

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
Washington, D.C. 20433
U.S.A.(202) 477-1234
Cable Address: INTBAFRAD
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CONFORMED COPY

November 2, 2010

Mr. Tadg Wixted
Director
Kasanka Trust Limited
Serenje
Republic of Zambia

Dear Mr. Wixted,

**Re: *REPUBLIC OF ZAMBIA: Grant for the Extension of Kasanka Management
System to Lavushi Manda National Park Project
GEF MSP Grant No. TF097552***

In response to the request for financial assistance made on behalf of Kasanka Trust (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”), acting as Implementing Agency of the Global Environment Facility (GEF), proposes to extend to the Recipient, for the benefit of the Republic of Zambia (“Member Country”), a grant in an amount not to exceed eight hundred thirty five thousand United States Dollars (US\$835,000) (“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 GEF for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds 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 specified by the World Bank in accordance with Section 5.02 of the Annex to this Agreement.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(acting as Implementing Agency of the Global Environment Facility)

By /s/ Olivier Godron
Olivier Godron
Acting Country Director
Malawi, Zambia and Zimbabwe

AGREED:
KASANKA TRUST LIMITED

By /s/ Tadz Wixted
Authorized Representative

Name: Tadz Wixted
Title: Director, Kasanka Trust Limited
Date: November 17, 2010

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010.
- (2) Disbursement Letter of even date, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

Cc: Mr. Likolo Ndalamei, Secretary to the Treasury
Ministry of Finance and National Planning
Lusaka

Mr. Justin Mubanga, Director, Economic Management Department
Ministry of Finance and National Planning
Lusaka

Mrs. Lillian Kapulu
Permanent Secretary, Ministry of Tourism, Environment and Natural Resources
Lusaka

Dr. Kenneth Nkhowani
Director, Environment and Natural Resources & GEF Focal Point
Ministry of Tourism, Environment and Natural Resources
Lusaka

Mr. Jack Chulu
Acting Director General, ZAWA
Lusaka

Mr. Adam Pope
Chairman of Kasanka Trust
Lusaka

Mr. Dale Lewis
Director, Wildlife Conservation Society
Lusaka

Ms. Winnie Musonda
Resident Representative-Environment, UNDP
Lusaka

The Director, WWF
Lusaka

Article I

Standard Conditions; Definitions

1.01. *Standard Conditions.* The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 31, 2010 with the modifications set out in the Appendix to this Agreement (“Standard Conditions”) constitute an integral part of this Agreement.

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 additional terms shall have the following meaning.

- (a) “Annual Work Plan and Budget” means the plan referred to in Section 2.03(d) of this Annex.
- (b) “Displaced Persons” means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.
- (c) “Environmental and Social Impact Assessment” means Recipient’s document, dated January 2009, setting forth, inter alia, guidelines, procedures, timetable and other specifications designed to offset adverse environmental and social impacts related to Project activities, or to reduce them to acceptable levels, or to enhance positive impacts, as the said Assessment may be amended and/or supplemented from time to time with the prior written consent of the World Bank, and such term includes any schedules to such document.
- (d) “KNP” means the Kasanka National Park located in the Serenje District of the Member Country’s territory, managed in partnership by the Recipient and ZAWA pursuant to the KNP MoU.
- (e) “KNP MoU” means the memorandum of understanding concluded between the Recipient and ZAWA dated May 28, 2002, setting forth the partnership arrangements between the Recipient and ZAWA for the development, promotion and management of the KNP.
- (f) “LMNP” means the Lavushi Manda National Park located in the Mpika District of the Member Country’s territory, managed in partnership by the Recipient and ZAWA pursuant to the LMNP MoU.
- (g) “LMNP MoU” means the memorandum of understanding to be concluded between the Recipient and ZAWA setting forth the partnership arrangements between the Recipient and ZAWA for the development, promotion and management of the LMNP.

- (h) “Operating Costs” means the incremental expenditures incurred on account of the implementation of the Project, consisting of office operations and maintenance costs (such as bank charges, communications costs, utilities, office supplies, local transportation, office equipment, office maintenance), Kasanka Trust staff salaries, staff travel, staff recruitment costs (including associated travel), publishing and dissemination costs, and vehicle operations and maintenance costs.
- (i) “Process Framework” means Recipient's policy framework dated February 2009 setting forth, inter alia, guidelines, procedures, timetable and other specifications of the resettlement/compensation to be made under the Project to Displaced Persons.
- (j) “Kasanka Trust Articles of Association” means the articles setting forth the internal regulations of Kasanka adopted pursuant to the Companies Act, Chapter 388 of the Laws of the Member Country.
- (k) “Training” means the reasonable expenditures incurred in providing training or workshops; including, travel by participants and presenters to the training or workshop site, per diem allowances of such persons during the training or workshop, honoraria for the presenters, rental of facilities, materials, supplies and translation and interpretation services.
- (l) “Trust Administration Manual” means the Recipient’s manual dated June 2009, referred to in Section 2.03(c) of this Annex, setting forth the detailed management arrangements, responsibilities, and procedures for the management of the KNP and LMNP.
- (m) “ZAWA” means the Zambia Wildlife Authority, the Member Country’s authority in charge of the management and protection of national parks and wildlife, established pursuant to the Zambia Wildlife Act No. 12 of 1998.

Article II

Project Execution

- 2.01. ***Project Objectives and Description.*** The objective of the Project is to improve sustainable conservation management of the LMNP and KNP to uplift their ecological values as part of the greater Bangweulu ecosystem.

The Project consists of the following parts:

Part 1: Conservation Systems

- (a) Development and maintenance of a conservation system in the KNP through: (i) the development of a general management plan for the KNP; (ii) provision of training and carrying out a program of capacity building activities for the scouts; and (iii) provision of field equipment.
- (b) Development and maintenance of a conservation system in the LMNP through: (i) provision of one vehicle and one tractor; (ii) opening of tracks, boundaries, firebreaks and airstrip; (iii) provision of field equipment; (iv) development of a general management plan; and (v) provision of training and carrying out a program of capacity building activities for field staff and ZAWA scouts.

Part 2: Stakeholder Involvement

Carrying out a program of activities aimed at developing community relations and stakeholder involvement in the LMNP through: (a) appointment and training of two community officers; and (b) construction of an education center and basic housing for the community officers.

Part 3: Management Capacity Building

Carrying out a program of activities aimed at building the capacity of the LNP and LMNP management team for Project management through: (a) appointment and training of a manager and an assistant clerk; (b) provision of a vehicle for tasks related to LMNP park management; (c) construction of an office and housing for staff in LMNP; (d) provision of furniture and equipment to for the LMNP office; (e) construction of two camp sites in LMNP; and (f) development of a marketing campaign for the camp sites.

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 in accordance with: (a) the provisions of 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 (“Anti-Corruption Guidelines”), with the modifications set forth in Section I of the Appendix to this Agreement; and (c) this Article II.

2.03. ***Institutional and Other Arrangements.***

(a) Park Management Committee:

- (i) The Recipient shall establish, by not later than November 2011, and thereafter maintain at all times throughout Project implementation, a Park Management Committee for each of the KNP and the LMNP, consisting of representatives of various stakeholders at national, district and local level, as well as the regional manager of ZAWA.
- (ii) Each of the Park Management Committee shall meet at least once every semester and shall be responsible for, *inter alia*: (a) reviewing of the relevant general management plan; (b) facilitating and discussing linkages with community development; and (c) reviewing the Annual Work Plans and Budget of the Project.

(b) Project Management:

- (i) The Recipient shall maintain at all times throughout the implementation of the Project, a Project Management Team, with functions, staffing and resources satisfactory to the World Bank. Without limitation of the foregoing, the Project Management Team shall consist of: (a) a senior project manager; (b) a junior project manager; and (c) two administrative staff.

- (ii) The Project Management Team shall be responsible for the overall Project implementation and coordination, planning, financial management, procurement, reporting, monitoring and evaluation of the Project.

(c) Trust Administration Manual:

The Recipient shall carry out the Project in accordance with the arrangements and procedures set out in the Trust Administration Manual (provided, however, that in case of any conflict between the arrangements and procedures of said manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the World Bank shall otherwise agree, shall not amend, abrogate or waive any provision of said manual, without the prior written consent of the World Bank.

(d) Annual Work Plans:

- (i) The Recipient shall prepare and furnish to the World Bank for its approval, not later than November 15 of each year during the implementation of the Project, or such later date as the World Bank may agree, an Annual Work Plan and Budget containing all Project activities and expenditures planned for the following fiscal year, including a specification of the source or sources of financing, a procurement plan and a monitoring framework.
- (ii) The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plan and Budget approved for the respective fiscal year; provided, however, that in case of any conflict between the Annual Work Plans and Budgets and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (iii) The Recipient shall not make or allow to be made any change to the approved Annual Work Plan and Budget without prior written approval by the World Bank.

(e) Safeguards:

The Recipient shall ensure that the Project is implemented in accordance with the provisions of the Environmental and Social Impact Assessment and the Process Framework, and, shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, said Assessment or Framework.

(f) Counterpart Funding:

For purposes of Section 2.01(b) of the Standard Conditions, the Recipient shall allocate funds from its budget, and include such allocated funds in the Annual Work Plan and Budget for each respective year, to finance its contribution to the cost of the Project in accordance with the following schedule:

Fiscal Year	Amount in US \$
2011	260,000

2012	280,000
2013	297,000
TOTAL	837,000

2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators set forth below in paragraph (b) of this Section. 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) The performance indicators referred to above in paragraph (a) consist of the following: (i) increase in the Management Effectiveness Tracking Tool score for KNP and for LMNP; and (ii) increase in the number of large mammal sightings in LMNP and in KNP.

(c) 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.

2.05. **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 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 fiscal year of the Recipient. The Recipient shall ensure that the audited Financial Statements for each period are furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement**

(a) General. All goods, works and 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:

- (i) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”), in the case of goods and works; and
- (ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and

revised in October 2006 and May 2010 (“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 1.16 of the Procurement Guidelines and paragraph 1.24 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 the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Works

- (i) Except as otherwise provided in sub-paragraph (ii) below, goods and works shall be procured under contracts awarded on the basis of National Competitive Bidding subject provided however that, in the event that the Member Country’s Public Procurement Act No. 12 of 2008 is used as a basis for National Competitive Bidding, the following additional procedures will apply:
 - (A) Bidding shall be open to all bidders, and foreign bidders shall not be obligated to partner with local bidders in order to qualify to participate in the bidding process.
 - (B) No margins of preference of any sort shall be applied in the bidding process under National Competitive Bidding.
- (ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan: (A) Shopping; (B) Direct Contracting; (C) Force Account; and (D) Procurement from United Nations Office for Project Services.

(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 may be used for the procurement of consultants’ services for those assignments which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection; (F) Selection of Individual Consultants; and (G) Sole 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) 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 100% of Eligible Expenditures consisting of works, goods, consultants' service, Training and Operating Costs.

3.02. ***Withdrawal Conditions***. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement.

3.03. ***Withdrawal Period***. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is July 30th, 2013.

Article IV

Additional Remedies

4.01. ***Additional Events of Suspension***. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

(a) The KNP MoU has been amended, suspended, or terminated by the Recipient or the Member Country during the implementation of the Project.

(b) The LMNP MoU has been amended, suspended, or terminated by the Recipient or the Member Country during the implementation of the Project.

(c) The Kasanka Trust Articles of Association have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

Article V Effectiveness; Termination

- 5.01 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 LMNP MoU has been signed and executed on behalf of the Recipient and ZAWA in a form and substance satisfactory to the World Bank.
 - (b) If World Bank so requests, the condition of the Recipient, as represented or warranted to the World Bank at the date of this Agreement, has undergone no material adverse change after such date.
- 5.02. 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 5.01 (“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.
- 5.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 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 VI
Recipient’s Representative; Addresses

6.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Director.

6.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Mr. Tadg Wixted
Director
Kasanka Trust Limited
Serenje
Republic of Zambia

6.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:

Telex:

Facsimile:

INTBAFRAD	248423 (MCI) or	1-202-477-6391
Washington, D.C.	64145 (MCI)	

APPENDIX
Modifications to the Anti-Corruption Guidelines

Section I. The Standard Conditions are modified as follows:

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”

Cleared with/bcc: Marjorie Mpundu (LEGAF); LOA-TF,
Bcc: Amde (AFCS2); Pavy, Rechbauer, Pswarayi-Riddihough, Dueker, Niyonahabonye, Kwengwere
(AFTEN); Kapoor, Sosopi, Chihame (AFMZM); McCue, Soko (AFCMZ); Ilunga (AFTPC); Chitalu
(AFTFM); IRIS Files