



The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

December 4, 2014

Honourable Alexander Bwalya Chikwanda
Minister of Finance,
Ministry of Finance
Lusaka, Zambia

**Re: Preparation of Proposed Lusaka Sanitation Project Advance No. Q9520
Additional Instructions: Disbursement**

Dear Honorable Chikwanda:

I refer to the Advance Agreement (“Agreement”) between the Republic of Zambia (“Recipient”) and the International Development Association (“World Bank”) for the preparation of the above-referenced Project, of even date herewith. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Project Preparation Advance Q9520 (“PPA”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The attached *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the PPA is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the PPA:

- Reimbursement
- Advance
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is the Refinancing Date specified in the Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in Section 3.02 of the Annex to the Agreement.

II. Withdrawal of PPA Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
Pyramid Plaza Building, Plot 746, Church Road, 2nd Floor
P.O. Box 35410
Lusaka, Zambia
Attention: Kundhavi Kadiresan

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents, and (b) applications for special commitments, together with a copy of the commercial bank letter of credit,] to the address indicated below:

The World Bank
Delta Centre, 13th Floor
Menengai Road, Upper Hill
Nairobi, Kenya
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank's Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials ("SIDC") from the World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Recipient with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of SIDC to Process Applications. 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* ("Terms and Conditions of Use of Secure Identification Credentials") provided in Attachment 3; and (b) to cause such official to abide by those terms and conditions.

(v) **Minimum Value of Applications (subsection 3.5).** The Minimum Value of Applications is USD 200,000.

(vi) **Advances (sections 5 and 6).**

- **Type of Designated Account[s] (subsection 5.3):** Segregated
- **Currency of Designated Account[s] (subsection 5.4):** USD
- **Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):** Zambia National Commercial Bank PLC (ZANACO)
- **Ceiling (subsection 6.1):** forecast for 2quarters as provided in the quarterly Interim Financial Report cleared by Task Team Leader (TTL) and Financial Management Specialist (FMS)

III. Reporting on Use of PPA Proceeds

(i) **Supporting Documentation (section 4).** Supporting documentation should be provided with each application for withdrawal as set out below:

- **For requests for Reimbursement and Eligible Expenditures paid from the Designated Account:**
 - Interim Financial Report in the form attached (Attachment 3); and
 - List of payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 4)
- **For requests for Direct Payment:** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices

(ii) **Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3):** Quarterly

IV. Other Disbursement Instructions

Funds may be remitted from the Designated Account to a Project Account maintained by the LWSC for eligible expenditure in local currency

V. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the World Bank's public website at <http://www.worldbank.org> and its secure website "Client Connection" at <http://clientconnection.worldbank.org>. Print copies are available upon request.

From the Client Connection website, you will be able to download Applications, monitor the near real-time status of the PPA, and retrieve related policy, financial, and procurement information.

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (<http://clientconnection.worldbank.org>). From this website you will be able to download Applications, monitor the near real-time status of the PPA, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Maiada Kassem, Finance Officer at Loa-Afr@worldbank.org; using the above reference.

Yours sincerely,



Kundhavi Kadiresan
Country Director for Zambia
Africa Region

Attachments

- NIST*
1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
 2. Form for Authorized Signatures
 3. *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated March 1, 2013
 4. Form of "Interim Financial Report"
 5. Form of Payments Against Contracts Subject to the World Bank's Prior Review

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

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: [Country Director]

Dear [Country Director]:

Re: [Project][Program] Preparation Advance No. ____-____ (_____ Project)

I refer to the Advance Agreement (“Agreement”) between the [name of Recipient] (“Recipient”) and the International Bank for Reconstruction and Development (“World Bank”) dated _____, providing for the above Project Preparation Advance. For the purposes of Section 3.03 of the Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility, as defined in the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal [and applications for a special commitment] under this Project Preparation Advance:

For the purpose of delivering Applications to the World Bank, ²[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting ³[individually] ⁴[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the World Bank.

¹ Instruction to the Recipient when sending this letter to the World Bank: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply.

² 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 World Bank.*

³ 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 World Bank.*

⁴ 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 World Bank.*

⁵[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 World Bank by electronic means. In full recognition that the World Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the *Terms and 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 World Bank records with respect to this Agreement.

[Name], [position] Specimen Signature: _____
[Name], [position] Specimen Signature: _____
[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

[Position]⁶

⁵ Instruction to the Recipient: Add this paragraph if the Recipient wishes to authorize the listed persons to accept Secure Identification Credentials and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. *Please delete this footnote in final letter that is sent to the World Bank.*

⁶ The letter should be signed by the official designated as the Recipient's Representative in the Advance Agreement.

**Terms and Conditions of Use of Secure Identification Credentials
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation**

March 1, 2013

The World Bank (Bank)⁷ will provide secure identification credentials (SIDC) to permit the Borrower⁸ to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

SIDC can be either: (a) hardware-based (Physical Token), or (b) software-based (Soft Token). The Bank reserves the right to determine which type of SIDC is most appropriate.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide SIDC to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.
2. Each Signatory must register as a user on the Bank's Client Connection (CC) website (<https://clientconnection.worldbank.org>) prior to receipt of his/her SIDC. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Initialization of SIDC.

1. Prior to initialization of SIDC by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.
2. Where a Physical Token is to be used, promptly upon receipt of the Physical Token, the Signatory will access CC using his/her account name and CC Password and register his/her Physical Token and set a personal identification number (PIN) to be used in connection with the use of his/her Physical Token, after which the Physical Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Where a Soft Token is to be used,

⁷ "Bank" includes IBRD and IDA.

⁸ "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.

the Signatory will access CC using his/her account name and CC Password and set a personal identification number (PIN) to be used in connection with the use of his/her Soft Token, after which the Soft Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the SIDC, the Signatory will be a "SIDC User". The Bank will maintain in its database a user account (Account) for each SIDC User for purposes of managing the SIDC of the SIDC User. Neither the Borrower nor the SIDC User will have any access to the Account.

3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC User has received training materials provided by the Bank in use of the SIDC.

C. Use of SIDC.

1. Use of the SIDC is strictly limited to use in the delivery of Applications by the SIDC User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the SIDC is prohibited.
2. The Bank assumes no responsibility or liability whatsoever for any misuse of the SIDC by the SIDC User, other representatives of the Borrower, or third parties.
3. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in granting SIDC) that each SIDC User understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

4. *Security*

- 4.1. The SIDC User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.
- 4.2. The SIDC User shall not allow anyone else to utilize his/her SIDC to deliver an Application to the Bank.
- 4.3. The SIDC User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.
- 4.4. If the SIDC User believes a third party has learned his/her PIN or has lost his/her Physical Token he/she shall immediately notify clientconnection@worldbank.org.
- 4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised SIDC, and take other reasonable steps to ensure such SIDC are disabled immediately.

5. ***Reservation of Right to Disable SIDC***

5.1. The Borrower shall reserve the right to revoke the authorization of a SIDC User to use a SIDC for any reason.

5.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a SIDC, de-activate a SIDC User's Account or both.

6. ***Care of Physical Tokens***

6.1. Physical Tokens will remain the property of the Bank.

6.2. The Bank will physically deliver a Physical Token to each Signatory designated to receive one in a manner to be determined by and satisfactory to the Bank.

6.3. Physical Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Physical Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Physical Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Physical Token.

6.4. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care of Physical Tokens are available at <http://www.rsa.com>.

7. ***Replacement***

7.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Physical Tokens will be replaced at the expense of the Borrower.

7.2. The Bank reserves the right, in its sole discretion, not to replace any Physical Token in the case of misuse, or not to reactivate a SIDC User's Account.

Interim Financial Report Template

Ministry of Local Government and Housing

Lusaka Sanitation Project (P149091)

IDA Credit/TRUST FUND No.

SOURCES AND USES OF FUNDS BY CATEGORY

QUARTER ENDED:

	CURRENCY US\$			6 MONTHS FORECAST
	CURRENT QUARTER	Year To Date	CUMMULATIVE	
	US\$'000	US\$'000	US\$'000	US\$'000
Cash Receipts:				
IDA Trust Fund	-	-	-	
Other	0	0	-	
Total Financing	-	-	-	-
Less: Use of Funds by Category				
(1) Goods, Consultants' Services, Non-consultants' Services, Training and Operating Costs	-	-	-	
Total Expenditures	-	-	-	-
Receipts less Expenditure	-	-	-	-
Opening cash balance				
IDA Trust Fund	-	-	-	-
Other	-	-	-	-
Total Opening Cash	-	-	-	-
Closing Cash balances				
IDA Trust Fund	-	-	-	-
Other	0	0	-	-
Total Closing Bank balances	-	-	-	-

Ministry of Local Government and Housing
Lusaka Sanitation Project (P149091)
 IDA Credit/TRUST FUND No.
SOURCES AND USES OF FUNDS BY COMPONENT
 QUARTER ENDED:

	CURRENCY US\$			6 MONTHS FORECAST
	CURRENT QUARTER	Year To Date	CUMMULATIVE	
	US\$'000	US\$'000	US\$'000	US\$'000
Cash Receipts:				
IDA Trust Fund	-	-	-	-
Other	0	0	-	-
Total Financing	-	-	-	-
Less: Use of Funds by Component				
Goods, Consultants' Services, Non-consultants' Services, Training and Operating Costs	-	-	-	-
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	-	-	-	-

Ministry of Local Government and Housing
Lusaka Sanitation Project (149091)
 IDA Credit/Trust Fund No.
SOURCES AND USES OF FUNDS BY CATEGORY
 QUARTER ENDED:

	QUARTER ENDED:									PROJECT Total
	YEAR TO DATE			CURRENT QUARTER			CUMMULATIVE			
	US\$ Planned	US\$ Actual	US\$ Variance	US\$ Planned	US\$ Actual	US\$ Variance	US\$ Planned	US\$ Actual	US\$ Variance	
(1) Goods, Consultants' Services, Non-consultants' Services, Training and Operating Costs	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

Notes:
 Provide brief narration of variances

Ministry of Local Government and Housing
Lusaka Sanitation Project (149091)
Designated Account (DA) Activity Statement
For the quarter ending

Project Name: Lusaka Sanitation Project
Deposit Bank: XXXXXXXXXX
Currency of DA: US\$

A/C No:xxxxx

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)	-
4. Opening DA balance at beginning of reporting period (as of XXXX)	-
5. Add/subtract: Cumulative adjustments (if any)	
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 XXXX)	-
10. Add/subtract: Cumulative adjustments (if any)	
11. Expenditures for current reporting period	-
12. Add line 10 and line 11	-
13. Add line 9 and line 12	-
14. Difference (if any) (line 8 minus line 13)	-
15. Total forecasted amount to be paid by World Bank	-
	-
16. Less: Closing SA balance after adjustments	-
17. Direct payments/SC payments	-
18. Add lines 16 and 17	-
19. Cash requirement from World Bank for next two reporting periods (line 15 minus line 18)	-

**Payments Made during Reporting Period
Against Contracts Subject to the Bank's Prior Review**

Contract Number	Supplier	Contract Date	Contract Amount	Date of WB's Non Objection to Contract	Amount Paid to Supplier during Period	WB's Share of Amount Paid to Supplier during Period