Dear Dr. Fundanga:

In response to the request for financial assistance made on behalf of the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (collectively, "World Bank"), acting as administrators of grant funds provided by various donors ("Donors" under the Debt Management Facility Phase II ("DMF II") (TF072132), propose to extend to the Recipient for the benefit of Eligible Member Countries (as defined below), a grant in an amount not to exceed eight hundred fifty-four thousand seven hundred and six United States Dollars (US$854,706) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project"). Eligible Member Countries are the countries listed in the following website:


This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Linda Van Gelder
Acting Senior Director
Macroeconomics and Fiscal Management
Global Practice

AGREED:

MACROECONOMIC AND FINANCIAL MANAGEMENT
INSTITUTE OF EASTERN AND SOUTHERN AFRICA

By

Authorized Representative

Name: Dr. Caleb Fundanga
Title: Executive Director
Date: 24th March, 2016

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 (“Standard Conditions”), with the modifications set forth in Section I of the Appendix to this Agreement, constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to strengthen the capacity of Eligible Member Countries to manage debts effectively, so as to enable governments to finance their operation prudently with appropriate cost-risk mix to contribute to macro-economic stability and ensure sustainable debt levels over the long term.

The Grant will support missions and related outputs under the following components of the DMF II: (i) Application of the Debt Management Performance Assessment (“DeMPA”) tool; (ii) Design of Debt Management Reform Plans; (iii) Assistance in Medium-Term Debt Management Strategy (“MTDS”) Development; (iv) Domestic Debt Market Development; and (v) Organization of Regional Training Events.

Specifically, the activities to be carried out by the Recipient in support of the DMF II components listed above include:

(a) Collecting country background information on the debt management situation in Eligible Member Countries, including information on fiscal policy, monetary policy and legal framework related to debt management, as well as related technical assistance programs if available.

(b) Drafting summaries of country strengths and weaknesses with respect to debt management, based on the above identified background information.

(c) Facilitating data aggregation, teaching useful functions and decrying the cost-risk of the existing debt portfolio for MTDS workshops and trainings.

(d) Organizing and/or participating in training and outreach events related to DMFII’s work program.

(e) Participating in the preparation of reports, presentations and other knowledge products for workshops, training and outreach activities.

The work program to be carried out under one or more of the activities listed above will be agreed between the World Bank and the Recipient, subject to the no-objection from the relevant Eligible Member Countries.
2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** Prior to carrying out any activity under the Project in any given Eligible Member Country, the Recipient shall ensure that such Eligible Member Country’s written consent has been obtained.

2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Eligible Member Country’s territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. **Procurement**

(a) **General.** All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Procurement Guidelines”), in the case of goods and non-consulting services; and

(ii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of Shopping.

(ii) The following methods, other than Shopping, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: Direct Contracting.

(d) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Operating Costs</td>
<td>408,126</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Training</td>
<td>446,580</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>854,706</strong></td>
<td></td>
</tr>
</tbody>
</table>
For purposes of this paragraph, the terms:

(i) “Operating Costs” means reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of Project implementation, consisting of communication and insurance costs, banking charges, office and office equipment maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for technical staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants’ services); and

(ii) “Training” means reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including payments to facilitators, presenters, speakers and their travel costs for each workshop or training session; travel and subsistence costs for training and workshop beneficiary participants, rental of training and workshop facilities, and other costs directly related to training courses and workshop preparation and implementation (but excluding goods and consultants’ services).

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $85,000 equivalent may be made for payments prior to this date but on or after January 1, 2016, for Eligible Expenditures.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is May 31, 2019.

Article IV
Recipient’s Representative; Addresses

4.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Executive Director.

4.02. Recipient’s Address. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)
9 Earls Road, Alexandra Park
P.O. Box A1419, Avondale, Harare
Zimbabwe
Facsimile: +263 4 745 547/8
Email: capacitv@mefmi.org or caleb.fundanga@mefmi.org

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4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391

Abha Prasad  
Facsimile: 1-202-522-3740  
Email: aprasad@worldbank.org
APPENDIX

Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

The definition of “Member Country” in paragraph 17 of the Appendix is modified to read as follows:

“Member Country” means the member of the World Bank in whose territory the Project is carried out or any such member’s political or administrative subdivisions. If the Project is carried out in the territory of more than one member of the World Bank, “Member Country” refers separately to each such member.