BioCFplus Initiative for Sustainable Forest Landscapes – USDOS Single-Donor Trust Fund

Grant Agreement
(Integrated Forest Landscape Project)

between

REPUBLIC OF ZAMBIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as the Trustee of the BioCFplus Initiative for Sustainable Forest Landscapes – USDOS Single-Donor Trust Fund)

Dated 13th September, 2017
WHEREAS the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to this Agreement, has requested the World Bank to assist in financing the Project;

(B) WHEREAS in order to assist in financing the Project, the Recipient and the Association have entered into an agreement ("Financing Agreement") for the purpose of making available to the Recipient a credit in an amount equivalent to twelve million six hundred thousand Special Drawing Rights (SDR 12,600,000);

(C) WHEREAS in order to assist in financing the Project, the Recipient and the International Bank for Reconstruction and Development (the "World Bank"), acting as an Implementing Agency of the Global Environment Facility ("GEF") have entered into an agreement ("GEF Grant Agreement"), for the purpose of making available to the Recipient a grant in an amount equal to eight million fifty thousand four hundred fifty-eight United States Dollars ($8,050,000); and

(D) WHEREAS the World Bank has agreed, on the basis, inter alia, of the foregoing, to extend a grant to the Recipient upon terms and conditions set forth in this Agreement.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


1.02. 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.
Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out Parts 1(b), 3(a) and 4 of the Project through the Ministry of National Development Planning ("MNDP"); and 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 II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount not to exceed seven million seven hundred fifty thousand United States Dollars ($7,750,000) ("Grant") to assist in financing the Project.

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

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, 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 abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consist of the following:

(a) The World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.
Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied.

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.

(b) The Financing Agreement and the GEF Grant Agreement, have been executed and delivered and all conditions precedent to their effectiveness or to the right of the Recipient to make withdrawals under each of these agreements (other than the effectiveness of this Agreement) have been fulfilled.

(c) The National Project Unit and the Provincial Project Implementation Unit have been formally established with staff with terms of reference, qualifications, and relevant experience selected competitively, satisfactory to the World Bank.

(d) The Recipient has adopted a Project Implementation Manual satisfactory to the World Bank including the Project administrative, financial and accounting, and execution modalities for each part of the Project.

5.02. As part of the evidence to be furnished pursuant to Section 5.01(a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing the following matters:

(a) on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. 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 a notice of its acceptance of the evidence required pursuant to Section 5.01 ("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.
5.04. 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 VI
Recipient's Representative; Addresses

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

6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

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

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

6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391

[Signature]
AGREED at Lusaka, Zambia, as of the day and year first above written.

REPUBLIC OF ZAMBIA

By:

Authorized Representative

Name: Hon. Felix Mutati, MP
Title: Minister of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL DEVELOPMENT ASSOCIATION (acting as Trustee of the BioCFplus Initiative for Sustainable Forest Landscapes - USDOS Single-Donor Trust Fund)

By:

Authorized Representative

Name: INA-Marlene Rutherford
Title: World Bank Country Manager.
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/chieftdoms 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 World Bank, 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 emissions 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. Institutional and Other 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 World Bank, 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 World Bank, 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 World Bank. 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 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: (a) administration and coordination; (b) monitoring and evaluation; (c) financial, procurement and accounting procedures; (d) social and environmental safeguards; (e) corruption and fraud mitigation measures; (f) 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 (g) 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.
Annual Work Plan and Budget

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

C. Sub-projects under Part 2 of the Project

1. For the purpose of carrying out Part 2 of the Project, the Recipient, through the Eastern Province, shall provide grants ("Sub-project Grants") 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 World Bank 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 World Bank 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 World Bank, 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 World Bank, 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 World Bank, 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 World Bank to inspect the pertinent Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank 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 World Bank and to accomplish the purposes of the Financing. Except as the World Bank 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 World Bank 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 World Bank, such terms of reference to ensure that the technical...
assistance takes into account, and calls for application of the World Bank’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 subparagraph (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 World Bank reports in form and substance satisfactory to the World Bank, 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. Documents; Records

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto;
(ii) the Recipient’s financial and narrative progress reports submitted to the World Bank; (iii) the Recipient’s financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient’s implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor(s).

B. Project Reports; Completion Report

1. 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. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

2. 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 months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank.

C. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. 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 one month after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project 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 such period shall be furnished to the World Bank not later than six 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 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.

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>
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<tbody>
<tr>
<td>(a) National Competitive Bidding <em>(subject to the additional provisions set out in paragraph 3 below)</em></td>
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<tr>
<td>(b) Shopping</td>
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<tr>
<td>(c) Direct Contracting</td>
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<td>(d) Force Account</td>
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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 a 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.

(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 World Bank.

(d) **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.

(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 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.

(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 World Bank’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 World Bank’s prior written concurrence.

(k) **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.

(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</td>
</tr>
<tr>
<td>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 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.
Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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 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 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>(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs of the Project Part 1(a)</td>
<td>4,350,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consulting services, Training and Operating Costs of the Project Part 1(b)</td>
<td>2,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Community Grants of the Project under Part 2(a) and Part 2(b)</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>(4) Goods, works, non-consulting services, consulting services, Training and Operating Costs of the Project Part 2(a)(i), (ii), (iii), (iv)</td>
<td>1,150,000</td>
<td>10%</td>
</tr>
<tr>
<td>(5) Goods, works, non-consulting services, consulting services,</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>
### Percentage of Amount of the Grant Expenditures to be Allocated Financed (Category (expressed in USD) (inclusive of Taxes))

<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>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,</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Training and Operating Costs of the Project Part 2(b)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(7) Goods, works, non-consulting services, consulting services,</td>
<td>250,000</td>
<td>38%</td>
</tr>
<tr>
<td>Training and Operating Costs of the Project Part 3(a)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(8) Goods, works, non-consulting services, consulting services,</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Training and Operating Costs of the Project Part 3(b)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(9) Emergency Expenditures under Part 4 of the Project</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

#### TOTAL AMOUNT

7,750,000

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**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement except that withdrawals up to an aggregate amount not to exceed: (a) thirty-five thousand United States Dollars ($35,000) for Eligible Expenditures under Category 1; (b) forty-five thousand United States Dollars ($45,000) for Eligible Expenditures under Category 2; and (c) three thousand eight hundred United States Dollars ($3,800) for Eligible Expenditures under category 8 may be made for payments made prior to this date but on or after April 1, 2017.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is August 31, 2022.
APPENDIX

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 World Bank in accordance with the provisions of Section I.B.2 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.

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


7. "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.

8. "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 World Bank.

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


11. "Operating Costs" means the reasonable incremental expenses incurred, based on annual budgets approved by the World Bank, 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).

12. “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.


14. “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.

15. “Project Implementation Manual” or “PIM” means the manual acceptable to the World Bank 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 World Bank.

16. "Resettlement Policy Framework" or "RPF" means the document in form and substance acceptable to the World Bank 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 World Bank, and such term includes any schedules to such document.


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

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


21. "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.

22. "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.

23. "Sub-project Grant Agreement" means the agreement acceptable to the World Bank 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.

24. "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.

25. "Training" means the reasonable costs of training under the Project, based on the Annual Work Plans and budgets referred to in Section I.B.2 of Schedule 2 to this
Agreement as approved by the World Bank, 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.