



RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
ZAMBIA INTEGRATED FOREST LANDSCAPE PROJECT  
(GLOBAL ENVIRONMENT FACILITY)  
APPROVED ON MAY 4, 2017  
TO  
REPUBLIC OF ZAMBIA

AGRICULTURE AND FOOD GLOBAL PRACTICE

EASTERN AND SOUTHERN AFRICA REGION

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## ABBREVIATIONS AND ACRONYMS

AWPB	Annual Work Plan and Budget
BioCF	BioCarbon Fund
CFMG	Community Forest Management Group
CSA	Climate-smart Agriculture
DNPW	Department of National Parks and Wildlife
EP	Eastern Province
EPPA	Eastern Province Provincial Administration
ERPA	Emission Reduction Purchase Agreement
ESMF	Environmental and Social Management Framework
FM	Financial Management
GEF	Global Environment Facility
GHG	Greenhouse Gas
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
GRZ	Government of the Republic of Zambia
GWP	Global Wildlife Program
Ha	Hectare
IBRD	International Bank for Reconstruction and Development
LNP	Lukusuzi National Park
LRP	Livelihoods Restoration Plan
M&E	Monitoring and Evaluation
MoA	Ministry of Agriculture
MoF	Ministry of Finance
MRV	Measurement, Reporting, and Verification
MTR	Midterm Review
PIU	Project Implementation Unit
RBP	Results-based Payment
REDD+	Reducing Emissions from Deforestation and Forest Degradation, sustainable management of forests, conservation of forest carbon stocks and enhancement of forest carbon stocks
ZEMA	Zambia Environmental Management Agency
ZIFLP	Zambia Integrated Forest Landscape Project
ZMW	Zambian Kwacha



**BASIC DATA**

**Product Information**

Project ID P161490	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 04-May-2017	Current Closing Date 31-Aug-2022

**Organizations**

Borrower Republic of Zambia	Responsible Agency
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**Project Development Objective (PDO)**

Original PDO

To improve landscape management and increase environmental and economic benefits for targeted rural communities in the Eastern Province and to improve the Recipient’s capacity to respond promptly and effectively to an Eligible Crisis or Emergency.

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Net Disbursed	Net Undisbursed
IDA-60380	04-May-2017	13-Sep-2017	30-Jan-2018	31-Aug-2022	17.00	12.84	4.55
TF-A4645	04-May-2017	13-Sep-2017	30-Jan-2018	31-Aug-2022	7.75	5.64	2.11
TF-A4646	04-May-2017	13-Sep-2017	30-Jan-2018	31-Aug-2022	8.05	4.50	3.55



### Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

- 1. The Zambia Integrated Forest Landscape Project (ZIFLP) is a five-year Project implemented by the Government of the Republic of Zambia (GRZ) in the Eastern Province of the country.** The Project was approved by the Board of Executive Directors on May 4, 2017, and became effective on January 30, 2018, with a closing date of August 31, 2022, and a total financing of US\$32 million. ZIFLP consists of four components: (1) Enabling Environment, to support the institutional strengthening activities such as setting up of Provincial and District level Planning Units; (2) Livelihood and Low Carbon Investments, to improve rural livelihoods, conserve ecosystems, and reduce Greenhouse Gas (GHG) emissions in agriculture, forestry, and wildlife while improving access to market opportunities for local communities; (3) Project Management, and (4) Contingent Emergency Response.
- 2. The Project has achieved tangible results in improving the management of natural resources in the Eastern Province. It has also been a vehicle for preparing an innovative emissions reduction agreement that will grant Zambia access to international carbon funding.** So far, the Project has successfully brought around 38,124 ha of forest land under sustainable management practices, and more than 190,000 ha of agriculture land under Climate Smart Agriculture technologies. Moreover, the Project has supported 98,102 people in target communities with monetary and non-monetary benefits due to Project activities, in addition to reaching out and supporting nearly 186,000 direct Project beneficiaries with the introduction of new practices, out of which, 22 percent are women.
- 3. The Emission Reduction Purchase Agreement (ERPA) is a key activity supported by ZIFLP. ERPA is aligned with the low carbon, climate resilient, and socially inclusive development goals of Zambia.** While ERPA is a separate Project, it is associated and depends on ZIFLP in terms of providing support to its preparation process until it can be independent through generating funds through carbon payments. Once completed, the ERPA will have a large impact on the country, and Zambia will be the first African country to engage in such agreement, which will generate a stream of funds for livelihood improvement in the communities of the Eastern Province. The proposed extension of the Project closing date will allow for the completion of the remaining preparation process and the signature of the ERPA between the World Bank and GRZ, including the hiring by the PIU of independent assessors to conduct a thorough assessment of the ERPA. It will also ensure that the key activities needed to generate and bring emissions reduction to scale continue until the first quarter of 2024.
- 4. In June 2021, a Mid-Term Review (MTR) of the Project had identified weak Project management, poor fiduciary practices by the Project Implementation Unit (PIU), and limited compliance with some World Bank safeguards standards.** Overall Implementation Progress, Project Management, Safeguards, and Monitoring and Evaluation



(M&E) were all rated as Moderately Unsatisfactory (MU), while progress towards PDO achievement, Financial Management (FM), and Procurement were rated as Moderately Satisfactory (MS). It was agreed with the PIU and GRZ during the MTR to develop a set of Performance Indicators (PIs) that cover key areas of the Project such as Safeguards, FM, Procurement, and Project Management. These Indicators were to be used to assess improvement in Project performance in subsequent supervision missions. It was also agreed that the Task Team and the PIU would hold monthly follow-up meetings to review performance and provide support in addressing key challenges.

5. **On June 22, 2021 (during the MTR mission), the World Bank received a request from GRZ for a three-year extension of the Project closing date, from August 2022 to August 2025, to allow all planned activities of the Project to be fully implemented.** Considering the weak performance of the Project at that point, and the fact that some key ratings of the Project were MU, GRZ request was put on hold as the World Bank task team and GRZ counterparts were working together to enhance the performance of the implementing partners and monitor progress against the set of agreed Performance Indicators to effectively address issues that put the project's capacity to achieve its development objectives at risk. This approach was communicated to GRZ through the Management Letter and Aide Memoire upon the conclusion of the MTR.
6. **The Project has recently demonstrated improvements in all earlier areas of concern, and in meeting the agreed-on Performance Indicators.** This was confirmed during the two Implementation Support Missions of April and June 2022, including a field mission to the eastern province to visit a number of Project activities and engage with beneficiaries. By June 2022, the project performance the ratings for Implementation Progress, Safeguards Project Management and M&E had improved and upgraded to MS, whereas the Procurement rating was upgraded to Satisfactory (S) with FM rating remaining rated as MS. The project has submitted the audited financial statements for the year ended December 31, 2021, and therefore does not have any outstanding financial report. The improved ratings were reflected in the latest Implementation Status Results and Report of July 27, 2022.
7. **On Safeguards compliance, while the field mission noted that the requirements under the Safeguards Performance Indicators have been met, further enhancement to the various Safeguards instruments is needed.** In particular, the World Bank General Environmental Health Safety Guidelines for aquaculture, mammalian livestock production, vegetable oil production and fish processing should be considered before any of the pipeline subproject design is finalized. In addition, some of the subprojects visited during the mission will require further safeguards enhancement and reassessment of current infrastructure provisions for ancillary supporting activities. The proposed extension of the closing date of the Project will allow the PIU to carry out these enhancements and ensure full compliance for all subprojects. Bringing improvements to the implementation of Safeguards practices is an ongoing process.
8. **In addition to allowing the full implementation of all planned activities, the proposed closing date extension would allow the Project to address two pending issues.** Firstly, the extension will facilitate full implementation and completion of the Lukusuzi Resettlement Action Plan and ensure that the relocated and host communities are provided with the needed support. While the relocation of 233 households from the Lukusuzi National Park was not ZIFLP induced and materialized prior to the effectiveness of the Project, it was considered a legacy issue



that needed to be addressed by the Project. Out of the 7 agreed actions to be implemented by GRZ, 6 have been completed, while the last one on livelihoods support is still lagging behind. The relocation site still lacks basic services such as a school and health unit. Secondly, the extension will allow completion of the preparation of the Emission Reduction Purchase Agreement (ERPA). The preparation of the ERPA involves innovative and administratively complex processes, with remaining activities including: the establishment of the proper institutional arrangements, the Third-Party validation of the Emissions Reduction Program Document (ERPD) and finalization of the document, particularly (i) the GHG Baseline Report; Completion of the Benefit Sharing Plan, the performance based payment system to beneficiaries; (ii) a legal opinion on the ability to transfer title for agriculture-related emission reductions; and (iii) the completion of the application for a Forest Carbon Stock Management Permit in accordance with the Zambia regulatory framework for carbon transactions. A potential funding gap until the first Carbon payment is processed (estimated in 2025) also needs to be addressed.

9. **The World Bank team has prepared an engagement plan to support the PIU to achieve timely and effective project implementation.** This plan includes monthly follow up meetings with the PIU to assess improvement and provide support as needed, in addition to frequent field visits to the Eastern Province to follow up on implementation on the ground. This will include a review of all technical support provided to Project beneficiaries.

## II. DESCRIPTION OF PROPOSED CHANGES

10. **This Restructuring Paper seeks management approval to extend the current Project closing date by 18 months.** The request is to revise the closing date of the credit from August 31, 2022, to February 29, 2024 to allow the completion of all remaining Project activities including the signature of the ERPA. Given the recent improvements in the project performance, the project extension was discussed in June 2022 during the field mission with GRZ and the PIU team, and a conclusion was reached that 18 months (instead of 36 months initially proposed) will be sufficient to complete all remaining activities. The agreed-on extension has been documented in the relevant Aide-Memoire.
11. **The Restructuring Paper also seeks management approval to reallocate US\$1.5 million from the second Component of the Project (Livelihood and Low Carbon Investments) to the Project Management Component.** The budget of the second Component is being reduced by US\$1.5 million thanks to the savings from lower-than-expected actual expenses, there will be no negative impact on the second component.
12. **The Restructuring Paper also include updates to the Project Disbursements Estimates.** These changes reflect the actual disbursements of the Project until the submission of this request, it is also being updated based on the impact of the extension of the Project closing date on future disbursements.



### III. SUMMARY OF CHANGES

	Changed	Not Changed
Components and Cost	✓	
Loan Closing Date(s)	✓	
Reallocation between Disbursement Categories	✓	
Disbursement Estimates	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

### IV. DETAILED CHANGE(S)



**COMPONENTS**

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
1. Enabling environment	6.25	No Change	1. Enabling environment	6.25
2. Livelihood and low-carbon investments	23.30	Revised	2. Livelihood and low-carbon investments	21.80
3. Project management	3.25	Revised	3. Project management	4.75
4. Contingent emergency response	0.00	No Change	4. Contingent emergency response	0.00
<b>TOTAL</b>	<b>32.80</b>			<b>32.80</b>

**LOAN CLOSING DATE(S)**

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-60380	Effective	31-Aug-2022		29-Feb-2024	29-Jun-2024
TF-A4645	Effective	31-Aug-2022		29-Feb-2024	29-Jun-2024
TF-A4646	Effective	31-Aug-2022		29-Feb-2024	29-Jun-2024

**REALLOCATION BETWEEN DISBURSEMENT CATEGORIES**

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IDA-60380-001   Currency: XDR				
iLap Category Sequence No: 1	Current Expenditure Category: Gds,WKs,Ncs,CS,Trg,OC prt 1a			
0.00	0.00	0.00	0.00	0.00
iLap Category Sequence No: 2	Current Expenditure Category: Gds,Wks,Ncs,CS,Trg,OC prt 1b			
0.00	0.00	0.00	0.00	0.00





iLap Category Sequence No: 3	Current Expenditure Category: Community Grants part 2a,2b			
2,000,000.00	556,434.28	2,000,000.00	100.00	100.00
iLap Category Sequence No: 4	Current Expenditure Category: Gds,Wks,Ncs,CS,Trg,Oc prt 2ai-iv			
5,720,000.00	3,056,562.59	4,604,000.00	100.00	100.00
iLap Category Sequence No: 5	Current Expenditure Category: Gds,Wks,Ncs,CS,Trg,Oc prt 2a (v)			
1,360,000.00	1,326,515.55	1,360,000.00	100.00	100.00
iLap Category Sequence No: 6	Current Expenditure Category: Gds,Wks,Ncs,CS,Trg,Oc prt 2(b)			
1,270,000.00	553,819.63	1,270,000.00	100.00	100.00
iLap Category Sequence No: 7	Current Expenditure Category: Gds,Wks,Ncs,CS,Trg,Oc prt 3(a)			
350,000.00	345,134.88	350,000.00	100.00	100.00
iLap Category Sequence No: 8	Current Expenditure Category: Gds,Wks,Ncs,CS,Trg,Oc prt 3(b)			
1,900,000.00	1,720,254.67	3,016,000.00	100.00	100.00
iLap Category Sequence No: 9	Current Expenditure Category: Emergency Expenditures prt 4			
0.00	0.00	0.00	100.00	100.00
<b>Total</b>	<b>12,600,000.00</b>	<b>7,558,721.60</b>	<b>12,600,000.00</b>	

**DISBURSEMENT ESTIMATES**

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2017	0.00	0.00
2018	1,962,235.83	1,194,552.85



## The World Bank

Zambia Integrated Forest Landscape Project (GEF) (P161490)

2019	5,079,769.23	4,323,676.45
2020	8,250,810.16	3,739,394.00
2021	7,276,347.57	5,201,728.79
2022	1,846,052.70	6,882,511.72
2023	335,130.10	11,458,136.19