REPUBLIC OF ZAMBIA

June 14, 2013

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

Re: Grant No. TF014573
Strengthening Climate Resilient (PPCR Phase II) Project
Section 5.01 of the Standard Conditions: Financial and Economic Data

Dear Sirs:

In connection with the Loan Agreement of this date between the Republic of Zambia (Member Country) and the International Development Association (World Bank) acting as an implementing entity of the Strategic Climate Fund - Pilot Program for Climate Resilience ("SCF") - Pilot Program for Climate Resilience ("PPCR") providing a loan (Loan) for the above-captioned Project, and the Standard Conditions (Standard Conditions) made applicable to the Loan Agreement, I am writing on behalf of the Member Country to set forth the following:

1. We understand and agree that, for purposes of Section 5.01 of the Standard Conditions, the Member Country is required by the World Bank:

   (a) to report “long-term external debt” (as defined in the World Bank’s Debtor Reporting System Manual, dated January 2000 (DRSM)), in accordance with the DRSM, and in particular, to notify the World Bank of new “loan commitments” (as defined in the DRSM) not later than 30 days after the end of the quarter during which the debt is incurred, and to notify the World Bank of “transactions under loans” (as defined in the DRSM) once a year, not later than March 31 of the year following the year covered by the report; and

   (b) to: (i) notify the World Bank at least three months prior to incurring any non-concessional long-term external debt, of its intention to incur such debt, together with the proposed terms of such debt; and (ii) afford the World Bank a reasonable opportunity to exchange views with the Member Country on the matter. For purposes of this paragraph, “non-concessional long-term external debt” means any long-term external debt (as defined in the DRSM), but excluding private debt (as so defined), with an estimated grant element (GE) calculated in the manner published from time to time by the World Bank (see, www.worldbank.org/ida under “reports”) of less than (i) 35% or (ii) the GE for determining concessionality established by the International Monetary Fund in any Poverty Reduction and Growth Facility arrangement or Policy Support Instrument with the Member Country in effect at the time of such notice, whichever is higher.
2. We represent that no defaults exist in respect of any external debt (as defined in the DRSM). It is our understanding that, in making the Loan, the World Bank may rely on the representations set forth or referred to in this letter.

3. Please confirm your agreement to the foregoing by having a duly authorized representative of the World Bank sign in the space provided below.

REPUBLIC OF ZAMBIA

By

[Signature]

Authorized Representative

Name: ALEXANDER CHILWANDA

Title: MINISTER OF FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION acting as an implementing entity of the Strategic Climate Fund - Pilot Program for Climate Resilience

By

[Signature]

Authorized Representative

Name: KUNDIHLA V. LADIRESAN

Title: COUNTY DIRECTOR