.worldbank.org>. The Disbursement Guidelines are an integral part of the DFIL, and the manner in which the provisions in the Disbursement Guidelines apply to the Credit is specified below.

(i) Disbursement Arrangements

- **General Provisions** (Schedule 1). The table in Schedule 1 sets out the disbursement methods which may be used by the Recipient, information on registration of authorized signatories, processing of Withdrawal Applications (including minimum value of

¹ “Financing” means: (a) the Credit if the Financing Agreement provides for a Credit only; (b) the Grant if the Financing Agreement provides for a Grant only; or both the Credit and the Grant if the Financing Agreement provides for both a Credit and a Grant.

² “Financing Account” means: (a) the Credit Account if the Financing Agreement provides for a Credit only; (b) the Grant Account if the Financing Agreement provides for a Grant only; or (c) the Credit Account in respect of the Credit and the Grant Account in respect of the Grant if the Financing Agreement provides for a Credit and a Grant.

applications and processing of advances), instructions on supporting documentation, and frequency of reporting on the Designated Account(s).

(ii) Withdrawal Applications Electronic Delivery³

The Recipient will deliver Withdrawal Applications (with supporting documents, “Applications”) electronically through the Association’s web-based portal “Client Connection” at <https://clientconnection.worldbank.org>. This option will be effected after the officials designated in writing by the Recipient who are authorized to sign and deliver Applications have registered as users of “Client Connection”. The designated officials will deliver Applications electronically by completing the Form 2380, which is accessible through “Client Connection”. By signing the Authorized Signatory Letter, the Recipient confirms that it is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Association by electronic means. The Recipient may exercise the option of preparing and delivering Applications in paper form on exceptional cases (including those where the Recipient encounters legal limitations), and which were previously agreed with the Association. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient confirms through the Authorized Signatory Letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation, available in the Association's public website at <https://www.worldbank.org> and “Client Connection”; and (b) to cause such officials to abide by those terms and conditions.

II. Financial Reports and Audits⁴

(i) Financial Reports

The Recipient must prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports (“IFRs”) for the Project covering the quarter.

(ii) Audits.

Each audit of the Financial Statements must cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period must be furnished to the Association not later than six (6) months after the end of such period.

³ Section 11.01 (c) of the General Conditions.

⁴ Section 5.09 of the General Conditions.

III. Other Important Information.

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Association's public website and "Client Connection". The Association recommends that you register as a user of "Client Connection". From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Credit, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, or if you have any queries in relation to the above, please contact the Association by email at askloans@worldbank.org using the above reference.

Yours sincerely,

Achim Fock

Achim Fock
Country Manager for Zambia
Eastern and Southern Africa

Attachments

1. Form of Authorized Signatory Letter
2. Form of Statement of Expenditure (SOE)

With copies: Minister of Finance and National Planning

Schedule 1 : Disbursement Provisions

A. Basic Information					
Credit Number	7345-ZM	Country	THE REPUBLIC OF ZAMBIA	Closing Date	Section III.B.2 of Schedule 2 to the Financing Agreement
		Recipient	Ministry of Finance & National Planning		
		Name of the Project	Zambia Agribusiness and Trade Project-II (ZATP-II)	Disbursement Deadline Date⁵	Four (4) months after the closing date
B. Disbursement Methods and Supporting Documentation					
Disbursement Methods⁶	Methods	Supporting Documentation⁷			
Direct Payment	Yes	Records (Supplier Invoices/Copy of Receipts)			
Reimbursement	Yes	Statement of Expenditures (SOE) in the format provided in Attachment 2, 3 of the DFIL for categories 1 and 2 and customized SOE to reflect relevant data for lines of credit under category 3			
Advance (into a Designated Account)	Yes	Statement of Expenditures (SOE) in the format provided in Attachment 2, 3 of the DFIL for categories 1 and 2 and customized SOE to reflect relevant data for lines of credit under category 3			
Special Commitments	Yes	Copy of Letter of Credit, Copy of Proforma Invoice			
C. Designated Account(s)⁸					
Type and Management Unit	Segregated DA-A for Part 1 except Part 1 (1.3), Part 2 & Part 3 DA-B for Part 1 (1.3) LoC (category 3)		Ceiling	Variable	
Financial Institution - Name	Bank of Zambia		Currency	USD	
Frequency of Reporting⁹	Monthly		Amount	As per 6 months forecast provided in the IFR	
D. Minimum Value of Applications¹⁰					
The minimum value of applications for Direct Payment, Reimbursement and Commitment Issuance-SC is USD 100,000 equivalent.					
E. Authorized Signatures¹¹					
Withdrawal and Documentation Applications¹²					
The form for Authorized Signatory Letter is provided in Attachment 1 of this letter.					

For notes in Schedule 1: Sections and subsections relate to the “Disbursement Guidelines for Investment Project Financing”, dated February 2017.

⁵ Subsection 3.7

⁶ Section 2

⁷ Subsections 4.3 and 4.4

⁸ Sections 5 and 6

⁹ Subsection 6.3

¹⁰ subsection 3.5

¹¹ Subsection 3.1 and 3.2

¹² Subsection 3.3 and 3.4

All Applications and its supporting documentation, and Authorized Signatory Letter will be electronically sent via the Bank's system "Client Connection".

F. Additional Information/Instructions

1. The project may transfer funds from the DA-A and DA-B to respective local currency accounts (Project Operating Account/PA). The Kwacha POA will be opened at the Bank of Zambia with a mirror account at commercial bank and US dollar POA account will be opened at a commercial Bank acceptable to the Association. Transfers to the local currency PA should be done on a need basis to avoid foreign exchange losses.
2. In case of a contract with a UN Agency requiring a UN Commitment, an application for issuance of UN Commitment is to be submitted by the Recipient. Subsequent payments and documentation of expenditures under the contract must be made in accordance with the Commitment letter to be issued by the Association and the contract between the Recipient and the UN agency. In case of a UN Advance (without UN Commitment), documentation of expenditure should be made once the final invoice is issued and based on the UN Financial Report.

Attachment 1 – Form of Authorized Signatory Letter

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: [Country Director]¹

Dear [Country Director]:

**Re: IDA Credit No.7345-ZM
(Zambia Agribusiness and Trade Project-II (ZATP-II))**

I refer to the [Credit] [Grant] Agreement (“Agreement”) between the International Development Association (“Association”)[, acting as implementing of the]² and [name of recipient] (“Recipient”), providing the above [Credit] [Grant]. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any ³[one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign Withdrawal Applications (“Application”) [and applications for a special commitment] under this [Credit] [Grant].

For the purpose of delivering Applications to the Association, including by electronic means, ⁴[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting ⁵[individually] ⁶[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Association.

This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Association by electronic means. In full recognition that the Association shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* (“Terms and Conditions of Use of SIDC”), the Recipient represents and warrants to the Association that it will cause such persons to abide by those terms and conditions.

¹ Instruction to Bank staff: please forward this letter to Country Lawyer for further processing (Recipient: please do not delete this note).

² Instruction to the Recipient: add text in line with the Grant Agreement if applicable; if not applicable delete it. *Please delete this footnote in final letter that is sent to the Associations*

³ Instruction to the Recipient: stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. *Please delete this footnote in final letter that is sent to the Association.*

⁴ Instruction to the Recipient: stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. *Please delete this footnote in final letter that is sent to the Association.*

⁵ Instruction to the Recipient: use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Association.*

⁶ Instruction to the Recipient: use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Association.*

This Authorization replaces and supersedes any Authorization currently in the Association records with respect to this Agreement.

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

**SOE Model Template [including listing of prior review payments]
IDA – International Development Association
Statement of Expenditures**

Payment made during the period from to

The following expenditures have been incurred during the retroactive financing period (please tick)
The following expenditures have been incurred before the closing date of the loan/credit/grant (please tick)

Yes	No
Yes	No

Financier	
Loan/Credit/Grant #	
Application #	
Category #	
Page #	

ONLY for the Designated Account

1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Item No	Supplier's Name	Brief Description of the Expenditure	Prior Review (Contract?) <i>(YES or NO)</i>	Contract # <i>(Client Connection # for Prior Review Contracts)</i>	Contract Currency and Amount <i>(Original + Amendment)</i>	Invoice Number	Date of Payment	Total Amount of Invoice Covered by Application <i>(Net of Retention)</i>	% Financed from the Bank	Eligible Amount <i>(Col 9 x 10)</i>	Exchange Rate	Date of Withdrawal from the Designated Account	Amount Withdrawn from the Designated Account <i>(Col 11/12)</i>	
									0.00			0.00	TOTAL	0.00

Supporting documents for this SOE are retained at

(insert location)

A separate form should be used for each category.

Category 2 (Matching Grants)
Period: DD/MM/YY to DD/MM/YY

The World Bank
APPLICATION FOR WITHDRAWAL
STATEMENT OF EXPENDITURES – CUSTOMIZED
(SOE)¹⁹

1	2	3	4	5	6	7	8	9	10	11
Item No.	Name and Address of Beneficiary	Grant Agreement No. & Date (or other ref.)	Brief Description of Matching Grant Activities	Currency and Total Amount of Grant	Total amount of Grant payment request covered by application (net of retention)	Eligible. %	Payment request Eligible for Financing	Amt. Paid from DA	Date of Payment	Remarks

¹⁹ Supporting documents for this Customized SOE retained at:(insert location)

				Totals						

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Drafted: *Wolfgang Chadab*

Cleared with and cc: *Elisa Ilibagiza Mugiraneza, LEGAM*
 Soujanya Krishna Chodavarapu, EAEF1

Cc: *Baison Banda, EAEGI*