Supplemental Letter

REPUBLIC OF ZAMBIA

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

Re: Credit No.5646-ZM
(Lusaka Sanitation Project)
Section 5.01 of the General Conditions: Financial and Economic Data

Dear Sir and Madam:

In connection with the Financing Agreement (Financing Agreement) of even date between
the Republic of Zambia (Member Country) and the International Development Association
(Association) providing financing (Financing) for the above-captioned Project, and the General
Conditions (General Conditions) made applicable to the Financing 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 General Conditions, the
   Member Country is required by the Association:

   (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 Association 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
       Association 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 Association 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 Association 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 Association (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 Financing, the Association 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 Association sign in the space provided below.

Very truly yours,

REPUBLIC OF ZAMBIA

Authorized Representatives

Title: MINISTER OF FINANCE

Date: MARCH 17, 2016

AGREED:

INTERNATIONAL DEVELOPMENT ASSOCIATION

Name: INA-MARIE RUTHENBERG

Title: COUNTRY MANAGER, ZAMBIA

Date: MARCH 17, 2016