

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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OFFICIAL DOCUMENTS

April 12, 2017

Honorable Felix Mutati
Minister of Finance
Ministry of Finance
P.O. Box 50062
Lusaka
Republic of Zambia

Re: IDA Financing Credit No. 58230 – ZM
(Southern Africa Tuberculosis and Health Systems Support Project)
Additional Instructions: Amendment to the Disbursement Letter dated December 15, 2016

Honorable Mutati:

I refer to the Financing Agreement between the International Development Association (the “Association”) and Republic of Zambia (the “Recipient”) for the above-referenced project, dated December 15, 2016. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of Credit No 58230 - ZM (“Financing”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

This Disbursement letter is the first amendment to the Disbursement Letter dated December 15, 2016 for the above reference project to restate: (i) Section I to include advances as a disbursement method; (ii) Section II (vi) to indicate the, currency and ceiling of the designated account and the financial institution where the designated accounts shall be opened; and (iii) Section III (i) to specify the supporting documentation for requests for advances. All other provisions and attachments of the original Disbursement letter, shall remain in force and effect.

The attached *World Bank Disbursement Guidelines for Projects*, dated February 1, 2017, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Financing is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Financing:

- Reimbursement
- Advance
- Direct Payment
- Special Commitment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the Association.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in the Financing Agreement.

II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1).

An authorized signatory letter in the Form attached (Attachment 2) should be furnished to the Association at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank Office
Lusaka, Republic of Zambia
Attention: Guang Zhe Chen, Country Director

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents, and (b) applications for special commitments, together with a copy of the commercial bank letter of credit, to the address indicated below:

The World Bank, 13th Floor
Delta Center, Menengai Road
Upper Hill
P.O. Box 30577-00100
Nairobi, Kenya
Tel +254 20 2936 000
Tel +254 20 2983 211
Attention: Loan Operations

(iii) Electronic Delivery (subsection 3.4) The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association's Client Connection, web-based portal. The option to deliver Applications to the Association by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign

and deliver Applications and to receive secure identification devices (“Tokens”) from the Association for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the Association agrees, the Association will provide the Recipient with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens 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 Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation* (“Terms and Conditions of Use of Tokens”) provided in Attachment 5; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications is United States Dollars (USD): 100,000.

(vi) Advances (sections 5 and 6).

| <i>Designated Account</i> | <i>Managed by</i> | <i>Type</i> | <i>Currency</i> | <i>Financial Institution</i> | <i>Ceiling</i> | <i>Financing categories</i> |
|---------------------------|--|--|-----------------|--|---|-----------------------------|
| <i>D</i> | <i>Zambia MOH - Directorate of policy and planning</i> | <i>Segregated</i> | <i>USD</i> | <i>Bank of Zambia (Central Bank of Zambia)</i> | <i>Based on 6 months forecast as presented in IFRS app (submitted by Country) approved by FMS and TTL</i> | <i>1,2 and 3</i> |
| <i>E</i> | <i>ECSA</i> | <i>Pooled (IDA credit and IDA grant)</i> | <i>USD</i> | <i>Standard Chartered Bank - Tanzania</i> | <i>Based on 6 months forecast as presented in IFRS app (submitted by Country) approved by FMS and TTL</i> | <i>4</i> |
| <i>F</i> | <i>NPCA</i> | <i>Pooled (IDA credit and IDA grant)</i> | <i>USD</i> | <i>NED Bank Limited - South Africa</i> | <i>Based on 6 months forecast as presented in IFRS app (submitted by Country) approved by FMS and TTL</i> | <i>5</i> |

III. Reporting on Use of Financing Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- ***For requests for Reimbursement and for reporting eligible expenditures paid from the Designated Account:***
 - Interim Financial Report by entity in the form attached from a) Country, b) ECESA and c) NPCA in the form attached (Attachment 4); and
 - List of payments against contracts that are subject to the Association's prior review, in the form attached (Attachment 5)

- ***For requests for Direct Payment:*** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Quarterly

IV. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Association's public website at <https://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>. Print copies are available upon request.

From the Client Connection website, you will be able to prepare and deliver Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information.

If you have not already done so, the Association recommends that you register as a user of the Client Connection website (<https://clientconnection.worldbank.org>). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the Association by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Maiada Kassem, Finance Officer at wfald-af@worldbank.org using the above reference.

Yours sincerely,



Maiada Kassem
Finance Officer for Zambia
Africa Region

Attachments -remain unchanged from DL dated Dec 15, 2016.

1. *World Bank Disbursement Guidelines for Projects*, February 1, 2017
2. Form for Authorized Signatures
3. Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation, dated March 1, 2013
3. Form of Interim Financial reports”
4. Form for Payments Against Contracts Subject to the World Bank’s Prior Review

Revised by: Juvenia Cohen

Cleared with and cc: Margaret Png - Legam
Ronald Mutasa - TTL