Financing Agreement

(Integrated Forest Landscape Project)

between

REPUBLIC OF ZAMBIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 13th September, 2017
FINANCING AGREEMENT

AGREEMENT dated 13th September, 2017, entered into between the REPUBLIC OF ZAMBIA ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to twelve million six hundred thousand Special Drawing Rights (SDR 12,600,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are May 15 and November 15 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall:

(a) carry out Parts 1(b), 3(a) and 4 of the Project through the Ministry of National Development Planning ("MNDP"); and

(b) carry out Parts 1, 2 and 3(b) of the Project through the Provincial Administration of the Eastern Province,

all in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

(a) the Co-financing Agreements have been executed and all conditions precedent to their effectiveness or to the right of the Recipient to make withdrawals under the Co-financing Agreements (other than the effectiveness of this Agreement) have been fulfilled;

(b) the National Project Unit and the Provincial Project Implementation Unit, each has been established in accordance with Section I.A.1(c) and I.A.2(c) of Schedule 2 to this Agreement; and

(c) the Recipient has adopted a Project Implementation Manual in accordance with Section I.B.1 of Schedule 2 to this Agreement.

4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.03 For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.
ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is its minister responsible for finance.

5.02. The Recipient's Address is:

Ministry of Finance
P.O. Box 50062
Chimanga Road
Lusaka, Republic of Zambia

Telex: 42221  Facsimile: (+260 211) 253494/251078

5.03. The Association's Address is:

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

Cable: INDEVAS  Telex: 248423 (MCI)  Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Lusaka, Republic of Zambia, as of the day and year first above written.

REPUBLIC OF ZAMBIA

By:

[Signature]

Authorized Representative

Name: Felix C. Mutati MP

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

[Signature]

Authorized Representative

Name: JNA-Marlene Rutherford

Title: Country Manager

WORLD BANK, ZAMBIA
SCHEDULE 1

Project Description

The objective of the Project is to improve landscape management and increase environmental and economic benefits for targeted rural communities in the Eastern Province and to improve the Recipient’s capacity to respond promptly and effectively to an Eligible Crisis or Emergency.

The Project consists of the following parts:

Part 1. Enabling Environment

Carry out a program of activities to create conditions, nationally and provincially, for: an efficient and effective implementation of the livelihood investments under Part 2; and an enabling environment for future Greenhouse Gas ("GHG") emissions reductions, including the following:

(a) District and local level planning. Provision of support for efficient and effective implementation of the livelihood investments under Part 2, including the following to be carried out in the Eastern Province:

(i) Strengthening of institutional capacity at the sub-national level (Eastern Province, provincial and district planning units, other relevant offices and existing coordination platforms that have key roles in Project implementation), as well as strengthening of multi-stakeholder platforms to ensure civil society and private sector representation at local level planning and decision making through, inter alia, provision of technical assistance in areas such as technical inputs, trainings in use of planning tools, inputs for adoption of agricultural practices, establishment of community forestry management groups and forest-based enterprises, leveraging microcredit schemes and community-level governance structures to improve land management.

(ii) Provision of targeted support for the development of integrated district plans in the Eastern Province through, inter alia, carrying out or updating of district situational analyses and baseline studies, as well as developing spatial development frameworks, all to serve as inputs for integrated district plans.

(iii) Provision of support for local planning instruments, including:
(A) identification and selection of wards/chieftoms for land use planning;
(B) provision of support for local planning instruments with the objective of using participatory integrated landscape approaches to determine the optimal mix and spatial configuration of land use options at the local level;
(C) establish or strengthen local community-level management structures, customary systems responsible for shared resource mapping, land use planning and management of resources; (D) equip local jurisdictions in the use of landscape planning tools; (E) use the information acquired from land use planning and spatial development planning to design appropriate participatory management of natural resources (forests and wildlife); and (F) identify potential entry points for private sector finance in sustainable commodity value chains.

(iv) Support to agribusiness, including: (A) provision of support to farmers to develop climate-smart agricultural practices that improve productivity, enhance adaptation, and ensure deforestation-free supply of commodities; and (B) provision of assistance to farmers for their integration into value chains and respond to the requirements of main end markets and major buyers.

(b) **Emissions reductions framework.** Establishing the necessary technical framework for the Recipient to receive payments for verified reductions in the country’s GHG emissions, including the following:

(i) Developing a GHG emissions baseline through, inter alia, technical analysis of historical land use and land use changes and associated emission factors as well as analyses to improve data on land use and land use changes.

(ii) Developing a benefit sharing mechanism for monetary and non-monetary benefits from GHG emissions reduction payments, including managing revenues received from payments for monitored emissions.

(iii) Developing a system for monitoring, reporting and verification of GHG emissions.

(iv) Developing environmental and social safeguards instruments required to make payments for emissions reductions including a Strategic Environmental and Social Assessment ("SESA"), in accordance with terms of reference acceptable to the Association, within twelve (12) months from the Effective Date.

(v) Provision of support and inputs to government policy development and implementation process related to the forest sector, specifically for addressing the drivers of deforestation and sustainable management of forests with a focus on regulations for implementation of community forest management agreements.
Part 2. Livelihood and Low-Carbon Investments

Carry out a range of livelihood and low-carbon emission training and community-level and district-level investments in the agriculture, forestry and/or wildlife sectors, directly or by providing Sub-project Grants to Beneficiaries to carry out Sub-projects in the Eastern Province, including for the following:

(a) **Agriculture and forestry management.** Increase agricultural productivity, enhance agricultural and forest ecosystem resilience, reduce GHG emissions, and sequester carbon using a landscape approach through, *inter alia*:

(i) **Climate Smart Agriculture.** Carrying out a program of activities to increase agricultural productivity, enhance agroecosystem resilience and reduce GHG emissions, including the use of soil and water conservation measures, integrated soil fertility management, strengthening of agricultural extension, and support for integrated agricultural and forest research.

(ii) **Agroforestry.** Carrying out a program of activities to integrate tested tree species with crop production, including establishment of seed multiplication and tree nurseries, promoting sustainable tree species, and scaling-up farmer-managed natural tree regeneration.

(iii) **Private sector Engagement.** Carrying out a program of activities to engage the private sector to foster partnerships for community-based natural resource management, developing community enterprises, and leveraging existing private sector investments to improve land management practices in the province.

(iv) **Forestry Management.** Carrying out a program of activities to assist local communities and their organizations to improve the management and conservation of their natural resources, create income opportunities, and generate carbon benefits, including fire control and prevention, and sustainable production of timber and not-timber forest products and assist the Recipient with the management of forest reserves.

(v) **Regularization of land and resources rights.** Carrying out a program of activities, including analytical and technical assistance support to develop the regulatory and institutional preconditions for a larger-scale effort at rural land rights registration, including: (A) developing cost-effective systems to sustainably manage information on land rights and link it to land use; (B) identifying new ways of private sector engagement based on an assessment of the extent and impact of existing arrangements; (C) exploring options for documenting different types of land rights in ways that are supported by local stakeholders, provide incentives for
sustainable land use and intensification as appropriate, and as can be sustained; and (D) exploring ways to link land rights documentation to key parameters of land use (crop cover, soil moisture, soil carbon) using remotely sensed imagery to allow continued conduct of social, legal and institutional risk assessment, monitoring and independent verification of the impact of different types of interventions, particularly for vulnerable people like women and youth.

(b) **Wildlife management.** Improve management of the complex of protected areas centered on Lukusuzi National Park in the Eastern Province; and improve management practices of wildlife at the community level, which can contribute to improved livelihoods of targeted communities through, *inter alia*:

(i) **Community management of wildlife.** Carrying out a program of activities to promote practices which will maximize opportunities for rural communities from adjacent wildlife resources and which will be positive for biodiversity conservation, including: (A) provision of support for creation and/or strengthening of community resource boards which represent communities in activities related to the management of wildlife resources; (B) introduction of human-wildlife conflict management measures and awareness raising; and (C) provision of support to community conservation areas, which are areas with enhanced forest cover that serve both a conservation purpose and to generate benefits for the communities that have created them.

(ii) **Management of protected areas.** Carrying out a program of activities to improve management of protected areas, including: (A) provision of support for management of Lukusuzi National Park such as preparation of park management plans and investments in infrastructure, equipment, park patrols and binational initiatives; (B) similar investments to support other protected areas; and (C) provision of livelihoods-related support during Project implementation to people affected by project-induced restrictions of access to natural resources within protected areas or within forest reserves.

**Part 3. Project Management**

Provision of support for Project implementation, monitoring and evaluation, including financing of Operating Costs and Training at: (a) the national level; and (b) at the Eastern Province level.

**Part 4. Contingent Emergency Response**

Providing immediate response to an Eligible Crisis or Emergency, as needed.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain, throughout the Project implementation period, the following, with terms of reference and resources satisfactory to the Association, and with competent staff in adequate numbers, to carry out their respective responsibilities related to implementation of the Project:

(a) The National Project Steering Committee ("NPSC") responsible for overall project oversight and policy guidance and high level inter sectoral coordination and for providing advice on the Annual Work Plans. The NPSC will be chaired by the permanent secretary of the MNDP and will include permanent secretaries from relevant line ministries, departments and agencies.

(b) The National Technical Advisory Committee ("NTAC") responsible for providing overall technical support and guidance for Project implementation; and advice on the national level investment proposals and with representation from relevant line ministries, departments and agencies.

(c) The National Project Unit ("NPU"), established within the Interim Climate Change Secretariat ("ICCS"), responsible for day to day implementation of the Project at national level, including procurement of key studies and services related to the national parts of the Project and preparing the Annual Work Plans for the national part of the investment. In addition, the NPU will consolidate the Annual Work Plans for the entire project for submission to and approval by the World Bank. The NPU will be headed by a national project manager supported by a monitoring and evaluation officer, finance officer/project accountant, procurement officer, internal auditor, communications officer, and an environmental and social safeguards compliance officer.

2. The Recipient shall ensure that the Eastern Province, maintains and causes to be maintained, during the period of implementation, the following, with terms of reference and resources satisfactory to the Association, and with competent staff in adequate numbers, to carry out their respective responsibilities related to implementation of the Project:
(a) The Provincial Planning Sub-Committee ("PPSC") responsible for providing technical support and guidance and advice in relation to sectoral issues in the Project and ensure that Project activities are incorporated in the Provincial Integrated Development Plan ("PIDP").

(b) District Planners and Area Development Committees, respectively, at the district and community levels in accordance with the PIM.

(c) The Provincial Project Implementation Unit ("PPIU") established within the Eastern Province, adequately staffed, and responsible for the day-to-day operations of the Project, including oversight of the planning, provision of specialized technical support, procuring service providers, coordination with other authorities, carrying out of fiduciary, safeguards and monitoring oversight of the project as well as preparation of reports and the Annual Work Plans for sub-national level Project investments, before submitting to the NPU for consolidation, submission, and approval by the Association. The PPIU will be headed by a provincial project manager and report directly to a chief planner. The PPIU will be supported by the following officers: provincial monitoring and evaluation officer, finance officer/project accountant, procurement officer, internal auditor, communications officer, and the environmental and social safeguards compliance officer.

B. Implementation Arrangements

Project Implementation Manual ("PIM")

1. The Recipient shall:

(a) carry out the Project, and cause the Project to be carried out, in accordance with the Project Implementation Manual, which contains detailed guidelines and procedures for the implementation of the Project, including: (i) administration and coordination; (ii) monitoring and evaluation; (iii) financial, procurement and accounting procedures; (iv) social and environmental safeguards; (v) corruption and fraud mitigation measures; (vi) roles and responsibilities of various agencies in the implementation of the Project, the selection and eligibility criteria for Sub-projects, Beneficiaries and the funding conditions that have to be met in order for Beneficiaries to qualify for the Sub-project Grants; and (vii) the procedures and criteria for selecting investments (including economic and technical feasibility, ownership and environmental and social risks and impacts on the surrounding community), and other activities to be implemented under the Project, and such other arrangements and procedures as shall be required for the effective implementation of the Project; and
(b) except as the Association shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the Project Implementation Manual.

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

Annual Work Plan and Budget

3. The Recipient shall, not later than November 30th of each year, prepare and furnish to the Association, an annual program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.

4. The Recipient shall exchange views with the Association on each such proposed Annual Work Plan, and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the Association, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association.

C. Sub-projects under Part 2 of the Project

1. For the purpose of carrying out Part 2 of the Project, the Recipient shall provide grants ("Sub-project Grants"), through the Eastern Province, to eligible beneficiaries ("Beneficiaries") to implement livelihood and low-carbon emission training and community-level and district-level investments in the agriculture, forestry and/or wildlife sector ("Sub-projects") in accordance with this Agreement and in accordance with the selection criteria, guidelines and procedures set forth in the Project Implementation Manual.

2. The Recipient, through the Eastern Province, shall:

(a) enter into an agreement with the Beneficiary, ("Sub-project Grant Agreement"), under terms and conditions approved by the Association and included in the Project Implementation Manual, for the provision of services on a non-reimbursable grant basis for the implementation of said Sub-project;

(b) prepare each Sub-project Grant Agreement based on the model form approved by the Association and included in the Project Implementation Manual, in which the Recipient and the Eastern Province shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-project Grant, or obtain a refund of all or any part of the amount of the Sub-project Grant then withdrawn, upon the
Beneficiary’s failure to perform any of its obligations under the Sub-project Grant Agreement; and (ii) require each Beneficiary to: (A) carry out its pertinent Sub-project with due diligence and efficiency and in accordance with sound technical, economic, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines and the Safeguards Instruments; (B) provide, promptly as needed, the resources required for the carrying out of the Sub-project; (C) procure the goods, works, non-consulting services and consultants’ services to be financed out of the Sub-project Grant in accordance with the provisions of this Agreement; (D) maintain procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the pertinent Sub-project and the achievement of its objectives; (E) maintain a simplified financial management system and records in accordance with consistently applied accounting standards acceptable to the Bank for community driven initiatives; (F) enable the Recipient and the Association to inspect the pertinent Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing; and

(c) exercise its rights and carry out its obligations under the Sub-project Grant Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, ensure that the Eastern Province shall not assign, amend, abrogate, waive, terminate or fail to enforce any Sub-project Grant Agreement or any provisions thereof.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards

1. The Recipient shall carry out and shall ensure that the Eastern Province carries out the Project in accordance with the provisions of the ESMF, the Process Framework and the RPF.

2. If any Supplemental Social and Environmental Safeguards Instrument is required under any of the Safeguards Instruments, the Recipient shall carry out the following and ensure that the Eastern Province carries out the following:

(a) prepare: (i) such Supplemental Social and Environmental Safeguards Instrument in accordance with the applicable Safeguards Instrument;
(ii) furnish such Supplemental Social and Environmental Safeguards Instrument to the Association for review and approval; and (iii) thereafter disclose and adopt such Supplemental Social and Environmental Safeguards Instrument prior to implementation of the activities; and

(b) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguards Instrument.

3. The Recipient shall ensure that all technical assistance under the Project, application of whose results would have environmental or social implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association, such terms of reference to ensure that the technical assistance takes into account, and calls for application of the Association's environmental and social safeguards policies and the Recipient's own laws relating to the environment and social aspects.

4. If any activity under the Project would involve Affected Persons, the Recipient shall: (a) ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under a resettlement action plan prepared in accordance with the RPF, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been implemented; and (b) provide from its own resources, any financing required for any measures under sub-paragraph (a) above including any costs associated with land acquisition required for the Project.

5. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall and shall ensure that the Eastern Province for each of the Safeguards Instruments including the related Supplemental Social and Environmental Safeguards Instrument, regularly collect, compile and furnish to the Association reports in form and substance satisfactory to the Association, on the status of compliance with such Safeguards Instrument including the related Supplemental Social and Environmental Safeguards Instrument, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of the Safeguards Instruments including the Supplemental Social and Environmental Safeguards Instruments;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments including the Supplemental Social and Environmental Safeguards Instruments; and

(c) remedial measures taken or required to be taken to address such conditions.
6. The Recipient shall publicly disclose and implement the Resettlement Review Action Plan in a manner satisfactory to the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association and set out in the Project Implementation Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish, to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each 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 Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-Consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association 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.

**B. Particular Methods of Procurement of Goods, Works and Non-Consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-Consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding <em>(subject to the additional provisions set out in paragraph 3 below)</em></td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Force Account</td>
</tr>
<tr>
<td>(e) Procurement from UN Agencies</td>
</tr>
<tr>
<td>(f) Community Participation procedures which have been found acceptable to the Association.</td>
</tr>
</tbody>
</table>

3. **Additional Provisions and Modifications to National Competitive Bidding**

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” dated January 2011 (Revised July 2014) (the “Procurement Guidelines”), and the additional provisions in the following paragraphs:

(a) **Eligibility:** Eligibility to participate in a procurement process and to be awarded an Association-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 Association 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.

(b) **Domestic Preference:** No margins of preference of any sort shall be applied in the bid evaluation.

(c) **Bidding Documents:** Procuring entities shall use bidding documents acceptable to the Association.

(d) **Bid validity:** An extension of bid validity, if justified by exceptional circumstances, may be requested in accordance with Appendix I 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.

(e) **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 (iii) capability of construction and/or manufacturing facilities.

(f) Prequalification procedures and documents acceptable to the Association 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.

(g) *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.

(h) *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.

(i) *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 Association's prior written concurrence.

(j) *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 Association's prior written concurrence.

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

(l) *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.

C. **Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultant services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection based on Consultants' Qualifications</td>
</tr>
<tr>
<td>(e) Single-source Selection of consulting firms</td>
</tr>
<tr>
<td>(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(g) Single-source procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

E. **Procurement of Emergency Expenditures under the IRM Part of the Project**

Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for the IRM Part of the Project shall be procured in accordance with the procurement methods and procedures set forth in the IRM Operations Manual.
Section IV. Withdrawal of the Proceeds of the Credit

A. General

1. The Recipient may withdraw the proceeds of the Credit in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Credit (“Category”), the allocations of the amounts of the Credit 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 Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services,</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>consulting services, Training and Operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs of the Project Part 1(a)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services,</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>consulting services, Training and Operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs of the Project Part 1(b)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Community Grants of the Project under Part</td>
<td>2,000,000</td>
<td>52%</td>
</tr>
<tr>
<td>2(a) and Part 2(b)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Goods, works, non-consulting services,</td>
<td>5,300,000</td>
<td>62%</td>
</tr>
<tr>
<td>consulting services, Training and Operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs of the Project Part 2(a)(i), (ii), (iii), (iv)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) Goods, works, non-consulting services,</td>
<td>1,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>consulting services, Training and Operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Percentage of Amount of the Credit Expenditures to be Allocated Financed (inclusive of Taxes)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training and Operating Costs of the Project Part 2(a)(v)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(6) Goods, works, non-consulting services, consulting services, Training and Operating Costs of the Project Part 2(b)</td>
<td>1,500,000</td>
<td>48%</td>
</tr>
<tr>
<td>(7) Goods, works, non-consulting services, consulting services, Training and Operating Costs of the Project Part 3(a)</td>
<td>300,000</td>
<td>62%</td>
</tr>
<tr>
<td>(8) Goods, works, non-consulting services, consulting services, Training and Operating Costs of the Project Part 3(b)</td>
<td>1,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(9) Emergency Expenditures under Part 4 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>12,600,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made:

   (a) prior to the date of this Agreement except that withdrawals up to an aggregate amount not to exceed: (i) seven hundred thirty-nine thousand Special Drawing Rights (SDR 739,000) for Eligible Expenditures under Category 5; (ii) four thousand six hundred Special Drawing Rights (SDR 4,600) for Eligible Expenditures under Category 7; and (iii) seven thousand four hundred Special Drawing Rights (SDR 7,400) for Eligible Expenditures under Category 8 may be made for payments made prior to this date but on or after April 1, 2017;

   (b) under Category (9), for Emergency Expenditures under Part 4 of the Project, unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said activities:
(i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the IRM Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has prepared and disclosed all Safeguards Instruments required for said activities, and the Recipient has implemented any actions which are required to be taken under said instruments, all in accordance with the provisions of Section V.3(b) of Schedule 2 to this Agreement;

(iii) the Recipient’s Coordinating Authority has adequate staff and resources, in accordance with the provisions of Section V.2 of this Schedule 2 to this Agreement, for the purposes of said activities; and

(iv) the Recipient has adopted an IRM Operations Manual in form, substance and manner acceptable to the Association and the provisions of the IRM Operations Manual remain, or have been updated in accordance with the provisions of Section V.1(c) of this Schedule 2 so as to be, appropriate for the inclusion and implementation of said activities under the IRM Part.

2. The Closing Date is August 31, 2022.

V. Other Undertakings

Immediate Response Mechanism

In order to ensure the proper implementation of Part 4 of the Project ("Contingent Emergency Response") ("IRM Part"), the Recipient shall take the following measures.

1. The Recipient shall:

   (a) prepare and furnish to the Association for its review and approval, an operations manual which shall set forth detailed implementation arrangements for the IRM Part, including: (i) designation of, terms of reference for and resources to be allocated to, the entity to be responsible for coordinating and implementing the IRM Part ("Coordinating Authority"); (ii) specific activities which may be included in the IRM Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the IRM Part; (iv) procurement methods and procedures for Emergency Expenditures to be financed under the IRM Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguards management frameworks for the IRM Part, consistent with the Association’s policies on the matter; and
(vi) any other arrangements necessary to ensure proper coordination and implementation of the IRM Part;

(b) afford the Association a reasonable opportunity to review said proposed operations manual;

(c) promptly adopt such operations manual for the IRM Part as shall have been approved by the Association ("IRM Operations Manual");

(d) ensure that the IRM Part is carried out in accordance with the IRM Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the IRM Operations Manual and this Agreement, the provisions of this Agreement shall prevail; and

(e) not amend, suspend, abrogate, repeal or waive any provision of the IRM Operations Manual without prior approval by the Association.

2. The Recipient shall, throughout the implementation of the IRM Part, maintain the Coordinating Authority, with adequate staff and resources satisfactory to the Association.

3. The Recipient shall undertake no activities under the IRM Part (and no activities shall be included in the IRM Part) unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the IRM Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(b) the Recipient has prepared and disclosed all Safeguards Instruments required for said activities in accordance with the IRM Operations Manual, the Association has approved all such instruments, and the Recipient has implemented any actions which are required to be taken under said instruments.
### SCHEDULE 3

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each: May 15 and November 15</td>
<td></td>
</tr>
<tr>
<td>commencing May 15, 2022, to and including November 15, 2031</td>
<td>1.65%</td>
</tr>
<tr>
<td>and commencing May 15, 2032 to and including November 15, 2041</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions

1. "Affected Persons" means persons who on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons.

2. "Annual Work Plans" means the annual work plans and budgets for the activities under the Project approved by the Association in accordance with the provisions of Sections I.B.3 and I.B.4 of Schedule 2 to this Agreement; and "Annual Work Plan" means any of the Annual Work Plans.


4. "Beneficiary" means: (a) a community group that meets the eligibility criteria and conditions specified in the PIM for receiving a Sub-project Grant to carry out a Sub-project; and (b) a Selected District.


6. "BioCF Co-financing", means for purposes of paragraph 11 of the Appendix to the General Conditions, an amount of seven million and seven hundred fifty thousand United States dollars ($7,750,000), to be provided by the BioCF Co-financier to assist in financing the Project.

7. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


10. "Co-financing Agreements" means the agreements to be entered into between the Recipient and each of the Co-financiers providing for the Co-financing.


12. "Coordinating Authority" means the entity or entities designated by the Recipient in the IRM Operations Manual and approved by the Association pursuant to Section V of Schedule 2 to this Agreement, to be responsible for coordinating the IRM Part of the Project.

13. "Eastern Province" or "EP" means, as the context may require, the Eastern Province of the Republic of Zambia and the Provincial Administration of the Eastern Province.

14. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

15. "Emergency Expenditure" means any of the Eligible Expenditures set forth in the IRM Operations Manual in accordance with the provisions of Section V of Schedule 2 to this Agreement and required for the activities included in the IRM Part of the Project.

16. "Environmental and Social Management Framework" or "ESMF" means the plan prepared and adopted by the Recipient dated January 20, 2017, disclosed in-country on January 8, 2017, and in the Bank's Infoshop on February 15, 2017, setting out the modalities to be followed in assessing the potential adverse environmental and social impacts of Project activities (including impacts on natural habitat, forests, and physical cultural resources, as well as pest management measures) and the measures to be taken to offset, reduce or mitigate such adverse impacts; as well as for the preparation of environmental and social management plans, as such framework may be amended by the Recipient from time to time, with the prior written agreement of the Association.

17. "Fiscal Year" means each fiscal year of the Recipient commencing on January 1 and ending on December 31.

18. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

19. "Global Environment Facility Co-financing", means for purposes of paragraph 11 of the Appendix to the General Conditions, an amount of eight million fifty
thousand four hundred fifty-eight United States dollars ($8,050,458), to be provided by the GEF Co-financier to assist in financing the Project.

20. “Immediate Response Mechanism Operations Manual” and “IRM Operations Manual” each means the operations manual referred to in Section V of Schedule 2 to this Agreement, to be adopted by the Recipient for the IRM Part of the Project in accordance with the provisions of said Section.”

21. “IRM Part of the Project” and “IRM Part” each means Part 4 of the Project.


23. “Operating Costs” means the reasonable incremental expenses incurred, based on annual budgets approved by the Association, incurred by the Recipient on account of Project implementation, management, and monitoring, including office supplies and consumables; communication costs; operation and maintenance of office vehicles and equipment; per diem and national and international travel costs and accommodations for Project staff; reasonable bank charges; and allowances and salaries of the Project’s contractual staff (but excluding the salaries of the Recipient’s civil/public servants).

24. “Process Framework” means the framework prepared and adopted by the Recipient dated January 20, 2017, disclosed in-country on January 8, 2017, and in the Bank’s Infoshop on February, 15 2017, designed to address Project activities that may cause restrictions in access to natural resources in legally designated parks and protected areas and sets out the process, procedure and requirements by which members of potentially affected communities will participate in the design of Project components, determination of measures necessary to achieve resettlement policy objectives, and implementation and monitoring of relevant Project activities, sets out the criteria and procedures to avoid or minimize any adverse impacts upon local livelihoods and to support the development of alternative livelihoods as needed as well as the preparation and implementation of follow-up action plans to provide livelihoods support where needed including improved management of the Lukusuzi National Park, adjacent game management areas (GMAs) and other protected areas.


26. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 29, 2017, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
27. "Project Implementation Manual" or "PIM" means the manual acceptable to the Association and adopted by the Recipient and referred to in Section I.B of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior agreement of the Association.

28. "Resettlement Policy Framework" or "RPF" means the document in form and substance acceptable to the Association prepared and adopted by the Recipient dated January 20, 2017, disclosed in-country on January 8, 2017, and in the Bank's Infoshop on February 15, 2017, which outlines the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of the affected population, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.


30. "Safeguards Instruments" means the ESMF, the Process Framework, the RPF and any Supplemental Social and Environmental Safeguards Instruments.

31. "Selected Districts" means all the districts in the Eastern Province.

32. "Sub-project" means the activities that meet the eligibility criteria and terms and conditions set out in Section I.C of Schedule 2 to this Agreement and the PIM, and proposed for financing under the Project.

33. "Sub-project Grant" means a grant made or proposed to be made by the Eastern Province out of the proceeds of the Financing for the purpose of financing all or a portion of the reasonable cost of goods, works, non-consulting services, and consultants' services incurred by a Beneficiary in carrying out a Sub-project.

34. "Sub-project Grant Agreement" means the agreement acceptable to the Association to be entered into between the Recipient through the Eastern Province and a Beneficiary for the provision of a Sub-project Grant, and referred to in Section I.C.2 of Schedule 2 to this Agreement.

35. "Supplemental Social and Environmental Safeguards Instruments" means any site-specific or sub-project specific environmental and social management plan, resettlement action plan, pest management plan, or other supplemental social and environmental safeguards instruments as required under the terms of the ESMF or RPF.

36. "Training" means the reasonable costs of training under the Project, based on the Annual Work Plans and budgets referred to in Section I.B.3 of Schedule 2 to this
Agreement as approved by the Association, and attributable to national and international seminars, workshops, and study tours, along with national and international 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.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.02 is modified to read as follows:

   “Section 3.02. Service Charge and Interest Charge

   (a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

   (b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

2. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the subsequent paragraphs accordingly:

   “32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02 (b).”

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

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5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02(a).