Honourable Alexander B. Chikwanda, MP
Minister of Finance, Ministry of Finance
Lusaka, Zambia

Dear Honourable Chikwanda:

RE: Republic of Zambia: Support for Development of an Integrated MIS and Single Registry of Beneficiaries Project
MDTF RSR Grant No. TF016728

In response to the request for financial assistance made on behalf of the REPUBLIC OF ZAMBIA ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by donors under the Multi-Donor Trust Fund for Rapid Social Response (MDTF RSR) (TF071370) proposes to extend to the Recipient, a grant in an amount not to exceed one million United States Dollars (US$ 1,000,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the above-mentioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date specified by the World Bank in accordance with Section 4.01 of Article IV of the Annex to this Agreement.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]
Kundhavi Kadiresan
Country Director for Zambia
African Region

AGREED:
REPUBLIC OF ZAMBIA

By [Signature]
Authorized Representative

Name  ALEXANDER CHIKWANJA
Title  MINISTER OF FINANCE
Date:  27/05/14
Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006


(5) Guidelines on "Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions"), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement and the following terms have the following meanings:

1. "Cabinet Office" means the Recipient’s office responsible for cabinet affairs.

2. "Ministry of Agriculture and Livestock" means the Recipient’s ministry responsible for matters relating to agriculture and livestock.

3. "Ministry of Community Development, Mother and Child Health" or "MCDMCH" means the Recipient’s ministry responsible at the time for community development and maternal and child health.


5. "Ministry of Finance" means the Recipient’s ministry responsible at the time for matters relating to finance.

6. "Ministry of Gender and Child Development" means the Recipient’s ministry responsible for matters relating to gender and child development.

7. "Ministry of Health" means the Recipient’s ministry responsible at the time for matters relating to health.

8. "Ministry of Home Affairs" means the Recipient’s ministry responsible for matters relating to home affairs.

9. "Ministry of Labor and Social Security" means the Recipient’s ministry responsible for matters relating to labor and social security.

10. "Operating Costs" means the reasonable incremental expenses incurred by the Recipient and approved by the World Bank attributable to Project implementation, management, and monitoring, consisting of costs of the following: office supplies and consumables; communication; office rentals and utility costs, costs operation and maintenance of office.
vehicles; per diem and travel costs for Project staff; reasonable bank charges; allowances and
salaries of contractual staff (but excluding the salaries of the Recipient’s civil servants).

11. “Project Implementation Manual” means the Project Implementation Manual in form and
substance acceptable to the World Bank prepared by the Recipient in accordance with the
provisions of Section 2.03 (5) of Article II of the Annex to this Agreement, as the same may be
amended in accordance with the provisions of said Section.

12. “Technical Working Group” means a working group established for purposes of the Project
and referred to in Section 2.03 (3) of Article II of the Annex to this Agreement.

13. “Training” means the reasonable costs of training under the Project, based on annual budgets
approved by the World Bank, and attributable to seminars, workshops, study programs and
tours, along with tuition, travel and subsistence allowances for training participants, services of
trainers, rental of training facilities, preparation and reproduction of training materials, and
other activities directly related to course preparation and implementation.

14. “United Nations Office for Procurement Services” or “UNOPS” means an agency of the
United Nations established in 1974 to expand the capacity of the United Nations system and its
partners to implement peace building, humanitarian and development operations that matter for
people in need.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to support the Recipient
to strengthen its social protection system by building a management information system and a single
registry of beneficiaries.

The Project consists of the following parts:

**Part 1:** Design and Development of a Single Registry

Carrying out of a program of activities to design and develop a single registry for the key social safety
nets programs, such program to include, *inter alia:*

(a) carrying out of a diagnostic study to inform functionalities of the single registry system;
(b) review and harmonize targeting procedures and tools across the various social safety net programs;
(c) carrying out of consultations on the design of the proposed single registry;
(d) technical assistance for the development, testing and installation of the single registry; and
(e) supply of information and communication technology equipment.

**Part 2:** Development and integration of individual programs’ Management Information
System

Carrying out of a program of activities to develop and integrate the management information systems
of the key safety net programs, such program to include, *inter alia:*

(a) carrying out of a systems assessment of existing information systems and data bases;
(b) reviewing and updating operational manuals and guidelines of key safety nets programs;
(c) technical assistance for the development of an integrated management information system for the key safety net programs including preparation of user manuals and training materials;
(d) updating the management information system for the social
cash transfer scheme to ensure compatibility with the new management information system and the single registry; and (e) supply of information and communication technology equipment.

Part 3: Capacity building for Management, use and maintenance of MIS and Single Registry

Carrying out a program of activities to strengthen the capacity of MCDMCH in developing and administering management information systems such program to include, *inter alia*: (a) training staff in the maintenance of the integrated management information system and single registry; (b) providing user guides and manuals to staff; (c) supply of information and communication technology equipment; (d) financing of study tours; (e) strengthening procurement and financial management capacity in MCDMCH.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Community Development, Mother and Child Health (MCDMCH) in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.**

*Ministry of Community Development, Mother and Child Health*

1. The Ministry of Community Development, Mother and Child Health (MCDMCH) shall be responsible for the implementation of the Project.

2. Notwithstanding the provisions of paragraph 1 of this Section 2.03, the Recipient shall (i) designate and thereafter maintain through-out Project implementation, the directorate of planning and information in MCDMCH with responsibility for the day-to-day implementation of the Project; and (ii) ensure that said directorate has institutional framework and terms of reference satisfactory to the World Bank and has adequate resources to carry out its responsibilities under the Project.

*Technical Working Group*

3. The Recipient shall not later than two (2) months of the Effective Date establish and thereafter maintain through-out Project implementation, a Technical Working Group, comprising representatives from MCDMCH, Ministry of Agriculture and Livestock, Ministry of Gender and Child Development, Cabinet Office, Ministry of Finance, Ministry of Health, Ministry of Labour and Social Security, Ministry of Education, Science, Vocational Training and Early Education, Ministry of Home Affairs with terms of reference satisfactory to the World Bank and with adequate resources to carry out its responsibilities under the Project.

4. Without limitation on the provisions of paragraph 3 of this Section 2.03, the functions of the Technical Working Group shall be to provide overall strategic and technical guidance in the development of the single registry.
5. The Recipient shall: (a) (i) prepare, under terms of reference satisfactory to the World Bank, and furnish to the World Bank a Project implementation manual containing detailed guidelines and procedures for the implementation of the Project, including in the areas of monitoring and evaluation, procurement, coordination, financial, administrative and accounting procedures, corruption and fraud mitigation measures and such other arrangements and procedures as shall be required for the Project; and (ii) thereafter adopt and carry out the Project in accordance with such Project implementation manual as shall have been approved by the World Bank (Project Implementation Manual); and (b) except as the World Bank shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the Project Implementation Manual.

6. In case of a conflict between the provisions of the Project Implementation Manual and this Agreement, those of this Agreement shall prevail.

2.04. 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 acceptable to the World Bank and set out in the Project Implementation Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than forty-five (45) 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 (6) months after the Closing Date.

2.05. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.06 Procurement

(a) General. All goods, non-consulting services 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 of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in [Sections II and III of the Procurement Guidelines, or] Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (A) National Competitive Bidding subject to the provisions of paragraph (iii) below of this Section 2.06 (c), (B) Shopping; (C) Direct Contracting; (D) Procurement from UNOPS; and (E) Community Participation procedures which have been found acceptable to the World Bank and set out in the Project Implementation Manual.

(iii) The procurement procedure to be followed for National Competitive Bidding (“NCB”) shall be the open bidding procedure set forth in the Public Procurement Act, 2008, Act No.12 of 2008, as amended by the Public Procurement (Amendment) Act, 2011, Act No. 15 of 2011 (the “PPA”), and the Public Procurement Regulations, 2011, Statutory Instrument No. 63 of 2011 (the “Regulations”); provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of Section III, and Appendix 1 of the “Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” (January 2011) (the “Procurement Guidelines”), and the additional provisions in the following paragraphs:

(1) Eligibility: Eligibility to participate in a procurement process and to be awarded an World Bank-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the World Bank for reasons other than those provided in Section I of the Procurement Guidelines. No restriction based on nationality of bidders and/or origin of goods shall apply, and foreign bidders shall be allowed to participate in NCB without application of restrictive conditions, such as, but not limited to, mandatory partnering or subcontracting with national entities.
(2) Domestic Preference: No margins of preference of any sort shall be applied in the bid evaluation.

(3) Bidding Documents: Procuring entities shall use bidding documents acceptable to the World Bank.

(4) Bid validity: An extension of bid validity, if justified by exceptional circumstances, may be requested in accordance with Appendix 1 of the Procurement Guidelines. A corresponding extension of any bid guarantee shall be required in all cases of extension of bid validity. A bidder may refuse a request for extension of bid validity without forfeiting its bid guarantee.

(5) Qualification: Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a “pass or fail” basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder’s or prospective bidder’s capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant (ii) capability of construction and/or manufacturing facilities.

(6) Prequalification procedures and documents acceptable to the World Bank shall be used for large, complex and/or specialized works. Verification of the information upon which a bidder was prequalified, including current commitments, shall be carried out at the time of contract award, along with the bidder’s capability with respect to personnel and equipment. Where pre-qualification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents.

(7) Bid Evaluation: All bid evaluation criteria other than price shall be quantifiable in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the evaluation criteria or significance of price in bid evaluation. No negotiations shall be permitted.

(8) Guarantees: Guarantees shall be in the format, shall have the period of validity and shall be submitted when and as specified in the bidding documents.

(9) Cost Estimates: Detailed cost estimates shall be confidential and shall not be disclosed to prospective bidders. No bids shall be rejected on the basis of comparison with the cost estimates without the World Bank’s prior written concurrence.

(10) Rejection of bids and re-bidding: No bid shall be rejected solely because it falls outside of a predetermined price range or exceeds the estimated cost. All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the World Bank’s prior written concurrence.

(11) Fraud and corruption: In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank’s policy to
sanction firms or individuals found to have engaged in fraud and corruption as set forth in the
Procurement Guidelines.

(12) Inspection and audit rights: In accordance with the Procurement Guidelines, each
bidding document and contract shall include provisions stating the Bank’s policy with respect to
inspection and audit of accounts, records and other documents relating to the submission of bids
and contract performance.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall
be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may
be used for the procurement of consultants’ services for those assignments which are specified in
the Procurement Plan: (A) Quality-based Selection; (B) Least Cost Selection; (C) Selection based
on Consultants’ Qualifications; (D) Single-source Selection of consulting firms; (E) Selection of
Individual Consultants; and (F) Single-source procedures for the Selection of Individual
Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan
shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other
contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

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>Goods, non-consulting services, consultants’ services, Training and</td>
<td>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>Operating Costs under the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,000,000</td>
<td></td>
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</tbody>
</table>
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2015.

**Article IV**

Effectiveness; Termination

4.01. This Agreement shall not become effective unless the Recipient has adopted the Project Implementation Manual in accordance with Sections 2.03 (5) respectively.

4.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence of adoption of Project Implementation Manual pursuant to Section 4.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.03. **Termination for Failure to Become Effective.** This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article V**

Recipient’s Representative; Addresses

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister responsible for finance.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance  
P.O. Box 50062  
Lusaka, Zambia

Telex: 42221  
Facsimile: (+260 211) 253494/251078
5.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

<table>
<thead>
<tr>
<th>Cable:</th>
<th>Telex:</th>
<th>Facsimile:</th>
</tr>
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<tbody>
<tr>
<td>INDEVAS</td>
<td>248423 (MCI) or</td>
<td>1-202-477-6391</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>64145 (MCI)</td>
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