Honorable Felix C. Mutati
Minister of Finance
Ministry of Finance
Lusaka, Zambia

Dear Honorable Mutati:

**Zambia: Preparation of the Forestry Investment Program Investment Plan Project**

SCF Grant No.TF0A2862

In response to the request for financial assistance made on behalf of the Republic of Zambia ("Recipient"). I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as an implementing entity of the Forest Investment Program ("FIP") under the Trust Fund for the Strategic Climate Fund ("SCF"), proposes to extend to the Recipient a grant in an amount not to exceed two hundred and fifty thousand United States Dollars ($250,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

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

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

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]
Ina-Marlene E. Ruthenberg
Country Manager for Zambia
Africa Region

AGREED:
REPUBLIC OF ZAMBIA

By
Authorized Representative

[Signature]

Name
Felix C. Mutati

Title
MINISTER OF FINANCE

Date: December 23, 2016

OFFICE OF THE MINISTER
P.O BOX 50052, LUSAKA

Enclosures:


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


(5) Guidelines on “Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011
1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

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

1. "Interim Climate Change Secretariat" means the Recipient’s secretariat established in the Ministry of Finance to oversee all climate resilience interventions in the Recipient’s territory and comprising of technical and operational staff or its successor thereto.

2. "Investment Plan" means the Recipient’s investment plan for the implementation of the National REDD+ Strategy.

3. "Ministry of Finance" and "MoF" means the Recipient’s ministry responsible for finance.

4. "National REDD+ Strategy" means the Recipient’s strategy dated January 2015 to reduce carbon emissions from deforestation and forest degradation.

5. "Operating Costs" means the incremental expenses incurred by the Recipient for Project implementation, supervision, management, and monitoring, on account of office space rental and utilities, office supplies and consumables, bank charges, communications, vehicle operation, maintenance and insurance, building and equipment maintenance and insurance, Project related travel costs and subsistence, advertising and contracted staff salaries (other than consultants’ services), but excluding salaries of civil servants.

6. "Workshops" means the reasonable costs approved by the World Bank for related to the implementation of the Project, travel and subsistence costs for workshop participants, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to workshop preparation and implementation (but excluding goods and consultants’ services).
Article II
Project Execution

2.01. Project Objectives and Description. The objectives of the Project is to develop an investment plan for the Recipient’s National REDD+ Strategy while also meeting the objectives of the Forestry Investment Program.

The Project consists of the following activities.

1. Preparing an Investment Plan for the National REDD+ Strategy including conducting related surveys and studies.
2. Carrying out of public consultations, knowledge exchange and preparation and dissemination of knowledge products.
3. Capacity building of the Recipient’s agencies involved in the implementation of National REDD+ Strategy.
4. Supply of office equipment.
5. Financing of Operating Costs associated with the implementation of the Project.

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

2.03. Institutional and Other Arrangements.

Ministry of Finance

1. The Ministry of Finance shall be responsible for the overall implementation of the Project.

Interim Climate Change Secretariat

2. The Recipient shall maintain through-out Project implementation, the National Climate Change Secretariat, with an institutional framework and terms of reference satisfactory to the World Bank and facilities and resources adequate to carry out its responsibilities under the Project.

3. Without limitation on the foregoing, the National Climate Change Secretariat shall be responsible for the overall coordination, implementation and reporting of the Project.
2.04 **Safeguards:** The Recipient shall ensure and cause the Project Implementing Entity to 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 safeguard policies and the Recipient’s own laws relating to the environment and social aspects.

2.05 **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of six (6) months, and shall be furnished to the World Bank not later than forty-five days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

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

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

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

2.07 **Procurement**

(a) **General.** All goods, non-consulting services, and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank
Borrowers” dated January 2011 (revised July 2014) (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Consultant Guidelines”) in the case of consultants’ services; and

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

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

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

Goods and non-consulting services shall be procured under contracts awarded on the basis of: (A) Shopping; and (B) Direct contracting for those assignments which are specified in the Procurement Plan.

(d) Particular Methods of Procurement of Consultants’ Services

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

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

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

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants’ services, Workshops and Operating Costs under the Project</td>
<td>250,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>250,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2018.

Article IV
Recipient’s Representative; Addresses

4.01 **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister responsible for finance.
4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance  
P.O. Box 50062  
Chimanga Road  
Lusaka, Zambia  
Telex: Facsimile:  
42221 (+260 211) 253494/251078

4.03. **World Bank's Address.** 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: Facsimile:  
248423 (MCI) or 1-202-477-6391  
64145 (MCI)