Hon. Situmbeko Musokotwane  
Minister of Finance and National Planning  
Ministry of Finance and National Planning  
P.O. Box 50062 Chimanga Road  
Lusaka  
Republic of Zambia  

Excellency:  

**ZAMBIA: Booster Program for Malaria Control in Africa**  
**Trust Fund Grant for Co-financing of Zambia Malaria Booster Project**  
(Grant No. TF091376)  
**Second Amendment to Grant Agreement**  

We refer to the Letter Agreement (the Agreement) dated February 13, 2008, between the Republic of Zambia ("Recipient") and the International Development Association ("World Bank"), acting as administrator of grant funds provided by the Russian Federation, as amended for the Malaria Booster Project (Project). We also refer to the agreement amending and restating the Original Financing Agreement (Financing Agreement) to accommodate the additional financing provided to the Recipient by the Association of even date.

In view of the amendments to the Financing Agreement, we propose to amend the Agreement as follows (all paragraphs refer to paragraphs of the Annex to the Agreement):

1. Paragraph **1.01** is amended to read as follows:

   "The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 ("Standard Conditions") constitute an integral part of this Agreement."  

2. Paragraph **1.02** is amended to read as follows:

   "**Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or the Financing Agreement."  

3. Paragraph **2.01** is amended to read as follows:

   "**2.01. Project Objectives and Description.** The objective of the Project is to increase coverage of interventions for malaria prevention and treatment and other key maternal and child health interventions."
The Project consists of the following parts:

**Part 1(a). Strengthening the Health System to Improve Service Delivery**

Support to the Ministry of Health (MoH) consisting of:

(i) scaling-up access to malaria drugs and rapid diagnostic tests;

(ii) acquisition and distribution of, inter alia, insecticide treated nets, insecticides and other related equipment and supplies for the Recipient's indoor residual campaign;

(iii) acquisition and distribution of reproductive health commodities and provision of related training;

(iv) carrying out a program of activities aimed at improving the capacity of the MoH for case management;

(v) carrying out a program of activities aimed at improving the capacity of the MoH for increased intermittent presumptive treatment and training of microscopists and other front-line health workers in the use of rapid diagnostic tests.

**Part 1(b). Improved Environment Health Management**

Carrying out a program of activities aimed at improving the environmental safeguards under the Project, including support towards implementation of the National Health Care Waste Management Plan.

**Part 2. Community Booster Response to Malaria**

Carrying out a program of activities aimed at improving the capacity of local communities to effectively prevent, control and treat malaria, and deal with the demand-side constraints to effective malaria control programming, based on community demand-driven interventions through the provision of Community Sub-Grants.

**Part 3. Project Management**

Carrying out a program of activities aimed at improving the capacity of the MoH for coordination, implementation, procurement and financial management, monitoring and evaluation of the Project (including through appointment of a fiduciary review agent).”

4. Paragraph 2.03 is amended as follows:

“Paragraph A, B, C and D of Section I, Schedule 2 to the Financing Agreement are hereby incorporated by reference in this Paragraph 2.03 and shall apply, mutatis mutandis, to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, subject, however, to the following qualifications:
(a) references to “Project” shall be construed as references to the Project as amended pursuant to this Agreement;

(b) references to “Association” shall be construed as references to the World Bank under this Agreement.”

5. Paragraph 2.04 is amended to read as follows:

“Project Monitoring, Reporting and Evaluation.

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar quarter and shall be furnished to the World Bank not later than forty-five days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.”

6. Paragraph 2.05 (b) is amended to read as follows:

“The Recipient shall ensure that interim unaudited financial reports for the grant are prepared and furnished to the World Bank not later than 45 days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.”

7. Paragraph 2.06 (a) (i) is amended to read as follows:

“Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Procurement Guidelines"), in the case of Goods;”

8. Paragraph 2.06 (a) (ii) is amended to read as follows:

“Section I of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Procurement Guidelines"), in the case of Consultants’ services;”

9. Paragraph 2.06 (c) (ii) is amended to read as follows:

“The following methods of procurement, other than International Competitive Bidding, may be used for goods and works in the circumstances specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the provisions of 2.06 (c)(iii) below; (c) Direct Contracting; (d) Shopping; and (e) Community Participation procedures acceptable to the World Bank and described in the Project Procedures Manual.”
10. A new paragraph 2.06 (c) (iii) is introduced to read as follows:

“(e) Modifications to National Competitive Bidding Procedures

(i) Bidding shall be open to all bidders, and foreign bidders shall not be obligated to partner with local bidders in order to qualify to participate in the bidding process.

(ii) No margins of preference of any sort shall be applied in the bidding process under National Competitive Bidding.”

11. Paragraph 2.06 (d) (ii) is amended to read as follows:

“(ii) The following methods of procurement, other than Quality- and Cost-based Selection, may be used for consultants’ services in the circumstances specified in the Procurement Plan: (a) Selection Based on Consultants Qualifications; (b) Quality Based Selection (c) Least Cost Based Selection (d) Selection Based on Fixed Budget (e) Single Source Selection; and (f) Selection of Individual Consultants.”

12. The table in paragraph 3.01 of Article III is amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in US$)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services and Training under the Project</td>
<td>2,948,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) District basket sub-grant (pro memoria)</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Community sub-grants</td>
<td>2,402,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Unallocated</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>6,850,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

13. Paragraph 3.02 of Article III is amended to read as follows:

“3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Section no withdrawal shall be made:

(a) for payments made prior to the date of countersignature of this Agreement by the Recipient;
(b) for payments under any District Basket Sub-Grant under Category (2) made after the date of this Agreement; and

(c) for payments under any Community Sub-Grant under Category (3), unless the Community Sub-Grant Agreement has been executed in accordance with the provisions of Paragraph 2.03 D of this Agreement.”

14. Paragraph 3.03 of Article III is amended to read as follows:

“3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is January 31, 2013.”

All other provisions of the Agreement, except as herein amended, shall remain in full force and effect.

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

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Olivier Godron
Olivier Godron
Acting Country Director for Zambia
Africa Region

CONFIRMED:
REPUBLIC OF ZAMBIA

By: /s/ Hon. Situmbeko Musokotwane
Authorized Representative

Date: December 16, 2010