



Ministry of Tourism, Environment
& Natural Resources



Zambia Environmental
Management Agency

Interim Environmental Fund



Guidelines for Applicants & Implementing Partners

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Environment and Natural Resources Management
and Mainstreaming Programme

Interim Environmental Fund

Guidelines for Applicants & Implementing Partners

Environment and Natural Resources Management and
Mainstreaming Programme (ENRMMP)

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FOREWORD

The *Interim Environmental Fund (IEF)* represents a key component of the Government's Environment and Natural Resources Management and Mainstreaming Programme (ENRMMP), led by the Ministry of Tourism, Environment and Natural Resources (MTENR) and supported by Cooperating Partners to bring-about improved coordination and implementation capacity to the Environment and Natural Resources (ENR) sector. The immediate objective of the IEF is to implement *national development priority interventions that contribute to reversing environmental damage or to natural resource protection or enhancement*.

The priorities of the IEF are derived from the 5th and 6th National Development Plans (SNDP) and the Government's other major policy documents in the ENR sector, such as the National Policy on Environment and the National Adaptation Programme of Action for climate change. The IEF is expected to play a special role in supporting environmental protection and sustainable natural resource management in Zambia through its funding of high priority projects that feature *capital investments* coupled with capacity building and lead to improved socio-economic well-being for Zambians.

The Government's recognition of the need to protect and sustainably manage Zambia's valuable and precious environmental and natural resources is strong and features prominently throughout the SNDP, as evidenced in numerous cross-cutting, sectoral and provincial objectives, strategies and programmes. The IEF's focus on capital investments and supporting projects that address ENR issues of *local significance* whilst also improving the *socio-economic welfare of local communities*, aligns perfectly to the SNDP's main objectives: "...to accelerate: infrastructure development; economic growth and diversification; rural investment and poverty reduction and enhance human development."

It is noteworthy that the IEF has been designed and established based on lessons learned from other environmental funding mechanisms, both in Zambia and abroad, and has adopted systems, rules and procedures that are internationally recognised as good practice. The IEF is thus an innovative and pioneering mechanism not only for Zambia, but for southern Africa as a whole. Furthermore, the operations of the IEF are envisaged to generate knowledge and experience in financing and implementing ENR investments which will inform the design and establishment of a more *permanent Environment Fund*, as envisioned in the new Environmental Management Act, No. 12 of 2011.

Whilst the challenges Zambia faces in the ENR sector are considerable, so too are the opportunities. As we increasingly understand and better appreciate the linkages between socio-economic welfare and effective stewardship of our environmental and natural resource assets, the Government shall strive to better mainstream ENR concerns across the full range of policies, programmes, and sectors in order to reduce poverty and move toward sustainable development. With the full and active support of all stakeholders we expect the IEF to play an important catalytic role in that process.



Hon. Catherine Namugala (MP)

Minister

MINISTRY OF TOURISM, ENVIRONMENT AND NATURAL RESOURCES

July, 2011

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- staff members of the IEF Secretariat and the Fund Advisor/Manager under ENRMMP;
- members of the IEF ad-hoc Working Group that included experts from MTENR, Statutory Bodies, NGOs and the ENRMMP Mainstreaming Advisor;
- the MTENR Planning and Information Department and its Director, as Secretariat to the ENRMMP and its Coordinator, respectively;
- the Zambia Environmental Management Agency (ZEMA) as host to the IEF Secretariat;
- members of the ENRMMP Programme Management Committee (i.e. the Directors of MTENR Departments, ZEMA, Zambia Wildlife Authority and the National Heritage Conservation Commission);
- members of the ENRMMP Joint Steering Committee.

Lastly, I wish to express special thanks for the continued support of our ENRMMP Cooperating Partners, in particular the Governments of Denmark and Finland for capitalising the Fund.



Peter Mumba

Permanent Secretary

MINISTRY OF TOURISM, ENVIRONMENT AND NATURAL RESOURCES

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Acronyms & Abbreviations

AO	Administrative Officer
AIPs	Applicants/Implementing Partners
BoZ	Bank of Zambia
CBO	Community-Based Organisation
CPs	Cooperating Partners
CSO	Civil Society Organisation
DFM	Deputy Fund Manager
ECZ	Environmental Council of Zambia
EFTA	Electronic Fund Transfer Advice
EIA	Environmental Impact Assessment
ENR	Environment and Natural Resources
ENRMMP	Environment & Natural Resources Mainstreaming & Management Programme
FM	Fund Manager
FNDP	Fifth National Development Plan
FO	IEF Finance Officer
FS	Fund Secretariat
FTC	Fund Technical Committee
GRZ	Government of the Republic of Zambia
IEF	Interim Environmental Fund
IP	Investment Programme (of the IEF)
ISO	International Standards Organization
JSC	Joint Steering Committee of ENRMMP
LPM	Local Project Monitor
LPO	Local Purchase Order
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MoU	Memorandum of Understanding
MTENR	Ministry of Tourism, Environment & Natural Resources
NAPA	National Adaptation Programme of Action for Climate Change
PCR	Project Completion Report
PB	Project Brief
PD	Project Document
PID	Planning and Information Department of MTENR
PMC	Programme Management Committee of ENRMMP
PP/CB	Project Preparation and Capacity Building
PS	Permanent Secretary of MTENR
SBs	Statutory Bodies
SNDP	Sixth National Development Plan
WP&B	Work Plan and Budget
ZAWA	Zambia Wildlife Authority
ZMK	Zambian Kwacha
ZPPA	Zambia Public Procurement Authority

1.0 Interim Environmental Fund: Background, Rational and Objectives

1.1 Introduction to ENRMMP and the Interim Environmental Fund

The *Environment and Natural Resources Management and Mainstreaming Programme* (ENRMMP) is a Government of the Republic of Zambia (GRZ) initiative that aims to bring improved coordination and implementation capacity to the Environment and Natural Resources (ENR) sector. The Programme, launched in 2009, is based on the principles, priorities and objectives of Zambia's Fifth National Development Plan (FNDP) and its successor, the Sixth National Development Plan (SNDP). ENRMMP was formulated under the guidance of a joint task force led by the Ministry of Tourism, Environment and Natural Resources (MTENR), statutory bodies and Cooperating Partners (CPs).

The main objective of the ENRMMP is *“to contribute to reversing environmental damage, the maintenance of essential environmental and biological processes, and to achieving sustainability in natural resource utilisation for the benefit of the people”*.

The Programme has two components:

1. Capacity Development to *build the internal capacity of MTENR* to lead policy development in the ENR sector *and* support mainstreaming of ENR issues in other government bodies.
2. Development of an *Environmental Fund* that will finance key investments and initiatives in the ENR sector.

Component 2 is supporting the development, during the first four years of the Programme, of an ***Interim Environmental Fund*** (IEF) that will finance key environmental investments. The immediate objective of the IEF, as defined in the ENRMMP Document, is that: *National development priority interventions are implemented that contribute to reversing environmental damage or to natural resource protection or enhancement.* USD 25 million has been earmarked to be committed by the Fund through the end of the Programme in 2012. The Fund will provide grant funding for several capital investment projects a year. Grants provided by the Fund may range in size from 250,000 thousand to 3 million USD, depending on the Investment Programme through which the project is seeking funding (described further below). The IEF may finance projects implemented by Zambian Governmental entities, either alone or in cooperation with implementing partners, such as Civil Society Organisations (CSOs), private enterprises and/or foreign/international partners. (Eligible applicants and implementing partners are specified in Chapter 4.)

1.2 Rationale and Objectives of the Interim Environmental Fund

Negative impacts on Zambia's environment and natural resources have steadily increased in recent years due to numerous factors, including relatively high rates of economic growth, population growth and urbanisation. The effects are felt across the country and endanger economic growth, human well-being and Zambia's environmental and natural assets.

The Government recognises its responsibility to address such threats and the IEF will enable it, working in conjunction with local authorities, civil society and the private sector, to fulfil its obligation to residents distressed by environmental degradation. The sub-objective of the IEF is to:

Support the improvement, protection or sustainable use of Zambia's environment and natural resources for the benefit of human welfare through the provision of grant funding for priority investments.

The Fund's target beneficiaries are the citizens of Zambia, especially those most disadvantaged, e.g. the poorest, women and children. The Fund shall preferentially support projects that actively address cross-cutting issues in the ENR sector, seek to promote good governance and gender equality and take advantage of opportunities to overcome challenges posed by HIV/AIDS.

The operations of the IEF will generate knowledge and experience of how to finance and implement investments addressing priority ENR issues which will later inform the design and establishment of a more *permanent* Environmental Fund, foreseen in the Environmental Management Act of 2011.

1.3 Purpose of these Guidelines

The purpose of these Guidelines is:

1. To introduce the IEF as a key element of the ENRMMP and highlight critical aspects of its structure, governance, management and operations;
2. To present fundamental operating and project financing principles;
3. To outline the Fund's systematic, objective and transparent approach to identification, appraisal and selection of projects to be financed;
4. To inform key stakeholders, including prospective applicants, of important IEF priorities, requirements, limitations, rules and procedures related to the application process, project selection, financing, implementation, monitoring and evaluation.

The Guidelines will be supplemented with additional technical documents required for the Fund's operations, e.g. application instructions, reporting forms, financial administration requirements, etc.

2.0 IEF Structure, Governance and Management Mechanisms

Governance and management of the IEF shall be carried out mainly by the following bodies:

- The ENRMMP *Joint Steering Committee* (JSC), carrying out high-level strategic advisory and some supervisory functions; approves key Fund parameters such as ENR priorities, eligibility criteria, award thresholds and IEF staff structure;
- The *ENRMMP Secretariat*, based in MTENR's Planning and Information Department (PID), would provide technical/administrative oversight and guidance on routine operational issues and ensure compliance with ENRMMP reporting requirements;
- The *Fund Technical Committee* (FTC), responsible for some advisory functions (re: projects and technical operational issues) and the approval of projects to be financed by the IEF, and;
- A *Fund Secretariat* (FS), headed by a Fund Manager (FM), responsible for executing decisions and instructions of the JSC, ENRMMP Secretariat and FTC and other day-to-day operations. The FS will be physically housed at the headquarters of the Environmental Council of Zambia.

2.1 ENRMMP JSC

The JSC is responsible for providing overall supervision, monitoring and strategic direction to the ENRMMP and, therefore, also to the Fund as an integral component of the Programme. The JSC includes representatives of senior-level governmental and non-governmental stakeholders and the CPs. Key functions of the JSC vis-à-vis the Fund include:

- approval of IEF annual work plans and budgets as prepared by the FS;
- approval of IEF progress reports and financial reports as prepared by the FS;
- approval of key IEF principles and parameters (e.g. Fund governance and management mechanisms, environmental priorities, key project eligibility, appraisal and selection criteria);
- on behalf of the JSC and the MTENR, the Permanent Secretary of MTENR would sign (with the Fund Manager signing as witness) contracts for grant awards with successful applicants;
- review and approval of any audits or evaluations of the IEF;
- approval of the process for appointing members of the FTC; Chair of the JSC (MTENR PS) formally appoints members of the FTC;

- approval of any changes in the staff structure of the FS.

2.2 ENRMMP Secretariat

Based in MTENR/PID and headed by the Director of PID, it would provide technical/administrative oversight and guidance on routine operational issues, including:

- monitor the Fund's compliance with ENRMMP reporting requirements;
- liaise frequently with the FM and other Fund staff to keep abreast of operational issues that might require MTENR support and/or intervention;
- facilitate liaison between the FS and MTENR, Statutory Bodies, CPs and other key stakeholders;
- request the FS to give presentations about the Fund at meetings of the Programme Management Committee (PMC) and other ENRMMP bodies, as warranted;
- in consultation with the FM, initiate requests for independent audits and/or evaluations (over and above mandatory requirements);
- in consultation with the FM, request independent evaluations of any projects funded by the IEF (over and above routine monitoring and evaluation operations);
- as Coordinator of the ENRMMP Secretariat, the Director of PID would provide day-to-day technical and administrative oversight and supervision of the work of the FM;
- after consultation with the FM and CPs, coordinate the process of recruiting IEF staff.

2.3 Fund Technical Committee (FTC)

The FTC shall consist of seven prominent experts known for their knowledge and professional experience in Zambia in relevant fields, such as the various ENR management disciplines, environmental project finance and/or fund management. The professional backgrounds and expertise of the FTC members shall be sufficiently diverse so as to: 1) ensure coverage of the wide range of ENR issues likely to be addressed in project proposals, and; 2) provide broad stakeholder representation on the Committee. The FTC shall also include, as full members, a representative from each of the two funding CPs (i.e. officials from the Embassies of Denmark and Finland).

The FTC's approval of individual projects to be funded shall be carried out independently from the Government so that the process is credible and fair and perceived as such by the full range of Fund stakeholders. Therefore, Government representation on the FTC is limited to a minority of members.

Specific responsibilities of the FTC include:

- appraising short-listed project proposals and approving projects for funding;
- review and comment on draft Fund work plans, budgets, progress and financial reports;
- review, comment on, and endorsement of other key IEF documents (mentioned above);
- guidance and support in the design and establishment of a permanent Environmental Fund based on longer-term, more sustainable sources of finance.

Nomination of a majority of the members is to be entrusted to relevant independent organisations. The nominees will represent the nominating organisations. Candidates shall be nominated and appointed because of their respected expertise relevant to the Fund, and shall be appointed for the duration of the ENRMMP (i.e. through end of 2012).

2.4 Fund Secretariat (FS)

The FS is to be managed by the FM, supported by a Deputy Fund Manager, Finance Officer, Procurement Officer and Administrative Officer. The FS is responsible for carrying out day-to-day duties of the Fund and generally for executing the instructions and recommendations of the JSC,

ENRMMP Secretariat and FTC so that the Fund’s objectives are realised. More specifically, the Secretariat’s duties include:

- managing the IEF’s *project cycle*, e.g.: receiving project proposals; advising preparation of proposals as needed ; pre-appraising project proposals; recommending projects to be appraised by the FTC; preparing contracts for successful applicants; overseeing disbursement of project funding; monitoring and evaluating project implementation and overall impact of the IEF.
- preparation of draft IEF work plans, budgets, progress and financial reports;
- liaison with the FTC members, organising of FTC meetings and related documentation;
- liaison with the ENRMMP Secretariat to ensure that Fund reporting is harmonised and synchronised with MTENR/ENRMMP reporting;
- preparation of information on projects approved for funding by the FTC for submission to JSC via the ENRMMP Secretariat;
- ensuring effective administration of the IEF’s finances and supporting internal/external audits;
- retaining any external assistance that may be required for the Fund to fulfil its duties;
- raising awareness of the IEF, its objectives, working modalities, activities and positive impacts;
- proposing revisions to the Fund Guidelines and other Fund documentation as need arises;
- drawing “lessons learned” from the experience of the IEF and sharing these lessons with key stakeholders in order to support development of the permanent Environmental Fund.

3.0 The Fund’s ENR Priorities and Investment Programmes

The Fund’s ENR priorities were derived from consultations with stakeholders and the priorities identified in the FNDP, SNDP, the National Policy on Environment (NPE) and the National Adaptation Programme of Action (NAPA) for climate change. The following list identifies broad priority areas, while Table 1 illustrates more practically the Fund’s possible fields of intervention.

- Urban environmental management;
- Industrial waste/pollution management;
- Community-based natural resource management and sustainable natural resource-based enterprises;
- The management of critical ecosystems; and biodiversity hotspots;
- Climate change adaptation or mitigation initiatives; and
- Emerging issues that are accepted by the JSC as relevant to the Fund’s purpose.

Table 1: Practical fields of intervention eligible for support by the Fund.

Priority Fields of Intervention for the IEF
<ul style="list-style-type: none"> • ENR-agriculture linkages: preventing/minimising adverse ENR impacts of agriculture; enabling more ENR-friendly agricultural practices and supporting more sustainable management of land resources; • Rural water resource management: enabling more ENR-friendly fisheries, watershed and wetlands management; • Forest management: preventing/minimising deforestation; stimulating alternative, more sustainable economic use of forestry resources; conservation of forests as wildlife habitats and carbon-sinks; supporting CBNRM; • Wildlife and habitat conservation: improved management of wildlife and habitat as a basis for sustainable economic development; minimising the adverse impacts, and enhancing the ENR benefits of nature-based tourism; protecting biodiversity hotspots; • Industrial threats to environmental health and ENR: preventing/minimising adverse environmental health impacts of industry (including mining); pollution prevention and abatement; hazardous waste management; supporting more ENR-friendly industrial practices; • Urban/peri-urban ENR issues: provision of clean water/sanitation to the poor; ENR-friendly management of solid waste, involving community participation where feasible; reducing motor vehicle emissions; • Air quality and climate change: promotion of alternative energy sources to fuel-wood, including renewable sources; reduction of green-house gases from point and non-point sources; enabling more ENR-friendly energy production and consumption; supporting climate change mitigation and adaptation initiatives; • Protection/conservation of natural heritage sites as potential drivers of sustainable economic development.

3.1 The Fund’s “Investment Programmes”

Given the diversity of the ENR challenges and their geographic variation, the identified priorities shall be addressed through two *Investment Programmes* (IPs). The IPs are based on the scale and the *significance of the issue being addressed* (whether the investment is primarily intended to address issues of local or national significance). While some of the ENR priorities might be more typically addressed through one or the other specific IP, in principle any priority could be addressed through either IP, depending on the scale of the challenge being addressed. With these factors in mind, the following two IPs are established:

ENR challenges and opportunities of local significance: investments aimed at addressing priority ENR issues at the village, municipal, district or provincial level. The objectives of the proposed investments must be consistent with the official ENR objectives declared by the relevant local authority, e.g. in the District Development Plan or Provincial chapter of the SNDP. Applicants are expected to include District/Municipal Councils, Traditional Authorities and Provincial Administrations.

ENR challenges and opportunities of national significance: investments aimed at addressing priority ENR issues of national significance. This would include efforts that involve, or widely affect, more than one province, possess especially high demonstration value and can be replicated widely elsewhere in the country, and/or help Zambia fulfil critical obligations under multilateral environmental agreements. Again, the objectives of the proposed investments must be consistent with official ENR objectives as declared in the relevant national plan or strategy, e.g. in the SNDP or NPE. Applicants are likely to include GRZ Ministries and/or affiliated agencies (or units therein) and Provincial Administrations.

While it is recognised that project benefits are unlikely to be exclusively “local” or “national”, applicants are nonetheless required to characterise intended project benefits and the primary beneficiaries. *The Fund is especially keen to support projects that involve local authorities and communities and which generate clear and significant benefits at local community level.*

3.2 Indicative Spending Allocation by Investment Programme

Specifying the IEF’s intended spending allocation across the two IPs serves to inform potential applicants and other interested parties about the relative importance the Fund places on the IPs. As an affirmative action to address the historical tendency of national resources being concentrated at national level at the expense of local levels, *priority is given to investments addressing ENR challenges of local significance*, as illustrated in Table 2 below. The intended distribution of IEF project expenditure will be 70/30 percent in favour of investments addressing ENR challenges of local significance.

Table 2: Spending Targets for each IP.

	ENR challenges of local significance	ENR challenges of national significance
Spending Targets	70% (of IEF project expenditure)	30% (of IEF project expenditure)

The proposed spending targets are indicative and may be subject to modification over time depending on changing needs and demands.

4.0 Applicant and Project Eligibility Criteria

4.1 Hard “Pass/Fail” Criteria

Eligibility criteria are categorised into two groups: 1) those pertaining to the characteristics of the *applicant*, and; 2) those pertaining to the characteristics of the *project*. For each criterion the FS will analyse the information provided by the applicant in the initial “*Project Brief*” (“PB”, a 4-page project summary described further below) and will ask: does the applicant/project satisfy this criterion? The criteria are such that the answer must clearly be either “yes” or “no”. (Written Instructions for preparing and submitting the PB can be found in Annex 1.)

The PB must positively satisfy each and every eligibility criterion to be eligible. *Failure to satisfy a single criterion means that the project is ineligible*. In case of a project being found ineligible, if the characteristic of the applicant/project that was found to be ineligible is such that it might be corrected or modified by the applicant, the applicant may do so and re-submit the PB to the FS for consideration, subject to requirements indicated by the FS (e.g. submission deadlines).

4.2 Parties Eligible to Apply for Support from the IEF

Applications will be accepted *only from duly constituted Zambian Government entities* (ministries, departments, units, statutory bodies, agencies, councils, etc.) at local (District/Municipal or below), Provincial or National levels. However, in keeping with the ENRMMP’s objective to build collaboration among ENR stakeholder groups, projects that are to be *implemented through collaborative efforts of multiple stakeholders shall be preferred*.

Therefore, Government entities applying to the Fund are *encouraged* to form partnerships with non-governmental stakeholders, i.e. Civil Society Organisations (including Community-Based Organizations) and/or private enterprises. The roles to be played by all implementing agents – the Governmental applicant and the implementing partners – must be outlined in the PB and later detailed in full in the Project Document (PD). Implementing partners who are to receive part of the finance provided by the IEF must be signatories to the PB and PD.

In projects where private enterprises are to be involved as implementing partners the principles and rules of the national *Public-Private Partnership policy* will be adhered to as required. Ineligible parties, such as informal, unregistered CBOs, may be involved in assisting project implementation, but cannot receive funding directly from IEF.

Financial Management Capability of Applicants/Implementing Partners

In keeping with sound public finance principles, the Fund places great importance on ensuring that the financial support it provides is properly administered and accounted for by the recipient applicants and implementing partners. Table 3 below highlights the minimum eligibility criteria that must be satisfied concerning financial management capacity, in the form of a “checklist”.

Table 3: Financial Management Capability Checklist

Financial Management Capability Checklist
<ul style="list-style-type: none"> • Updated and properly maintained book of accounts and annual financial statements that can be reviewed by the FS; • Computer-based accounting system employing suitable software; • Qualified specialist(s) responsible for operating the accounting system; • Accounts are audited annually and Auditor’s reports made available; • Separate bank account can be opened in a timely manner to hold funds provided by the IEF.

In cases where the applicant/implementing partner satisfies the basic eligibility criteria outlined in the “checklist”, but is deemed to require further capacity building, such technical assistance may be supported by the Fund through its “Project Preparation/Capacity Building” window (see section 7.6). More detailed risk analysis of applicants’ financial management systems will be conducted during pre-appraisal for projects whose applications have been conditionally approved by the FTC.

Additional minimum qualifications that must be met by the Governmental applicants and implementing partners are specified in Table 4.

Table 4: Eligibility criteria for Applicants and Implementing Partners.

Applicants	Eligibility Criteria
<p><i>Government Entities:</i></p> <ul style="list-style-type: none"> – District/Municipal Councils – Traditional Authorities – Provincial Administrations – GRZ Ministries (or units thereof) – statutory bodies/agencies – other public institutions 	<ul style="list-style-type: none"> – duly constituted as a Zambian government office, agency or body – documented evidence of credible financial management system in place (as referred to in the “checklist” above) – minimum annual budget for last full year at least equal to amount of grant to be received and administered
Implementing Partners	Eligibility Criteria
<p><i>Zambia-based Implementing Partners:</i></p> <ul style="list-style-type: none"> – Civil Society Organisations – Private Enterprises 	<ul style="list-style-type: none"> – legally registered to operate in Zambia for at least 1 year – documented evidence of credible financial management system in place (as referred to in the “checklist” above) – minimum annual budget for last full year at least equal to amount of grant to be received and administered

<p><i>Foreign/International Implementing Partners;</i></p> <ul style="list-style-type: none"> – international development agencies – bi-lateral cooperation agencies – international CSOs (not registered in Zambia) – foreign companies 	<ul style="list-style-type: none"> – duly constituted under the applicable international or home-country law; – documented evidence of credible financial management system in place (as referred to in the “checklist” above) – nature of cooperation with the applicant is specified in appropriate documentary form (e.g. MoU, contract, etc.) – contribution to the project in co-funding or “in-kind” that is important in enabling successful implementation – companies providing goods, works or services are recognized as reputable suppliers in their market
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Involvement of Foreign/International Implementing Partners

Foreign and international organisations, including public sector entities, NGOs and private enterprises, are welcome to participate in IEF-supported projects *in partnership with eligible Zambian Governmental applicants* (such as those referred to above). The nature of the partnership must be outlined in the PB and later be fully specified in appropriate documentary form (e.g. in an official Memorandum of Understanding between the parties) and this document must be submitted to the FS together with the PD.

Foreign and international organisations participating in applications to the IEF as implementing partners are expected to make a *material contribution to the project* either in the form of co-funding and/or in-kind contributions such as specialist expertise, equipment/technology or other goods and services that are clearly needed for project implementation and to which a monetary value can be reasonably attached. In cases where the foreign/international partner is to provide services (such as specialist expertise or training), no more than 50% of the costs associated with such services (expert fees, travel, accommodation, meals, etc.) may be covered from the financial support provided by the IEF. The maximum amount of any grant awarded by the IEF that may be allocated to cover the costs of services provided by a participating foreign/international partner shall *not exceed 25% of the grant*.

4.3 Projects Eligible to be Financed by the Fund

Project proposals, through the PB, must specify in writing, *inter alia*:

- under which IP the application is submitted and why that is the most appropriate;
- which specific ENR challenge/opportunity the project is addressing;
- how this ENR challenge/opportunity is consistent with priorities identified in relevant official national, provincial or local plans, strategies, programmes, etc. (e.g. FNDP/SNDP, NPE, NAPA).
- intended primary beneficiaries of the project;
- how the project will actively address *cross-cutting issues* (e.g. in the ENR sector, good governance, gender equality and challenges posed by HIV/AIDS).

The FS reserves the right to assess, and determine, the most appropriate IP under which an application should be considered based on review of the PB and through consultation with the applicant.

PBs must be complete in terms of providing all requested information specified in the standard instructions and must comply with administrative requirements such as deadline for submission, page limitation, etc. PBs shall not exceed 4 pages, though more detailed information such as implementation schedules and project budgets may be attached as annexes. All PBs must be produced by either typewriter or computer printer, i.e. *hand-written proposals will not be accepted*.

Project proposals must comply with the financial award requirements set out in Table 6. Projects must be capable of being fully implemented *within 2 years* of signing of a grant agreement.

Significant Capital Investment Element

To be eligible for support from the IEF the proposed project must include a *significant capital investment element*. “Capital investment” is defined here as:

expenditure associated with the purchase and installation of technology/equipment and/or the construction of facilities (including operation and maintenance of such technology/facilities during the lifetime of the grant agreement) deemed essential to achieve the project’s intended outcomes.

“Significant” capital investment element is defined here to mean that *at least 65% of the grant* amount being requested must go to covering the costs of the capital investment element in the project. *The building, refurbishing, expanding or upgrading of office buildings shall not qualify as an eligible cost.*

Insofar as they logically compliment the capital investment component and are necessary to achieve the project’s objectives, *limited “non-capital investment” costs may be covered* by an IEF grant including expenditure for activities such as training/education and public awareness raising, environmental monitoring, nature protection or conservation through non-technological means (including computers and other office equipment for the support of such activities).

Project eligibility criteria are summarised in Table 5.

Table 5: Project eligibility criteria.

IEF Project Eligibility Criteria
<ul style="list-style-type: none"> • PB contains all required information as specified in the standard instructions and complies with administrative requirements such as submission deadline, page limitation, etc. • project logically fits into the IP for which it has been proposed; • project clearly addresses an ENR priority identified in the relevant local/provincial/national plan, strategy or programme, such as those highlighted in these Guidelines; • project addresses important “cross-cutting” issues (e.g. in the ENR sector, good governance, gender equality and challenges posed by HIV/AIDS) • project complies with the Fund’s financial award limits and “co-funding” requirements; • project includes a “significant capital investment element” as defined in these Guidelines; • project implementation can be completed with two years of grant being awarded; • “non-capital investment” costs to be covered by the grant logically compliment the project’s capital investment component and are essential to achieving project objectives.

5.0 Basic Operating and Financing Principles

5.1 Objectivity, Accountability, Transparency and Cost-Effectiveness

The financial resources administered and disbursed by the IEF are public, and therefore must be managed as to promote the public interest to the greatest extent possible. This implies that:

- decisions affecting the allocation of funds are based on sound, *objective*, widely understood and accepted criteria;

- the officials, bodies and institutions involved in the decision-making process are clearly defined, as are their individual roles and responsibilities, and they can be held *accountable* for their decisions and actions;
- the decision-making process itself is *transparent*, i.e. that it is understood by those outside of the process and open to scrutiny by other government bodies and the public at large;
- resources are allocated so as to maximise the positive environmental and socio-economic effects of each Kwacha spent (i.e. money is spent in the most *cost-effective* manner possible).

5.2 Additionality, Leveraging and Co-Funding Contribution

The Fund shall follow fundamental financing principles of “additionality” and “leveraging” and will require co-funding contributions from the applicants/implementing partners. These principles are related and can help the IEF maximise the benefits generated for each unit of financial support provided.

The IEF will strive for *additionality* by limiting its support for projects which can be financed from other sources. In other words, the Fund’s finance should be *additional* to the other available sources of finance, including those that could reasonably be provided by the project applicant, (even as in-kind contributions), and not serve as a replacement for them. This also entails expenditure by the Fund being additional to the other available sources of *public finance* and not a replacement or substitute for them. In principle, statutory obligations of Government institutions should be financed through Government budget allocations, not by the Fund. It is recognised, however, that current GRZ expenditure on environmental protection and natural resource management is insufficient to meet needs. The IEF may help to mitigate this shortfall by financing projects that, *inter alia*, assist government institutions to fulfill their statutory obligations with the understanding that IEF’s financial assistance should be seen as *catalytic*, i.e. triggering additional financial expenditure from public and/or private sources.

The IEF will actively *leverage* other resources by keeping its financial commitment in any given project to the minimum necessary to ensure implementation of the project. Thus the Fund will function largely as a *co-financier* of projects, and will seek to engage the financial support of other sources to the extent possible.

The IEF requires that the applicant, in cooperation with implementing partners, invests a minimum level of *co-funding* into a project. This may include cash from the applicant’s own budgetary allocations or secure revenue-streams from the implementing partners, and/or “in-kind” contributions such as office space and equipment, staff salaries, or other goods and services provided by the applicant or implementing partner that are clearly needed for project implementation and to which a monetary value can be reasonably attached. The obligatory contribution of co-funding helps ensure the applicant’s commitment to successful, efficient and sustained implementation of the project. The minimum level of required co-funding is shown in Table 6. Applicants and implementing partners are obliged to provide documented evidence of being able to provide, in a timely manner, the necessary co-funding contribution when submitting the full Project Document.

6.0 Minimum and Maximum Award Limits

Minimum award sizes ensure that the IEF is not overwhelmed with requests to support a high number of relatively small projects, attending to which would place excessive demands on the FS and FTC.

The discussion above concerning additionality and leveraging indicates that *the IEF will strive to be frugal with its financial support* and one way to achieve this is to set limits on the maximum size of any single award of financial support offered. With such a rule both the Fund and applicants know in advance the maximum amount of finance any single project can receive and that no single project will consume a very large proportion of the IEF’s resources.

Minimum and maximum award limits are set out in Table 6. The limits shall be assessed each year and adjusted as thought appropriate to reflect changing demands and needs for finance, environmental priorities and expertise of the FS staff. Any changes shall be publically and widely communicated to prospective applicants with substantial advance notification.

The IEF establishes the following rules with regards to award limits and requirements for co-funding from applicants (in cooperation with implementing partners, as appropriate):

Table 6: Minimum/maximum award limits and required contribution of co-funding.

Investment Programme	Minimum Award (USD)	Maximum Award (USD)	Minimum Co-Funding (in-kind and/or in cash)
ENR challenges of <i>Local</i> Significance	250,000	1,000,000	10%
ENR challenges of <i>National</i> Significance	500,000	3,000,000	15%

ENR challenges and opportunities of local significance: recognising the limited capacity of local authorities to prepare and properly implement large investments and manage the associated finances appropriately, award limits and requirements for co-funding are relatively lower.

ENR challenges and opportunities of national significance: recognising the potential for fairly large projects and greater institutional capacity among the likely applicants award limits are set higher, as is the required contribution of co-funding.

7.0 The Application, Appraisal and Project Approval Process

7.1 Overview

To perform in the *most effective and efficient manner possible*, the IEF must implement a coherent, systematic approach to the identification, preparation, appraisal, selection, implementation, monitoring and evaluation of the projects it supports. This series of steps is known as the “*project cycle*” and the IEF’s project cycle is shaped by the broader institutional and policy framework within which the ENRMMP is being implemented, as illustrated in Figure 1 below. The first steps of the project cycle, from project identification (including the *application process*) through to final approval are described in this chapter. Later stages are covered in the next chapter.

7.2 Identification of Projects

Identification of projects for financing by the Fund may take two forms:

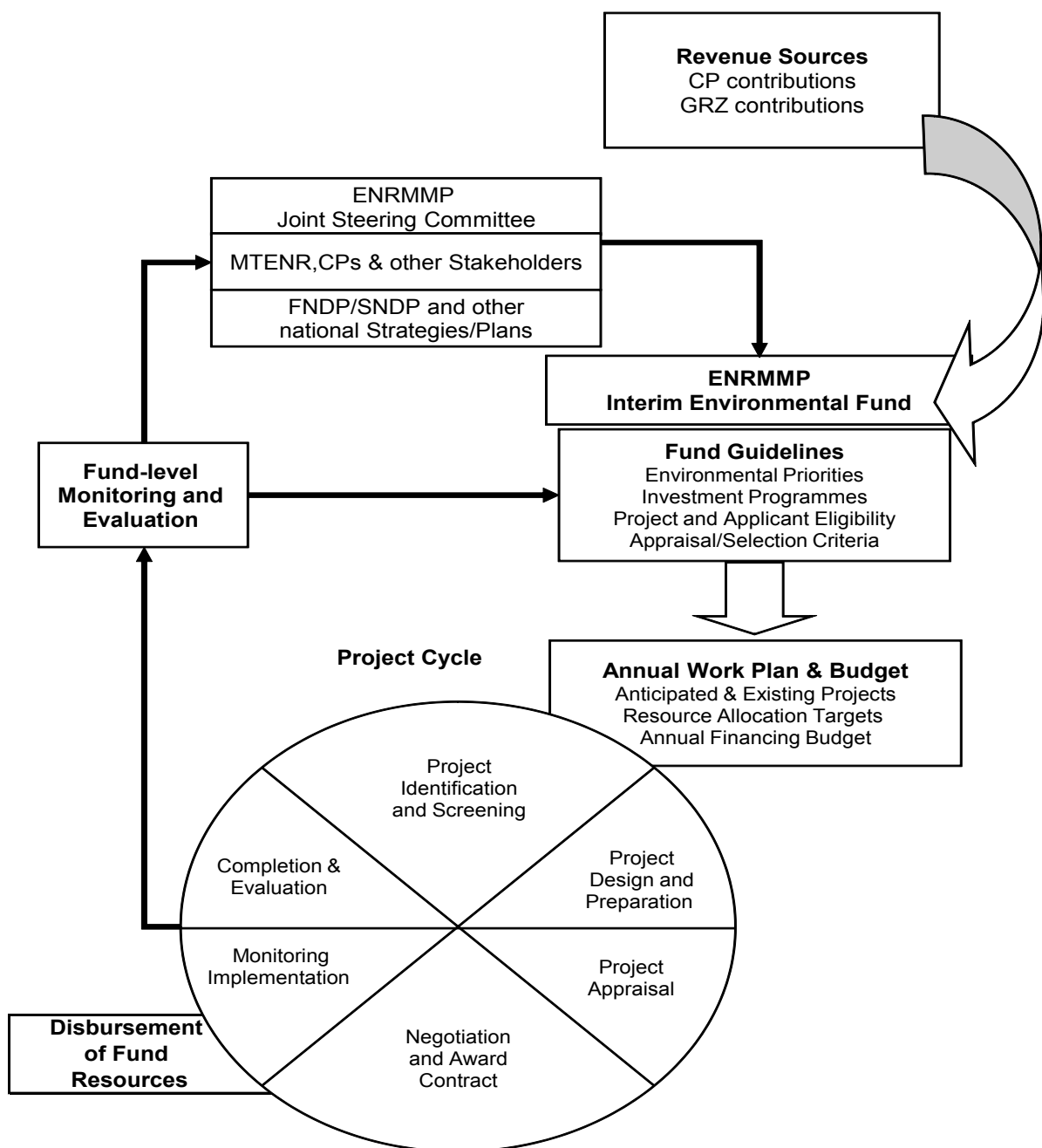
- 1) *projects are identified by the applicant* (or “project proponent”). The applicant has primary responsibility for identifying a project concept and developing the project proposal/application. (The Fund provides a framework for that process through, inter alia, these Guidelines.)
- 2) alternatively, *GRZ may identify a specific project, or type of project*, that addresses a very high ENR priority, and then encourage potential proponents of such projects to develop and submit project proposals. (These proposals, like those identified by individual applicants, will also be subjected to full appraisal and competitive selection by the FTC, to ensure fair and impartial treatment of all submitted proposals.)

The IEF shall adopt a mixed approach, employing both forms of project identification, allowing the Fund to take advantage of the strengths of both.

The opportunity for individual project proponents to identify projects and submit proposals will be launched with a well publicised “call for proposals” throughout the country, supported with a number of information workshops about the IEF. The call for proposals will include a deadline for submission of PBs by applicants to the FS in order for the project proposals to be considered during the specified funding cycle.

However, especially in the Fund’s early stages of operations, as prospective applicants are still learning about the Fund and its requirements and limitations, it is likely that some of the incoming project proposals will not satisfy the Fund’s eligibility criteria and many will need substantial modification, improvement and further preparation before they are ready for full appraisal, approval and implementation. Therefore, the Fund may also receive proposals that have been encouraged by GRZ that are known to: a) address high priority ENR issues; b) be well developed, and; c) be ready for implementation.

Figure 1: IEF Project Cycle in its institutional & policy framework.



7.3 Applying to the Fund: A Multi-Step Process

The Fund will follow a multi-step application, appraisal and approval process that is cost-effective both for the Fund and the applicants. Project proposals that are clearly ineligible for support (e.g. inconsistent with priorities/requirements) are stopped at an early stage before the IEF and the applicant spend too much time on respectively developing and assessing the project further. The multi-step application process entails the following:

Step 1: Eligibility Screening and Pre-Appraisal by the FS

- the applicant first provides IEF with basic, summary information about the proposed project by submitting a PB, which is a concise, standardised document (4 pages, see Annex 1) that will quickly show whether the project proposal complies with IEF's basic eligibility criteria;
- the PB is registered by the FS and assigned a number and a file, in both hard-copy and digital format (the PB will be entered into a computer database);
- receipt of the PB by the FS will be confirmed to the applicant in writing, either by e-mail or by letter, depending on how the PB was submitted;
- after registration the FS will screen the PB against the IEF's eligibility criteria and make a determination;
- if the PB is incomplete, or shows that the project proposal *does not* comply with IEF's basic eligibility criteria, the applicant will be informed of this in writing by the FS, with an explanation provided;
- if the project proposal requires adjustments to comply with IEF's basic eligibility criteria, the FS will advise the applicant about the needed changes and allow him/her to submit a new, revised PB, subject to conditions specified by the FS (e.g. deadline for submission);
- if the PB, either in its original or revised form, is found to comply with IEF's basic eligibility criteria, the FS will inform the applicant (in writing) and begin pre-appraisal of the project;
- pre-appraisal entails the FS assessing the PB (and the applicant/implementing partner) against the full set of *appraisal criteria*, as outlined in section 7.4 of these Guidelines and specified in detail in Annex 2;
- based on this pre-appraisal the FS will compile a *ranked list of all eligible projects*, i.e. those that the FS judges to best satisfy the appraisal criteria will be ranked highest and those that least satisfy the criteria will be ranked lowest.
- the FS shall submit the ranked list of projects (along with the PBs) to the FTC with indicative recommendations as to which project proposals should be *conditionally* approved for funding.

Step 2: Preliminary Appraisal and Conditional Approval by the FTC

- The FTC shall assess the ranked list of project proposals submitted by the FS against the Fund's appraisal criteria, taking into account the indicative recommendations of the FS.
- Following deliberation, the FTC shall decide which PBs to issue *conditional approval*.
- Decisions of the FTC shall be recorded in the official Minutes along with justification for those decisions.
- Issuance of conditional approval authorises:
 - 1) the applicant to move ahead to the next step → development of a full Project Document (PD) expanding on the same information as required by the PB, plus important supporting documents such as feasibility studies, engineering designs, EIAs, business plans, etc.;
 - 2) the FS to support the applicant's development of the PD and project preparation, possibly with site visits and/or short-term technical assistance (STTA).

- As part of the conditional approval the FTC may request certain modifications in the project proposal and may impose specified conditions that should be satisfied during the development of the full PD.
- Both successful and unsuccessful applicants shall be informed of the FTC's decisions in writing by the FS. Unsuccessful applicants shall be provided an explanation as to why the project was not approved.
- An unsuccessful applicant whose proposal represented a potentially good project, but which did not score high enough to be approved, may be encouraged to re-submit the project proposal during the next funding cycle (which would start with another public call for proposals).

A proposal's conditional approval is no guarantee that the subsequently submitted PD will be granted final approval and the project financed. Conditional approval of a PB merely allows the project proponent the opportunity to prepare and submit a full PD, which will then be carefully appraised and considered for final approval by the FTC.

Step 3: Development of the full PD and Project Preparation

- Authorised applicants shall develop and submit a full PD, which is a more comprehensive document (20-40 pages) requiring substantial information about all relevant aspects of the proposed project (environmental, technical, socio-economic, financial);
- the PD shall consist of standardised information (the same as specified in the written instructions for the PB) as well as various other documents about the project requested by the FS (e.g. engineering designs, feasibility studies, environmental impact assessments, etc.);
- the applicant/implementing partner's development of the PD and project preparation may be supported by the Fund, e.g. through site visits of FS staff and/or STTA financed through the Fund's "Project Preparation/Capacity Building" (PP/CB) window, as appropriate;
- as with the PBs, once the applicant has submitted a properly prepared PD, and all required associated documentation, the PD will be registered by the FS and notification of its receipt will be conveyed to the applicant;
- the PD and associated documentation will be entered into the computer database (to the extent the documentation is/can be digitised);
- the proposed project will undergo further pre-appraisal by the FS using the Fund's appraisal criteria; this may involve FS staff conducting visits to the site of the project and/or offices of the applicant to learn more about the project and the capacity of the applicant;
- pre-appraisal consultations between the FS and applicant may result in requests by the FS for modifications in the PD and/or additional information from the applicant;
- the FS shall advise the applicants/implementing partners so as to ensure that finalised PDs properly reflect any requests/conditions issued by the FTC as part of the conditional approval.

Step 4: Final Appraisal and Approval

- Once the PD has been finalised, and essential project preparation and capacity building needs identified by the FS have been adequately addressed, the PDs shall be submitted to the FTC for *final appraisal and approval*;
- taking due consideration of the indicative recommendations of the FS, and making use of the appraisal/approval methodology outlined in section 7.4 (and detailed in Annex 2), the FTC will decide whether or not to issue *final approval* of the projects ;
- Decisions of the FTC shall be recorded in the official Minutes along with justification for those decisions.

- Applicants shall be informed of the FTC’s decisions in writing by the FS. Applicants whose proposals were not issued final approval shall be provided an explanation as to why and what steps must be taken to achieve final approval.
- For project proposals that have received final approval, the FS shall proceed promptly to finalise an Award Contract, to be signed by the Applicant/Implementing Partners and the MTENR PS, with the Fund Manager signing as a witness.

7.4 Project Appraisal, Ranking and Approval Methodology

The project appraisal, ranking and approval methodology utilised by the Fund, *explained in detail in Annex 2*, shall be applied by the FS during pre-appraisal and by the FTC in considering whether to issue first conditional, and later final approval of project proposals. Appraisal is based on assessing how well the project satisfies each main criterion and assigning weights (i.e. measures of relative importance) to each criterion.

The Fund’s appraisal system employs a multi-criteria appraisal and ranking model. Projects will be appraised and ranked according to four main criteria:

- *overall environmental effect (including related human health benefits);*
- *socio-economic and mainstreaming effects;*
- *financial issues and sustainability;*
- *technical/administrative implementation feasibility.*

The criteria of “overall environmental effect” and “socio-economic and mainstreaming effects” are given slightly more importance than the other main criteria. However, projects must at least moderately satisfy each main criterion in order to be included on the short-list of projects to be forwarded to the FTC for final appraisal. To help assess a project’s merits against each main criterion a number of illustrative sub-criteria may be employed (see Annex 2).

7.5 Timing of the Process

The application and appraisal process will follow a time framework involving targets for each stage. The FS will strive to conduct eligibility screening of the PBs, reach an eligibility determination, and communicate the finding to the applicant within *three weeks* of the PB’s registration by the FS.

The length of the pre- and final appraisal process will depend on several factors, such as the number, size and complexity of eligible projects submitted to the FS, the status of any possible co-funding arrangements and the necessity for PP/CB assistance. In the simplest of cases a “conditional approval” (or notice of decline) might be issued by the FTC within 2 months of the FS’s registration of a PB. However, with regards to “final approval” decisions it is more likely that 3-4 months will be required for the decision to be reached. Particularly complex projects (e.g. those requiring engineering designs and EIAs) may require more time for processing.

7.6 Technical Assistance for Project Preparation and Capacity Building

Short-term technical assistance worth up to USD 50,000 may be made available from the IEF to support project preparation and capacity building among the eligible project proposals that have been conditionally approved by the FTC. Needs for PP/CB will be determined through the pre-appraisal process conducted by the FS and be jointly discussed and agreed by the applicants and the FS. PP/CB technical assistance would be offered only at the initiative of the FS (not based on unilateral requests from applicants). The FS would work closely with the applicant to prepare a proposal and workplan for the PP/CB assistance, which would be submitted for approval to the FTC. As a general rule, the FS shall procure any agreed and approved STTA needed by the applicants/implementing partners and will be responsible for supervising the delivery of such assistance. In cases where the FS deems the applicants/implementing partners to be highly capable to appropriately procure and supervise the provision of the required STTA, such responsibilities may be delegated to the

applicants/implementing partners by the FS, subject to approval by the FTC. In such cases, however, the FS shall retain the responsibility to monitor and ensure satisfactory delivery of the STTA.

8.0 Project Implementation, Financial Administration and M&E

After projects have been approved for financing, they move into the latter stages of the project cycle where the following main activities take place:

- negotiations with the applicant over the project implementation conditions, including financing terms and time schedule and conclusion of the Award Contract;
- project implementation by applicants/implementing partners, including:
 - procurement by applicants/implementing partners using IEF funds;
 - disbursements from IEF to applicants/implementing partners;
 - financial administration and routine reporting by applicants/implementing partners;
 - monitoring of project implementation by applicants/implementing partners and IEF;
 - project completion;
- post-implementation evaluation of projects.

Although procurement required by a project that has been approved for support by the FTC is not formally part of the Fund's project cycle (as it is the responsibility of the applicant and implementing partners), the results of the procurement process have critically important implications for the Fund and implementation of the project. Therefore, the Fund has a duty to closely monitor and, as needed, support the applicant in the procurement process to ensure appropriate procedures are followed and timely implementation of the project. Therefore procurement is addressed in some detail later in this section and in the relevant annex.

8.1 Negotiations and the Award Contract

After projects have been formally approved for financing by the FTC, the Fund must conclude a legally binding Award Contract with the successful applicant and implementing partners. Such a contract primarily sets out the responsibilities of all sides in project implementation and states the project financing arrangements and implementation schedule. The Award Contract commits the applicant and implementing partners to use the allocated funding *only for the purposes described in the approved project and within the framework of the contract*. Furthermore, the Award Contract will provide measures for canceling future disbursements and retrieving disbursed funds in case the contract is violated by the applicant or implementing partners by enabling legal action to be taken under the relevant legislation.

The Award Contract must be signed by the authorised representatives of the Fund (PS of MTENR, with the FM signing as a witness), the project applicant and implementing partners, and includes:

- a brief summary of the project;
- the responsibilities and rights of the Fund, applicant and implementing partners;
- a description of the project financing including funding sources and a payment schedule;
- an outline of the project implementation schedule, progress reporting requirements and project supervision;
- articles defining responsibility for project risks and procedures for amendment, annulment and termination of the contract;
- annexes with approved Project Document, financing and procurement plans.

A standardised format for the Award Contract is included as Annex 3 to the Guidelines. However, each concluded Contract will be specific to the individual project concerned.

8.2 Procurement by the Applicants and Implementing Partners

All procurement required for project implementation shall be carried out by the applicants and/or implementing partners. Given that the IEF's grants are public funds, any procurement using IEF funds shall follow the rules and procedures stipulated by the Zambia Public Procurement Authority (ZPPA) Act No. 12 of 2008. *This applies to governmental applicants as well as non-governmental implementing partners* (i.e. civil society organisations and/or private enterprises). The ZPPA rules and procedures are designed to ensure that the proceeds of any financing are used exclusively for the purposes for which the financing was obtained. Above all, they are aimed at:

- enhancing economic and efficient procurement of goods and services;
- allowing for fair and equal opportunity to suppliers of goods and services so as to enhance competition; and
- satisfying financial accountability and transparency requirements based on the established and acceptable budgeting, accounting, and auditing standards with respect to the Zambian laws.

The FS's Procurement Officer (PO) will assist applicants/implementing partners with their procurement plans and procedures where necessary.

General Rules

The ZPPA Act makes controlling officers and chief executives of public institutions accountable for all public expenditure on public procurement. Procurement responsibilities are further delegated, according to various limits, to designated officials and committees. These Procurement Guidelines will form an integral part of the *Award Contract*. Goods, Services and Works to be procured, refer to those that are duly and formally approved in the *Award Contract* as articulated in the approved Project Document. For all other types of procurement which are not detailed in this Chapter, the rules set out in the aforementioned ZPPA shall be applied. ***A more detailed summary of the procurement rules and procedures to be followed by IEF applicants/implementing partners is provided in Annex 4 of these Guidelines.*** Related standardised forms are presented in Annexes 5-8.

8.3 Disbursements to Applicants and Implementing Partners

Once the Award Contract is signed by all parties, the FS will transfer payments to the applicant and/or implementing partners according to the *Disbursement Schedule* (Annex 9), procedures, terms and conditions described in the contract.

All requests for disbursement will have to be addressed to the FS as follows:

- The *Request for First Disbursement* shall be submitted only once an Award Contract has been concluded. The amount requested shall comply with the planned Disbursement Schedule which shall form part of the Award Contract. The First Disbursement Request Form (Annex 10) must be used to request for the first disbursement into an applicant's account specifically opened for the IEF-supported project.
- To the extent practical, payments for major transactions involving goods, works or services will be made directly by the IEF to the Supplier/Contractor providing the said goods, works or services after the FS receives and approves receipts, or other agreed evidence for such expenses; and the delivery/provision of the said goods, works or services has been confirmed and approved by the applicant/implementing partner in writing.
- Subsequent disbursements shall be made only upon the written request of the applicant or implementing partner, using the provided standardised form (Annex 11), and only when the

FS receives and approves receipts (or other agreed evidence) for expenses incurred by the applicant and/or implementing partners amounting to *at least 80%* of the previous disbursement provided by the Fund.

- Upon satisfactory verification of the project's progress as well as the submitted financial evidence, the FS will disburse funds in accordance with the planned Disbursement Schedule. A Request for Subsequent Disbursements must be submitted to the FS in the form of an original hardcopy and has to be accompanied by the following documents:
 - ✓ The Disbursement Schedule showing both received and planned disbursements. This schedule is intended to allow a reconciliation of the IEF-payable account in the Applicant/Implementing Partners books with the Applicant/Implementing Partners' account in the IEF books;
 - ✓ A **List of Expenditures by Beneficiary** (Annex 12) including photocopies of original **vouchers/receipts** supporting the listed expenses. The vouchers will have to be numbered sequentially and continue to increase by 1 throughout the project. The submitted vouchers will be scrutinised by the FS and rejected if found to be ineligible;
 - ✓ An **Exclusive Funding Declaration** (Annex 13) that the goods and services have not already been financed from other sources;
 - ✓ A **Bank Reconciliation Statement** (Annex 14) confirming the current balance supported with a bank statement and;
 - ✓ A **Budget Follow-up Report** (part of the Quarterly Progress Report, Annex 15) showing expenditure against budget and comments on any significant variations.
- The final 10% of the grant award will be paid by the FS only when the Applicant and/or Implementing Partners have provided the necessary documentation confirming that the project is fully operational and that the envisioned environmental and other benefits are being realised (e.g. as indicated by the appropriate operating permits and/or official statement of the relevant authorities).
- Any amounts disbursed by the Fund and unused by the Applicant/Implementing Partners upon completion of the project and after all costs have been settled, shall be returned to the Fund within 30 days of the project being officially declared completed by the FS.

The Applicants/Implementing Partners shall be prepared at any time to undergo a financial audit in respect of IEF funds and shall give unlimited access to the FS or auditors appointed by the FS.

Generally, disbursements are dependent on the following main factors:

1. quarterly reporting of project progress being up-to-date including accounting for expenditure;
2. results of any inspections, by FS staff or appointed agents, being positive;
3. compliance with the Disbursement Schedule attached to the Award Contract; and
4. the FS's receipt of a formal written request from the applicant/implementing partner.

The above-listed factors and conditions shall be verified by the DFM and FO prior to authorisation of any disbursement by the FM.

All applicants/implementing partners to receive funds directly from the IEF shall open a dedicated project bank account specifically and solely for the purposes of receiving said funds. Project disbursements will typically be made by bank transfer into the dedicated project account. All bank charges related to operations involving the dedicated account are to be charged to the account. Eventual interest earned on any unspent account balances is to be credited solely to the dedicated account.

Under no circumstances may an Applicant or Implementing Partner use any amount of funds provided by the IEF for purposes unrelated to the project and not explicitly approved in the Award Contract and associated attachments. Upon evidence that such use may have occurred the IEF shall

take appropriate action (e.g. halting of disbursements, terminating the Contract, recouping funds provided, etc).

8.4 Monitoring Project Implementation

The basic parameters and procedures of the IEF's project monitoring and evaluation (M&E) system are set out in sections 8.4 – 8.7 and supported with standardised forms provided as annexes to these Guidelines. Project monitoring must already be considered during project design and preparation and the main elements of a project's M&E system should be outlined in the PB. The key components of the IEF's approach to M&E include:

- development of a Logical Framework as part of each full Project Document, to include a M&E regime with key performance indicators and responsibilities attributed to the parties involved;
- systematic self-monitoring and quarterly submission of Progress Reports (addressing both technical and financial aspects of the projects) by applicants to the FS;
- retaining Local Project Monitors to serve as local "eyes and ears" of the FS to support applicants with their progress reporting and to validate said reports to the FS;
- periodic (semi-annual) project inspections by FS (or appointed agents) to assess and verify implementation progress and compliance with IEF rules and procedures;
- verification of project completion and evaluation of implemented projects to determine actual results, impacts, problems and "lessons learned".

These different elements of the M&E system are elaborated in the sections below and supported by standardized forms presented in Annexes 15-16.

Quarterly Progress Reports

The Fund will, in co-operation with the relevant environmental authorities, monitor implementation of the project to ensure compliance with the Contract and any relevant legislation. The basis of effective monitoring is *good communication* between the FS and the project applicant and implementing partners. Communication may take place by telephone, letters, meetings, etc. However, *written Progress Reports* are to be prepared by the project applicant (with input from implementing partners as appropriate) and submitted to the FS *each quarter*. A standardised format for the progress report shall be used and is provided as Annex 15 to the Guidelines.

The written Progress Reports to be submitted by applicants are a particularly vital tool in project monitoring. They provide the means whereby applicants and implementing partners can invite assistance for solving problems beyond their control or competence. The Progress Report shall serve as an occasion for periodic discussions with the Fund in order to identify needs for revisions of the implementation schedule as included in the Award Contract.

Local Project Monitors

In each District in which a project is being implemented with the support of the Fund a suitable locally-based person shall be identified and designated by the Fund as the *Local Project Monitor* (LPM). The LPM may be an official of a relevant authority (such as those referred to above) or an independent consultant. It must be someone who is independent from the project and the institutions implementing it. The LPM shall make quarterly visits to the project site and/or offices of the applicant and implementing partners for the purposes of:

- assessing progress in project implementation and reporting findings to the FS;
- helping the applicant/implementing partners to identify and overcome obstacles and risks to project implementation;
- supporting the applicant in the timely preparation and submission of quarterly progress reports;
- generally serving as the Fund's local "eyes and ears" and facilitating timely and successful project implementation.

Inspections by the FS and Joint Reviews with CPs

Other important elements of monitoring include semi-annual site inspections by Fund staff, other appropriate authorities (e.g. officials of MTENR, ECZ, or ZAWA) or designated agents of the Fund to assess and verify implementation progress and compliance with IEF rules and procedures. The Fund may also conduct periodic joint reviews of projects involving FS staff, representatives of the funding CPs and MTENR.

8.5 Duties of the FS

The FS, applicant and implementing partners shall jointly strive for efficient project execution and resolution of implementation problems. Based on Progress Reports, site visits and other communications, the FS will work to:

- ensure that the project is implemented so as to achieve its objective in conformity with the Award Contract;
- identify problems promptly as they arise and help to resolve them; and
- upon approval of the FTC, take action to suspend or cancel a project if its continuation is no longer justified, particularly if the applicant and/or implementing partners are found to have materially breached the terms and conditions of the Award Contract. In such circumstances the Fund may employ a range of mitigative and punitive measures (e.g. halting payments, recouping payments with interest, fines, etc.) as provided for under relevant Zambian law.

The FS staff shall establish and maintain constructive relationships with staff of the applicant and implementing partners, so that they will not hesitate to bring difficulties to the attention of the Fund. During site visits, FS staff will share their findings and recommendations with the applicant and implementing partners. The FS will take reasonable steps to help the applicant and implementing partners to promptly complete necessary tasks before and during project execution, and will familiarise them with Fund rules and procedures.

8.6 Project Completion

Ultimately, the Fund is interested in generating environmental and other benefits, therefore it has a strong interest in considering a project “completed” only once the envisioned benefits start to materialise. However, from a practical point of view, this is sometimes difficult as many projects generate benefits that are not immediately tangible and/or are realised gradually over a relatively long period of time (i.e. longer than the Contract period). Given this, the Fund will define “completion” for each project individually based on the project’s specific characteristics and objectives. For the purposes of the Fund, what constitutes the “completion” of each project will be clearly specified in writing in the Award Contract.

Bearing in mind that the ENRMMP is presently scheduled to finish at the *end of 2012*, this means that all projects supported by the Fund should be formally “completed” by that time. It is acknowledged, however, that not all project benefits will be realised within that timeframe. Therefore, formal completion may focus on the successful achievement of tasks, and delivery of outputs (i.e. installation and operation of equipment, construction of facilities, provision and use of new technology, etc.) to be specified in the Award Contract.

Project Completion Form

A project applicant/implementing partner shall notify the FS in writing when, in their view, all tasks have been successfully undertaken and outputs delivered by completing and submitting a *Project Completion Report by Applicant* (Annex 16). The FS (or its designated agent) shall then carry out a site visit in order to verify completion of the project. If the site visit verifies completion of the project a *Project Completion Report by Fund* shall be prepared declaring the project complete and marking the end of the Fund’s involvement with the project. The Project Completion Report should thus be considered a necessary and integral part of the project monitoring.

The main purposes of the Project Completion Form are:

- to document the achievement of the project's outputs at the time of its completion, and to allow comparison to the planned outputs as described in the PD and Award Contract;
- to contribute to the accumulation and dissemination of experience by the Fund;
- to provide a basis for determining whether a formal evaluation study is warranted;
- to assess the need for possible further assistance (from the Fund and/or other sources) after completion of the project.

The project outputs and results compiled in the Project Completion Forms will serve as a source of information for the Fund to draw upon in fulfilling its reporting obligations, e.g. to the MTENR, CPs and JSC. The Project Completion Form shall be based on the following information:

- approved PD;
- the Award Contract;
- project progress reports;
- other evaluations or declarations about the project (e.g. from relevant environmental authorities).

8.7 Post-Implementation Evaluation of Projects

Project evaluation is a systematic examination of the design, preparation, implementation and results of a completed project (or a completed phase of an on-going project). Project evaluations are undertaken to investigate the fulfillment and relevance of the project objectives as well as the efficiency and impact of the project. A project evaluation would be performed by an expert or team who have not been directly involved with the project during any of its previous phases to ensure an objective and independent view.

The Project Completion Form to be prepared by the Fund will make recommendations regarding the need for an evaluation and provides some of the information which a project evaluation would examine. A project evaluation would, however, require significant additional resources, particularly for measuring the impact of the project - the main purpose of an evaluation. An evaluation could also be triggered by the recommendation of the Fund Manager, the Fund Technical Committee and/or the Joint Steering Committee (which includes both the MTENR and the CPs). The precise scope and objectives of any project evaluation would be specified on a case-by-case basis and would be conducted in accordance with terms-of-reference to be endorsed by the FTC and approved by MTENR and the funding CPs. Full cooperation of the applicant and implementing partners would be essential throughout the evaluation process and such cooperation will be obligated in the terms of the Award Contract.

Project evaluations represent an important management tool for the Fund as a systematic way of learning from experience. It is the Fund's responsibility to effectively utilise lessons learned. The results and recommendations of Project Completion Forms and Evaluation Studies will be incorporated in the decision-making process for future projects and for revision of policies and procedures in general. It is important to disseminate both positive and negative experience.

Successful and innovative projects will serve as a model for other initiatives and the Fund will encourage the promoters of successful projects (applicants and implementing partners) to share their experience with other proponents of similar projects. The Fund will actively promote and share the experiences of successful projects throughout Zambia and encourage replication of successful approaches in other locations as appropriate. As the Fund gains wider and deeper experience the evaluations of projects will also serve to inform the design and establishment of the more permanent Environment Fund envisioned in Zambia's new Environmental Management Act of 2011.

The experience from less successful projects will also be shared and reflected upon internally among the Fund staff, management and governing bodies so as to continuously improve project cycle management and the overall impact of the Fund.

9.0 Annexes

Annex 1: Project Brief (PB) / Project Document (PD) Instructions

1. PROJECT TITLE & LOCATION

2. DETAILS OF APPLICANT AND MAJOR IMPLEMENTING PARTNERS

- Name, address and contact details of applicant and major implementing partners (including telephone numbers, e-mail address and internet website).
- Name, position and contact details of officials formally responsible for the proposal/project.
- Name, position and contact details of designated contact person(s) if different from above.
- In case of Zambia-based Implementing Partners (NGO or private enterprise), date from which they have been legally registered to operate in Zambia.

3. PROJECT DESCRIPTION AND RATIONALE

- Describe the environmental/natural resource management problem to be addressed and make reference to the relevant official Plan, Policy or Strategy that identifies the issue as a priority.
- State whether the project addresses an issue of “local” or “national” significance, with explanation. (Indicate through which “Investment Programme” of the Fund the application is being submitted.)
- Describe the proposed investment and related activities and explain how they will resolve or diminish the problem.
- To what extent have the project’s cost-benefit ratio and/or cost-effectiveness been analysed? What are the results of such analysis?
- What alternative investments/actions have been considered to resolve the problem and why were they not chosen as part of the proposal?

4. PROJECT HISTORY AND DEVELOPMENT

- How was the project proposal developed and how were key stakeholders involved?
- Describe investments/actions previously taken to address the problem, and results achieved.
- How have “lessons learned” from previous measures been taken into account in the proposal?

5. ASSESSMENT OF THE BENEFITS

- Identify and characterise the primary (direct) and major secondary (indirect) beneficiaries.
- To the extent possible, provide quantitative estimates of the expected environmental, socio-economic and other benefits (e.g. amount of pollution reduced, reduction of health risks, hectares of forest protected, number of new jobs created, income increased, cost savings, etc.)
- In the absence of quantitative estimates, provide a qualitative assessment of the benefits.
- Does the project give special attention to involving/benefitting disadvantaged members of society, e.g. women, children and the poorest members of society? If so, how?

6. IMPLEMENTATION PLAN & SCHEDULE

- Specify the main sub-tasks/actions that will be required to implement the project and indicate the corresponding time schedule for each task and stage of implementation.
- Will the project be fully implemented within 2 years of signing a grant award agreement?
- Explain any pre-conditions necessary for progressing through the various tasks/actions, i.e. the obtaining of relevant licenses, permits or approvals.
- *Is the project subject to an EIA?* If yes, has this already been carried out?
- To the extent possible, indicate the technical specifications of any technology or equipment to be purchased. In the case of construction works, have engineering plans/designs been prepared?
- Specify which investments/actions are to be undertaken by the Applicant and which by the Implementing Partners. Specify the roles of the different parties involved in the project.
- Identify the main procurements that will be required (goods, works or services). What preparatory steps have been taken for procurement? (*Zambian Public Procurement rules must be followed.*)
- Outline the main elements of a project monitoring system. The applicant/implementing partners must provide for regular, systematic self-monitoring of project implementation and follow the IEF’s monitoring rules and procedures. A detailed M&E framework, including key performance indicators, shall be developed as part of the project’s Logical Framework, to comprise part of the full Project Document.

7. FINANCING PLAN & SUSTAINABILITY

- Indicate total project costs, including elements proposed to be financed by the Fund and elements to be financed by other sources of funding. To the extent that some project costs have already been financed please indicate these.
- Clearly specify the total amount being requested from the Fund with an itemised breakdown according to different sub-components and/or stages of implementation. Specify how much of the requested grant is for “capital investment” costs (as defined in the Fund Guidelines)?
- Specify the applicant’s contribution of “own resources”, either in cash or “in-kind”. In case of “in-kind” contributions, please specify the cash value equivalent and how the estimates were derived.
- How will recurrent operational and maintenance (O&M) costs of the capital investment be met after Fund-supported implementation is completed? Provide evidence showing that the project will be financially sustainable for the expected lifespan of the investment.
- Indicate expected co-funding from other sources and assess the certainty of obtaining such funds. Provide contact details for the other funding sources.
- Indicate any revenues to be generated, or enhanced, by the project or cost-savings to be gained. In the case of commercial/profit-making activities, a business plan will be required as part of the full PD.

8. TECHNICAL AND ADMINISTRATIVE CAPABILITY OF APPLICANT

- Describe the technical and administrative capability of the applicant and implementing partners to successfully implement the proposed investment/actions and to properly administer the funds.
- To what extent do the applicant and implementing partners have experience implementing similar projects? Cite relevant references.
- Specify relevant technical/professional expertise required to implement the project (e.g. qualified staff, external advisors, contracted consultants, etc.) and how the applicant and implementing partners will provide such expertise, during implementation and the lifespan of the investment.
- Explain what administrative/management systems are in place to ensure timely project implementation and financial accountability.
- Do the applicant and implementing partners have annually audited financial accounts?
- What major obstacles/risks to successful project implementation have been identified? How will these be addressed/mitigated?

GENERAL RULES & INSTRUCTIONS

1. The PB must enable the Fund Secretariat to determine whether or not the proposed project and applicant satisfy all relevant eligibility criteria, as specified in the Fund Guidelines. PB that do not enable this determination will be rejected.
2. Hand-written PBs/PDs will *not* be accepted.
3. PBs may be no more than **four (4)** pages, minimum font-size 10, with reasonable margins. Detailed implementation plans/schedules and budgets may be included as annexes.
4. PDs may range from 20-40 pages with important supporting documents such as logical framework, feasibility studies, engineering designs, EIAs, business plans, permits, etc. being attached as annexes.
5. PBs/PDs may be submitted in either hard or soft--copy, but preferably by both means.

Interested eligible parties, having examined and taken into due consideration the Fund Guidelines, are invited to submit a PB to;

The Manager
Interim Environmental Fund
By post: c/o Zambia Environmental Management Agency
P.O. Box 35131, Lusaka

By e-mail: envfund@necz.org.zm

By hand: c/o Zambia Environmental Management Agency
Corner of Suez/Church Roads, Lusaka

Receipt of all duly submitted Project Briefs will be acknowledged. Project Briefs will be considered as they are received (i.e. on a rolling basis), except as specified otherwise in a public call for proposals.

Annex 2: IEF Project Appraisal, Ranking and Approval Methodology

1. Project Appraisal

Project appraisal is the process of assessing eligible proposals in order to determine which best meet the Fund's objectives, priorities and requirements and should, therefore, be supported. The methodology utilised by the Fund shall be employed by the FS during pre-appraisal and by the FTC in considering whether to issue first *conditional*, and later *final* approval of project proposals. Appraisal is based on assessing how well the project satisfies each main criterion and assigning weights (i.e. measures of relative importance) to each criterion.

Main Appraisal Criteria

Full appraisal employs a multi-criteria appraisal and ranking model. Projects are appraised and ranked according to four main criteria:

- overall environmental effect (including related human health benefits);
- socio-economic and mainstreaming effects;
- financial issues and sustainability;
- technical/administrative implementation feasibility.

A project's characteristics in relation to these main criteria are discussed below.

Overall Environmental Effect

An attempt to assess the project's aggregated ENR benefits, including those that lead directly to human health benefits. Issues to be considered, and which can serve as sub-criteria, include:

- extent to which the project has a direct, positive impact on human health, especially for children and the poorest in the community; other things being equal, projects with such effects will be given preference over projects where there is no, or less, such impact.
- extent to which the project addresses the highest, most urgent ENR priority in a given locality, province or at national level or within the subject economic sector; projects addressing the highest, most urgent priorities (as defined in relevant District, Provincial or National Plans/Strategies) will score higher than those addressing secondary, less urgent priorities.
- scale of the ENR benefits. Projects that generate greater/more substantial ENR benefits (e.g. in terms of pollution reduced, forest conserved, biodiversity protected, environmental health threats diminished, etc.) enjoyed by more beneficiaries will be scored higher than those generating relatively less benefits enjoyed by fewer beneficiaries.
- extent to which project addresses more than one ENR priority. Most projects are principally oriented toward addressing a single environmental issue, however, if a project has additional environmental benefits it is preferable to similar projects which have no such positive side effects.
- extent to which the project helps Zambia fulfil its obligations under international environmental agreements.
- demonstration effect of the project and extent to which project benefits can be successfully and widely replicated elsewhere in the country.
- project has no adverse environmental impacts or such impacts are mitigated.

Socio-Economic and Mainstreaming Effects

- extent to which project improves welfare of the poor and alleviates poverty, e.g. through more environment-friendly livelihoods and employment opportunities;

- project generates benefits for particularly disadvantaged segments of society, e.g. women, children, elderly, rural poor and/or inhabitants of unplanned urban settlements;
- project benefits those suffering from serious illness, including HIV/AIDS;
- extent to which project demonstrates a cross-sectoral orientation and will influence or assist other sectors to integrate ENR considerations into their objectives or activities;
- extent to which project involves a high degree of participatory decision-making with key stakeholders and builds local community responsibility and capability for sound ENR stewardship;
- extent to which project enhances ENR governance structures and/or processes, particularly at sub-national level;
- extent to which project strengthens institutions to work with their constituencies and other stakeholders to ensure a broad impact and opportunities of scale (as opposed to focusing on capacity-building for a small number of individuals).

Financial Issues and Sustainability

- extent to which the project employs the least-cost solution to the priority problem being addressed, i.e. is *cost-effective*. The cost of the overall project (not only the part financed by the Fund) will be examined and compared to the benefits to be generated. The project application form (PAF) should show that the applicant has considered various options for addressing the problem. Initial capital outlays and recurring *operation and maintenance (O&M) costs* over the lifetime of the investment must be considered.
- extent to which the project's financing plan is realistic, secure and complete. The applicant should provide convincing evidence that the financing plan for the project is complete, i.e. that if IEF provides the support requested there will be no gap remaining, and that this plan is secure and realistic, taking into account any risks and possible obstacles.
- extent to which project benefits are sustainable over expected lifespan of the investment. The applicant should provide evidence that it is a financially solvent institution and is committed and able to operate and maintain the investment over its expected lifespan and cover the costs thereof. Implementing partners must also have a track-record of financial credibility and reliability. The Fund may require the applicant to submit a business plan detailing long-term cost and revenue forecasts.
- extent to which the project generates a financial return. Investment projects may generate revenue flows and/or financial savings once they are implemented. Financial analysis of the project/and or applicant can help to determine a project's costs, revenues and savings over the duration of its lifespan and whether the applicant can afford the full costs of the project (both investment and O&M).
- extent to which the contribution of "own resources" and/or co-financing has been maximised. Other things being equal, projects of applicants that have provided or leveraged a greater share of co-financing should be preferred to projects with lower levels of co-finance.

Technical/Administrative Implementation Feasibility

- extent to which proposed investment, and technology/construction works/methodology involved, is appropriate for problem addressed and proven effective or likely to be effective under prevailing conditions;
- extent to which project proponent has technical capacity (know-how and resources) to operate and maintain investment over its operational life-span;
- extent to which project proponent demonstrates sufficient human resource capacity, know-how and institutional capability to implement project effectively;

- extent to which project proponent has a track record of successfully implementing capital investment projects of a similar scale and administering them to a satisfactory standard;
- extent to which project is fully prepared and can be implemented promptly (e.g. all necessary legal permits/licenses have been or will soon be obtained);
- extent to which implementation schedule is realistic and acknowledges potential obstacles; public procurement requirements are understood and have been provided for.

2. Weighting and use of Sub-Criteria

The weights shown in Table 1 below indicate that the criteria of “overall environmental effect” and “socio-economic and mainstreaming effects” are given more importance than the other main criteria. To help assess a project’s merits against each main criterion a number of illustrative sub-criteria have also been indicated.

The purposes of the sub-criteria are: 1) to assist the FS in assessing how well the project satisfies the main criteria, and; 2) to guide applicants by indicating issues that will be important to the design, implementation and long-term performance of the proposed project. It should be noted, however, that not every sub-criteria will be equally relevant to every project.

3. Scoring of Project Proposals

Scoring at the level of main criteria shall be conducted using a 3 grade scale, as follows:

- project satisfies the criteria “not at all” = 0 points;
- project satisfies the criteria “moderately” = 1 point;
- project satisfies the criteria “very well” = 2 points;

The difference between a three grade scale and a more graduated scale is a matter of degree and, in practice, can prove to be rather subjective. If the three-grade scale is found not to provide adequate differentiation among projects a more finely graduated scale will be employed.

To summarise the appraisal methodology described above:

- each main criterion is scored on a 3-grade scale where “0” indicates that the project satisfies the criterion “not at all”, a score of “1”, that the project satisfies the criterion “moderately”, a score of “2”, that the project satisfies the criterion “very well”;
- “2” is therefore the maximum score any criterion can achieve;
- each main criterion is assigned a weight reflecting its relative importance versus the other main criteria;
- the total weight of all main criteria equals 1.00.

The Scoring Process

To continue the appraisal and scoring process, the following steps are taken:

- each criterion’s score is multiplied by its weight, yielding a “weighted score”;
- the weighted score for each main criterion is then added together, yielding a “Total Project Score”;
- the maximum Total Project Score a project can achieve in this system is 2.00.
- Table 2 illustrates how the weighted scores for each main criterion are arrived at and then added together to yield a Total Project Score.

Table 1: Main appraisal criteria, their weights & sub-criteria.

Main Appraisal Criteria and Sub-Criteria	Score¹ 0/1/2	Suggested Weight	Weighted Score
Overall Environmental Effect		0.30	
Project addresses high, urgent ENR priority ²			
Project has no adverse ENR impacts or such impacts are mitigated ³			
ENR benefits are very substantial, beneficiaries many			
Project reduces environmental health risks			
Project helps Zambia fulfil international environmental obligations			
Project has high demonstration effect and can be widely replicated			
Project addresses more than one environmental problem			
Socio-Economic & Mainstreaming Effects		0.30	
Project improves welfare of the poor and helps alleviate poverty			
Project generates benefits especially for women, youth, the elderly			
Project creates environment-friendly livelihood opportunities			
Project benefits those suffering from serious illness, e.g. HIV/AIDS			
Project demonstrates a cross-sectoral orientation and will assist other sectors and stakeholders to integrate ENR considerations			
Project involves participatory decision-making and community empowerment for ENR issues			
Project enhances ENR governance structures and/or processes, particularly at sub-national levels			
Project strengthens institutions rather than small number of individuals			
Financial Issues and Sustainability		0.20	
Project employs least-cost solutions, i.e. is cost-effective			
Project's financing plan is realistic, secure and complete			
Benefits are sustainable over expected lifespan of the investment			
Project generates a financial return			
Co-financing opportunities have been maximised			
Technical/Administrative Implementation Feasibility		0.20	
Proposed investment, and technology/construction works/methodology, is appropriate and likely to be effective			
Project proponent has sufficient capacity to implement project and operate and maintain investment over its operational life-span			
Project documentation is complete and demonstrates competence			
Implementation schedule is realistic and acknowledges potential obstacles; public procurement has been provided for			
Applicant has a record of successfully implementing similar projects			
Project is fully prepared and can be implemented quickly (e.g. all necessary legal permits/licenses have been or will be obtained)			
TOTAL SCORE		1.00	

Notes: 1) The table above suggests scoring projects on each main criterion using a three point scale: "0" indicates that the project satisfies the criterion "not at all", a score of "1", "reasonably well", a score of "2", "very well". 2) It is suggested that projects must score at least "1" on shaded sub-criteria in order to be included on the short-list of projects to be forwarded to the FTC for full appraisal.

Table 2: Deriving the 'weighted score' for each main criterion & the 'total Project Score'.

Main Appraisal Criteria	Total score of Criterion ¹	Suggested weight for Main Criteria	Weighted scores for Main Criteria
Overall Environmental Effect	2	0.3	0.6
Socio-Economic & Mainstreaming Effect	2	0.3	0.6
Financial Issues and Sustainability	2	0.2	0.4
Technical/Administrative Implementation Feasibility	2	0.2	0.4
Total Project Score:			2.0

Notes: 1) Assumes each individual criterion achieved a maximum score.

4. Project Ranking and Approval for Funding

Once project proposals are appraised and assigned scores, they will be ranked from highest to lowest scores. The ranking will form the basis for the approval of projects to be funded. The process looks as follows:

- the FTC collectively ranks the scored projects starting with the highest ranked projects at the top of the list. (Collective ranking is achieved by averaging the scores rendered by individual FTC members for each project.)
- the FS would have already advised the FTC on how much money is available, or has been planned for, to be committed during the given funding cycle (i.e. period during which applications have been accepted and are undergoing appraisal).
- based on the total amount of resources available/planned for, the amount of resources available to commit to projects is specified by the FS (derived from the approved Annual Work Plan and Budget).
- one starts at the top of the ranked list of projects and moves downward until the available resources are inadequate to finance the next project.
- at that point on the ranked project list a “dotted line” is drawn;
- those projects above the dotted line are approved for funding; in the case of appraising PBs, the approval is *conditional*; in the case of appraising PDs, the approval is *final*.
- those projects below the line are not approved.
- the final decisions of the FTC, and justifications thereof, are documented in the official Minutes of the meeting;
- the Minutes, along with summaries of the approved projects (prepared by the FS) are submitted to the ENRMMP Secretariat, PMC and JSC for information purposes.

Annex 3: Award Contract Template

Award Contract #: _____

Between the *Interim Environment Fund* and the Beneficiary:

Dated _____

Title of Project:

1. Definitions

Terms and definitions:

- Beneficiary: the entity who receives funds from the Interim Environmental Fund (IEF).
- Project Document: the full application form adjusted as agreed between IEF and beneficiary upon approval of the project.
- Ministry: the Ministry of Tourism, Environment and Natural Resources of Zambia (MTENR).

2. Governing Law

This Contract and any issues or disputes arising out of, or in connection with it (whether contractual or non-contractual in nature) shall be governed by and construed in accordance with the applicable laws of the Republic of Zambia.

3. Description of Project

Brief summary of project, including project objectives, principle methodology, technology, and terms of project implementation.

The approved Project Document (to be enclosed as an Annex to the Contract) is the basis of this Agreement.

4. Responsibilities and rights of the Fund

It is the responsibility of the Fund to:

- disburse funds in timely manner once the relevant terms/conditions have been satisfied;
- assist the beneficiary to follow appropriate public tender/procurement rules and procedures;
- monitor and supervise project implementation as agreed in Articles 9 & 10 below;
- ensure confidentiality of information received from the beneficiary as appropriate and unless otherwise agreed.

It is the right of the Fund to:

- acquire additional information from the beneficiary on project implementation and the administration of disbursed grant monies if the Fund deems necessary;
- suspend or annul this agreement should the beneficiary breach this agreement in accordance with Article 13;

- require the beneficiary to immediately repay the amount already disbursed;

5. Responsibilities of Beneficiary

- to follow the Project Document and project implementation schedule as outlined in Article 8;
- to use funds received from the IEF only for the purposes specified and approved in the Project Document;
- to finance its agreed share of project costs as per the Project Document and Article 6;
- to procure goods, works and services in accordance with relevant public procurement rules specified in Article 7.
- to prepare and send progress reports and financial statements to the Fund as set out in Article 9;
- to report all relevant information on project implementation to the Fund;
- to allow Fund staff to monitor and supervise project implementation and use of grant money;

6. Project financing

The main figures of the project financing plan are listed in the table below:

	ZMK	USD
Total Project Costs		
Direct grant provided by Fund		
Resources contributed by Beneficiary:		
In cash:		
In-kind (cash equivalent):		
Other financing: (specify sources)		

Unless otherwise agreed by the Fund, the beneficiary covers price increases not covered by contingencies.

An advance payment of up to 20 % of the grant may be paid within five (05) days of effectiveness of this contract if such payment is deemed necessary by the Fund Manager to mobilise implementation.

Later disbursements take place only upon the approval by the FS of receipts submitted by the beneficiary for all project costs covered by the Fund, satisfactory performance in project implementation as evidenced by approved progress reports and submission of a Disbursement Request by the Beneficiary.

Disbursement can be stopped or postponed in case of project implementation deviations caused by the Beneficiary.

A financing plan, including payment schedule for grant disbursements, is to be included as an Annex to the contract.

7. Procurement Plan

A detailed list of goods, works and services to be purchased with finance from the Fund shall be included in the Project Document and attached separately as an annex to the contract. Procurement of goods, works and services shall be according to the relevant public procurement rules of Zambia (Public Procurement Act of 2008) and any additional requirements as may be specified by the Fund.

8. Project Implementation Schedule

The implementation schedule shall be part of the Project Document. Deviations from the schedule must be reported to the FS at first occasion, e.g. in the first coming progress report (Article 9).

According to Article 13, the Fund has the right to suspend or terminate the agreement, if deviations by the beneficiary from the implementation schedule become significant and prolonged.

9. Project Progress Reports & Financial Statements

The beneficiary (applicant and/or implementing partners) must prepare a brief project progress report each quarter and submit it to the Fund. The format of the report is specified in an annex to the Fund Guidelines. As set out in this standard format, the progress report must, *inter alia*, comprise up-to-date financial accounts for project funds. The beneficiary's timely submission of progress reports is a precondition for further disbursement of project funds.

10. Project Supervision

It is the responsibility of the Fund (or its designated agent) to supervise project implementation based on progress reports (Article 9), site visits and other communication with the beneficiary. The Fund has the right to acquire any additional information that may be required for project supervision. The Fund may initiate periodic meetings with the beneficiary. Upon project completion, the Fund will prepare a Project Completion Form (provided as an annex to the Guidelines) and has the right to acquire additional information for this purpose also.

11. Project Risks

All project risks are the responsibility of the beneficiary. However, to the extent practical, the Fund will assist the beneficiary in anticipating, mitigating and otherwise providing for such risks in project design and implementation.

12. Effective Date of Contract & Duration of Validity

This contract is effective from the date of signature by the Fund Manager, MTENR Permanent Secretary and beneficiary, unless specified otherwise in writing in this contract.

The award contract expires:

- when the outputs described in the Project Document are established/delivered as specified in the Project Document. Any unspent funds will revert to the Fund unless otherwise agreed;
- when the funds awarded have been exhausted without a new contract for future support for the project having been agreed between the parties;
- six months after the project should have been completed according to the implementation schedule in Article 8, unless otherwise agreed by the Fund; or,
- upon the date mutually agreed by all parties and stipulated in writing in this contract.

13. Suspension or Termination of Contract

- (a) Termination of this Contract can be effected by either Party by giving two (2) months' notice in writing.
- (b) In case the Applicant/Implementing Partner is deemed by the Fund Secretariat to have committed a serious and prolonged breach of contract, the Secretariat may, in the first instance and with the authorisation of the Fund Technical Committee (FTC), suspend the contract and cease any further disbursements.
- (c) If the circumstances which have led to the suspension and withholding of the disbursements are not adequately addressed to the satisfaction of the IEF Secretariat within a reasonable time period, the Secretariat may seek authorisation from the FTC to terminate the contract. In such

case, the Fund Secretariat may promptly require the Applicant/Implementing Partner(s) to immediately return funds already disbursed, in part or in whole depending on the situation.

- (d) With the approval of the FTC, the IEF Secretariat shall institute an audit in the event of any suspected fraud involving the grant money. Depending on the findings of the audit, the Secretariat may seek legal intervention.
- (e) In the event that the decision has been made to terminate the Contract, the IEF Secretariat will write to the Applicant/Implementing Partner(s) informing them of the decision to terminate the Contract specifying the reasons which have led to the termination.
- (f) In the event that Applicant/Implementing Partner(s) ceases to carry out activities under this Contract through any form of *force majeure*, the Applicant/Implementing Partner(s) shall inform the IEF Secretariat in writing immediately. Any further action will be agreed upon between the two Parties.
- (g) In the event that the IEF is unable to fulfil its obligations under any form of *force majeure* (i.e. failure of committed funds being transferred to the IEF account), the Fund Secretariat cannot be held responsible. Any further course of action will be determined according to the provisions of this Contract.

14. Amendment of Contract

Any amendment to this contract must be made in writing and signed by the Fund Manager, MTENR Permanent Secretary and authorised representative of the beneficiary.

15. Dispute Resolution

- (a) The IEF is a component of the Environment and Natural Resources Management and Mainstreaming Programme (ENRMMP), administered by the MTENR of the Government of the Republic of Zambia. As such, in case of any legal dispute or conflict the IEF shall be treated as a constituent unit of the Ministry and be subject to the relevant laws, regulations, rules and procedures governing the MTENR.
- (b) Any dispute or conflict arising between the parties which, in the opinion of one or more of the parties, puts effective implementation of the project at risk, shall be discussed between the parties without further delay.
- (c) Either party may formally request, in writing, a meeting to discuss said disputes/conflicts.
- (d) Notwithstanding (a), (b) and (c) above, disputes or differences between the parties that cannot be amicably resolved by the parties themselves may, upon mutual agreement between the parties, be referred to a mediator or single arbitrator to be agreed upon by the parties hereto or in default of Contract to be nominated by the President of the Zambia Association of Arbitrators.

16. Good Governance

Insofar as the use of IEF funds is concerned, and/or actions are taken, or investments made with the support of IEF funds, the applicant shall subscribe to, and practice, principles of “good governance” defined thusly:

‘The transparent and accountable management of human, natural, economic and financial resources for the purposes of equitable and sustainable development, in the context of a political and institutional environment that upholds human rights, democratic principles and the rule of law’.

17. Corruption, Commission, Discounts & Fraud

- (a) The Applicant/Implementing Partner(s) warrants and represents to the IEF Secretariat that neither the Applicant/Implementing Partner(s) nor any of its Personnel has given, offered or agreed to give, or accepted, any gift or consideration of any kind as an inducement or reward for doing, or forbearing to do, or for having done or forborne to do, any act in relation to the obtaining or execution of any contract or for showing, or forbearing to show, favour or disfavour to any person or entity in relation to any contract issued by the IEF or financed by the IEF.
- (b) Neither the Applicant/Implementing Partner(s) nor its Personnel shall accept for, or on their own benefit, any trade commission, discount or similar payment or benefit in connection with this Agreement.
- (c) The Applicant/Implementing Partner(s) undertakes that neither they nor their Personnel shall attempt or commit any fraud, deception, financial or procedural wrongdoing in relation to the performance by the Applicant/Implementing Partner(s) of its obligations under this Contract and shall immediately notify the IEF Secretariat of any circumstances giving rise to a suspicion that such wrongful activity may occur or has occurred.

18. Access and Audit

- (a) The Applicant/Implementing Partner(s) agrees to allow full and free access to all records and accounts for audit and other purposes in respect of programs, projects and/or activities which have been funded by the IEF.
- (b) The Applicant/Implementing Partner(s) shall keep accurate, current, comprehensive and systematic accounts, receipts, files, reports and records (collectively known as 'Records'). These Records shall clearly identify, among other things, the basis upon which invoices have been calculated and the Applicant/Implementing Partner(s) shall keep the Records throughout the duration of this Contract and for five years following its termination or in accordance with the laws of the Republic of Zambia for the maintenance of organisational records.
- (c) The Applicant/Implementing Partner(s) shall, upon request, provide the IEF Secretariat or the Royal Danish Embassy in Zambia or the Embassy of Finland in Zambia, unrestricted access to the Records and its Personnel in order that the Records may be inspected and copied. The Applicant/Implementing Partner(s) shall co-operate fully in providing to the IEF Secretariat or its Supervisors/Funders answers to such enquiries as may be made about the Records.
- (d) It shall be necessary for the Applicant/Implementing Partner(s) to submit annual audited accounts for the period covered by the grant. These must be signed by the Accounts/Finance Director of the Applicant/Implementing Partner(s) and be certified by the Auditor General and/or an independent firm of professional auditors as being a true reflection of the organisation's finances at the relevant time. In the case of an independent audit firm, the firm must be acceptable to the IEF Secretariat.
- (e) Audited accounts must be submitted within 3 month of the end of the financial year.

19. Transfer of Ownership of Assets

The status of ownership of any assets directly acquired, created or established through the expenditure of IEF funds shall be stipulated by the Project Document. In the absence of such stipulation, the assets will be transferred to the Applicant, or a third party designated by the Applicant (such as the Implementing Partner) provided that the designated third party is a legal entity duly registered under the laws of Zambia and can demonstrate the capacity to sustainably manage and maintain said assets for the purposes defined under the Project Document.

20. Signatures

SIGNED FOR AND ON BEHALF OF THE INTERIM ENVIRONMENTAL FUND (IEF) SECRETARIAT

By: _____
(IEF Fund Manager's signature)

Name: _____ Email: _____

Title: _____ Date: _____

SIGNED FOR AND ON BEHALF OF THE MINISTRY OF TOURISM, ENVIRONMENT & NATURAL RESOURCES (MTENR)

By: _____
(Permanent Secretary's signature)

Name: _____ Email: _____

Title: _____ Date: _____

SIGNED FOR AND ON BEHALF OF THE APPLICANT:

By: _____
(Authorised Representative's Signature)

Name: _____ Email: _____

Title: _____ Date: _____

SIGNED FOR AND ON BEHALF OF THE IMPLEMENTING PARTNER:

By: _____
(Authorised Representative's Signature)

Name: _____ Email: _____

Title: _____ Date: _____

WITNESSED BY:

Name: _____ Signature: _____

Title: _____ Date: _____

21. Annexes to Award Contract

- Project Document
- Implementation Schedule
- Financing Plan
- Procurement Plan

Annex 4: Procurement Rules and Procedures for Applicants/Implementing Partners

1. Overview

All procurements required for project implementation shall be carried out by the applicants and/or implementing partners. Given that the IEF's grants are public funds, any procurement using IEF funds shall follow the rules and procedures stipulated by the Zambia Public Procurement Authority (ZPPA) Act No. 12 of 2008. *This applies to governmental applicants as well as non-governmental implementing partners* (i.e. civil society organisations and/or private enterprises). The ZPPA rules and procedures are designed to ensure that the proceeds of any financing are used exclusively for the purposes for which the financing was obtained. Above all, they are aimed at:

- enhancing economic and efficient procurement of goods and services;
- allowing for fair and equal opportunity to suppliers of goods and services so as to enhance competition; and,
- satisfying financial accountability and transparency requirements based on the established and acceptable budgeting, accounting, and auditing standards with respect to the Zambian laws.

In pursuit of the above, applicants/implementing partners shall distinguish procurement mechanisms for the following two types of procurement which will be used most frequently:

1. Procurement of Goods and Supplies; and
2. Procurement of Works and Consulting Services.

The FS's Procurement Officer (PO) will assist applicants/implementing partners with their procurement plans and procedures where necessary.

2. General Rules

The ZPPA Act makes controlling officers and chief executives of public institutions accountable for all public expenditure on public procurement. Procurement responsibilities are further delegated, according to various limits, to designated officials and committees. These Procurement Guidelines will form an integral part of the *Award Contract*. Goods, Services and Works to be procured, refer to those that are duly and formally approved in the *Award Contract* as articulated in the approved Project Document (PD).

For all other types of procurement which are not detailed in this Chapter, the rules set out in the aforementioned ZPPA shall be applied.

3. Procurement & Evaluation Committees

Procurement by the applicants/implementing partners shall be undertaken by their respective Procurement Units, with inputs and assistance from the FS as required. The functions of the Procurement Units are, therefore, to undertake, regulate and control the procurement of goods, works and services paid for by the IEF.

The Procurement Committee is able to form a quorum if at least four persons including the Chairman are in attendance. The designated responsible official for of an IEF funded project shall be appointed as one of the Committee members. The IEF Procurement Officer may also be part of the evaluation committee as an observer. The composition of the evaluation committee may vary according to the skills and know-how required for a specific tender. Thus, the Procurement Committee may ask additional people with specialised skills to assist them as external advisors (including the IEF's PO) whenever deemed necessary. The Procurement Committee shall take minutes of its meetings

documenting the decisions. These minutes shall be stored in a way that they are accessible at any time for the FS inspection.

The Secretary of the Procurement Committee shall communicate all decisions to the relevant departments or organizations, including the FS.

4. Procurement Plan

The development of a *Procurement Plan* (Annex 5 of the Guidelines) will serve as the first step in the procurement process. The procurement plan will specify items for procurement, procurement responsibility, procurement methodology, estimated values, schedule and the estimated lead time required to carry out the procurement.

The Procurement Plan will form part of the PD and Award Contract for IEF supported projects. For Project Briefs, a procurement plan may be submitted to the FS for information as an annex to expedite the mobilisation exercise before the first instalment of funds is released. Applicants/implementing partners shall use the standard format attached in Annex 5. All procurements will be made against the procurement plan and shall take into account the budgets/amounts specified in the approved PD.

5. Procurement Methods: Informal and Formal Tendering

In line with ZPPA guidelines, applicants/implementing partners procuring with IEF funds will employ both informal and formal tendering in the acquisition of goods, services and works. All procurements will be done on the basis of a purchase order.

5.1 Informal Tendering (i.e. Simplified Bidding)

Applicants/implementing partners shall, for all requirements estimated to cost up to ZMK 500 million, procure as follows:

- i. The authorised official/unit shall complete a Purchase Requisition and submit to the Procurement Unit;
- ii. The Procurement Unit shall issue Tender Enquiries (Annex 6) soliciting for offers and obtain a minimum of three quotations;
- iii. Evaluate the offers (by comparing the quotations, see Annex 7) and make recommendations to the designated approving officer as per thresholds;
- iv. Prepare the Local Purchase Order (LPO);
- v. Liaise with the recommended supplier and expedite the delivery of goods, services or works, and;
- vi. Submit the Goods Received Voucher (Annex 8), Copy of the LPO, Invoice and Delivery Note to the IEF FO for validation.

5.2 Formal Tendering

Open bidding or Open selection

The applicant's/implementing partner's Procurement Unit shall procure by formal tendering for all requirements estimated to cost ZMK 500 million or more for goods, services and works or ZMK 300 million or more for Consultancy Services as follows:

- The authorised official/unit shall prepare the purchase requisition and submit to the Procurement Unit.
- The Procurement Unit shall proceed to prepare the draft tender document (in consultation with the FS), which shall provide technical specifications for the goods, services or works required.

- The Invitation to Bids shall be issued by the appropriate official, inviting interested organisations to bid after a “no objection” is obtained from ZPPA (in the case of a governmental applicant).
- Upon receipt of the bidding documents after public opening, the applicant/implementing partner shall constitute an Evaluation Committee. The terms of reference for the Evaluation Committee shall be established through the following:
 - a. eligibility of the Tenderer;
 - b. conformance of the tender to the general and specific conditions;
 - c. the economically most advantageous bidder.
- The Procurement Unit shall, on the basis of the Tender Evaluation Report, prepare a memorandum to the Procurement Committee.
- The Secretary to the Procurement Committee shall convey the decision to the IEF-PO.
- The Procurement Unit shall, in consultation with the FS, prepare a contract to be executed between the applicant/implementing partner and the supplier.

6. Publication of Best Evaluated Bidder for Formal Tenders

Within 7 days of obtaining authority to award a contract, the Procurement Unit shall prepare a notice indicating the best evaluated bidder. The notice shall be sent to all bidders who submitted bids. No award shall be made for a period of 10 working days after the publication of the best evaluated bidder.

7. Receipt of Goods & Supplies

On delivery, the applicant/implementing partner shall examine the goods/consignment for conformity to the supply contract. If discrepancies are found, a claim in writing to the supplier shall be lodged by the applicant/implementing partner. Goods Received Vouchers (Annex 8) and shall be used and maintained and made accessible to the FS for inspection at any time.

8. Procurement of Works and Services

Procurement of works and services relates to a wide range of services such as construction, engineering or architectural designs, institutional development, capacity building, feasibility studies and implementation management. These services are provided on a professional basis by specialized firms or individuals.

8.1 General Rules for Procurement of Works or Services

For all procurements the following rules shall apply:

- During tender period enquiries are only permitted in writing and up to two weeks before the deadline for submission, answers will be sent to all applicants.
- Between the submission of bids and the award of contract there shall be no formal or informal contact between the applicant/implementing partner staff and the Bidder on the bid under consideration.
- For the opening of bids a meeting shall be convened after the deadline of submission. At least two members of staff and an external observer (possibly the PO) shall be present. The eligibility of bidders and conformity of bids shall be assessed. Minutes of the meeting shall contain a list of all the bids received including at least name of the bidder, date of submission and reasons for rejection if applicable.
- The entire evaluation process shall be documented.
- The results of the evaluation (without detailed scores) shall be communicated to all the bidders.

- For any service to be procured, the applicant/implementing partner shall develop *Terms of Reference (ToR)*. A draft of the ToR shall be shared with the FS for review and comment. The ToR describe what the consultant is required to do and how the services are to be performed. It forms the basis for evaluating the tenders and is a means of assessing whether satisfactory services have been delivered at the conclusion of the contract. The ToR should be clear and precise and should contain the following information:
 - A precise statement of the objectives of the assignment.
 - The scope and timing of the required services i.e. the work plan showing the technical approach and methodology, critical dates or stages of performance and the overall period of time within which the consultant must complete his/her work.
 - The inputs to be provided by the employer i.e. support facilities and other deliverables or obligations.
 - Particulars of the output i.e. reports, drawings and other deliverables by the consultant.

8.2 Single-Source Selection

Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost, lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection shall be ***used only in exceptional cases*** and a detailed justification has to be provided to the ZPPA in writing for approval.

Single-source selection may be used only if the contract sum does not exceed *ZMK 50,000,000.00* and it presents a clear advantage over competition due to one of the following reasons:

- (a) for tasks that represent a natural continuation of previous work carried out by the firm/individual,
- (b) where a rapid selection is essential (for example, in an emergency operation),
- (c) when only one firm/individual is qualified or has experience of exceptional worth for the assignment.

9. Contracts

In all procurement procedures – except for consumable items - the final order and agreement must be evidenced by way of a signed contract. All contracts must be signed on behalf of the appropriate Controlling Officer of the applicant/implementing partner. The above outlined procedures state where prior approval of the applicant/implementing partner Procurement Committee and the FS is required.

Annex 5: Procurement Plan

Name of Beneficiary	
Project title and code	

PROCUREMENT PLAN*

	Budget Line	Items to be Procured	Type of Procurement			Time Frame		
			Amount in ZMK			Start of Procurement	Completion of Procurement	Total Duration of Procurement (weeks)
			Supplies	Services	Works			
	Total							

* all figures are only an example and shall be replaced by the actual project figures

Annex 6: Tender Enquiry

[Name of Bidder]

[Project title, project code]

Date.....

Purchaser’s Ref. No.....

TO:[Tenderer]
 Address:

Dear Sirs,

You are cordially invited to quote on the above Ref No. and submit price quotation(s) for the supply and delivery of goods/services described below:

Item No.	Description of goods/services	Quantity

The tender should clearly indicate the following:

1. Unit price and total price in Zambian kwacha.
2. Description of the goods/services offered. Please give all essential details including make /brand/model/capacity, etc.
3. Country of origin of goods offered.
4. Place and period of delivery.

Delivery of goods/services is required to be completed by.....

Payment for goods/services shall be 100% upon delivery and acceptance.

Unless otherwise stated, prices shall be deemed to be firm and not subject to revision.

Deadline for receipt of tenders is.....

The tender should remain valid for acceptance for 60 days from closing date.

Evaluation

All items will be evaluated as one lot only and only one contract will be awarded for all items. Only substantially responsive quotations will be evaluated. Prices quoted in different currencies will be evaluated after converting into Zambian Kwacha at the exchange rate prevailing in accordance with the Bank of Zambia on the latest date of bid submission.

Submission of quotations

Your price quotation [s] in a sealed envelope clearly marked “Tender for....., closing date.....at.....hours should be addressed and submitted to:

The Chief Executive

Name of Applicant/Implementing Partner

Physical Address, Town

Annex 7: Comparison of Quotations

1. Goods/Supplies to be procured:

2. Specifications:

3. Quotations obtained:

Name of Supplier	Date	Amount	Comment

4. Recommendation:

Approved

.....
Manager's Signature

.....
Date

Annex 8: Goods/Services Received Note

Goods/Services Received Note

Received Note Number:

Purchase Order Number:

Supplier:

Carrier:

Date Received.....

Description	QUANTITY				Remarks
	Ordered	Delivered	Passed	Rejected	

Received By: _____

Designation: _____

Date: _____

Signature: _____

Inspected By: _____

Designation: _____

Date: _____

Signature: _____

Annex 9: Disbursement Schedule

This schedule is attached to Request for Disbursement No.

Please use the "TAB" key to go to the next cell to be filled in.

Name of Beneficiary	
Project title and code	

All amounts in ZMK

IEF- DISBURSEMENTS	Date	Amount of disbursement	Retirement no.	Date	Total amount before retirement	Amount of retirement	Balance to be retired
Disbursement No. 1			Retirement No. 1				
Disbursement No. 2			Retirement No. 2				
Disbursement No. 3			Retirement No. 3				
Disbursement No. 4			Retirement No. 4				
Disbursement No. 5			Retirement No. 5				
Total		0	Total				

This report is duly signed by .

Signature

Date

Annex 10: Request for First Disbursement

To the Manager
 Interim Environmental Fund
 c/o Zambia Environmental Management Agency
 Corner of Suez & Church Road
 P.O. Box 35131,
 LUSAKA.

REQUEST FOR FIRST DISBURSEMENT

Project Title and Code	
Area / Town:	

Hereby, we would like to request for the release of the first disbursement of ZMK

.....

in accordance with the Award Contract signed on [*date of agreement*].....

.....

Please transfer the above requested funds to our bank account:

Account No.:

Name of Bank:

Branch:

We hereby declare that the above-indicated bank account is used solely for transactions related to IEF-supported project No. _____.

Sincerely Yours

Name.....Signature.....

Date.....Place.....

Annex 11: Request for Subsequent Disbursement

To the Manager
 Interim Environmental Fund
 c/o Zambia Environmental Management Agency
 Corner of Suez & Church Road
 P.O. Box 35131
 LUSAKA.

[Date]

REQUEST FOR DISBURSEMENT No. ...

Project title and code	
Area / town:	

We hereby would like to request the release of the next disbursement (#) of ZMK.....

in accordance with the Award Contract signed on [date of agreement]

Previous disbursements have totalled ZMK.....

Please transfer the above requested funds to the bank account detailed below, which we declare is exclusively used for transactions related to IEF-supported project No.

Account No.:

Name of Bank:

Branch Address:

We hereby confirm that we have verified that all the expenditures presented in the attachment have actually been incurred and that they are necessary for the IEF funded project.

Sincerely Yours,

Name.....Signature.....

Date.....Place.....

Attachments:

- List of Expenditures by Applicant
- Funding Declaration
- Schedule of Disbursements

Annex 12. List of Expenditures by Beneficiary using IEF funds

This list is attached to Request for Disbursement No.

Please use the "TAB" key to move to the next field to be filled in.

Name of Beneficiary	
Project title and code	

Total amount of expenditure reported in present List	0 (10)
---	---------------

Last running number on previous List of expenditures

Number of expenditures presented in this List

Last running number on this List of Expenditures

0
0

Annex 12. continued

Please use one line per voucher

Voucher identification						Payment Data					
Line No.	Invoice number	Date	Issuing entity	Description	Amount (ZMK)	Payment voucher no.	Cheque No.	Receipt No.	Date	Amount (ZMK)	Remarks
01											
02											
03											
04											
05											
06											
07											
08											
09											
10											
11											
12											
13											
14											
15											
16											
17											
18											

Subtotal sheet 1

0

Annex 13: Exclusive Funding Declaration

Name of Beneficiary	
Project title and code	
Area/town:	

Exclusive Funding Declaration

This Funding Declaration is attached to Request for Disbursement No.

We hereby declare that none of the receipts and vouchers attached to the Request for Disbursement No. _____ have been funded by any other grant or loan from any other organization or institution.

Date:

.....
Signature:

.....
.....

Designation:

Annex 14: Bank Reconciliation Statement

Location: Bank Account Name: Bank Account Number: Bank: Month:

CASH BOOK

KWACHA

1	Opening Cash Book Balance	
2	Add:	
		Funding Received
		Other Deposits
		Bank interest
3	Sub-total	
4	Less:	
		Payments and direct debits
		Bank Charges
5	Closing Cash book balance	<input type="text"/>
6	Balance As Per Bank Statement	
7	Less: Unpresented Cheques:	
8	Other Adjustments:	
	Amounts wrongly debited/credited to account <i>(use as appropriate, add back wrong debits and subtract the credits)</i>	
9	Adjusted Bank Balance	<input type="text"/>

Prepared by:..... Date:..... Checked by: Date:

Annex 15: Project Progress Report (to be completed by beneficiary)

The point of reference for reporting and monitoring project implementation progress is the Project Document/Application Form attached to the Award Contract as an annex, and in particular the Project Implementation Schedule and Financing Plan (i.e. Budget).

1. Key data:

- the Project Title;
- name of Project Applicant and Implementing Partner(s);
- the time period covered by the report.

2. Project objective:

Assess and discuss the likelihood that the project will achieve its objectives and key determinants of success.

3. Activities, outputs and results:

Describe progress for each activity/component supported by the Fund. State any major deviations from the Project Document and, in each case, explain reasons and consequences. Describe action taken by the beneficiary and estimate realistic starting/completion date of activities. Describe any outputs delivered and actual or expected results thereof.

4. Major problems:

Describe major problems encountered which are considered to be serious constraints for successful project implementation. Indicate important recommended actions to be taken including possible interventions or assistance by the Fund.

5. Financial status:

The financial reporting must support, and correspond to, the report on activities, which requires that the accounting is organised in accordance with the budget lines given in the award contract. It is important that the figures are up-to-date. Data should be given on the following parameters and shall be provided using the standardized format on the next page:

- the amount of financial support provided by the Fund and any other sources of finance;
- the amount of the beneficiary's own contribution;
- amounts spent thus far from each of the above-mentioned sources;
- amounts planned to be spent in the next and remaining periods;
- whether the available/expected sources of finance remain sufficient to cover planned/required spending for the remainder of the project;
- expenditure by activities: in case the actual expenditure exceeds the budget estimate, justification must be provided. As a rule, variances of more than 10% must be approved *in advance* by the Fund. Failure to obtain such prior approval may result in halting of disbursements and/or termination of the contract.

Annex 15: Project Progress Report (continued)

Appendix to the Quarterly Project Progress Report for2011

COMPARISON OF ACTUAL EXPENDITURES TO BUDGET

Name of Beneficiary:	
Project title and code:	
Implementation period:	

Note: the detail in the columns "Item Description" and "Budget" shall be filled in by the Applicant as per Detailed Budget.

No.	Item Description	Actual Expenditure for the Quarter (ZMK)							Expenditure Plan Next Quarter		
		Planned Annual Budget from IEF	Planned Quarterly budget from IEF	Expenditure (from IEF funds)	Planned Quarterly Budget from Own Contribution	Expenditure from Own Contribution	Total Expenditure	% of Total Expenditure to Budget	Planned Expenditure Next Quarter	Cumulative Expenditure	% of Cumulative Expenditure to Budget
Grand Total											

* Up to the end of the reporting month

Annex 16: Project Completion Report (PCR) by Applicant

1. Basic project data:

Title of project, name of project applicant and implementing partner(s), financial support provided by Fund and others, beneficiaries' own contribution, date of contract, project period and project objective.

2. Introduction:

Persons who prepared/contributed to the PCR and their connection with the project. Documentation used in preparing the PCR and major documents prepared on the project during its life should be referenced, e.g. quarterly Progress Reports, Inspection Reports by IEF Staff, etc.

3. Project background and design:

Briefly discuss important elements of the project's development, design and preparation. Explain how the project complied with the Fund Guidelines and any special added-value expected from the project.

4. Achievement of outputs:

A summary should be provided describing outputs produced as compared to the Project Document.

	Planned Outputs	Actual Outputs	Explanation for Variance (Assessment of implementation)
1			
2			
3			
4			
5			

5. Fulfillment of objectives:

- Are the objectives still relevant?
- To what extent has the project achieved, or is likely to achieve, its objectives?
- What facts have been observed which can confirm that the objective has been or will be obtained?
- If achievement of objectives has been, or is likely to be, limited, explain the main reasons.

6. Statement of expenditure:

Compare the expenditure under the project with the budget lines of the Project Document. Explain any major deviations.

Project Cost By Component (as defined in Project Document)					
Component		Budget	Actual Cost	Variance	Explanation for Variance > 10%
1					
2					
3					
4					
5					
6	Other				
TOTAL		ZMK ,000'	ZMK ,000'	ZMK ,000'	

7. Further analysis and possible formal Evaluation:

Describe possible need for further analysis; a formal evaluation may be recommended if it is believed that such analysis may yield important conclusions specific to the project - positive or negative).

8. Lessons learned:

Important lessons of general interest to the Fund and/or beneficiary and to the design and implementation of similar projects in the future should be summarized, citing major obstacles and difficulties, measures taken to overcome those obstacles and lessons learned.

9. Main risks to effective operation of the projects:

Identify and summarise the key risks to continued, effective operation of the project for its expected lifespan. Propose measures to address those risks.

Main risks for the effective operation of the project				
Description	High	Medium	Low	Recommended actions
1				
2				
3				
4				
5				
6				

10. Key Data: (Summarise key project and environmental data concerning outputs and results)

Report submitted by:

Signature:

Date:

For Further Information Please Contact:

**The Secretariat
Interim Environmental Fund
c/o Zambia Environmental Management Agency
Corner of Suez & Church Roads
P. O. Box 35131,
LUSAKA-ZAMBIA
Tel: +260-211-257597
Fax: + 260-211-254164
Email: envfund@necz.org.zm**