Dear Honorable Mutati:

Re: Zambia: Preparation of the SREP Investment Plan Project
SCF- SREP- Grant No. TF0A2840

Additional Instructions: Disbursement

I refer to the Letter Agreement ("Agreement") between the Republic of Zambia ("Recipient") and the International Bank for Reconstruction and Development ("World Bank"), acting as the implementing agency of the Trust Fund for the Strategic Climate Fund ("SCF") for the above-referenced program of even date. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF0A2840 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, ("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 Grant 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 Grant:

- Reimbursement
- Advance
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in the Grant Agreement.
Cc:  Mr. Fredson Yamba  
Secretary to Treasury  
Ministry of Finance  
Lusaka  

Dr. Ronald Simwinga  
Permanent Secretary, Economic Management and Finance  
Ministry of Finance  
Lusaka  

Ms. Pamela C. Kabamba  
Permanent Secretary, Budget and Economic Affairs  
Ministry of Finance  
Lusaka  

Dr. Simon Miti  
Permanent Secretary-Planning  
Ministry of National Development Planning  
Lusaka  

Dr. Auxilia Ponga  
Permanent Secretary – Monitoring and Evaluation  
Ministry of National Development Planning  
Lusaka  

Brigadier General Emelda Chola  
Permanent Secretary  
Ministry of Energy  
Lusaka  

Mr. Oscar Kalumiana  
Director of Energy  
Department of Energy  
Ministry of Energy  
Lusaka  

Ms. Langiwe Lungu  
Executive Director  
Energy Regulations Board  
Lusaka  

Mr. Victor Mundende  
Managing Director  
ZESCO Limited  
Lusaka
II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1).
A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
The World Bank Office
Lusaka, 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
Delta Centre, 13th Floor,
Menengai Road
Nairobi, Kenya
Tel: +254 20 2936 000
Attention: Loan Operations

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank's Client Connection, web-based portal. The option to deliver Applications to the World Bank 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 credentials ("SIDC") from the World Bank 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 World Bank agrees, the World Bank will provide the Recipient with SIDC 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 World Bank 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 SIDC to Process Applications. 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 ("Terms and Conditions of Use of SIDC") provided in Attachment 3; and (b) to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for reimbursement, special commitment and direct payment is USD 25,000.
V. Other Important Information


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

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to download Applications, monitor the near real-time status of the Grant, 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 World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact WFALD-TF by sending an email to WFALD-tf@worldbank.org and using the trust fund number as a reference.

Very truly yours,

By

Ina-Marlene E. Ruthenberg
Country Manager for Zambia
Africa Region

Attachments
1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
4. Form of Statement of Expenditure
5. Form of Payments Against Contracts Subject to the World Bank’s Prior Review
6. Designated Account reconciliation Statement

Prepared by: Srivathsan Sridharan, WFALN

Cleared with and cc: Margaret Png, Country Lawyer
Mirlan Aldayarov, Task Team Leader
(vi) Advances (sections 5 and 6).

- **Type of Designated Account** (subsection 5.3): Segregated
- **Currency of Designated Account** (subsection 5.4): USD
- **Financial Institution at which the Designated Account Will Be Opened** (subsection 5.5): Bank of Zambia
- **Ceiling** (subsection 6.1): USD 60,000

III. Reporting on Use of Grant Proceeds

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

- **For requests for Reimbursement:**
  - List of payments against contracts that are subject to Association’s Prior review, in the form attached (Attachment 5).
  - Statement of expenditure in the form attached (Attachment 4) for all the other expenditures/contracts

- **For reporting eligible expenditures paid from the Designated Account:**
  - List of payments against contracts that are subject to Association’s Prior review, in the form attached (Attachment 5).
  - Statement of expenditure in the form attached (Attachment 4) for all the other expenditures/contracts
  - A reconciliation of the Designated Account, in the form attached (Attachment 6), with a copy of the bank statement.

- **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):

  Monthly

IV. Other Disbursement Instructions:

NIL.