February 12, 2014

Honourable Alexander B. Chikwanda, MP
Minister of Finance
Ministry of Finance
Lusaka

Dear Honourable Chikwanda,

Zambia Results Based Financing Project (TF 095772)
Amendment to the Grant Agreement

We refer to the Grant Agreement (the Agreement) for the above-mentioned Project, dated December 30, 2010, between the Republic of Zambia (the Recipient) and the International Development Association (“World Bank”) acting as administrator of the Multi-Donor Trust Fund for Health Results Innovation. We also refer to your letter dated June 4, 2013, requesting for the reallocation of Grant proceeds and the financing of operating costs.

We are pleased to inform you that the World Bank concurs with your request and proposes to amend the Agreement as follows-

1. The table set forth in Section IV. A. 2 of Schedule 2 to the Agreement is deleted in its entirety and replaced with the table set forth in the Annex to this letter.

2. The Appendix to the Agreement is amended by-
   (i) Introducing the following definition immediately after paragraph 6-
   “7. “Operating Costs” means reasonable recurrent Project expenditures, based on an annual budget previously approved by the Association, that would not have been incurred by the Recipient absent the Project, including: (a) office equipment and supplies; (b) office utilities and reasonable communications expenses; (c) office rental expenses; (d) Project’s vehicles maintenance costs, fuel and spare parts; (e) travel expenses and per diems for official Project staff (excluding salaries of Recipient’s civil servants); and (f) operation and maintenance of office equipment, financed with the proceeds of the Financing, all needed for the implementation and supervision of the Project.

   (ii) Renumbering the current paragraphs “7”- “9” as paragraphs “8”- “10” respectively.
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 countersigning on the two original copies of this letter and returning one original countersigned copy to us. Upon receipt by the World Bank of this countersigned copy, this amendment shall become effective as of the date of its countersignature.

Sincerely

INTERNATIONAL DEVELOPMENT ASSOCIATION

Kundhavi Kadiresan
Country Director
Zambia, Zimbabwe and Malawi
Africa Region

CONFIRMED:

REPUBLIC OF ZAMBIA

By: ____________________________
Authorized Representative

Name: Felix Nhulukusa
Title: Acting Secretary to the Treasury
Date: 30/09/2014
Annex

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentages of Expenditures be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants Services financed through Results-Based Payments under Part (1) (a) of the Project</td>
<td>5,300,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(2) Goods under Part 1(b) of the Project</td>
<td>2,050,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, non-consulting services, consultants’ services and Training under Part B of the Project</td>
<td>7,910,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Operational Costs</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16,760,000.00</td>
</tr>
</tbody>
</table>
Cc: Honourable Dr. Joseph Kasonde  
Minister of Health  
Ministry of Health  
Lusaka  

Dr. Roland Msiska  
Secretary to the Cabinet  
Cabinet Office  
Lusaka  

Mr. Fredson Yamba  
Secretary to the Treasury  
Ministry of Finance  
Lusaka  

Mr. Felix Nkulukusa  
Permanent Secretary - Economic Management and Finance  
Ministry of Finance  
Lusaka  

Ms. Pamela C. Kabamba  
Permanent Secretary - Budget and Economic Affairs  
Ministry of Finance  
Lusaka  

Dr. Davy Chikamata  
Permanent Secretary  
Ministry of Finance  
Lusaka  

Dr. Elizabeth Chizema  
Director of Public Health  
Ministry of Health  
Lusaka