Hon. Alexander B. Chikwanda  
Minister of Finance  
Ministry of Finance  
P.O. Box 50062  
Chimanga Road  
Lusaka, Zambia

Re: TFSCB Grant No. TF017909  
Zambia Statistical Capacity Building Project

Honorable:

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 Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Multi Donor Trust fund for Statistical Capacity Building - III, proposes to extend to the Recipient a grant in an amount not to exceed two hundred and fifty thousand United States Dollars (U.S.$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 the countersignature; provided, however, that the offer
of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Kundzakari Kaderisan
Country Director for Zambia
Africa Region

AGREED:
REPUBLIC OF ZAMBIA

By
Authorized Representative
Name: A.B. Chikwanda, MP
Title: Minister of Finance
Date: 18/02/2015

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
TFSCB Grant No. TF17909
ANNEX

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 term has the following meaning:

(a) “Central Statistical Office” and “CSO” each means the office under the supervision of the Recipient’s ministry responsible for finance, established to collect and provide statistical data and information mainly to meet planning needs of Government. Its legal mandate is derived from Part IV of the 1964 Census and Statistics Act, Chapter 127 of laws Zambia.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to consolidate evidence based policy making by strengthening capacity for: collection, analysis and dissemination of timely, reliable and relevant core national accounts and poverty statistics. The Project consists of the following parts:

Part 1: Carrying out a program of activities aimed at strengthening coordination and collaboration for the production of core national accounts and poverty statistics. Such activities to include: (i) setting up an economic statistics technical coordination committee and its operation; (ii) designing and producing the core national accounts statistics collection, analysis, reporting and dissemination manual; and (iii) providing required training to the committee and to data collectors.

Part 2: Carrying out a program of activities aimed at strengthening and harmonizing statistical infrastructure to ensure improved data quality. This will include: (i) improving, designing and harmonizing sampling frames; (ii) updating, developing and standardizing statistical concepts, definitions and methodologies within the national statistical system; (iii) strengthening analytical capacity for core economic statistics, (iv) providing hands-on training during survey design, planning, data collection, analysis, report writing; and (v) carrying out dissemination activities.

Part 3: Carrying out a program aimed at ensuring the use of efficient and cost minimizing methods in data collection, analysis and reporting, including: (i) creating common frames for the economic surveys developed and other related surveys; (ii) leveraging cost effective technologies in data collection and reporting, and (iii) piloting and implementing cost effective data collection and analysis techniques developed and the provision of training required for the purpose.
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 Central Statistical Office ("CSO") 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.** Without limitation upon the provisions of Section 2.02 of this Annex, the Recipient shall cause CSO to, no later than three months after the signature of this Agreement, prepare and adopt a manual outlining the implementation, institutional, financial and disbursement, monitoring and evaluation, and procurement arrangements, as shall have been agreed with the World Bank for the purposes of Project implementation, as the same may be amended from time to time with the concurrence of the World Bank, ("Project Implementation Manual").

2.04. **Donor Visibility and Visit.** (a) 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.

(b) 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.

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 the indicators set out in the Project Implementation Manual and 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 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 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 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**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts which are specified in the Procurement Plan: (A) Shopping; (B) Direct Contracting; (C) Procurement from United Nations Office for Project Services (UNOPS); and (D) National Competitive Bidding, **subject to the following additional provisions:**

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 IBRD Loans and IDA Credits & Grants by World Bank Borrowers” (January 2011, revised July 2014) (the “Procurement Guidelines”), and the additional provisions in the following paragraphs:
1. 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.

2. Domestic Preference: No margins of preference of any sort shall be applied in the bid evaluation.


4. 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.

5. 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.

6. Prequalification procedures and documents acceptable to the Association 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 prequalification 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.

7. 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.

8. 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.
9. 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 Association’s prior written concurrence.

10. 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 Association’s prior written concurrence.

11. Fraud and corruption: In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Association’s policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines.

12. 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.

(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) Single-source Selection of consulting firms; (B) Selection of Individual Consultants; and (C) 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, excluding purchase of motor vehicles and computers. 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</td>
<td>50,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Training and consultants’ services under the Project</td>
<td>200,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>250,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this section, the term “Training” means the following expenditures incurred in providing training, seminar or workshops: (i) travel by participants and presenters to the training, seminar or workshop site; (ii) per diem allowances of such persons during the training, seminars or workshop; (iii) honoraria for the presenters; (iv) rental of facilities; (v) materials, supplies; and (vi) translation and interpretation services.

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 countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is September 15, 2016.

**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 the 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:  
(+260) 42221  
Facsimile:  
(+260 211) 251078/ 254335
4.03. **World Bank's Address.** 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

<table>
<thead>
<tr>
<th>Cable:</th>
<th>Telex:</th>
<th>Facsimile:</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEVAS</td>
<td>248423 (MCI) or</td>
<td>1-202-477-6391</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>64145 (MCI)</td>
<td></td>
</tr>
</tbody>
</table>