Dear Dr. Singo:

Zimbabwe: Beitbridge Emergency Water Supply and Sanitation Project  
State and Peace-Building Fund (SPF) Grant No. TF098399-ZW  
Reallocation of Grant Proceeds

We refer to the Grant Agreement (the Agreement) for the above mentioned Project dated January 5, 2011 between the International Development Association (the World Bank) and the Beitbridge Town Council (the Recipient), acting as administrator of grant funds provided under the State and Peace-Building Fund (SPF). We also refer to your letter dated September 29, 2011 the Association to include Operating Costs as an eligible expenditure under the Project.

We are pleased to inform you that the World Bank accedes to your request and hereby amends the agreement as set out in the Annex to this letter.

In all other respects, the provisions of the Agreement shall remain in full force and effect.

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

Yours sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Kundhavi Kadiresan
Country Director for
Malawi, Zambia and Zimbabwe
Africa Region
AGREED:
BEITBRIDGE TOWN COUNCIL

By: /s/ Dr. S. Singo
Title: Town Secretary
Date: November 25, 2011

Attachment

cc: Minister of Finance
    Ministry of Finance
    New Government Composite Office Complex
    CNR 4th Street/Somora Machel Avenue
    Harare
    Republic of Zimbabwe
ANNEX

“3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<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 and consultants’ services under the Project</td>
<td>2,550,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Operating Costs</td>
<td>100,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,650,000</td>
<td></td>
</tr>
</tbody>
</table>

For purposes of the table set forth in paragraph (a) of this Section, the term:

“Operating Costs” means the reasonable costs of the following incremental expenditures incurred in carrying out the Project, which shall have been agreed with the World Bank: (A) vehicle operation and maintenance, (B) office supplies and office administration costs; (C) communications charges, insurance costs and banking; and (D) travel and per diem for staff for travel linked to the implementation of the Project, but excluding salaries of the Member Country’s civil servants.”
cw & cc: Marjorie Mpundu, Sr. Counsel (LEGAF); Luis Schwarz, Sr. Finance Officer (CTRFC); Roisin De Burca, Sr. Operations Officer (OPCFC); Roland White (AFTUW); TACT; Matthewos Woldu (TTL).

cc: Messrs./Mmes. N. Mungai Lenneiye, Peter Nicholas, Priscilla Mutikani (AFMZW); Olivier Godron, Yisgedullish Amde, Grace Soko, Annette Minott (AFCMZ); Simon Chirwa (AFTPC); Daniel Domelevo (AFTFM); Christiaan Nieuwoudt (CTDRM); Junaid Ahmad, Belinda Asaam (AFTUW); WBDocs