November 27, 2012

Honorable Alexander B. Chikwanda, MP
Minister of Finance
Ministry of Finance
Lusaka
Republic of Zambia

Honorable Minister:

Republic of Zambia: Agriculture Development Support Project
Amendment to the Financing Agreement (Grant Number H220-ZA)

We refer to the Financing Agreement (the “Agreement”) dated June 13, 2006, between the Republic of Zambia (the “Recipient”) and the International Development Association (the “Association”) for the above-referenced project (the “Project”), as amended to date. We also refer to your letter dated January 6, 2012 requesting the Association to amend some provisions of the Agreement.

We are pleased to inform you that the Association concurs with your request and hereby amends the Agreement as follows:

1. Part 1(c) (iii) of the Project is amended to read as follows:

“(iii) technical assistance, training and consultancy services for the RDA and NRFA.”

2. Section IV of Schedule 2 to the Financing Agreement is deleted in its entirety and replaced with a new Section IV as shown in the Annex to this letter.

3. The term “MACO” throughout the Agreement is replaced with “MAL”. The definition “MACO” in the Appendix to the Agreement is deleted and replaced with the following:

“MAL” means the Recipient’s Ministry responsible for agriculture and livestock, or any successor thereto.”

All other provisions of the Agreement, 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 countersignature, except for
the definitions of Operating Costs and Training which shall take effect as of March 31, 2011.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

Kundhavi Kadiresan  
Country Director  
Zambia, Malawi and Zimbabwe  
Africa Region

AGREED:  
REPUBLIC OF ZAMBIA

By: ____________________________________________

Name: ALEXANDER B. CHIKWANDE

Title: MINISTER

Date: 11-12-2012
Bcc: Messrs./Mmes V. Pillai, Y. Amde, G. Sokol, F. Mukama, (AFCMZ) C.
Sosopi, H. Mungaila, L. Mukuka, P. Nalini (AFCS3); I. Ekanayake, A.
Mwanakasale; G. Kimboko; T. M. Sallah (AFTA3) Luis Schwarz (CTRLA);
Marjorie Mpundu (LEGES)
Section IV. Withdrawal of the Proceeds of the Financing

A. General.

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Recipient, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing 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 SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Works, Consultants' Services and Training for the Project (Promemoria)</td>
<td>12,067,959.21</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Operating Costs for the Project (except Part 1(a) and 1(c) of the Project)</td>
<td>302,624.45</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Sub Loans Under Part 1 (a) of the Project (Promemoria)</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Matching Grants under Part 1 (b) of the Project</td>
<td>2,328,800.96</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Refund of Project Preparation Advance</td>
<td>368,970.75</td>
<td>Amounts due pursuant to Section 2.02 (c) of the General Conditions</td>
</tr>
<tr>
<td>(6) Goods, Works and Consultants' Services for the Project (except Parts 1(a) of the Project)</td>
<td>9,539,250.17</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Training for: Part 1 (a), Part 1(c), and Parts 2 and 3 of the Project</td>
<td>382736.46</td>
<td>100%</td>
</tr>
<tr>
<td>Total Amount</td>
<td>25,700,000.00</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $3,000,000 equivalent may be made for payments made prior to this date but on or after March 1, 2006, for Eligible Expenditures;

   (b) in respect of any Sub-loan under Category (3) unless the Sub-loan has been made in accordance with the terms and conditions set forth or referred to in paragraph A.1 of Section I of this Schedule 2; and a PFI Agreement has been entered into between the Apex Organization and the PFI which has made the Sub-loan; and

   (c) in respect of any Matching Grant under Category (4) unless the Matching Grant has been made in accordance with the procedures and the terms and conditions set forth or referred to in paragraph B.1 of Section I of this Schedule 2.

   (d) for payments under Categories (1) and (3) made after the date of the countersignature of this amendment letter.

2. For purposes of this Section, the term:

   (a) “Operating Costs” means the incremental expenses incurred by MAL, RDA and NRI’A on account of Project implementation, management, and monitoring, including office space rental and utilities, office supplies and equipment, bank charges, communications, vehicle operation including fuel, maintenance, insurance cost, building and equipment maintenance, travel, supervision and advertising.

   (b) “Training” means incremental reasonable expenditures approved by the Association on the basis of annual work plans to finance the cost of training activities, workshops and seminars related to the Project including expenses for rental of conference rooms, acquisition of materials and supplies, course fees and travel and subsistence for trainees.”

3. The Closing Date is May 15, 2014.