Strategic Climate Fund- Pilot Program for Climate Resilience Loan Agreement

(Strengthening Climate Resilience PPCR (Phase II) Project)

between

REPUBLIC OF ZAMBIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as an implementing entity of the Strategic Climate Fund- Pilot Program for Climate Resilience

Dated JUNE 14, 2013
STRATEGIC CLIMATE FUND- PILOT PROGRAM FOR CLIMATE RESILIENCE LOAN AGREEMENT

AGREEMENT dated 14 , 2013, entered into between REPUBLIC OF ZAMBIA (“Borrower”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting not in its individual capacity but solely in its capacity as an implementing entity of the Strategic Climate Fund (“SCF”) - Pilot Program for Climate Resilience (“PPCR”).

WHEREAS, pursuant to an agreement of even date herewith (the “SCF-PPCR Grant Agreement”), the World Bank acting not in its individual capacity but solely in its capacity as an implementing entity of the Strategic Climate Fund (“SCF”) – Pilot Program for Climate Resilience (“PPCR”) has provided a grant in an amount equivalent to $31,000,000 for the financing of the Project.

NOW THEREFORE, the Borrower and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

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

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

Article II
Loan

2.01. The World Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of five million United States Dollars ($5,000,000) (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).

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

2.03. The Loan is funded out of the resources made available to the World Bank as an implementing entity of the SCF-PPCR. In accordance with Section 3.02 of the Standard Conditions (as defined in the Appendix 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 from the SCF-PPCR trust fund, and the
Borrower's right to withdraw the Loan proceeds is subject to the availability of such funds.

2.04. The Service Charge payable by the Borrower on the Withdrawn Loan Balance shall be equal to one-tenth of one percent (1/10 of 1%) per annum.

2.05. The Payment Dates are April 15 and October 15 in each year.

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

2.07. The Payment Currency is United States Dollars.

Article III
The Project

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through the Ministry of Finance in accordance with the provisions of Article II of the Standard Conditions.

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

Article IV
Effectiveness; Termination

4.01. The Additional Condition of Effectiveness consists of the following:

(a) The SCF-PPCR Grant Agreement has been signed and delivered, and all conditions of effectiveness of said agreement or the right of the Borrower to withdraw funds thereunder have been satisfied, except for the condition that this Agreement has become effective.

(b) The Borrower has prepared and adopted a Project Operational Manual and a Participatory Adaptation Implementation Manual in accordance with the provisions of Section 1.B of Schedule 2 to this Agreement.

4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
Article V
Borrower’s Representative; Addresses

5.01. The Borrower’s Representative referred to in Section 10.02 of the Standard Conditions is its minister responsible for finance.

5.02. The Borrower’s Address referred to in Section 10.01 of the Standard Conditions is:

Ministry of Finance
P.O. Box 50062
Lusaka
Republic of Zambia

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

5.03. The World Bank’s Address referred to in Section 10.01 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, Republic of Zambia, as of the day and year first above written.

REPUBLIC OF ZAMBIA

By

[Signature]

Authorized Representative

Name: **ALEXANDER CHIKWANDA**

Title: **MINISTER OF FINANCE**

INTERNATIONAL DEVELOPMENT ASSOCIATION acting as an implementing entity of the Strategic Climate Fund - Pilot Program for Climate Resilience

By

[Signature]

Authorized Representative

Name: **COUNTRY DIRECTOR**

Title: **KUNDHANI KADIRESAW**
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the Borrower’s institutional framework for climate resilience and improve the adaptive capacity of vulnerable communities in the Barotse sub-basin.

The Project constitutes the second phase of the Program, and consists of the following parts:

Part 1 Strategic National Program Support

Carrying out a program of activities to strengthen the national institutional framework for climate resilience, such program of activities to comprise the following:

(a) Institutional support to the national climate change program through: (i) mainstreaming of climate resilience into key national and sectoral policies and programs; (ii) provision of short term and post graduate training opportunities for climate change champions, knowledge sharing, analysis and dissemination; (iii) carrying out of studies on management of external resources and climate risk financing; and (iv) operational support to the National Climate Change Secretariat including in fiduciary management and programmatic monitoring and evaluation, all through the provision of technical assistance, the acquisition of goods, vehicles and equipment, the financing of consultant services, the financing of Operating Costs and the carrying out of Training.

(b) Support for enhanced climate and early warning information dissemination through: (i) carrying out of social marketing awareness campaigns; (ii) application of rapid communication systems between line agencies and communities in the pilot sub-basins; and (iii) establishment of a pilot open data platform, all through the provision of technical assistance and Training; acquisition of goods and equipment and financing of consultant services, non-consultant services and Operating Costs.

Part 2 Support for Participatory Adaptation

Carrying out a program of activities to strengthen the adaptive capacity of vulnerable rural communities in the Barotse sub-basin, such program of activities to comprise the following:

(a) Engaging the services of experienced non-governmental organizations and other qualified facilitators to strengthen the capacity of communities to identify and articulate climate risks, use participatory approaches to prioritize adaptation options, prepare and implement sub-grant proposals and manage canals.
(b) Support to the Western Province and District Councils for: (i) carrying out of climate risk and assessment studies for the Barotse sub-basin; (ii) mainstreaming of climate resilience into regional plans and budgets; (iii) designing and overseeing the implementation of structural and non-structural adaptation options; (iv) enhancing access of Beneficiaries to adaptation knowledge and centers of expertise; and (v) improving the policy and recurrent financing framework for traditional canals, all through the provision of technical assistance; acquisition of goods and equipment and financing of consultant services, non-consultant services and Training.

(c) Financing incremental operating expenditures and strengthening the capacity of the Western Province and District Councils including in financial management, safeguards screening and monitoring and evaluation, all through the provision of technical assistance; acquisition of vehicles, goods and equipment; and financing of consultant services and Operating Costs.

Part 3 Pilot Participatory Adaptation

Carrying out a program of activities to pilot climate adaptation in the Barotse sub-basin, such program of activities to comprise the following:

(a) Providing Sub-Project Grants to finance eligible Sub-Projects at the District, Ward community groups and individual levels, and to finance innovations or scale up the work of best performing Beneficiaries.

(b) Establishing and operating an Adaptation Contingency Fund to finance eligible Sub-Projects based on the occurrence of a defined event (s) as detailed in the Participatory Adaptation Implementation Manual.

(c) Rehabilitating and strengthening the management of traditional canals.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

Ministry of Finance

1. The Ministry of Finance shall be responsible for the overall execution, coordination and implementation of the Project and shall in this regard implement the Project through the National Climate Change Secretariat.

National Climate Change Secretariat

2. The Borrower shall maintain, throughout 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.

National Disaster Management and Mitigation Unit

4. The Borrower shall maintain, throughout Project implementation, the National Disaster Management and Mitigation Unit, 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.

5. Without limitation on the foregoing, the National Disaster Management and Mitigation Unit (DMMU) shall be responsible for the implementation of Part 1.B (ii) and (iii) of the Project.

Provincial Project Implementation Unit

6. The Borrower shall: (a) not later than January 30, 2014 establish and thereafter maintain throughout Project implementation, a Provincial Project Implementation Unit (PPIU), within the Western Province administration headed by the chief planner and comprising a liaison officer, an environmental and social safeguards management specialist, a monitoring and evaluation specialist, adaptation specialist and an accounting assistant, all with qualifications, experience, and terms of reference satisfactory to the World Bank; and (b) ensure that the PPIU has adequate resources to carry out its responsibilities under the Project.
7. Without limitation on the foregoing, the PPIU shall be responsible for overseeing and facilitating the day-to-day implementation of the Project in the Barotse sub-basin.

Provincial Planning Sub-Committee

8. The Borrower shall maintain throughout Project implementation, the Provincial Planning Sub-Committee within Western Province 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.

9. Without limitation on the foregoing, the functions of the Provincial Planning Sub-Committee shall be to: (a) facilitate overall coordination of the Project in the Province; and (b) endorse Sub-Projects for subsequent approval by the National Climate Change Secretariat.

District Planner and District Planning Advisory Sub-Committee

10. The Borrower shall maintain throughout Project implementation, the office of the District Planner and the District Planning Advisory Sub-Committee within each District, each 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.

11. Without limitation on the foregoing, the District Planner under the guidance of the District Planning Advisory Sub-Committee shall be responsible for: (a) mainstreaming climate resilience in District integrated development plans; (b) facilitating, coordinating and monitoring the implementation of the Project at the District, Ward and community levels; and (c) screening Sub-Projects against the eligibility criteria and recommending them for consideration by the Provincial Planning Sub-Committee.

B. Implementation Arrangements

Project Operational Manual

1. The Borrower shall: (a) (i) prepare, under terms of reference satisfactory to the World Bank, and furnish to the World Bank a Project Operational Manual containing detailed guidelines and procedures for the implementation of the Project, including in the areas of monitoring and evaluation, procurement, coordination, social and environmental safeguards, financial, administrative and accounting procedures, corruption and fraud mitigation measures, guidelines on Operating Costs, and such other arrangements and procedures as shall be required for the Project; and (ii) thereafter adopt and carry out the Project in accordance with such Project Implementation Manual as shall have been approved by the
World Bank (Project Operational Manual); and (b) except as the World Bank shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the Project Operational Manual.

**Participatory Adaptation Implementation Manual**

2. The Borrower shall: (a) (i) prepare and furnish to the World Bank a participatory adaptation implementation manual setting out the guidelines for community participation in the Project and the selection criteria and detailed guidelines and procedures for the implementation of Sub-Projects, including administrative, financial and accounting, procurement, social and environmental safeguards, monitoring and evaluation procedures; and (ii) thereafter adopt and cause the Sub-Projects to be implemented in accordance with such participatory adaptation manual as shall have been approved by the World Bank (Participatory Adaptation Implementation Manual); and (b) except as the World Bank shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the Participatory Adaptation Implementation Manual.

3. In case of a conflict between the provisions of the Project Operational Manual or the Participatory Adaptation Implementation Manual and this Agreement, those of this Agreement shall prevail.

**Annual Work Plans and Budget**

4. The Borrower shall, not later than December 30 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.

5. The Borrower shall exchange views with the World Bank on each such proposed annual work plan, and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the World Bank, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the World Bank (Agreed Annual Work Plan).

**C. Sub-Projects**

1. For purposes of implementation of Part 3 of the Project, the Borrower shall provide Sub-Project Grants to Beneficiaries to implement Sub-Projects in accordance with eligibility criteria and procedures acceptable to the World Bank and specified in the Participatory Adaptation Implementation Manual which shall include the following:

   (a) Sub-Project Grants shall be provided for priority adaptation investments identified through climate resilience planning.
(b) Beneficiaries shall: (i) contribute part of the cost of Sub-Projects in cash or in kind as stipulated in the Participatory Adaptation Implementation Manual; (ii) meet minimum registration and fiduciary requirements as set out in the Participatory Adaptation Implementation Manual; and (iii) open and maintain a bank account, on terms and conditions satisfactory to the World Bank, where appropriate, for receiving Beneficiary contributions and funds from the proceeds of the Sub-Project Grants.

(c) Sub-Project Grants shall be made under a Sub-Project Grant Agreement with the respective Beneficiary on terms and conditions acceptable to the World Bank, which shall cover 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 Sub-Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Sub-Project Grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Sub-Project and the achievement of its objectives; (E) (1) maintain adequate records to reflect, in accordance with sound accounting practices, the outputs, operations, resources and expenditures in respect of the Sub-Project; and (2) at the World Bank’s or the Borrower’s request, have such records and outputs audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the report of such audit to the Borrower and the World Bank; (F) enable the Borrower and the World Bank to inspect the Sub-Project, its operation and any relevant records and documents; (G) prepare and furnish to the Borrower and the World Bank all such information as the Borrower or the World Bank may reasonably request; and (H) take such measures as shall be necessary or appropriate to comply with the requirements of the Environmental and Social Management Framework (ESMF), the Resettlement Policy Framework (RPF), the Pest Management Plan (PMP), and any Resettlement Action Plans (RAPs) and/or Environmental Management Plans (EMPs), as the case may be.

2. The Borrower shall exercise its rights and carry out its obligations under each Sub-Project Grant Agreement in such manner as to protect the interests of the
Borrower and the World Bank and to accomplish the purposes of the Project. Except as the World Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any Sub-Project Grant Agreement or any of its provisions.

D. Anti-Corruption

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

E. Safeguard

1. The Borrower shall ensure that the Project is carried out in accordance with the provisions of the ESMF, the RPF, the PMP and any RAPs and/or EMPs.

2. Without limitation to the foregoing, the Borrower 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 the requirements of the ESMF, the RPF, the PMP, any applicable RAP and or EMPs, and the Borrower's own laws relating to the environment and social aspects.

3. Except as otherwise agreed in writing by the World Bank, the Borrower shall require that in implementing Sub-Projects, the Beneficiaries take such measures as shall be necessary or appropriate to comply with the requirements of the ESMF, the RPF, the PMP, and any RAPs and/or EMPs, as the case may be.

4. The Borrower shall ensure that Project reports referred to in Section II.A of this Schedule shall include adequate information on the implementation and monitoring of the measures undertaken to implement the provisions of the ESMF, the RPF, the PMP, and any RAPs and/or EMPs.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

The Borrower 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 Operational 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.
B. Financial Management; Financial Reports; Audits

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

2. Without limitation on the provisions of Part A of this Section, the Borrower 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.

3. The Borrower 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 Borrower. The audited Financial Statements for each such period and a Management Letter shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan 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 Loan 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>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding (subject to the additional provisions set out in paragraph 3 below)</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Force Account</td>
</tr>
<tr>
<td>(e) Procurement from UNOPS</td>
</tr>
<tr>
<td>(f) Community Participation procedures which have been found acceptable to the World Bank and set out in the Participatory Adaptation Implementation Manual</td>
</tr>
</tbody>
</table>

3. Additional Provisions and Modifications to National Competitive Bidding

The procurement procedure to be followed for National Competitive Bidding ("NCB") shall be the open international 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" (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 an 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 (iii) where relevant 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 methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used:
### Procurement Method

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

### D. Review by the 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 Loan Proceeds

#### A. General

1. The Borrower may withdraw the proceeds of the Loan 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 Borrower (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 Loan (“Category”), the allocations of the amounts of the Loan 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 Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, works, non-consulting services and consultants’ services under Part 3.C of the Project</td>
<td>5,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>5,000,000</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; and

   (b) Until and unless the Borrower has adopted operational arrangements acceptable to the World Bank for the sustainable operation and maintenance of traditional canals and has provided resources for the maintenance of canals acceptable to the World Bank in the approved annual budget for the Fiscal Year in which the withdrawal is made.

2. The Closing Date is December 31, 2019.
## SCHEDULE 3

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Loan repayable (expressed as a percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15:</td>
<td></td>
</tr>
<tr>
<td>commencing October 15, 2023 to and including April 15, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing October 15, 2033 to and including April 15, 2053</td>
<td>2%</td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. “Adaptation Contingency Fund” means the fund established under Part 3.B of the Project to provide Sub-Project Grants contingent upon the early warning of a disaster for the implementation of Sub-Projects aimed at increasing the Beneficiaries’ preparedness in the event that the disaster takes place.

2. “Agreed Annual Work Plan” means the program of activities agreed each Fiscal Year between the Borrower and the World Bank for implementation under the Project in accordance with Section I.B of Schedule 2 to this Agreement during the following Fiscal Year, as the same may be revised from time to time in accordance with said Section.


4. “Barotse Royal Establishment” mean the traditional chiefs of the Lozi community recognized and operating under the Chief’s Act, Chapter 287 of the Laws of the Borrower.

5. “Beneficiaries” means the District Councils, Wards, community groups or individuals who meet the eligibility criteria specified in the Project Operational Manual and the Participatory Adaptation Implementation Manual for receiving Sub-Project Grants and to which or for whose benefit a Sub-Project Grant is made or proposed to be made, and in its singular form the term means any one such grouping.

6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


8. “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction to access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and “Displaced Persons” means more than one Displaced Person.
9. “District” means an administrative subdivision of the Borrower within a Province established pursuant to Provincial and Districts Boundaries Act, Chapter 286 of the Laws of the Borrower.

10. “District Council” means a local government unit within the Borrower’s territory established and operating pursuant to Local Government Act, Chapter 281 of the Laws of the Borrower.

11. “District Planner” means a staff of the Borrower responsible for planning at the District level and referred to in Section I.A of Schedule 2 to this Agreement.

12. “District Planning Advisory sub-Committee” means the planning committee of the Borrower established for each District comprising representatives from various line ministries and government agencies at the district level, the Barotse Royal Establishment and civil society, and referred to in Section I.A of Schedule 2 to this Agreement.

13. “Environmental Management Plan” or “EMP” means an Environmental Management Plan acceptable to the World Bank and prepared in accordance with the ESMF and “EMPs” means, collectively, all such plans.

14. “Environmental and Social Management Framework” or “ESMF” means the Environmental and Social Management Framework prepared and adopted by the Borrower, dated February 2013, defining the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities, as such framework may be amended by the Borrower from time to time, with the prior written agreement of the World Bank.

15. “Fiscal Year” means each fiscal year of the Borrower commencing on January 1 and ending on December 31.

16. “Management Letter” means, in respect of each of the audited Financial Statements of the Borrower, a letter issued by the external auditors as part of the annual audit report setting forth internal control weaknesses identified during the audit period.

17. “Ministry of Finance” means the Borrower’s Ministry responsible for matters relating to finance.

18. “National Climate Change Secretariat” means the Interim National Climate Change Secretariat unit of the Borrower established in the Ministry of Finance to oversee all climate resilience interventions in the country and comprising of technical and operational Staff of the Borrower, and referred to in Section I.A of Schedule 2 to this Agreement or its successor thereto.
19. "National Disaster Management and Mitigation Unit" or "DMMU" means a unit of the Borrower referred to in Section I.A of Schedule 2 to this Agreement responsible for disaster management and mitigation and established and operating under the Disaster Management Act, Act No. 13 of 2010, or its legal successor thereto.

20. "Operating Costs" means the incremental expenses incurred by the Borrower 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.

21. "Participatory Adaptation Implementation Manual" means the Participatory Adaptation Implementation Manual in form and substance acceptable to the World Bank prepared by the Borrower in accordance with the provisions of Section I.B of Schedule 2 to this Agreement, as the same may be amended in accordance with the provisions of said Section.

22. "Pest Management Plan" or "PMP" means the Borrower's plan acceptable to the World Bank, dated February 2013, setting out the measures to be taken for the development and implementation of integrated pest management and safe handling of pesticides in the course of Project implementation, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any schedules or annexes to such Plan.


24. "Procurement Plan" means the Borrower's procurement plan for the Project, dated April 2, 2013 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.

25. "Program" means the Strategic Program for Climate Resilience designed to mainstream climate change into the most economically vulnerable sectors of the Borrower's economy and set forth or referred to in the letter dated June 14, 2011 from the Borrower to the World Bank.

26. "Project Operational Manual" means the Project Operational Manual in form and substance acceptable to the World Bank prepared by the Borrower in accordance with the provisions of Section I.B of Schedule 2 to this Agreement, as the same may be amended in accordance with the provisions of said Section.
27. “Province” means an administrative subdivision of the Borrower established pursuant to Provincial and Districts Boundaries Act, Chapter 286 of the Laws of the Borrower.

28. “Provincial Planning Sub-Committee” means the planning committee of the Borrower established at the Western Province administration comprising representatives from various line ministries and government agencies at the provincial level, the Barotse Royal Establishment and civil society, and referred to in Section I.A of Schedule 2 to this Agreement.

29. “Provincial Project Implementation Unit” or “PPIU” means a unit of the Borrower established in Mongu Western Province to oversee Project implementation in the Barotse sub-basin and referred to in Section I.A of Schedule 2 to this Agreement.

30. “RAP” means the resettlement action plan, in form and substance satisfactory to the World Bank, prepared or to be prepared by the Borrower on the basis of the RPF, and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the RPF, along with the procedural and institutional measures needed to implement such actions, measures and policies, as such RAP may be amended from time to time with the prior written agreement of the World Bank.

31. “RPF” means the Resettlement Policy Framework acceptable to the World Bank, dated February 2013, adopted by the Borrower, and giving details of provisions for compensation, rehabilitation and resettlement assistance to Displaced Persons, as such RPF may be amended from time to time with the prior written agreement of the World Bank.

32. “SCF-PPCR Grant Agreement” means the Strategic Climate Fund-Pilot Program for Climate Resilience Grant Agreement, entered into between the International Development Association, acting as an implementing entity of the Strategic Climate Fund - Pilot Program for Climate Resilience and the Borrower on the same date as this Agreement for the financing of the Project (SCF-PPCR Grant No. TF014588-ZM).


34. “Sub-Project” means a priority investment proposed to be implemented by an eligible District, Ward, community group or individual and which meets the eligibility criteria set out in the Participatory Adaptation Implementation Manual and the provisions of Section I. C of Schedule 2 to this Agreement, and are
eligible to receive financing under Part 3 of the Project, and Sub-Projects means two or more of such investments.

35. "Sub-Project Grant" means a grant financing made or proposed to be made by the Borrower for the purpose of financing eligible Sub-Projects under the Project and referred to in Section I.C of Schedule 2 to this Agreement.

36. "Sub-Project Grant Agreement" means an agreement satisfactory to the World Bank, between the Borrower and the Beneficiary through which the Borrower provides Sub-Project Grants to eligible Beneficiaries, and referred to in Section I.C of Schedule 2 to this Agreement.

37. "Training" means the reasonable costs of training under the Project, based on annual budgets approved by the World Bank, and attributable to seminars, workshops, study programs and tours, along with tuition, travel and subsistence allowances for training participants, services of trainers and workshop facilitators, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course or workshop preparation and implementation.

38. "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.


Section II. Modifications to the Standard Conditions

The modification to the Standard Conditions is as follows:

Section 4.01 (Management Fee) of the Standard Conditions is deleted in its entirety.