March 22, 2012

Hon. Alexander B. Chikwanda, MP
Minister of Finance and National Planning
Ministry of Finance and National Planning
P.O. Box 50062
Lusaka
Republic of Zambia

Excellency:

Re: Republic of Zambia: IDF Grant for Results Oriented Monitoring & Evaluation
Project IDF Grant No. TF094423
Amendment to Grant Agreement

We refer to the Letter Agreement (the Agreement) dated August 10, 2009, between the Republic of Zambia (“Recipient”) and the International Bank for Reconstruction and Development (“World Bank”). We also refer to your letter dated October 26, 2011 requesting the World Bank to cancel part of the Grant Amount that is no longer required for the Project and also restructure the Project to include only the activities required under the Project. Please note that the capitalized terms used in this letter (“Amendment Letter”) and not defined herein have the meanings ascribed to them in the Agreement.

We are pleased to inform you that the World Bank accedes to your request and hereby amends the Agreement as follows:

1. Section 2.01 of the Annex to the Agreement is deleted in its entirety and replaced with the following:

   “2.01. Project Objectives and Description. The objective of the Project is to strengthen the capacity and results orientation of the newly created Department of Monitoring and Evaluation in the Ministry of Finance and National Planning and the monitoring and evaluation staff in the key sectors energy, agriculture and transport. The Project consists of the following parts:


   (a) Carrying out an assessment of the monitoring and evaluation coordination function at national level with key line ministries through the provision of technical assistance and training.”
(b) Support towards undertaking good practice study tours by staff of the Department of Monitoring and Evaluation and other key sectors through the provision of technical assistance and training.

(c) Provision of technical assistance and training to the Monitoring and Evaluation Department and to the target key ministries and agencies for: (i) implementing lessons learned from study tours; and (ii) streamlining monitoring and evaluation processes.

Part 2. Strengthening in-country Monitoring and Evaluation Capacity

(a) Development of a monitoring and evaluation training program and delivery of training sessions and workshops.

(b) Launch of a national training campaign at the provincial level.

(c) Establishment of a monitoring and evaluation community of practice and identification of a roster of local monitoring and evaluation practitioners and creation of a website of monitoring and evaluation practitioners.

Part 3. Audits

Carrying out audits of the Grant.”

2. Section 2.03 (b) of the Annex to the Agreement is deleted in its entirety and replaced with the following:

“The performance indicators referred to above in paragraph (a) consist of the following:

(i) National monitoring and evaluation training program implemented and operational.

(ii) Number of people trained in new national monitoring and evaluation training program.”

3. Section 2.05(a) of the Annex to the Agreement is amended to read as follows:

“(a) General. All goods and Consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
(i) 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; and


4. Pursuant to our consultations with you, an amount of one hundred eighty one thousand two hundred fifteen United States Dollars (US$181,215) is no longer required to finance project costs. In accordance with Section 4.03 of the Standard Conditions, the World Bank hereby cancels, as of October 26, 2011, the said amount from the Grant Account. The disbursement table in Section 3.01 of the Annex to the Agreement has been revised as a result of the cancellation and consequent reallocation, and the revised table setting forth the amounts now allocated to each category is shown in the table below:

<table>
<thead>
<tr>
<th>&quot;Category&quot;</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</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants' Services</td>
<td>239,830</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training</td>
<td>61,850</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Other (e.g. audit, bank charges)</td>
<td>17,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>318,680</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Cancelled as of October 26, 2011</strong></td>
<td><strong>181,215</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Original Grant AMOUNT</strong></td>
<td><strong>499,895</strong></td>
<td></td>
</tr>
</tbody>
</table>

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 BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]
Kundhavi Kadiresan
Country Director
Zambia, Zimbabwe and Malawi
Africa Region

CONFIRMED:
REPUBLIC OF ZAMBIA

By: [Signature]
Authorized Representative

Date: 4th April 2012