Public Finance Management Reform Program

Grant Agreement

(Public Financial Management Reform Program (PFMRP) Phase I Project)

between

REPUBLIC OF ZAMBIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of the Public Finance Management Reform Program Multi Donor Trust Fund

Dated June 6th, 2014
PFMRP GRANT NUMBER TF017118

PUBLIC FINANCE MANAGEMENT REFORM PROGRAM MULTI DONOR TRUST FUND
GRANT AGREEMENT

AGREEMENT dated June 6th, 2014, entered into between:

REPUBLIC OF ZAMBIA ("Recipient"); and

INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Public Finance Management Reform Program Multi Donor Trust Fund.

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 the Project through the Ministry of Finance (MoF) 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 equal to seventeen million United States Dollars ($17,000,000) ("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
Effectiveness; Termination

4.01. 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 Recipient has adopted the Project Implementation Manual in accordance with the provisions of Section I.B of the Schedule 2 to this Agreement.

(b) The Recipient has established the PFM Reform Unit (PFMRU), the Technical Committee and the Joint Government Donor Committee in accordance with Section I.A. of Schedule 2 to this Agreement.

4.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence 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.

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

Article V
Recipient’s Representative; Addresses

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

5.02. 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, Zambia

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

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

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

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)
AGREED at Lusaka, Zambia as of the day and year first above written.

REPUBLIC OF ZAMBIA

By

Authorized Representative

Name: Alexander B. Chikwanda

Title: MINISTER OF FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Public Finance Management Reform Program Trust Fund

By

Authorized Representative

Name: KANDHAVI KADURESAN

Title: COUNTRY DIRECTOR
SCHEDULE 1
Project Description

The objective of the Project is to contribute to improving the efficiency and accountability of public resources.

The Project consists of the following parts:

Part 1: Integrated Planning and Budgeting Revision of PFM Legal Framework

Carrying out a program of activities aimed at improving the development planning and budgeting processes to enhance the development and service delivery impact of the public sector. Such activities to include:

(a) carrying out a comprehensive review of the Recipient’s public finance act and related laws and regulations;

(b) provision of technical assistance for the development and implementation of planning and budgeting legislation, including the preparation of training materials and manuals and the carrying out of sensitization activities such as workshops on the Recipient’s planning and budget law;

(c) provision of technical assistance for developing and implementing debt and public investment management laws;

(d) developing IFMIS regulations, operational policies and internal control arrangements; and

(e) (i) developing and updating training material on budget processes; (ii) testing budget module in IFMIS and piloting and rolling out to line ministries; and (iii) developing a sensitization strategy and carry out its implementation.

Part 2: Strengthening IFMIS and Cash Management

Carrying out a program of activities aimed at enhancing the financial management systems and standards to promote good financial management and corporate governance practices in the public service. Such activities to include:

(a) Rolling out IFMIS to support de-concentrated financial and fiduciary controls; such roll out to include: (i) designing procedures for allocation of budget to de-concentrated units and updating the accounting manual to harmonize it with IFMIS; (ii) undertaking basic internal renovation of accounting offices at selected de-concentrated sites; (iii) carrying out an assessment of the financial management needs of the de-concentrated sectors; and (iv) provision of on-the-job training for spending units staff;
(b) providing technical assistance for the creation of a unified bank account structure under the control of the Recipient's treasury, with the aim of improving the efficiency of cash and debt management;

c) carrying out the implementation of IFMIS at the central government level, including: (i) the roll out of SAP-based budget preparation, execution and fiscal reporting modules to ministries, provinces and spending agencies; (ii) the review of IFMIS operational manuals; and (iii) the upgrading of IFMIS software and hardware infrastructure; and

d) providing technical assistance to build the capacity of relevant staff through the development and implementation of a training plan.

Part 3: Public Procurement

Carrying out a program of activities aimed at: (a) establishing and strengthening ZPPA's oversight and regulatory role in public procurement; and (b) strengthening ZIPS's capacity to establish and maintain quality standards of purchasing and supply professionals. Such activities to include:

(a) providing targeted training, including for complex and specialized procurement, to selected ministries, provinces, spending agencies and public enterprises;

(b) strengthening the institutional and capacity policy reforms and development needs of ZPPA through the carrying out of (i) a capacity assessment, (ii) ZPPA-specific training, and (iii) reviews of the appeal process and of the procurement law;

(c) developing: (i) a web-based procurement portal to serve as a one-stop information portal for all public procurement within the Recipient's territory; (ii) an e-Framework agreement for procurement of commonly used goods and services; and (iii) a E-Government Procurement development package followed by a pilot in selected agencies; and

(d) enhancing ZIPS's local institutional capacity through the development of a national professional curriculum and training materials at certificate, diploma and graduate diploma levels.

Part 4: Enhanced Internal Audit and Control

Carrying out a program of activities aimed at strengthening and promoting internal control systems in order to enhance transparency and accountability in the use of public resources. Such activities to include:

(a) strengthening audit committees in ministries to meet international standards of activity and reporting;
(b) upgrading internal auditing standards and procedures to international auditing standards including providing appropriate training to staff;

(c) developing professional training programs for internal auditors in conjunction with the Recipient's internal auditors associations;

(d) support for the development and implementation of internal audit quality assurance systems including carrying out of relevant training;

(e) carrying out public and outreach activities to strengthen the value provided by internal audit;

(f) supporting the development and implementation of risk management approaches to internal audit including the development of risk management frameworks and standards, the development of manuals, the provision of equipment and the carrying out of training;

(g) reviewing and updating current auditing manuals and developing frameworks for specialized audits;

(h) supporting internal audit committees including review and updating of the audit committee manuals and procedures;

(i) supporting the implementation of the findings of the institutional review of internal audit; and

(j) supporting ACL expansion to audit information technology systems including procurement of necessary licenses and carrying out of relevant training.

Part 5: Increasing the Effectiveness of Revenue Administration

Carrying out a program of activities aimed at increasing the effectiveness of the Recipient's revenue administration. Such activities to include:

(a) (i) providing support to the ZRA to enable it to fulfill its regulatory requirements of verifying the accuracy of mining tax returns and improving its monitoring capabilities; and (ii) constructing an integrated information portal;

(b) building an electronic monitoring system for balance of payments;

(c) putting in place control systems for tracking transits of goods;

(d) building the capacity of staff in the medium taxpayer office to fulfill their tax audit and tax debt collection functions, through the provision of training and the review of audit manuals and procedures;
(e) enhancing ZRA's investigative capabilities through the provision of special equipment, including a computer forensics lab;

(f) developing ZRA's internal affairs unit capability to collect and disseminate information on apparent discrepancies on tax or customs; and

(g) installing electronic records management systems in the central registry and all offices for digitally storing documentation.

**Part 6: Strengthening Tax Policy Formulation**

Enhancing the capacity of the Recipient's tax policy unit through:

(a) providing technical assistance for carrying out studies and research projects in support of tax policy formulation;

(b) providing relevant training and mentoring support to staff in tax policy units; and

(c) acquisition of information technology equipment needed to facilitate access to information needed for tax policy analysis.

**Part 7: Program Management**

(a) providing procurement and financial management support to the implementing departments and monitoring the objectives and performance against the indicators.

(b) strengthening the PFMRU's capacity to fulfill the procurement and financial management functions under the Project, through: (i) the recruitment of qualified staff; (ii) the purchase of office equipment and the financing of incremental operating costs; (iii) the provision of training in program and project management, procurement and financial management as required; (iv) the carrying out of annual audits of the Project by external auditors; (v) the development of information and communication technology solutions to enhance communication with other public finance management institutions; and (vi) carrying out public finance management studies, reviews and assessments.

**Part 8: Other PFM Interventions**

Supporting just in time interventions in public financial management in line with the Recipient's public financial management strategy including: (a) strengthening of public accountancy profession and enhancing independent monitoring of financial reporting by corporations and state-owned enterprises; and (b) strengthening capacity of the auditor general and relevant oversight committees in parliament.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. PFM Reform Unit
   (a) The Recipient shall establish and thereafter maintain throughout the Project implementation period, with composition, mandate and resources satisfactory to the World Bank, the PFM Reform Unit within the MoF, to be responsible for monitoring and evaluation and the fiduciary functions under the Project (the “PFMRU”).

   (b) Without limitation upon sub-paragraph (a) immediately above, the PFMRU’s staffs shall include a full time program coordinator and specialists in procurement, financial management and monitoring and evaluation.

2. Joint Government Donor Committee
   The Recipient shall establish and thereafter maintain throughout the Project implementation period, with composition, mandate and resources satisfactory to the World Bank, the joint government donor committee, to be responsible for reviewing and monitoring the implementation of the Project, reviewing and approving activities submitted for funding out of the Grant, monitoring progress on the Annual Work Plan and Budgets, and providing policy guidance (the “Joint Government Donor Committee”).

3. Technical Committee
   The Recipient shall establish and thereafter maintain throughout the Project implementation period, with composition, mandate and resources satisfactory to the World Bank, the technical committee, to be responsible for overseeing the Project activities and reviewing the implementation progress (the “Technical Committee”).

B. Project Implementation Manual

1. The Recipient shall maintain (and implement the Project in accordance with) the implementation manual, acceptable to the World Bank, which shall include fiduciary policies and procedures to be followed by the Recipient in conducting its operations, including the Project, such manual to cover, inter alia, financial management, procurement, disbursement and monitoring and evaluation arrangements for the Project (“Project Implementation Manual”).
2. The Recipient shall ensure that the Project is carried out in accordance with the Project Implementation Manual and shall not amend or waive any of its provisions without the World Bank’s prior written agreement.

3. Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the Project Implementation Manual and this Agreement, the provisions of this Agreement shall govern.

C. Annual Work Program and Budget

1. The Recipient shall prepare and furnish to the World Bank no later than November 30 of each calendar year, throughout the implementation of the Project, a work plan of activities proposed for inclusion in the Project for the subsequent calendar year, together with a budget for such activities, a timetable for their implementation and the source and uses of funds therefor.

2. The Recipient shall afford the World Bank a reasonable opportunity to exchange views with the Recipient on such proposed work plan; and, thereafter, carry out such work plan during the period covered by said plan, according to such budget, both as shall have been approved by the World Bank (“Annual Work Plan and Budget”).

3. Only such activities as shall have been included in the Annual Work Plan and Budget shall be eligible for inclusion in the Project and for financing out of the proceeds of the Grant.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).

E. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. 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 and on the basis of indicators acceptable to the World Bank and set out in the Project Implementation Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.

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.

B. 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 not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

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 audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works non-consulting-services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(a) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”) in the case of goods, works and non-consulting services, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and
2. 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 methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding subject to the additional provisions set out in paragraph 3 below; (b) Shopping; (c) Direct Contracting; and (d) Procurement from UNOPS.

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 I of the "Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IDB Loans and IDA Credits & Grants by World Bank Borrowers" (January 2011) (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 (ii) 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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Least Cost Selection; (c) Selection based on Consultants’ Qualifications; (d) Single-source Selection of consulting firms; (e) Selection of Individual Consultants; and (f) Single-source procedures for the Selection of Individual Consultants.

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 “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the 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, Training, Operating Costs; non-consulting services, and consultants’ services under parts 1, 4, 5, 6, 7 and 8 of the Project.</td>
<td>10,393,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, Training, Operating Costs; non-consulting services, and consultants’ services under part 2 of the Project.</td>
<td>4,327,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, Training, Operating Costs; non-consulting services, and consultants’ services under part 3 of the Project.</td>
<td>2,280,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>17,000,000</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:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $3,000,000 equivalent may be made for payments made prior to this date but on or after December 18, 2013, for Eligible Expenditures; and

   (b) under Categories 2 or 3 until satisfactory evidence to the World Bank that the Recipient has fulfilled its obligations under Section V. A. (a) and (b) respectively below.

2. The Closing Date referred to in Section 3.06 of the Standard Conditions is December 31, 2017.

Section V. Other Undertakings

A. The Recipient shall:

   (a) adopt a management structure for mainstreaming IFMIS into the Ministry of Finance, satisfactory to the World Bank;

   (b) ensure that the ZPPA’s new institutional arrangement is approved by the ZPPA Board or an equivalent authority, satisfactory to the World Bank; and

   (c) not later than six (6) months of the Effective Date, operationalize and thereafter maintain throughout Project implementation, the management structure adopted for mainstreaming IFMIS into government systems.
APPENDIX

(a) “ACL” means audit command language.

(b) “Annual Work Plan and Budgets” means each annual work plan together with the related budget, for the Project approved by the World Bank pursuant to the provisions of Section 1.C of Schedule 2 to this Agreement.

(c) “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.


(e) “IFMIS” means Integrated Financial Management Information System.

(f) “Joint Government Donor Committee” means the committee to be established by the Recipient in accordance with Section 1.A.2 of Schedule 2 to this Agreement and comprising secretary to the treasury as chair, representatives of donors contribution to the multi donor Trust Fund, the chair of the Technical Committee, the head of the PFMRU, and heads of implementing departments.

(g) “Operating Costs” means the incremental operating expenses approved by the World Bank for the incremental expenses incurred on account of Project implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants’ services and salaries of officials of the Recipient’s civil service).

(h) “PFMRU” means the unit to be established by the Recipient in accordance with Section 1.A.1 of Schedule 2 to this Agreement and whose staff include a project coordinator, a procurement specialist, a financial management specialist and a monitoring and evaluation specialists.


(j) “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 2, 2014 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.

(k) “Project Implementation Manual” means the Recipient’s manual containing guidelines and procedures used for the purpose of implementing the Project and referred to in Section I.B. of Schedule 2 to this Agreement.


(m) “Technical Committee” means the committee to be established by the Recipient in accordance with Section I.A.3 of Schedule 2 to this Agreement and comprising permanent secretary ministry of finance as chair, the accountant general, the project manager IFMIS, controller of internal audit, directors of planning and budgeting in the ministry of finance, director general ZPPA and director ZIPA.

(n) “Training” means the reasonable cost, as shall have been approved by the World Bank under the Annual Work Plan and Budget, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants’ services).

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

(p) “Zambia Procurement Authority” or “ZPPA” means an independent regulatory body in the field of procurement, established under the Public Procurement Act No 12 of 2008.

(q) “ZPPA Board” means the management board of ZPPA.

(r) “Zambia Institute of Purchasing and Supply” or “ZIPS” means the supplies and purchasing institute established under the Zambia Institute of Purchasing and Supply Act No. 13 of 2003. “Zambia Revenue Authority” or “ZRA” means the Recipient’s revenue agency established under Zambia Revenue Authority Act, Chapter 321 of the Laws of the Recipient.