

**OFFICIAL  
DOCUMENTS**

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MDTF - ZIMREF GRANT NUMBER TF0A1783

*Multi-Donor Trust Fund for the  
Zimbabwe Reconstruction Fund*  
**Grant Agreement**

(Public Financial Management Enhancement Project)

between

**THE REPUBLIC OF ZIMBABWE**

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION**  
(acting as Administrator of the Multi-Donor Trust Fund  
for the Zimbabwe Reconstruction Fund)

Dated *May 4*, 2016

MDTF - ZIMREF GRANT NUMBER TF0A1783

**MULTI-DONOR TRUST FUND FOR THE  
ZIMBABWE RECONSTRUCTION FUND**

**GRANT AGREEMENT**

AGREEMENT dated May 4, 2016, entered into between: THE REPUBLIC OF ZIMBABWE (“Recipient”); and INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as Administrator of the Multi-Donor Trust Fund for the Zimbabwe Reconstruction Fund.

The Recipient and the World Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The “Standard Conditions for Grants Made by the World Bank Out of Various Funds”, dated February 15, 2012 (“Standard Conditions”) constitute an integral part of this Agreement.
- 1.02. 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.

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.



**Article III  
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to ten million United States Dollars (\$10,000,000) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned Multi-Donor Trust Fund for the Zimbabwe Reconstruction Fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, 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 Multi-Donor Trust Fund for the Zimbabwe Reconstruction Fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV  
Effectiveness; Termination**

- 4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:
  - (a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.
  - (b) The Recipient has adopted the Project Operational Manual in form and substance satisfactory to the World Bank.
  - (c) The Recipient has established the PFM Steering Committee under terms of reference satisfactory to the World Bank.
  - (d) The Recipient has recruited the necessary staff of the Project Management Team, with qualifications and experience acceptable to the World Bank, including, *inter alia*: procurement officers, a financial management specialist, a gender specialist and a monitoring and evaluation specialist as well as the Project director, in accordance with the provision of Section III of Schedule 2 to this Agreement.

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- 4.02. As part of the evidence to be furnished pursuant to Section 4.01, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing the following matters, namely, on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, executed and delivered on behalf of, and is legally binding upon, the Recipient, in accordance with its terms.
- 4.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 4.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article V**  
**Recipient's Representative; Addresses**

- 5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister responsible for finance.
- 5.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and Economic Development  
6<sup>th</sup> Floor, Block B, Composite Office Building  
Cnr. Samora Machel Avenue/4th Street  
Private Bag 7705  
Causeway  
Harare  
Republic of Zimbabwe

Facsimile:

263-4-792750  
263-4-250614/5

Telephone:

263-4-250967  
263-4-794572/8



5.03. 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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391



AGREED at Harare, Zimbabwe, as of the  
day and year first above written.

THE REPUBLIC OF ZIMBABWE

By



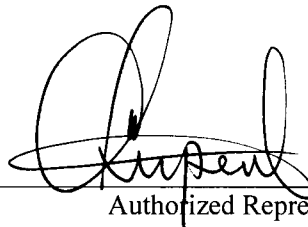
Authorized Representative

Name: PATRICK ANTHONY CHINAMASA

Title: MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION  
(acting as Administrator of the Multi-Donor Trust Fund  
for the Zimbabwe Reconstruction Fund)

By



Authorized Representative

Name: Camille Nuamah

Title: Country Manager

## SCHEDULE 1

### Project Description

The objective of the Project is to improve control, transparency and accountability, and oversight in the use of public resources in the Recipient's territory.

The Project consists of the following parts:

#### **Part 1. Financial Management and Accounting**

Improving the Recipient's financial reporting, strengthening its fiscal controls and enhancing financial transparency through:

- (a) Carrying out a program of activities to strengthen the Recipient's PFMS, including, *inter alia*: (i) the activation of the business planning consolidation module to support budget compilation; (ii) the procurement of the PFMS' hardware and adaptation of offices to provide conducive environment for computer equipment; (iii) the rolling out of PFMS to urban councils; (iv) the implementation of SAP payroll; (v) the review of public finance regulations and manuals; (vi) the provision of technical training to staff to enable them to manage and maintain IFMIS; and (vii) the provision of support to the Recipient's initiative to align the financial reporting system with international standards.
- (b) Carrying a program of activities to further strengthen the Recipient's financial management system, including, *inter alia*: (i) the rolling out of PFMS to donor funded projects and large statutory funds; (ii) the rolling out of PFMS to capture expenditures against retained earnings of the Recipient's ministries; (iii) upgrading of the PFMS through the procurement of additional hardware; (v) the provision of training for relevant certifications of the Recipient's technical staff; (vi) the provision of training to end users; (vii) the implementation of the Business Intelligence tool; (viii) the development and operationalization of interfaces for the revenue and debt management systems; (ix) the implementation of the electronic records management system and procurement of relevant hardware; and (x) the provision of support to the Recipient to develop a roadmap towards a move to accrual basis accounting.

**Part 2. Enhance Effectiveness of Internal Controls and Internal Audit**

Strengthening the Recipient's internal oversight and controls through:

- (a) Carrying out of a program of activities to improve the role of the Recipient's treasury in coordinating the development of internal audit function within the Recipient, such activities to include, *inter alia*: (i) strengthening the existing role of treasury to oversee internal auditing in the Recipient's public offices; (ii) performing audits in accordance with the new Internal Audit Manual; (iii) supporting training need analyses; (iv) developing staff audit competencies through basic and professional level skills-training in specific types of auditing; (v) enhancing the capacity of internal auditors to carry out audits by interrogating data from IFMIS and other IT systems; (vi) mainstreaming risk based audit process in internal audit function; (vii) leveraging technology in the audit organization through the use of modern tools; and (viii) enhancing professionalism in internal audit function through professional certifications of auditors.
  
- (b) Carrying out a program of activities to strengthen internal controls in the Recipient's ministries, such activities to include, *inter alia*: (i) the establishment of audit charters in all line ministries; (ii) the strengthening and rollout of audit committees as per the Public Finance Management Act to all line ministries; (iii) the establishment of a system of follow-up to build on implementation of audit findings and recommendations; (iv) the carrying out of training in domain specific skills for internal audit of specialized ministries, including transport, public works, agriculture and energy; (v) the carrying out of advanced IT audit training for the purpose of auditing the development, acquisition and rollout of IT systems in the public sector; (vi) improved skills for the audit of consolidated revenue funds; (vii) the acquisition of equipment for internal audit function; (viii) the introduction of fraud and forensic audit in internal audit; (ix) the provision of support to bridge training gap identified in training needs analyses; and (x) the strengthening of internal audit at district and local levels.

**Part 3. Enhance Accountability Through Strengthening of External Audit**

Providing support to the Office of the Auditor General (OAG) to deliver high quality audit products through:

- (a) Carrying out a program of activities to assist OAG in improving its external audit functions, including, *inter alia*: (i) the provision of support to enhance OAG's collaboration with private sector auditing firms to conduct audits for and on behalf of the OAG; (ii) the carrying out of



training, along with the dissemination of the customized Performance Audit Manual, and Financial and Regularity Audit Manual; (iii) the carrying out of training on audit work flow automation through AFROSAI-E Developed Audit Flow; (iv) the carrying out of a self-assessment on compliance with the use of ISSAIs; (v) the provision of IFRS, IPSAS and specialized audits training to local authorities; (vi) the provision of enhanced auditing skills through the use of the IFMIS system; (vii) the piloting of new audit practices; (viii) the development and implementation of risk management processes in OAG; (ix) the provision of training in procurement audits, revenue audits and audit of extractive industries; (x) the provision of support to OAG's efforts to enhance audit visibility and citizen partnership; (xi) enhancing professional skills of OAG's staff through participation in a certifications program; (xii) the acquisition of hardware; (xiii) the acquisition and rollout of an audit report monitoring system as well as an electronic record management system; (xiv) the provision of support to the development and sensitization of a strategic plan for OAG; (xv) the facilitation of knowledge transfer and networking with other Supreme Audit Institutions; (xvi) the facilitation of stronger dialogue with stakeholders, including the Public Accounts Committee and donors; and (xvii) the acquisition and use of CAATs for data extraction and analysis.

- (b) Enhancing the operational capacity of OAG, including, *inter alia*:
  - (i) building its capacity to conduct audits and produce Comprehensive Governance Audit Reports for each of the Recipient's ministries;
  - (ii) piloting the decentralization of the OAG in Bulawayo;
  - (iii) partnering with other SAIs on performance and IT audits through study tours;
  - (iv) conducting advanced SAP training for IFMIS based audit system;
  - (v) establishing an eLearning facility;
  - (vi) introducing quality assurance functions in OAG;
  - (vii) refurbishing of offices;
  - (viii) introducing environmental auditing;
  - (ix) acquiring, developing and rolling out an audit management system;
  - (x) setting up a library;
  - (xi) providing logistics support through acquisition of vehicles; and
  - (xii) providing public debt, SAIPAC, enhanced forensic audit training as well as training of trainers to allow the development of training curriculum and course materials.

#### **Part 4. Strengthening the Demand Side of Transparency and Accountability**

Enhancing the Recipient's Parliament's role in PFM through:

- (a) Strengthening Parliament's role in PMF through oversight, including, *inter alia*:
  - (i) providing training, study visits, attachments or sponsoring staff work with other Parliaments for the purpose of learning, practitioner knowledge-exchange events and workshops to enhance the technical, procedural and administrative capacity of FEDC and PAC;
  - (ii) financing

extended sittings and providing technical support to enable FEDC and PAC to meet their respective ToRs and conduct their committee business and oversight functions; (iii) providing training to Portfolio Committees on oversight of budget execution; (iv) providing technical assistance to develop and customize toolkits to support committee businesses; (v) enabling parliamentary secretariat to acquire professional certificates and to provide training of trainers workshops for new committee members; (vi) setting up a Parliamentary Budget Office to provide secretariat support, procedural guidance and technical analysis to Parliament through strategic support, procurement of hardware, training and participation in global practitioner network knowledge-exchange events; (vii) procuring hardware and internet connectivity to support committee businesses, secretariat training and Parliamentary Program Coordination Unit; and (viii) supporting collaboration between the Parliament, media and civil society to enhance transparency and accountability across the budget process.

- (b) The provision of *inter alia*: (i) training, study visits, attachments, practitioner knowledge-exchange event and workshops to continue to enhance the technical, procedural and administrative capacity of FEDC and PAC; (ii) financing for extended sittings and technical support to enable FEDC and PAC to continue meeting their respective ToRs and conducting their committee business and oversight functions; (iii) training to Portfolio Committees on oversight of budget execution; (iv) technical assistance to further develop and customize toolkits to support committee businesses; (v) support to acquire professional certifications and training of trainers workshops for new committee members; (vi) technical and IFMIS training to staff; (vii) internet connectivity to continue supporting committee businesses, secretariat training and Parliamentary Program Coordination Unit; (viii) further collaboration between the Parliament, media and civil society to enhance transparency and accountability across the budget process; (ix) consultants' services to manage and coordinate Project implementation through Parliamentary Program Coordination Unit; and (x) any additional technical and logistical assistance that Parliament may require in order to carry out its mandate of providing oversight of public funds.

#### **Part 5. Project Management**

Support for the administrative and operational structures for Project management and coordination through the provision of: goods, Training, Operating Costs, non-consulting services and consultants services.



## SCHEDULE 2

### Project Execution

#### Section I. Institutional and Other Arrangements

##### A. Institutional Arrangements

##### 1. PFM Steering Committee

- (a) The Recipient shall establish and thereafter maintain, at all times during Project implementation, a PFM steering committee (“PFM Steering Committee”) with mandate, composition and resources satisfactory to the World Bank.
- (b) Without limitation upon the provisions of paragraph (a) immediately above, the PFM Steering Committee shall be chaired by the Permanent Secretary of the Recipient’s ministry in charge of finance and economic development and shall include, *inter alia*, the head of internal audit, the Auditor General, the Clerk of Parliament, representatives of OPC, PSC and the Recipient’s ministries in charge of local government, public works, national housing and rural development and preservation of cultural heritage, and a representative of the ZIMREF contributing partners subject to consultations with said partners.
- (c) The PFM Steering Committee shall meet at least quarterly and shall be responsible for: (i) the Project overall policy coordination and policy guidelines; and (ii) PFM reform in general.

##### 2. Programme Management Unit

- (a) The Recipient shall maintain the Programme Management Unit and the Project Management Team, at all times during Project implementation, with a mandate, composition and resources satisfactory to the World Bank.
- (b) Without limitation upon the provisions of paragraph (a) immediately above, the Programme Management Unit shall appoint a Project director to be responsible for the overall coordination of the Project, including the day-to-day management of the Project.
- (c) To this end, the Project director shall: (i) lead a Project Management Team comprising, *inter alia*, procurement officers, a financial management specialist, a gender specialist and a monitoring and evaluation specialist (“Project Management Team”); and (ii) be responsible for: (A) coordinating the preparation of proposed annual work plans and budgets, progress reports for the consideration of the PFM Steering



Committee, annual procurement plans, quarterly interim financial statements, and annual Project accounts; and (B) carrying out timely annual audits of the Project accounts and their timely submission to the World Bank and the PFM Steering Committee.

**3. Component Managers**

- (a) The Recipient shall appoint, not later than March 31, 2016 and thereafter, maintain, at all times during Project implementation, a Component Manager respectively for Parts 1, 2, 3, and 4 of the Project (“Component Manager”), under terms of reference satisfactory to the World Bank.
- (b) Without limitation upon the provisions of paragraph (a) immediately above, each Component Manager shall be responsible to oversee the implementation of Project activities under his/her respective part of the Project and shall report to the Project director.

**B. Project Operational Manual**

- 1. The Recipient shall prepare, under terms of reference acceptable to the World Bank, and furnish to the World Bank for approval a proposed operational manual for the Project, setting forth, *inter alia*, the detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) disbursement and financial management; (c) procurement; and (d) monitoring, evaluation, reporting and communication.
- 2. The Recipient shall afford the World Bank a reasonable opportunity to exchange views with the Recipient on the proposed Project Operational Manual, and shall thereafter adopt such manual as shall have been approved by the World Bank (“Project Operational Manual”).
- 3. The Recipient shall carry out the Project in accordance with the Project Operational Manual and, except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Project Operational Manual, or any provision thereof.
- 4. In the event of any conflict between the provisions of the Project Operational Manual and those of this Agreement, the provisions of this Agreement shall prevail.

**C. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of 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”).



**D. Donor Visibility and Visit**

1. 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.
2. 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.

**E. Annual Work Plans and Budgets**

1. Not later than November 30 in each calendar year (or one (1) month after the Effective Date for the first year of Project implementation), the Recipient shall prepare and furnish to the World Bank a draft annual work plan and budget for the Project (including Training and Operating Costs) for the subsequent calendar year of Project implementation, of such scope and detail as the World Bank shall have reasonably requested.
2. The Recipient shall afford the World Bank a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out such annual work plan and budget during such subsequent calendar year as shall have been approved by the World Bank ("Annual Work Plan and Budget"). Only those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Grant.
3. For any Training proposed to be included in an Annual Work Plan and Budget, the Recipient shall, *inter alia*, identify: (a) particulars of the Training envisaged; (b) the criteria for selection of the personnel to be trained, and such personnel if known; (c) the selection method of the institution or individuals conducting such Training; (d) the institution conducting such Training if identified; (e) the purpose and justification for such Training; (f) the location and duration of the proposed Training; and (g) the estimate of the cost of such Training.
4. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the World Bank's prior written approval.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Documents; Records**

1. In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:
  - (a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include:
    - (i) this Agreement, all addenda thereof, and any amendments thereto;



(ii) the Recipient's financial and narrative progress reports submitted to the World Bank; (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

- (b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donors.

**B. Project Reports; Completion Report**

1. 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 (1) calendar semester, 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.
2. 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

**C. Financial Management; Financial Reports; Audits**

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. 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.
3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one (1) 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.



**Section III. Procurement**

**A. General**

1. **Procurement and Consultant Guidelines.** All goods, works, 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:
  - (a) Section I of the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014) ("Procurement Guidelines") in the case of goods and non-consulting services, and 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
  - (b) the provisions of this Section III, 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").
2. **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 and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Shopping; and (b) Direct Contracting.



**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 methods, other than Quality- and Cost-based Selection, may be used for 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.


**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 Grant Proceeds**

**A. General**

1. The Recipient may withdraw the proceeds of the Grant 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 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 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 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:





<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (exclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consultants' services, Operating Costs and Training under the Project	10,000,000	100%
<b>TOTAL AMOUNT</b>	10,000,000	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section 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 \$2,000,000 equivalent may be made for payments made prior to this date but on or after December 1, 2015, for Eligible Expenditures under Category (1).
2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is June 30, 2019.

**Section V. Other Undertakings**

The Recipient shall, no later than June 30, 2016, recruit the external auditor referred to in Section 2.07(b) of the Standard Conditions in accordance with Section III of this Schedule and pursuant to terms of reference acceptable to the World Bank.



## APPENDIX

### Definitions

1. "AFROSAI-E Developed Audit Flow" means the electronic working papers based on audit flow concept developed by the English speaking members of the African Organization of Supreme Audit Institutions.
2. "Annual Work Plan and Budget" means each annual work plan, together with the related budget, for the Project approved by the World Bank pursuant to the provisions of Section I.E of Schedule 2 to this Agreement.
3. "Auditor General" means the Recipient's official in charge of national audits, or any successor thereto.
4. "Bulawayo" means one of the Recipient's provinces.
5. "Business Intelligence" means the reporting module of SAP for enhanced reporting requirements.
6. "CAAT" means Computer Assisted Auditing Tools.
7. "Clerk of Parliament" means the chief clerk of the Recipient's Parliament, or any successor thereto.
8. "Component Manager" means a program manager to be appointed pursuant to Section I.A.3 of Schedule 2 to this Agreement.
9. "Comprehensive Governance Audit Reports" means audit reports resulting from assessing the economy, efficiency and effectiveness of an organization's operations and use of resources, also called "value for money" audit reports designed to be wide ranging and thorough, integrating financial auditing, corporate compliance, operational audit procedures and management reviews.
10. "FEDC" means the Finance and Economic Development Committee of the Recipient's Parliament, or any successor thereto.
11. "IFMIS" means the Recipient's integrated financial management information system.
12. "IFRS" means International Financial Reporting Standards.
13. "IPSAS" means International Public Sector Accounting Standards.
14. "Internal Audit Manual" means the manual approved by the Recipient's treasury for the purpose of guiding internal audit in a ministry, department or agency.



15. "ISSAI" means International Standards for Supreme Audit Institutions.
16. "IT" means information technology.
17. "OPC" means Office of the President and Cabinet, or any successor thereto.
18. "Office of the Auditor General" and "OAG", each means the office of the principal auditor to the Recipient who conducts court cases and other legal proceedings affecting the interests of the state, or any successor thereto.
19. "Operating Costs" means the incremental operating costs under the Project, based on the Annual Work Plans and Budgets approved by the World Bank, and incurred on account of utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, travel and supervision, and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient's civil service.
20. "PAC" means Public Accounts Committee of Parliament, or any successor thereto.
21. "PSC" means Public Service Commission, or any successor thereto.
22. "Parliamentary Budget Office" means a unit in the Recipient's Parliament which monitors, reviews and analyzes the national budget formulation and execution, or any successor thereto.
23. "Parliamentary Program Coordination Unit" means the unit in the Recipient's Parliament responsible for coordinating all donor funded projects, or any successor thereto.
24. "Permanent Secretary" means the head of a ministry of the Recipient, or any successor thereto.
25. "PFM" means public financial management.
26. "PFM Steering Committee" means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.
27. "PFMS" means the Recipient's public financial management system.
28. "Portfolio Committees" means the committees of the Recipient's Parliament responsible for specific ministries or sectors of the economy.
29. "Project Management Team" means the unit to be established within the Programme Management Unit as referred to in Section I.A.2(a) of Schedule 2 to this Agreement.



30. "Programme Management Unit" means the unit, established within the Recipient's ministry in charge of finance and economic development, responsible for the overall implementation of this Project and other PFM projects to be carried out by the Recipient, or any successor thereto.
31. "Project Operational Manual" means the manual referred to in Section I.B of Schedule 2 to this Agreement as the same may be revised from time to time with the prior written consent of the World Bank.
32. "Public Finance Management Act" means Public Finance Management Act 2009 Chapter 22:19 and any amendment thereof.
33. "SAI" and "Supreme Audit Institution", each means a national agency responsible for auditing state revenue and spending, or any successor thereto.
34. "SAIPAC" means collaboration between Supreme Audit Institutions and the Public Accounts Committees of the Parliament.
35. "SAP" means Systems Applications and Products in data processing.
36. "Training" means the costs of training under the Project, based on the Annual Work Plans and Budgets approved by the World Bank, and attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.
37. "ToRs" means terms of reference.
38. "ZIMREF" means the Zimbabwe Reconstruction Fund.