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

Dear Honorable Mutati:

Zambia: Integrated Forest Landscape Project  
Project Preparation Grant No. TF072503

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 a trustee of the BioCFplus Initiative for Sustainable Forest Landscapes – USDOS Single-Donor Trust Fund ("BioCF"), 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

By: Ina-Marlene E. Ruthenberg
Country Manager for Zambia
Africa Region

AGREED:

REPUBLIC OF ZAMBI

By: Authorized Representative

Name: 
Title: Minister of Finance
Date: December 23, 2016

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
(5) Guidelines on “Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011
Article I
Standard Conditions; Definitions


1.02. 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.

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

   b) "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.

   c) "Procurement Plan" means the Recipient’s procurement plan for the Project, dated April 13, 2016 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.

   d) "Province" means an administrative subdivision of the Recipient established pursuant to Provincial and Districts Boundaries Act, Chapter 286 of the Laws of the Recipient.

   e) "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 improve rural livelihoods and to contribute to low-carbon development in targeted landscapes of the Recipient’s Eastern Province.

   The Project consists of the following parts:

   a) Carrying out of technical studies and identifying cross-sectoral investment activities for financing.
b) Preparing manuals and safeguards instruments for the identified investments.

c) Carrying out of public consultations on the activities including on the safeguards documents.

d) Building the capacity of the Interim Climate Change Secretariat (ICCS) and the Province to implement the program.

e) Financing of Operating Costs associated with Project implementation.

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 National Development Planning 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**

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

**Interim Climate Change Secretariat**

b) The Recipient shall maintain throughout Project implementation, the Interim 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.

c) Without limitation on the foregoing, the Interim Climate Change Secretariat shall be responsible for the overall coordination, implementation and reporting of the Project.

2.04 **Safeguards.** 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 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 one calendar quarter, 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 as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

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

2.07. **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:


(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: (i) Shopping; and (ii) 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, except that withdrawals up to an aggregate amount not to exceed $25,000 equivalent may be made
for payments made prior to this date but on or after July 1, 2016 for Eligible Expenditures under the Project.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06(c) of the Standard Conditions is September 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, Republic of 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 64145 (MCI) 1-202-477-6391