February 28, 2018

Hon. Margaret Mwanakatwe, MP
Minister of Finance
Ministry of Finance
P.O. Box 50062
Chimanga Road
Lusaka
Zambia

Ref.: Republic of Zambia: PFMRP Grant No.TF017118
(Public Financial Management Reform Project (PFMRP)
Phase I Project)

Second Amendment to the Grant Agreement

Honourable Minister:

We refer to the Grant Agreement ("Agreement") dated June 6, 2014, between the Republic of Zambia (the "Recipient") and the International Development Association ("World Bank") acting as administrator of the Public Finance Management Reform Program Multi Donor Trust Fund (the "Trust Fund"), as amended by letter dated January 17, 2017 ("First Amendment Letter").

The World Bank hereby proposes the following amendments:

1. Due to the unavailability of anticipated funds, the First Amendment Letter is hereby cancelled.

2. Paragraph 3.01 of the Agreement is amended to read as follows:

"The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to twenty-two million United States Dollars (US$ 22,000,000) ("Grant") to assist in financing the Project."

3. The table in Section IV. A. 2 of Schedule 2 to the Agreement is amended to read as set out in the annex to this letter.
All other provisions of the Agreement, as amended hereby, shall remain in full force and effect.

Please confirm your agreement with the foregoing by signing, dating and returning to us the enclosed copy of this letter. Upon receipt by the World Bank of the copy of this Agreement countersigned by you, this Amendment will become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

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

AGREED
REPUBLIC OF ZAMBIA

By: [Signature]
Authorized Representative

Name: MAGARET MWAHAKATWE
Title: MINISTER OF FINANCE
Date: 28/02/2018

Attachment: Revised Disbursement Table
## Annex

<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) Goods, works, Training, Operating Costs; non-consulting services, and consultants' services under parts 1, 4, 5, 6, 7 and 8 of the Project.</td>
<td>13,060,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, Training, Operating Costs; non-consulting services, and consultants' services under part 2 the Project.</td>
<td>5,262,667</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, Training, Operating Costs; non-consulting services, and consultants' services under part 3 of the Project.</td>
<td>3,677,333</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>22,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>