

Date: 28-Feb-2024

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

Re: IDA Grant E2930 ZM
Transport Corridors for Economic Resilience Project
Additional Instructions: Disbursement and Financial Information Letter

Honorable Minister:

I refer to the Financing Agreement between the Republic of Zambia (“Recipient”) and the International Development Association (“Association”) for the above-referenced Project. The General Conditions, as defined in the Financing Agreement, provide that the Recipient may from time-to-time request withdrawals of Grant amounts from the Grant Account in accordance with the Disbursement and Financial Information Letter, and such additional instructions as the Association may specify from time to time by notice to the Recipient. The General Conditions also provide that the Disbursement and Financial Information Letter may set out Project specific financial reporting requirements. This letter constitutes such Disbursement and Financial Information Letter (“DFIL”) and may be revised from time to time.

I. Disbursement Arrangements, Withdrawal of Grant Funds, and Reporting of Uses of Grant Funds

The *Disbursement Guidelines for Investment Project Financing*, dated February 2017, (“Disbursement Guidelines”), are available in the Association’s public website at <https://www.worldbank.org> and its secure website “Client Connection” at <https://clientconnection.worldbank.org>. The Disbursement Guidelines are an integral part of the DFIL, and the manner in which the provisions in the Disbursement Guidelines apply to the Grant is specified below.

(i) Disbursement Arrangements

- **General Provisions** (Schedule 1). The table in Schedule 1 sets out the disbursement methods which may be used by the Recipient, and conditions, information on registration of authorized signatories, processing of Withdrawal Applications (including minimum value of applications and processing of advances), instructions on supporting documentation, and frequency of reporting on the Designated Account(s).

(ii) Withdrawal Applications (Electronic Delivery)

The Recipient will deliver Withdrawal Applications (with supporting documents, “Applications”) electronically through the Association’s web-based portal “Client Connection” at <https://clientconnection.worldbank.org>. This option will be effected after the officials designated in writing by the Recipient who are authorized to sign and deliver Applications have registered as users

of “Client Connection”. The designated officials will deliver Applications electronically by completing the Form 2380, which is accessible through “Client Connection”. By signing the Authorized Signatory Letter, the Recipient confirms that it is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Association by electronic means. The Recipient may exercise the option of preparing and delivering Applications in paper form on exceptional cases (including those where the Recipient encounters legal limitations), and which were previously agreed with the Association. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient confirms through the Authorized Signatory Letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation, available in the Association's public website at <https://www.worldbank.org> and “Client Connection”; and (b) to cause such officials to abide by those terms and conditions.

II. Financial Reports and Audits

(i) Financial Reports

The Recipient shall through the National Road Fund Agency (NRFA) prepare and furnish to the Association not later than forty-five (45) days after the end of each quarter Interim Unaudited Financial Reports (“IFRs”) for the Project covering the quarter.

(ii) Audits.

Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period and the Management Letter shall be furnished to the Association through the NRFA not later than six (6) months after the end of such period.

III. Other Important Information.

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Association’s public website and “Client Connection”. The Association recommends that you register as a user of “Client Connection”. From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, or if you have any queries in relation to the above, please contact the Association by email at askloans@worldbank.org using the above reference.

Yours sincerely,

Boutheina Guermazi

Boutheina Guermazi
Regional Director Integration
Africa

Attachments

1. Form of Authorized Signatory Letter
2. Interim unaudited Financial Report (IFR)
3. Designated Account Activity Statement

With copies: National Road Fund Agency
Plot No. 33 Fairley Road
Lusaka, Republic of Zambia
Telephone: +260 211 253 145
Email: nrfa@zamnet.zm

Road Development Agency
P. O. Box 50003
Republic of Zambia
Telephone: +260211 253801/254838/253088
Email: rda_hq@roads.gov.zm

Schedule 1 : Disbursement Provisions

A. Basic Information					
IDA Grant Number	IDA E2930 ZM	Country	Republic of Zambia	Closing Date	Section III B.2. of Schedule 2 to the Financing Agreement
		Recipient's Representative	Ministry of Finance & National Planning		
		Name of the Project	Transport Corridors for Economic Resilience (TRACER)	Disbursement Deadline Date	Four (4) months after the Closing Date
B. Disbursement Methods and Supporting Documentation					
Disbursement Methods		Methods	Supporting Documentation		
Direct Payment		Yes	Records (Supplier Invoices/Copy of Receipts)		
Reimbursement		Yes	Interim unaudited Financial Report (IFR, in the format provided in Attachment 2 of the DFIL. For Matching grants, please see "additional information" section for detailed requirements		
Advance (into a Designated Account)		Yes	Interim unaudited Financial Report (IFR, in the format provided in Attachment 2 of the DFIL. For Matching grants, please see "additional information" section for detailed requirements Designated Account Activity Statement, in the format provided in Attachment 3 and related bank statement		
Special Commitments		Yes	Copy of Letter of Credit		
C. Designated Account					
Type and Management Unit		Segregated Account: DA-A - to be managed by NRFA.		Ceiling	Variable
Financial Institution - Name		Bank of Zambia (BoZ)		Currency	U.S. Dollars
Frequency of Reporting ¹		Quarterly		Amount	Based on the two quarters of cash flow forecast validated by the TTL
D. Minimum Value of Applications					
The minimum value of applications for Direct Payment, Reimbursement, and Special Commitment is USD 100,000 equivalent.					
E. Authorized Signatures					
Withdrawal and Documentation Applications					
The form for Authorized Signatory Letter is provided in Attachment 1 of this letter. All Applications and its supporting documentation, and Authorized Signatory Letter will be electronically sent via the Bank's system "Client Connection".					
F. Additional Instructions					
1. Project Operational Accounts: Additional fund flow arrangements including use of Project Operational Accounts (in USD and ZMW) to be opened and held in a local Commercial Bank (CB) acceptable to the Association and the Recipient, are contained in the Disbursement and Fund Flow arrangement sections in the PAD. The funds in these accounts should be used to meet eligible expenditures of the project exclusively, provided that transactions and balances in these accounts are included in all project financial reports.					

2. For Matching Grants under Category 2 of the table under Schedule 2 Section III.A (“Withdrawal Table”), submission of withdrawal applications must be accompanied by the following supporting documentation:

- List of eligible beneficiaries selected and validated per the provisions of the POM
- Report for Matching Grants included in the IFR template in Attachment 2 of the DFIL

Other

- N/A

Attachment 1 – Form of Authorized Signatory Letter

[Letterhead]
 Ministry of Finance
 [Street address]
 [City] [Country]

[DATE]

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

Attention: [Country Director]¹

Dear [Country Director]:

Re: IDA Grant² No. _____ - ____ (name of Project)

I refer to the Financing Agreement (“Agreement”) between the International Development Association (“Association”) and the Republic of Zambia (“Recipient”), providing the above Grant. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any ³[one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign Withdrawal Applications (“Application”) [and applications for a special commitment] under this Grant.

For the purpose of delivering Applications to the Association, including by electronic means, ⁴[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting ⁵[individually] ⁶[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Association.

This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Association by electronic means. In full recognition that the Association shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the *Terms and*

¹ Instruction to Association staff: please forward this letter to the Country Lawyer for further processing (Recipient: please do not delete this note).

² Instruction to the Recipient: use “Credit” or “Grant” as applicable. *Please delete this footnote in the final letter that is sent to the Association.*

³ Instruction to the Recipient: stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. *Please delete this footnote in final letter that is sent to the Association.*

⁴ Instruction to the Recipient: stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. *Please delete this footnote in final letter that is sent to the Association.*

⁵ Instruction to the Recipient: use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Association.*

⁶ Instruction to the Recipient: use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Association.*

Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of SIDC”), the Recipient represents and warrants to the Association that it will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the Association records with respect to this Agreement.

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

Attachment 2 – Interim unaudited Financial Statements

STATEMENT OF EXPENDITURE

Ministry:

XXXX Project

Date of Statement :

IDA/Grant No.	XXXXXXXX
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CATEGORY:

Item No.	Cat. No.	Description	Date of payment	Currency and Total Amount of Contract US\$	Total Invoice Amount covered by this Application	Eligible % of Financing	Currency and Eligible Amount for Financing	Exchange Rate	Amount in USD	Remarks
	Total			-	-		-		-	

Supporting documentation for this SOE retained at NRFA Headquarters in Lusaka, Zambia

XXXXX Project (PXXXXX)
IDA Credit XXXXX
SOURCES AND USES OF FUNDS BY ACTIVITY
QUARTER ENDED: MM/DD/YYYY

CURRENCY US\$												
	Current Quarter	Year To Date	Cumulative									
Cash Receipts:	US\$	US\$	US\$									
IDA/Trust Fund Replenishment	-	-	-	Current Quarter			Year-To-Date			Cumulative		
Direct Payments												
Reimbursement												
Other	-	-	-									
Total Financing	-	-	-	Plan	Actual	Variance	Plan	Actual	Variance	Plan	Actual	Variance
Less: Use of Funds by Component												
Comp 1 -												
Comp 2 -	-	-	-	-	-	-	-	-	-	-	-	-
Comp 3 -	-	-	-	-	-	-	-	-	-	-	-	-
Comp 4 -		-	-		-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Receipts less Expenditure	-	-	-									
Opening cash balance			-									
IDA Trust Fund	-	-	-									
Other	-	-	-									
Total Opening Cash	-	-	-									
Closing Cash balances												
IDA Trust Fund	-	-	-									
Other	-	-	-									
Total Closing Bank balances	-	-	-									

Attachment 3 – Designated Account Activity Statement

XXXXX Project (PXXXXX) IDA Credit XXXXX Designated Account (DA -A) Activity Statement QUARTER ENDED: MM/DD/YYYY	
Project Name: XXXXXXXXXXXX Deposit Bank: Bank of Zambia Currency of DA: US\$	
A/C No: XXXXX	
Part I	
1. Cumulative advances to end of current reporting period	-
2. Cumulative expenditures to end of last reporting period	-
3. Outstanding Advances to be accounted (line 1 minus line 2)	-
Part II	
4. Opening DA balance at beginning of reporting period as of	-
5. Add/subtract: Cumulative adjustments (interest received, other receipts)	-
6. Advances from World Bank during reporting period	-
7. Add lines 5 and 6	-
8. Outstanding advances to be accounted for (add line 4 and line 7)	-
9. Closing DA balance at end of current reporting period as of	-
10. Add/subtract: Cumulative adjustments	-
11. Expenditures for current reporting period	-
12. Add line 10 and line 11	-
13. Outstanding advances to be accounted for (Add line 9 and line 12)	-
14. Difference (if any) (line 8 minus line 13)	-
Part III	
15. Total forecasted amount to be paid by World Bank	-
16. Less: Closing DA balances after adjustments	-
17. Direct payments	-
18. Add lines 16 and 17	-
19. Cash requirement from World Bank for next two reporting periods (line 15 minus line 18)	-

A=B=C if not the identify the difference

FOR OFFICIAL USE ONLY

Prepared by: Owusu Agyei/Ines Melissa Etty, Finance Officer, WFACS

Cleared with and cc: Ntayi Bandawa, Counsel, LEGAM
Aymen Ahmed Osman Ali, Task Team Leader, IAET1

Cc: Baison Banda, FM Specialist, EAEG1