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Report No.: PAD1510

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON THE

PROPOSED CREDIT

IN THE AMOUNT OF SDR14.2 MILLION

(US\$20 MILLION EQUIVALENT)

TO THE

REPUBLIC OF ZAMBIA

FOR THE

GREAT LAKES REGION DISPLACED PERSONS AND BORDER COMMUNITIES  
PROJECT

SECOND PHASE IN A SERIES OF PROJECTS

May 3, 2016

Social, Urban, Rural and Resilience Global Practice  
Africa Region

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CURRENCY EQUIVALENTS  
(Exchange Rate Effective March 31, 2016)

ZMW 11.07	=	US\$ 1
SDR 0.70981389	=	US\$ 1
US\$ 1.41	=	SDR 1

FISCAL YEAR  
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AU	African Union
ASA	Advisory Services and Analytics
AWPB	Annual Work Plans and Budget
CDD	Community-Driven Development
CPS	Country Partnership Strategy
CQS	Selection based on Consultant's Qualifications
DA	Designated Account
DO	Development Objective
DRC	Democratic Republic of Congo
DPSC	District Planning and Advisory Sub-Committee
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FM	Financial Management
GBV	Gender Based Violence
GHG	Green House Gas
GLR	Great Lakes Region
GLRI	Great Lakes Regional Initiative
IC	Individual Consultant
ICB	International Competitive Bidding
ICGLR	International Conference on the Great Lakes Region
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDP	Internally Displaced Person
IFR	Unaudited Interim Financial Report
IPR	Independent Post Review
ISP	Implementation Support Plan
IPSAS	International Public Sector Accounting Standards
LCS	Least Cost Selection
M and E	Monitoring and Evaluation
MoHA	Ministry of Home Affairs
MoF	Ministry of Finance
NCB	National Competitive Bidding
NCCS	National Climate Change Secretariat
OAG	Office of the Auditor General

OP/BP	Operational Policy and Bank Policy
PAD	Project Appraisal Document
PCU	Project Coordination Unit
PDO	Project Development Objective
PIM	Project Implementation Manual
PIU	Project implementation Unit
PPR	Post Procurement Review
PPIU	Provincial Project Implementation Unit
P-RAMS	Procurement Risk Assessment
PSCF	Peace, Security and Cooperation Framework
QCBS	Quality and Cost Based Selection
RPF	Resettlement Policy Framework
RAP	Resettlement Action Plan
SFLI	Strategic Framework for Local Integration
SOE	Statement of Expenditures
SOP	Series of Projects
SPLI	Strategic Plan for Local Integration
SSS	Single Source Selection
TOR	Terms of Reference
TTL	Task Team Leader
UN	United Nations
UNHCR	United Nations High Commission for Refugees
ZPPA	Zambia Public Procurement Authority

Regional Vice President:	Makhtar Diop
Country Director:	Ahmadou Moustapha Ndiaye
Senior Global Practice Director:	Ede Jorge Ijjasz-Vasquez
Practice Manager:	Robin Mearns
Task Team Leader:	Natacha Lemasle
Task Team Leader:	Joanna P. de Berry (SOP)

# ZAMBIA

## Great Lakes Region: Displaced Persons and Border Communities Project (P152821)

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## PAD DATA SHEET

*Zambia*

*GLR: Displaced Persons & Border Communities (P152821)*

### PROJECT APPRAISAL DOCUMENT

*AFRICA*

*GSURR*

Report No.: PAD1510

Basic Information			
Project ID P152821	EA Category B - Partial Assessment	Team Leader(s) Joanna Peace De Berry, Natacha Caroline Lemasle	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [ ]		
	Financial Intermediaries [ ]		
	Series of Projects [ X ]		
Project Implementation Start Date May 27, 2016	Project Implementation End Date June 30, 2021		
Expected Effectiveness Date January 2, 2017	Expected Closing Date December 31, 2021		
Joint IFC No			
Practice Manager/Manager	Senior Global Practice Director	Country Director	Regional Vice President
Robin Mearns	Ede Jorge Ijjasz-Vasquez	Ahmadou Moustapha Ndiaye	Makhtar Diop
Borrower: Republic of Zambia (MINISTRY OF FINANCE)			
Responsible Agency: Zambia National Climate Change Secretariat (NCCS)			
Contact:	David Kaluba	Title:	National Coordinator
Telephone No.:	260-211-236480	Email:	<a href="mailto:davidkaluba@znccs.org.zm">davidkaluba@znccs.org.zm</a>
Project Financing Data(in US\$, millions)			
[ ] Loan	[ ] IDA Grant	[ ] Guarantee	
[ X ] Credit	[ ] Grant	[ ] Other	
Total Project Cost:	20.00	Total Bank Financing:	20.00

Financing Gap:	0.00									
<b>Financing Source</b>			<b>Amount</b>							
BORROWER/RECIPIENT			0.00							
International Development Association (IDA)			20.00							
Total			20.00							
<b>Expected Disbursements (in US\$, millions)</b>										
Fiscal Year	2016	2017	2018	2019	2020	2021				
Annual	0.3	5	5	4	4	1.7				
Cumulative	0.3	5.3	10.3	14.3	18.3	20				
<b>Institutional Data</b>										
<b>Practice Area (Lead)</b>										
Social, Urban, Rural and Resilience Global Practice										
<b>Contributing Practice Areas</b>										
Social Protection & Labor										
<b>Cross Cutting Topics</b>										
[ X ] Climate Change										
[ X ] Fragile, Conflict & Violence										
[ X ] Gender										
[ ] Jobs										
[ ] Public Private Partnership										
<b>Sectors / Climate Change</b>										
Sector (Maximum 5 and total % must equal 100)										
Major Sector	Sector		%	Adaptation Co-benefits %	Mitigation Co-benefits %					
Agriculture, fishing, and forestry	General agriculture, fishing and forestry sector		25	20	20					
Health and other social services	Other social services		50	20	20					
Education	General education sector		15	5	5					
Public Administration, Law, and Justice	Sub-national government administration		10							
Total			100							
<input type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to										

this project.		
<b>Themes</b>		
Theme (Maximum 5 and total % must equal 100)		
Major theme	Theme	%
Social dev/gender/inclusion	Conflict prevention and post-conflict reconstruction	20
Social dev/gender/inclusion	Other social development	20
Social protection and risk management	Improving labor markets	20
Social dev/gender/inclusion	Social Inclusion	20
Rural development	Rural services and infrastructure	20
Total		100
<b>Proposed Development Objective(s)</b>		
To improve access to livelihoods and socio-economic infrastructure for displaced people and host communities in the targeted areas of the recipient's territory.		
<b>Components</b>		
<b>Component Name</b>		<b>Cost (US\$)</b>
Socio-economic Infrastructure		15,000,000
Support to resilient livelihoods		825,000
Social Cohesion and Conflict Prevention		1,000,000
Project Management		3,175,000
<b>Systematic Operations Risk- Rating Tool (SORT)</b>		
<b>Risk Category</b>		<b>Rating</b>
1. Political and Governance		Substantial
2. Macroeconomic		Substantial
3. Sector Strategies and Policies		Moderate
4. Technical Design of Project or Program		Moderate
5. Institutional Capacity for Implementation and Sustainability		Moderate
6. Fiduciary		Moderate
7. Environment and Social		Moderate
8. Stakeholders		Moderate
9. Other (elite capture)		Substantial
<b>OVERALL</b>		Substantial



<b>Compliance</b>			
<b>Policy</b>			
Does the project depart from the CAS in content or in other significant respects?		Yes [ ]	No [ X ]
Does the project require any waivers of Bank policies?		Yes [ ]	No [ X ]
Have these been approved by Bank management?		Yes [ ]	No [ X ]
Is approval for any policy waiver sought from the Board?		Yes [ ]	No [ X ]
Does the project meet the Regional criteria for readiness for implementation?		Yes [ X ]	No [ ]
<b>Safeguard Policies Triggered by the Project</b>		<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01		X	
Natural Habitats OP/BP 4.04		X	
Forests OP/BP 4.36		X	
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11			X
Indigenous Peoples OP/BP 4.10			X
Involuntary Resettlement OP/BP 4.12		X	
Safety of Dams OP/BP 4.37			X
Projects on International Waterways OP/BP 7.50			X
Projects in Disputed Areas OP/BP 7.60			X
<b>Legal Covenants</b>			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
<b>Description of Covenant</b>			
<b>Conditions</b>			
<b>Source of Fund</b>	<b>Name</b>	<b>Type</b>	
IDA	Project Implementation Manual	Effectiveness	
<b>Description of Condition</b>			
The Condition of Effectiveness consists of the following, namely, that the Recipient has adopted a Project Implementation Manual acceptable to the Association.			
<b>Source of Funds</b>	<b>Name</b>	<b>Type</b>	
IDA	Annual Work Program for first year and first Sub-Project Agreement signed	Disbursement	
No withdrawal shall be made under Category (1), until and unless (i) the Annual Work Program for the first			

year of the Project has been prepared and adopted by the Recipient in form and substance satisfactory to the Association, and (ii) the Recipient has signed the first Sub-Project Agreement in form and substance satisfactory to the Association.

<b>Source of Funds</b>	<b>Name</b>	<b>Type</b>
IDA	Annual Work Program	Disbursement

**Description of condition**

No withdrawal shall be made under Category (2), until and unless the Annual Work Program for the first year of the Project has been prepared and adopted by the Recipient in form and substance satisfactory to the Association

**Team Composition**

**Bank Staff**

<b>Name</b>	<b>Role</b>	<b>Title</b>	<b>Specialization</b>	<b>Unit</b>
Joanna Peace De Berry	Team Leader	Senior Social Development Specialist	Forced Displacement	GSU07
Natacha Caroline Lemasle	Team Leader (ADM Responsible)	Senior Social Development Specialist	Conflict and Fragility	GSU07
Ann-Sofie Jespersen	Team Member	Jr Professional Officer	Operations	OPSRR
Cordelia Chesnutt	Team Member	Social Development Specialist	Forced Displacement	GCFDR
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Kaori Oshima	Team Member	Social Development Specialist	Community-Driven Development	GSUGL
Kristine Schwebach	Safeguards Specialist	Senior Social Development Specialist	Safeguards	GSU07
Joseph Ellong	Team Member	Senior Program Assistant	Operations	GSU01
Lingson Chikoti	Team Member	Consultant	Financial Management	GGO25
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Richard Coppinger	Team Member	Consultant	International Engineer	GSU07	
Wedex Ilunga	Team Member	Senior Procurement Specialist	Procurement	GGO01	
Wolfhart Pohl	Safeguards Specialist	Adviser	Advisor	GCFDR	
<b>Extended Team</b>					
<b>Name</b>	<b>Title</b>	<b>Office Phone</b>	<b>Location</b>		
<b>Locations</b>					
<b>Country</b>	<b>First Administrative Division</b>	<b>Location</b>	<b>Planned</b>	<b>Actual</b>	<b>Comments</b>
Zambia	Western	Western Province	<b>X</b>		
Zambia	North-Western	North-Western Province	<b>X</b>		
Zambia	Lusaka	Lusaka Province	<b>X</b>		
<b>Consultants (Will be disclosed in the Monthly Operational Summary)</b>					
Consultants Required?    Yes					

## I. STRATEGIC CONTEXT

### A. Regional Context

1. There are currently more than 3.4 million refugees and Internally Displaced Persons (IDPs) in the Great Lakes Region (GLR). Those directly affected are a particularly vulnerable group who have suffered trauma and loss of homes, assets, livelihoods and have had to re-build lives in new contexts, often in poor and physically isolated settings. The research undertaken in preparation for this project suggests that displaced persons in the GLR tend to have lower incomes, lower employment rates and greater dependency on direct transfers than the non-displaced.<sup>1</sup> Their ability to make a living can be further reduced by limited freedom of movement, legal restrictions, linguistic or cultural barriers, harassment and discrimination. While many have shown remarkable fortitude and resilience, all too often forced displacement results in greater impoverishment. In the worst cases, the forcibly displaced are subject to extreme poverty and reliance on humanitarian assistance. In a region already facing high poverty rates and large numbers of poor people,<sup>2</sup> those directly affected by forced displacement and the impacts on the communities that host them constitute a distinct challenge for wider poverty alleviation efforts for the GLR.

2. To date, the majority of interventions for the displaced in the GLR have been humanitarian in nature, financed and implemented through humanitarian agencies. To tackle the displacement challenge, the ‘Great Lakes Region Displaced Persons and Border Communities Series of Projects’ seeks to implement and operationalize a development response to forced displacement. A development response to forced displacement differs from a humanitarian response to the degree that it supports those affected by displacement to be self-reliant, integrated into wider society and endowed with productive assets as well as the degree to which it considers and mitigates the impacts on hosting communities. Development responses to forced displacement involve embedding that response within broader institutional systems of Government financing and public administration (see Table 1 below).

#### ***Great Lakes Region Displaced Persons and Border Communities Series of Projects***

3. Operational Policy/Bank Procedure 10.00 enables the World Bank to support a Series of Projects (SOP) to multiple borrowers who are facing a common set of development issues. In this case, the common development challenge is that of forced displacement. The overall objective of the SOP is: ‘(a) *to improve access to livelihoods and socio-economic infrastructure for displaced persons and their host communities; and (b) to support regional learning on development responses to forced displacement.*’

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<sup>1</sup> World Bank/UNHCR, 2015, *Forced Displacement in the Great Lakes Region, A Development Response*

<sup>2</sup> Poverty rates have been falling, yet they remain high, especially in Burundi (66 percent in 2006), the Democratic Republic of Congo (DRC) (63 percent in 2012) and Zambia (60 percent in 2010). The situation is particularly dire for DRC, whose Human Development Index score is the second lowest in the world and per capita income are also among the lowest in the world (US\$220 in 2012). Even in Tanzania where poverty rates are at 28 percent, population growth means that the same number of people remain poor as ten years ago and its average per capita income at US\$570 (in 2012), places it only in the 176th global position for income.

4. It is beyond the scope of the SOP to respond to all the situations of forced displacement in the GLR, which are varied and often acute. The design of the SOP was informed by identification of clear openings for new ways of working on forced displacement, where there is client commitment to development solutions, and where there is a good chance for success.<sup>3</sup> There is much to build upon in the region in furthering development responses to forced displacement. And much for the GLR countries to demonstrate to each other and more globally the benefits, impacts, and challenges of long term sustainable development solutions for protracted displacement.

5. The phases of the SOP were determined by urgency, client demand, and readiness. The first phase of the SOP related to DRC, where investment in support of IDPs, refugees and their host communities was processed as the US\$50 million Additional Financing to the DRC Eastern Recovery Project with Board approval on December 11, 2015 (P157303). This first phase was prioritized because the displacement crisis in DRC was at a stage where there could be a transition to more development approaches and there was a window of opportunity to start those approaches through processing of Additional Financing to a well performing project. The Project Development Objective of the first phase of the SOP is *‘to improve access to livelihoods and socio-economic infrastructures in vulnerable communities in the eastern provinces of DRC’*. Project activities are targeted to: (a) assist returnees and host populations to rebuild socio-economic infrastructure damaged during conflict; (b) assist IDPs who decide to remain in their area of displacement and their hosts by expanding socio-economic infrastructure that has become overburdened; (c) provide short-term and longer-term livelihoods opportunities to displaced populations and host communities both in areas of displacement and return; and (d) strengthen training at the community level on conflict prevention and management to improve the likelihood of peaceful reintegration of returning community members and minimize tensions between IDPs and their host communities.

6. The proposed second phase of the SOP (the focus of this Project Appraisal Document) involves a US\$20 million Credit to the Republic of Zambia in support of local integration of former refugees and their host communities. The PDO for this phase is: *‘to improve access to livelihoods and socio-economic infrastructure for displaced people and host communities in the targeted areas of the recipient’s territory’*. Zambia is globally unique for having embarked on a process of offering full local integration for long term refugees. Although local integration is advocated by the United Nations High Commissioner for Refugees (UNHCR) as one of three preferable solutions for the long term displaced (alongside return and resettlement), it is rarely pursued as an option. Hosting countries find it politically challenging to offer a legal status of

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<sup>3</sup> World Bank/UNHCR, 2015, *Forced Displacement in the Great Lakes Region, A Development Response*. There is strong readiness and increasing commitment in the GLR for a development response to forced displacement. Across the GLR there is a relatively robust policy and legal framework already in place to protect those affected by conflict-induced displacement. All six countries of the GLR have signed and ratified the UN Convention on the Rights of Refugees, the 1967 Protocol to the Convention as well as the ‘Regional Organization of African Unity Convention Governing the Specific Aspects of Refugee Problems in Africa’. All six countries have also signed the ‘African Union Convention for the Protection and Assistance of IDPs in Africa’ known as the 2009 ‘Kampala Convention’, which is the first continental treaty to provide a comprehensive protective framework for IDPs. These frameworks augment the potential for developmental responses. Moreover, in Uganda the Refugees Act of 2006 already recognizes the right of refugee to work, establish businesses, and move around freely within the country and to live in settlements rather than camps. The Act promotes refugees’ self-reliance.

citizenship or residency to large groups of refugees. Without this, full socio-economic integration is undermined as those with refugee status continue to be the target of dedicated humanitarian assistance, kept geographically isolated and/or constrained in their rights and freedoms. Zambia is setting a new global precedent in offering a comprehensive process for local integration which contains provisions for both legal and socio-economic integration.

7. A third phase of the SOP involves US\$27 million financing to the Republic of Tanzania and is currently under preparation for delivery in FY17. This phase includes the proposal to support the Government of Tanzania in the implementation of its Strategic Plan for Local Integration (SPLI). This local integration initiative would target long-term refugees from Burundi, the majority of whom have lived in three settlements for more than four decades and have recently been granted Tanzanian citizenship. The Ministry of Home Affairs (MoHA) with support from UNHCR, is currently substantiating recommendations for local integration of these former refugees through the formulation of the SPLI. The SPLI is in the process of reaching completion and approval by the Government of Tanzania. The World Bank has undertaken significant technical assistance, dialogue, and preparation with the Government of Tanzania to design a project in support of the SPLI, particularly in support of the fulfillment of activities under Pillar Two: Governance and Administration, and Pillar Three, Socio-economic Integration. A project in support of the SPLI would align with the PDO for the Zambia portion of the regional PDO with the aim *'to improve access to livelihoods and socio-economic infrastructure for displaced people and host communities in the targeted areas of the recipient's territory.'* Initially planned for delivery in FY16, this phase of the SOP has been delayed to be delivered as part of the third phase of the SOP in FY17 to allow time for the institutional commitment and responsibilities outlined in the SPLI to be finalized.

8. Also included in the third phase of the SOP is the proposal to create a new regional multi-agency coordination forum to facilitate regional learning and knowledge exchange in support of durable solutions for the displaced. It is proposed that a grant of approximately US\$3 million be given to a regional organization to host, facilitate, and maintain this regional dialogue. The PDO for this phase is: *'to support regional learning on development responses to forced displacement'*. This phase will also support the generation of data, which can influence policy formulation. The regional platform would also serve to coordinate and share lessons emerging under the other phases of the SOP in DRC, Tanzania, and Zambia as well as lessons from other development responses in the GLR.

### ***Development Response to Forced Displacement in the Great Lakes Region***

9. In light of the growing global number of forcibly displaced persons and the tendency for their displacement to be long-term and unresolved, there is more than ever a pressing need to invest in sustainable responses for refugees, internally displaced persons (IDPs), returnees and the communities that host them. Indeed, in 2015 the international community re-galvanized by the surge in the number of forcibly displaced and a sense of a global crisis, re-opened the debate on how best to manage an effective response. While humanitarian agencies have long shouldered the burden of responding to forced displacement, it is increasingly recognized that these approaches have limitations and therefore hosting governments and development agencies must

become more involved in fostering durable solutions, which promote both the self-reliance of the displaced and the resilience of those communities where they settle.<sup>4</sup>

10. Defining and substantiating a comprehensive development response to forced displacement is still a work in progress. To date, there has not been enough rigorous assessment and quantification of the development impacts of forced displacement nor a thorough evaluation of the successes and failures of development programs to ascertain how to target interventions and establish what works and under what conditions. Nevertheless, there is emerging consensus that a number of key principles are inherent to a development response to forced displacement.<sup>5</sup> These principles apply throughout the design of the SOP and are as follows:

**Table 1. Principles of a Development Response to Forced Displacement**

<b>Principle</b>	<b>Explanation</b>	<b>Benefits</b>
Those directly affected by forced displacement should be supported to be self-reliant until the resolution of their displacement.	All too often refugees, IDPs and returnees become dependent on external humanitarian assistance for their protection and provision. This risks a loss of human capital, erosion of their skills and entrepreneurial spirit over time, depletion of resourcefulness and over-reliance on expensive external forms of assistance.	Self-reliant refugees, IDPs and returnees equipped with skills and resources will be better able to rebuild their lives once their displacement ends, in the meantime they will also be better able to use their existing skills to contribute economically and socially to the communities and societies that host them, thus bringing development benefits.
Self-reliance requires a conducive legal and policy framework including rights to freedom of movement, access to finance, participation in governance systems.	Where IDPs and refugees have constrained legal rights and protection, they will be at risk of being unable to fulfill their social and economic potential.	A full set of legal rights enables IDPs and refugees to participate in society on equal terms.
Self-reliance also requires investment in the productive assets, standard of living and socio-economic access of the displaced (such as housing, access to services and livelihood opportunities) which may have been lost during displacement.	Without these assets, IDPs, refugees and returnees are at risk of further impoverishment.	With these assets, IDPs, refugees and returnees can better bring economic returns to their surrounding communities.
The impacts of forced displacement on hosting communities and countries should be recognized and mitigated.	The arrival and presence of refugees and IDPs can put a strain on service delivery, the job market, housing availability and environment causing social grievances and negative perceptions towards the displaced with the potential for social tensions and conflicts.	Addressing the impacts of forced displacement on hosting communities has the potential to enable those hosting communities to feel that receiving refugees and IDPs has economic and social benefits leading to greater tolerance, inclusion and prevention of social conflict.
As much as possible, the displaced should be integrated socially,	Keeping refugees and IDPs socially, economically and	Integration is a pre-requisite for successful self-reliance and positive

<sup>4</sup> The World Bank Group, 2015, *A Response to Global Forced Displacement*

<sup>5</sup> UNHCR, 2015, *Policy on Alternatives to Camps*; World Bank 2011, *Development Response to Forced Displacement*

<b>Principle</b>	<b>Explanation</b>	<b>Benefits</b>
economically, and geographically into the wider society and not be placed into camps.	geographically isolated risks marginalization of the displaced with the potential for impoverishment and social grievances, even radicalization. However in some cases particularly at-risk displaced persons may benefit from the protection of a camp setting.	contribution to the wider economy. Through integration, refugees and IDPs can contribute new skills and behaviors to the wider society. However integration poses additional challenges including the need for expansion of service delivery and effects on social cohesion.
Displaced persons have distinct vulnerabilities, which need to be recognized and addressed.	The ability to be self-reliant can be undermined by distinct characteristics of forced displacement such as trauma, impoverishment and loss, cultural and linguistic differences with hosting communities.	Addressing these vulnerabilities prevents their social and inter-generational cost.
There is a need for strong political will to implement development responses to forced displacement.	Given the potential for social resentment towards the displaced, strong leadership is required to advocate for the benefits of integration and self-reliance.	Political will can resolve constraints and bottlenecks in responses to forced displacement.
Development responses to forced displacement should be government-led and embedded within broader institutional systems of governance and financing.	Humanitarian responses to forced displacement tend to operate in parallel to broader governance and financing systems with risk of cost inefficiencies and marginalization of displacement concerns from broader development progress.	Integration of displacement responses into broader governance, institutional and financial systems can be more cost effective and ensures mainstreaming across a broader number of government stakeholders.

***Regional Response to Forced Displacement***

11. Part of the funding for the Project is regional International Development Assistance (IDA) financing made available under the Great Lakes Regional Initiative (GLRI) ‘*Reviving the Great Lakes*’. Launched in 2013, the GLRI was designed to work in support of achievement of the Peace, Security and Cooperation Framework (PSCF) for the DRC and the Region. The GLRI outlined that additional regional development assistance would be made under two pillars: (a) addressing vulnerable groups and improving community resilience; and (b) promoting economic cooperation and regional integration. Those affected by forced displacement (refugees, IDPs, returnees, and the communities that host the displaced) were identified as a group for particular focus under Pillar One of the GLRI.

12. Tackling forced displacement fits well under the GLRI. Given that refugees cross international borders, displacement is by its nature a regional issue. There are regional benefits for addressing forced displacement and there is a need for more concerted regional efforts to reach solutions. Refugees crossing international borders is a clear regional ‘spill-over effect’ of the violence and insecurity within a country. In the GLR forced displacement (and the challenges it poses) are a particularly intra-regionally concentrated phenomenon: 81 percent of the refugees and IDPs hosted in the GLR originate from within the region itself. While IDPs do not cross borders, they are one step closer to doing so and there are regional benefits for investing in their stabilization at source and reducing the number of potential refugees. Promoting self-reliance



and integration also has regional benefits, because refugees who become active social and economic contributors to their hosting countries not only bring positive contributions for the communities that host them while displaced but when they return they are in a better position to take back new assets, knowledge, skills and trading networks - gleaned while displaced - to contribute to rebuilding and reconstruction efforts. Investing development resources in the displaced, therefore, has the potential to not only overcome their vulnerability but also to stabilize and invigorate both local and regional economies, and create positive dynamics between countries in the region.

13. A coordinated regional response is a prerequisite for reaching development solutions for improving their prospects. The potential for this collaboration exists in the GLR. At the regional level, the Heads of State have recognized the need to jointly address refugee and displacement issues in order to achieve sustainable peace and security for the GLR. The 2013 'PSCF for the DRC and the Region' commits to the return and reintegration of refugees in their respective countries of origin as well as support for IDPs within DRC. This commitment was further included in the Regional Plan of Action for the PSC Framework, with an (as yet unfulfilled) agreement to hold a consultation for host countries and stakeholders to look at displacement from a regional perspective (Regional Plan of Action, 5.3b). In addition, regional institutions such as the African Union, the International Conference on the Great Lakes Region (ICGLR), and the Office of the Special Envoy for the GLR all have mandates towards the furtherance of the PSCF for the DRC and the Region, and towards forced displacement specifically. The ICGLR makes detailed provisions for displaced persons in its Article 12 and related Protocol on the Protection and Assistance to IDPs, and Article 13 and related Protocol on Property Rights of Returning Persons. The latest Protocol was recently affirmed with the 2015 '*Declaration on the Effective Implementation and Operationalization of the Protocol on Property Rights of Returning Persons in the Great Lakes Region*' signed in Nairobi in April 2015.

14. The regional potential to reach solutions for displaced people has already been mobilized on several occasions in the GLR:

- In 2015, the '*Comprehensive Solutions Strategy for Rwanda Refugees*' brought together Rwanda, together with those countries hosting Rwandan refugees – Uganda, Zambia, DRC – in a new commitment to sustainable solutions for those refugees.
- The 2014 Strategic Framework for Local Integration (SFLI) agreed between the governments of Zambia and Angola for the awarding of full residency rights and integration opportunities to former Angolan refugees in Zambia.
- The 2007 'Tanzania Comprehensive Solutions Strategy (TANCOSS)' saw agreement between the governments of Burundi and Tanzania over the resolution of status for a population of refugees who had moved to Tanzania in the early 1970s. Integration within Tanzania was one part of this strategy.

15. What the GLR lacks, however, is a permanent regional platform for sustained political dialogue, policy advancement and knowledge sharing on good practices for development solutions to forced displacement. The third phase of this SOP will aim to address this gap.

**Table 2. Regional Benefits and Dimensions of the Project**

<b>Project Phase and activities</b>	<b>Regional Benefit</b>
Phase One: Additional Financing for the DRC Eastern Recovery Project. Socio-economic infrastructure, livelihood opportunities and social cohesion for IDPs and their hosting communities.	Stabilization of IDP situation in DRC and prevention of further refugee flows in the region; Supports host communities to bear the burden of IDP presence mitigating social tension and conflict and further regional instability; Lays a precedent for a development response to forced displacement which could be extended to the improved integration of refugees from Rwanda and achievement of the regional Comprehensive Solutions Strategy for Rwanda Refugees
Phase Two: Displaced Persons and Border Communities Project for Zambia. Socio-economic infrastructure, livelihood opportunities and social cohesion to underpin the process of local integration of former refugees with benefits for wider communities and engagement of local government authorities.	Seeks to finalize and render successful the regional bilateral agreements made between Zambia and Angola in regards to durable solutions for long term refugees; Ensures reciprocal good treatment of Zambian migrants to Angola with potential for enhanced social connections and trading potential between Angola and Zambia; Demonstrates the social and economic gain from offering local integration, which may incentivize other governments in the region to consider longer term development responses to forced displacement.
Potential for Phase Three: support to the SPLI for Tanzania, and Grant to a regional institution to foster a regional forum for political and policy cooperation, exchange of knowledge and good practice on development solutions for forced displacement.	Would seek to finalize and render successful the regional bilateral agreements made between Burundi and Tanzania in regards to durable solutions for long term refugees; Allows exchange of knowledge and experience on development responses to forced displacement across governments of the GLR; Creates a forum where further regional agreements on acceptance and local integration of refugees might be compared leading to policy harmonization.

## **B. Country Context**

16. In December 2011, at a Ministerial meeting to commemorate the 60th anniversary of the 1951 UN Convention relating to the status of refugees, the government of the Republic of Zambia made a pledge to facilitate the securing of a durable solution through local integration for former Angolan refugees who had been living in Zambia for over four decades. In May 2013 at the launch of the Great Lakes Region Initiative, at a AU-UN-World Bank meeting in Addis Ababa, and at a further meeting on the Great Lakes Region Initiative in Washington DC, in November 2013, the Government of Zambia, expressed the need for financing from the GLR Initiative to be used to support the communities in which the displaced persons settle, in view of the pressure on the infrastructure and resources. In January 2014, the Government of Zambia, in collaboration with UNHCR, produced the *Strategic Framework for the Local Integration of Former Refugees in Zambia* (SFLI) targeting up to 10,000 former Angolan refugees who arrived in Zambia until 1986, and possibly up to 4,000 former Rwandan refugees, for local integration support. The Strategic Framework outlines priority actions and identifies resources required to implement the government’s pledge to integrate eligible former refugees in a manner that promotes their legal status and socio-economic empowerment.

17. The Strategic Framework supports the issuance of country of origin passports and residency permits for former Angolan refugees and their relocation out of the refugee settlements into two new adjacent resettlement schemes to be eventually managed by the Department of Resettlement in the Office of the Vice President, where they will be entitled to occupy land plots. An equal number of Zambians can access land property and settle.

18. The Strategic Framework envisages a series of socio-economic infrastructure investments (schools, clinics, boreholes, and roads) in order to make the resettlement schemes viable places to live.

19. In the course of 2015, the eligibility criteria for former refugees to receive local integration support was extended to former Angolan refugees who arrived and were in Zambia until 2003, as well as former Rwandan refugees. The eligible caseload expanded from about 5,450 former Angolan refugees to about 12,800 former Angolan refugees, and an additional 4,000 former Rwandan refugees.

20. **Supporting host communities.** The World Bank provided technical assistance to ensure that the Zambia SFLI gives increased attention to how local host communities adjacent to the former refugee settlements can be included in the local integration process and access potential development benefits.

21. This approach is especially important because the resettlement areas of Meheba and Mayukwayukwa in Zambia are located in the more geographically isolated, rural and poorer areas of the countries where access to key socio-economic facilities is low and poverty is high. In Zambia, only 46 percent of the rural population compared to 80 percent of urban dwellers are within 1 km of a school, while 28 percent of the rural population compared to 74 percent of urban dwellers are within 1 km of a health clinics.<sup>6</sup> Mayukwayukwa, for example, is located in Kaoma District, where the poverty rate of 82 percent is significantly higher than the national average of 62 percent.<sup>7</sup> Most people in both targeted Provinces live in rural areas, where access to key socio-economic facilities is low.

22. In this context, the refugee settlements with long involvement and dedicated investment by MoHA and UNHCR have actually achieved a higher degree of service provision in some sectors than many of the surrounding districts. Forty percent of the local population in Solwezi live more than 6 km away from a health post and 20 percent live more than 6 km away from a primary school, whereas none of the residents of the Meheba refugee settlement live more than 5 km away from such facilities. Investment in socio-economic and livelihood priorities for the surrounding communities therefore becomes important not only to ensure integration, but also ensure equity across this existing disparity and to address local development challenges.

23. **Area Based Planning.** Administration of the refugee settlements as designated areas by the MoHA has resulted in a serious disadvantage: the settlements are not included in wider area based development strategies or planning tools at the District or Provincial level. This has practical consequences. The initial design of the resettlement areas for former refugees was done in absence of consideration of the spatial economy of the wider Districts and Province or

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<sup>6</sup> Central Statistics Office, 2011, *Living Conditions Monitoring Survey 2006 and 2010*, p. 249

<sup>7</sup> World Bank, 2015, *Mapping Subnational Poverty in Zambia*, p. 27- 29

consideration of wider service delivery planning. This resulted in a first design of resettlement areas, which risked further isolating former refugees from broader economic and social opportunities beyond the boundaries of the resettlement area. It also risked inefficiencies in service delivery since facilities such as new schools and clinics for the resettlement areas were being planned without consideration of existing services in the wider districts, which might be expanded to serve the resettlement areas. Technical assistance undertaken by the World Bank in collaboration with UN Habitat and UNHCR resulted in a series of spatial planning recommendations on how to best serve the settlements through broader infrastructure. The recommendations included the need to bring the settlements more fully into local level planning processes. The World Bank-supported project is designed to contribute to the implementation of this recommendation.

24. **Social cohesion.** Given the longevity of the presence of the former refugees, there has been considerable de facto and positive integration and social interaction between the former refugees and the local populations. The degree and intensity of this interaction varies between the different locations. Nevertheless, reports of conflict and tension do exist. A World Bank-UN report on local integration<sup>8</sup> finalized in the context of this project's preparation, revealed that despite the long-term presence of former refugees in Zambia, and the proactive and welcoming approach of the Zambian government, risks of social tensions between former refugees and Zambians should not be underestimated. Local chiefs are supportive of the Meheba resettlement scheme, but there appears to be tension in Mayukwayukwa between chiefs and some former refugees living in host communities. Disputes are related to cattle circulation, and conflicts between farmers and herders, among others. Chiefs are also concerned about the strain on water and social services that might arise when more people move into the resettlement areas. These tensions are to be understood in a context where some people perceived to be of Angolan ascendants have recently been elected in Parliament, and some chiefs and their entourage are concerned about competition for political power. In addition, given the fact that in resettlement schemes, former refugees and Zambians will be living side by side, it will be key to ensure that the newly created communities are well integrated, and that Zambians and former refugees interact peacefully.

25. A commitment to social cohesion is therefore to be mainstreamed throughout the entire design of the Project. Project implementation arrangements will include a participatory process, designed to bring together representatives of Zambians and former refugees, as well as vulnerable groups among both populations (including women, the youth, the elderly), in a process where they identify their priority needs as a community. The Project also has activities specifically aimed at strengthening social cohesion through sensitization and conflict mitigation training, as well as through a robust communication strategy, to ensure transparency around eligibility criteria for project benefits. Finally, the Project provides capacity building, including support to ensuring that Provincial and District authorities are mindful of the specific issues affecting former refugees and are prepared to handle potential conflicts between former refugees and host communities, and support the full inclusion of former refugees resettlement areas in local planning processes.

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<sup>8</sup> World Bank-UN, October 2015, *Zambia: Recommendations for Improved Local Integration of Former Refugees*

26. **Addressing Vulnerability.** Populations in the Project’s target areas face a number of vulnerability factors, including: (a) extreme poverty; (b) lack of access to basic infrastructure and services; and (c) climate change. Most vulnerable subgroups among former refugees and Zambian host communities alike include female-headed households, the elderly, those with psychological challenges, youth, and the disabled.<sup>9</sup> Sustaining agriculture, the main source of livelihoods in the refugee settlements, is one key challenge among these groups. While the Project will specifically include targeting of the most vulnerable households, particularly through livelihood sub-project interventions, it will more broadly pay special attention to ensuring that the needs of vulnerable groups are identified and that there is additional outreach to ensure their participation and inclusion as project beneficiaries. This includes ensuring equitable access to and voice in participatory planning processes, identification and inclusion in livelihoods sub-projects, and as appropriate and feasible, targeting and inclusion of vulnerable groups in social cohesion initiatives. It also involves working with local government authorities to build the capacity of vulnerable groups.

27. Women face distinct impoverishing factors that contribute to vulnerability such as limited control over household assets and undertaking a disproportionate share of income-generating activities. Project activities will take into consideration the gender-differentiated needs of both former refugee and host populations targeted under this Project, with attention to any specific adjustments to components that may be needed to ensure access as beneficiaries of female former refugees and local populations.

28. Climate change also increasingly puts vulnerable Zambians and former refugees at risk. Zambia’s climate is highly variable, and floods and droughts have increased in frequency over the past three decades. Income in both the Zambian host communities and the refugee settlements is reliant on subsistence farming, non-timber forest products and casual labor, often paid in food, making the beneficiaries increasingly vulnerable to climate change resulting in crop failures. Again, this leaves fewer resources to deal with other climate change-induced impacts like worse water safety, lack of reliability of energy resources, and human and animal health issues.

### **C. Higher Level Objectives to which the Program Contributes**

29. The proposed program falls under the first pillar of the GLRI, which explicitly calls on the World Bank to “identify new ways of providing access to livelihoods and services for currently displaced populations, recent returnees, and other war-affected groups”.<sup>10</sup> As for the PSC Framework, the program will be aligned with its benchmark 5.3, “return and reintegration of refugees in their respective countries of origin, under the tripartite agreement”.<sup>11</sup>

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<sup>9</sup> UNHCR, 2015, *UNHCR Angolan and Rwandan Refugee Profile as of November 6, 2015*, p. 1-2

<sup>10</sup> GLRI, “Reviving the Great Lakes: A World Bank Group Regional Initiative for Peace, Stability and Economic Development”, *Draft for Discussion Only*

<sup>11</sup> This makes the program part of the Framework’s regional commitment 5, ‘To respect the legitimate concerns and interests of the neighboring countries, in particular regarding security matters.’ The program also indirectly contributes to benchmark 2.1 on the return of ex-combatants, many of whom will be IDPs or refugees; and to commitment 4, on providing support to socio-economic integration in the region.

30. The proposed operation is consistent with the FY13-16 Country Partnership Strategy (CPS) for Zambia, which is in alignment with the government’s development priorities and supports three objectives: (a) reducing poverty and the vulnerability of the poor; (b) improving competitiveness and infrastructure for growth and employment; and (c) improving governance and strengthening economic management. The outcome of the first objective is “to improve access to resources for strengthening household resilience and health in targeted areas”. The proposed program’s local integration activities therefore align with the CPS and the Government of Zambia’s development priorities.

## **II. PROGRAM DEVELOPMENT OBJECTIVES**

### **A. PDO**

31. The development objective (DO) of this regional project is to *improve access to livelihoods and socio-economic infrastructure for displaced people and host communities in the targeted areas of the recipient’s territory.*

### **B. Program Beneficiaries**

32. Beneficiaries will primarily be those persons affected by displacement who are the target of the local integration initiatives, that is, former refugees and host communities in the target areas.

33. The Project will target 14 wards (Mushawala, Luambuwa, Kashamba, Kapili, Mangango, Mbanyutu, Nkenga, and Namafulo in the Western Province and Mwajimambwe, Matebo, Shilenda, Mukumbi, Kibanza, and Mumena in the Northwestern Province). Two of these wards include the two resettlement areas of Meheba and Mayukwayukwa, the other 12 wards surround these areas. To date, these wards are located respectively in Kaoma district (179,326 people), Lukulu district (37,231 people), and Solwezi district (107,794 people).<sup>12</sup> The total target population in the three districts and 14 wards is 357,951<sup>13</sup> persons, of which 16,800 former refugees. Beneficiaries also include up to 16,800 eligible former refugees moving to the resettlement areas, and a matching number of Zambians provided access to land. It is expected that some of the investments, in particular the connective infrastructure, will benefit people in the wider Districts and even Province.

### **C. PDO Level Results Indicators**

- Direct project beneficiaries (number) (of which percentage female, former refugee, host community)
- Beneficiaries (number) with improved access to connective and socio-economic infrastructure (of which percentage female, former refugees, host community)
- Percentage of beneficiaries of livelihood subprojects who report improved food security/income/welfare (of which percentage female, most vulnerable)

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<sup>12</sup> Given ongoing revisions of district boundaries resulting in the split of Solwezi and Kaoma districts, the targeted wards might eventually fall under different districts.

<sup>13</sup> Zambia, 2010, *Census of Population and Housing*, Zambia Central Statistical Office

### III. PROJECT DESCRIPTION

34. All project components will contribute to supporting social cohesion and the local integration of former refugees within host communities. This will be done through: (a) strengthening the physical connection of the former refugee areas to the wider Districts, through connective infrastructure; (b) financing socio-economic infrastructures contributing to increased access to economic opportunities and services; (c) ensuring that former refugees and host communities are able to identify and prioritize together, through a participatory approach, the connective infrastructure and socio-economic investments; (d) ensuring an equitable share of benefits to both groups, as well as a transparent selection processes, to prevent conflict; and (e) supporting planning authorities to include the former refugee areas in their planning processes.

35. The Project includes the following components: (a) Socio-economic investments; (b) Support to Livelihoods; (c) Social Cohesion and Conflict Prevention; and (d) Project Management.

#### **Component 1: Socio-Economic Investments (US\$15,000,000)**

36. Component 1 includes sub-projects for connective infrastructures and socio-economic investments, as well as support to district and provinces to implement and monitor the sub-grants. Sub-projects can be carried out either by the National Climate Change Secretariat or by the District, Ward or Community, depending on the level of complexity and amount of the sub-project. This component also includes technical assistance to ward and district planning authorities to use the results of the above-described participatory process to revise/update/annex the Ward and District Strategic Development Plans, ensuring that the resettlement areas are fully included in planning documents and processes. The component will be implemented through the following sub-components:

##### *Subcomponent 1 (a): Connective infrastructure sub-projects*

37. The focus is on larger infrastructure designed to connect the resettlement areas with the surrounding wards/districts. Given the remoteness of the two resettlement areas, there was a strong demand for connective infrastructures from key stakeholders for a stronger connection with opportunities and services available in the hosting and neighboring wards/districts. Given the urgency of reinforcing the connection of the resettlement areas with surrounding wards/districts, priority connective infrastructures will be identified through a simplified participatory process that will inform the update/revision of the District Strategic Development Plans.

**Table 3. Example of Potential Connective Infrastructures**

<b>Type of Sub-grant</b>	<b>Connectivity Impact</b>	<b>Example of Sub-project</b>
Connective Infrastructure Grant	Connection of the resettlement scheme to nearby Ward	Road rehabilitation
	Connection of the resettlement scheme to market opportunities	Road rehabilitation
	Connection of the resettlement scheme to nearby market	Bridge rehabilitation
	Connection to electricity	Extension of the power grid

*Subcomponent 1(b): Socio-economic investment sub-projects*

38. Socio-economic investment sub-grants will be provided at three levels, namely, district, ward, and community level.

39. **Sub-projects amounts.** Sub-project amounts will be finalized in the Project Implementation Manual (PIM), and approved by IDA, based on: (a) estimated average costs for potential typical investments; (b) a plan of covering all the wards surrounding the ward hosting the resettlement areas, up to 4 priority communities to be selected within each target ward; (c) the total number of target districts covering the target wards for the Project; (d) an assumption that sub-grants disbursement will happen during 4 of the 5 years of the Project; and (e) an additional amount for the grants for the districts, wards, and communities hosting former refugees.

**Table 4. Examples of Potential District, Ward, and Community Level Sub-Projects**

<b>Type of Sub-grant</b>	<b>Socio-Development Impact</b>	<b>Example of Sub-project</b>
District/Ward Level	Increased access to social services	<ul style="list-style-type: none"> <li>• Construction or rehabilitation of school</li> <li>• Construction or rehabilitation of clinic</li> <li>• Construction of city center to attract private services (Bank, postal services, etc)</li> <li>• Provision of solar panels for social services infrastructures</li> </ul>
	Increased economic opportunities	<ul style="list-style-type: none"> <li>• Construction or rehabilitation of market</li> <li>• Construction of training center</li> <li>• Facilitation of links to micro-finance institutions</li> <li>• Rehabilitation of canals</li> <li>• Construction or rehabilitation of wells and boreholes</li> </ul>
Community	Increased access to social services	<ul style="list-style-type: none"> <li>• Support to community school (solar panels, training for teachers, rehabilitation, construction, provision of books)</li> <li>• Construction or rehabilitation of community hall</li> </ul>
	Increased economic opportunities	<ul style="list-style-type: none"> <li>• Construction or rehabilitation of hammer mill shelter</li> <li>• Construction or rehabilitation of town center commercial building</li> </ul>

40. Socio-economic investment sub-project proposals will be assessed against a series of eligibility criteria, including among others: : (a) demonstrated contribution to local development; (b) shared benefits for both former refugees and host communities; (c) shared benefits with identified most vulnerable groups; (d) no increase in vulnerability to climate change (preference will be given to sub-projects that foster resilience to climate change); (e) guarantee that funds have been budgeted to ensure maintenance and, if relevant, staffing; (f) compliance with safeguards requirements (Category A sub-projects are ineligible); and (g) elimination of sub-projects that are not technically feasible.

**Component 2: Support to Resilient Livelihoods (US\$825,000)**



41. Support to livelihoods will be supported through: (a) priority access to employment for local population, in the vicinity of the district connective infrastructure as well as socio-economic infrastructures to be funded through the project; and (b) community-level livelihood sub-grants.

42. **Works.** To contribute to livelihoods of local populations especially of the most vulnerable, for sub-projects that include contracting of construction companies, low skilled labor will be required to largely come from local populations, including both men and women, former refugees and Zambians, and prioritizing most vulnerable households, as per requirements to be detailed in the PIM. The beneficiary targeting process will be transparent and inclusive with a strong communication strategy and a set of objective selection criteria.

43. **Community level livelihood sub-grants** will target up to 4 priority communities per year identified in the targeted wards, with a specific focus on the resettlement areas. To help inform communities' choices, a preliminary assessment of livelihood opportunities was conducted as part of a joint World Bank-UN consultancy in preparation for this Project.<sup>14</sup> In addition, a livelihood opportunities study will be conducted at the beginning of the Project in the two areas of targeted intervention to identify more precisely key opportunities to support livelihoods and to ensure communities' choices are based on well-informed strategies. Fifty percent of community level sub-grants will be earmarked for beneficiaries meeting the criteria of most vulnerable (to be defined in the PIM). Potential sub-projects to be financed under the Component are expected to complement and multiply positive impacts of the socio-economic infrastructures built under the Component 1, for example to support capacity building and small materials for vulnerable women's groups to set up a kitchen garden near a market structure, or to provide agribusiness training for a new farmers' group who can benefit from a rehabilitated road to a bigger market. In addition, priority will be given to livelihood sub-projects that contribute to climate resilience.

### **Component 3: Social Cohesion and Conflict Prevention (US\$1,000,000)**

44. The first way to promote social cohesion through the Project will be through a participatory process ensuring (a) full transparency of the process through which sub-grants are allocated, and (b) the design and implementation of a widespread and clear communication strategy for the Project.

45. In addition, the Project will include: (a) Sensitization sessions on coexistence and conflict mitigation, during participatory discussions at community, ward, and district levels; and (b) support to community integration activities, including both Zambians and former refugees (to be clarified in more detail in the PIM).

### **Component 4: Project Management (US\$3,175,000)**

46. This Component will cover the cost for project management, implementation and supervision of project activities, administration of procurement and financial management,

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<sup>14</sup> World Bank-UN, October 2015, *Zambia: Recommendations for Improved Local Integration of Former Refugees*

monitoring and evaluation, and safeguards compliance monitoring. Also, the Component will support the Commission for Refugees and the Department of Resettlement that will assist with the monitoring of project implementation, as well as the monitoring of the overall local integration process implemented in Zambia. Finally, this Component will cover costs associated with inter-regional learning and knowledge exchanges.

47. **Linkages with other Projects.** The Project will seek synergies with the following projects: (a) The Zambia: Strengthening Climate Resilience Project (P127254) also implemented by the National Climate Change Secretariat, and which uses a similar Community Demand Driven approach in the Western Province; (b) the Health Services Improvement Project (P145335) that seeks to improve the quality of health services including in the Western and Northwestern Provinces; (c) the Girls Education and Women’s Empowerment and Livelihood Project (P151451) that supports access to livelihoods for women and education for girls; and (d) the Water Resources Development Project (P114949) contributing to the improvement of small scale water resources infrastructure.

## A. Project Financing

### Financing Arrangement

48. The total cost of the Project is US\$20 million. Financing of country-level activities comes from US\$10 million regional IDA funds and US\$10 million national IDA allocation.

49. The eligibility for the use of regional IDA funds is four-fold: (a) the SOP involves three eligible countries under the GLR Initiative – DRC, Tanzania, and Zambia. Since DRC is a fragile state, the SOP can proceed on the basis of two participating countries; (b) the project addresses regional spill-over effects. Forced displacement has regional implications not only because refugees are a burden shared by multiple countries but also because IDPs are potential refugees and the economic, social and political implications of their displacement could have negative spill-over effects for other countries in the region, which, in turn, can negatively affect development prospects through reduced trade and damaged infrastructure; (c) there is strong country ownership of the strategies, which underpin the design of the project; and (d) the project will enhance the harmonization of policies and practice related to forced displacement across the GLR. In particular, the third phase of the SOP will support a regional institution, providing a platform for high-level discussions on policy harmonization to tackle some of the underlying root causes of forced displacement.

### Project Cost and Financing

**Table 5. Project Financing (US\$)**

<b>Project Component</b>	<b>Amount (US\$)</b>
1: Socio-economic Investments	15,000,000
2: Support to Resilient Livelihoods	825,000
3: Social Cohesion and Conflict Prevention	1,000,000
4: Project Management	3,175,000
<b>Total IDA</b>	<b>20,000,000</b>
Counterpart Contributions	1,115,000 (10% contributions to

	connective and socio-economic infrastructure)
<b>Total Project Costs</b>	<b>21,115,000</b>

50. Additionally, the Government will allocate funds for (i) maintenance and staffing in relation to sub-projects, and (ii) gratuity for project staff.

## B. Lessons Learned and Reflected in the Program Design

51. **Lessons learned from the first phase of the SOP in DRC.** Although the first phase of the Program in DRC is still in the early stages of implementation, some useful lessons have been learned, which will be applied in this second phase.

- While emphasizing community participation in the selection of sub-projects, the DRC project evidences the need for strong and early engagement with local governments in the selection of sub-projects, who should also have a voice in the selection to streamline the selection with local government development priorities. This approach has been incorporated into the project design for Zambia with significant attention to aligning the selection process with local planning authorities, at district and provincial level.
- The design of the DRC project emphasized the importance of promoting community ownership through community contributions to sub-project budgets. Nevertheless, during implementation it is evident that communities that are strongly affected by forced displacement tend to be poorer than the others and have trouble raising the required community contribution. Such limitations have to be assessed and taken into account in project design. For phase two of the SOP, a preliminary review of contributions provided by communities in similar community driven sub-projects in the target Provinces of Zambia revealed that in practice communities have contributed between 10 and 15% of the total cost. The 10% contribution was thus established as a conservative estimate.

52. **Lessons learned on forced displacement.** The project design is specifically informed by the emerging experience on development responses to forced displacement and seeks to operationalize them as described below:

**Table 6. Operationalization of a Development Response to Forced Displacement**

<b>Principle of a Development Response to Forced Displacement</b>	<b>Operationalization through the Zambia Displaced Persons and Border Communities Project</b>
Self-reliance requires a conducive legal and policy framework including rights to freedom of movement, access to finance, participation in governance systems.	<i>The Zambia Strategic Framework for Local Integration</i> has granted long term refugees a full set of citizenship/residency legal rights along with commitment to socio-economic integration. Policy and programmatic frameworks are in place to move this forward. The project will support implementation and fulfillment of the SFLI.
Self-reliance also requires investment in the productive assets, standard of living of the displaced and socio-economic access of the displaced.	The project will invest in improvement of socio-economic infrastructure and access to services for former refugees, refugees, IDPs and returnees. The project will invest in skills and assets to improve the livelihoods of those affected by forced displacement.
The impacts of forced displacement	The project is designed to target those communities adjacent to or affected

<b>Principle of a Development Response to Forced Displacement</b>	<b>Operationalization through the Zambia Displaced Persons and Border Communities Project</b>
on hosting communities and countries should be recognized and mitigated.	by refugee and IDP populations. Project activities and benefits will spread to surrounding communities, villages, wards and districts.
As much as possible, the displaced should be integrated socially, economically and geographically into the wider society.	The Project will roll out and ensure the fulfillment of recent government commitment for full integration of long term refugees and phasing out of long term refugee settlements. The Project will embed a strong commitment to social cohesion throughout the implementing arrangements and also by funding distinct conflict prevention and social cohesion activities. These activities are intended to overcome negative perceptions and to improve positive interactions between the displaced and the local communities.
Displaced persons have distinct vulnerabilities, which need to be recognized and addressed.	The Project is aimed at removing displacement-related vulnerabilities such as lack of freedom of movement and lack of rights for citizenship engagement.
There is a need for strong political will to implement development responses to forced displacement.	Political will for local integration has already been achieved and was a prerequisite for the activities proposed under this Project.
Development responses to forced displacement should be government-led and embedded within broader institutional systems of governance and financing.	The Project will be fully implemented by government agencies and funds will flow through government systems. There will be mechanisms set up for inter-ministerial cooperation and coordination in regards to project implementation. The Project will underpin and support a shift in governance away from a system where refugee settlements are administered under refugee law in isolation of other governance frameworks and of local government administration, and towards an arrangement where local government authorities adopt more responsibility and accountability for managing the former refugee settlements.

**53. Lessons learned on engaging target communities through participatory processes.**

The project design incorporates lessons learned on effectively engaging target communities in identifying and addressing their development needs. Experiences worldwide suggest that consultations with and participation of target beneficiaries have both instrumental benefits (better needs assessments, improved efficiency, and sustainability of investments) and value-based benefits (empowerment and capacity building of affected communities).<sup>15</sup> Interventions with emphasis on community consultation and participation have proven to help support social cohesion, foster inclusion of marginalized groups, and contribute to decentralization.<sup>16</sup> These approaches are supported by clear communication strategies, incentives through visible outputs, inclusion of vulnerable groups, and involvement of local authorities for sustainability. All these aspects have been included in the project design, in particular through: (a) Investments in Components 1 and 2 will be identified through a participatory process, designed to include vulnerable groups; (b) Component 1 includes a fast-track approach for larger connective infrastructure, so as to provide visible outputs early in project implementation; and (c) Component 3 will include a clear communication strategy.

**54. Lessons learned on resettlement.** The Project involves supporting the sustainable settlement of former refugees. Complex projects that have involved large scale resettlement

<sup>15</sup> The Brookings Institution and University of Bern, 2008. *“Moving Beyond Rhetoric: Consultation and Participation with Populations Displaced by Conflict or Natural Disasters”*.

<sup>16</sup> World Bank, 2011. *“World Development Report: Conflict, Security, and Development”*.

revealed the importance of identifying and addressing the needs of resettled beneficiaries, and the importance of involving them in key decisions relating to their resettlement, through participatory processes.<sup>17</sup> Lessons learnt in particular highlight the usefulness of ensuring that vulnerable and marginalized groups are included in this process, and that potential conflicts are mitigated.<sup>18</sup> In particular, sustainable resettlement tends to be facilitated by support to establishing sustainable livelihoods.<sup>19</sup> These lessons learnt are incorporated in the Project through the strong focus on participatory approaches, designed to include vulnerable groups (Components 1 and 2), support to resilient livelihoods (Component 2), support to conflict prevention, and inclusion of grievance redress mechanisms (Components 3 and 4).

#### **IV. IMPLEMENTATION**

##### **A. Institutional and Implementation Arrangements**

###### **Partnership and Coordination**

55. All aspects of the Project will require substantial investment in partnership and coordination at two levels: (a) inter-ministerial cooperation within national institutions; and (b) collaboration with other donors and international partners, especially UNHCR.

56. The SFLI, launched in 2014, is the central framework for the ongoing local integration process. At the national level, coordination of activities towards the SFLI will be facilitated through the National Advisory Group for Local Integration, the national arm of the Solutions Alliance, including all key national and international partners involved in the local integration process. In addition, coordination between key Ministries and national institutions involved in the local integration process will continue to take place through the Inter-Ministerial Steering Committee on Local Integration. These two groups are already in place and will continue to play an advisory and coordination role of the local integration process.

57. At the regional level, partnership and coordination on development responses to forced displacement will be achieved through the proposed regional forum, to be established under the third phase of the SOP. Through this forum, lessons and experience from the different phases of the SOP will be shared with the group for regional learning. Likewise, this group will be asked to lend its weight to forging regional policy and political dialogue to support program activities on the ground.

58. As evidenced by the recent joint World Bank-UNHCR report on forced displacement, UNHCR has been a key partner in the conceptualization and design of this Program. This is a deeply important partnership for many reasons. First, UNHCR has detailed knowledge and understanding of the refugee populations across the world, and this knowledge is invaluable for

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<sup>17</sup> World Bank, 2008, *Rampur Hydropower Project Land Acquisition, Resettlement and Community Development Practices*, p. 17; World Bank, 2008, *Using Involuntary Resettlement on Highway Projects to Alleviate Poverty: A Case Study from the Hubei Shiman Highway Project in China*, p.3; World Bank, 2015, *Land acquisition and resettlement: Lessons learned – ICMM*, p. 24

<sup>18</sup> World Bank, 2015, *How to Note on Application of Social Safeguards Policies to Community-Driven Development Projects*, p.8

<sup>19</sup> The Brookings Institution and University of Bern, 2008. *Moving Beyond Rhetoric: Consultation and Participation with Populations Displaced by Conflict or Natural Disasters*

the design of relevant project activities. Second, UNHCR has a well-organized field presence in the former refugee settlements and continues to provide invaluable logistical support to World Bank teams in accessing these remote areas. Third, UNHCR has the technical staff and expertise to coordinate the legal aspects of local integration (obtaining legal residency and citizenship rights), which are still ongoing. Legal integration (supported by UNHCR) and socio-economic integration (supported by the proposed World Bank-supported Program) will both contribute to the effective local integration of former refugees. Fourth, UNHCR has provided invaluable support to the SFLI and maintains an important technical role in strengthening and implementing these strategies.

## **Project Implementation**

59. The Project will be implemented by the National Climate Change Secretariat (NCCS) currently under the Ministry of Finance, which gives it authority to coordinate line Ministries in the exercise of their cross-cutting mandate. At the provincial level, Provincial Project Implementation Units under the NCCS are overseen by the Chief Planner, who plays a central role in planning at provincial and district levels.

60. The NCCS was selected as the implementing agency for the Project, based on : (a) the confirmed need for climate resilience programming; (b) strategic institutional positioning and strong track record of the NCCS acting as a coordinator and facilitator of numerous government stakeholders at both national and local levels; (c) proven experience and capacity to successfully undertake a large scale Community Driven Development process; (d) cost and time-efficiency (the NCCS is already implementing with success a World Bank-supported project [*Zambia: Strengthening Climate Resilience Project* (P127254)], with an office in Lusaka, as well as a decentralized PIU already established and functioning in the Western Province; (e) implementation and fiduciary track record of the NCCS in implementing the '*Zambia: Strengthening Climate Resilience Project*', mitigating fiduciary and implementation risks related to numerous infrastructure sub-projects in remote areas; and (f) existing financial mechanisms and experience channeling funds directly from the designated account to the district, ward, and community level, for the implementation of sub-projects.

61. At the local level, NCCS will play a convening role across various local government offices and functions facilitating and coordinating the implementation of the Project at district, ward, and community levels, through local level planning authorities. Given the remoteness of the two areas of intervention and logistical difficulties of managing the Project from the national Secretariat, the Project would assist the Western and Northwestern provinces and the target districts, through two decentralized PIUs established in the Western (Mongu) and Northwestern (Solwezi) Provinces.

## **B. Results Monitoring and Evaluation**

62. Project-level Monitoring and Evaluation (M&E) systems will be complemented by close World Bank implementation support. NCCS will develop data collection, analysis and dissemination mechanisms to generate information on program progress. At the same time, the M&E system will be a means to generate much-needed quantitative and qualitative data on the situation of the displaced.

63. It is well recognized that currently there is a dearth of data on the situation of the displaced in the GLR, especially when it comes to development outcomes. This undermines the ability of governments to make evidence-based policy decisions regarding the displaced. For this reason, all projects under each phase of the Program will invest in the generation of new data on the displaced and their hosting communities. Project finances will be allocated to baseline surveys, impact surveys and population profiles.

### C. Sustainability

64. The sustainability of project activities will be ensured through: (a) sustainability of socio-economic investments; (b) investment in long term social cohesion; and (c) support to the inclusion of the settlement areas in local development and planning processes.

65. **Sustainability of socio-economic investments.** A key eligibility criteria for socio-economic investment is a clear operations and maintenance plan, including the budgeting from the responsible institution of resources for maintenance and, when relevant, staffing. In addition, the plans for these infrastructures will be made so as to use simple design, with locally available material. When possible, these investments should also support resilience to climate change.

66. **Long term social cohesion.** The impact of the Project on the local integration of former refugees will only be sustainable if local populations also realize dividends from the local integration process, and if the Project supports social cohesion between former refugees and local communities. Methods for achieving both of these have been described above.

67. **Inclusion of settlement areas in local planning processes.** The Project will embed as many of the project activities as possible into government systems for sustainability. Socio-economic investments will be mainstreamed into regular planning, maintenance, and operational processes and budgets. Continued development of the two resettlement areas targeted under this project will only be ensured if they are considered by local level authorities as under their responsibility, and become fully included in long term development planning.<sup>20</sup>

68. At a GLR regional level, the sustainability of the Program lies in two aspects. First, the third phase of the SOP will set up a regional forum that should be able to build on the progress made under the proposed program. Members of this forum all have non-negotiable mandates to work on forced displacement and this will ensure their ongoing participation and action beyond the life of the World Bank-supported program. Second, the World Bank will ensure wide dissemination of the outcomes of a development approach to forced displacement to other donors working in the GLR. This may catalyze additional financing for promising approaches in Zambia.

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<sup>20</sup> Note that the planning process in Zambia is in the process of being revised, as per the 2015 Urban and Regional Planning Act. Planning for the resettlement areas will be embedded in the most relevant planning tools, as per the latest laws and regulations pertaining to local planning in Zambia.

## V. KEY RISKS

### Overall Risk Rating and Explanation of Key Risks

Risk Category	Rating
1. Political and Governance	Substantial
2. Macro-economic	Substantial
3. Sector Strategies and Policy	Moderate
4. Technical design of Program	Moderate
5. Institutional capacities	Moderate
6. Fiduciary	Moderate
7. Environmental and Social	Moderate
8. Stakeholders	Moderate
9. Other (elite capture)	Substantial
OVERALL	Substantial

69. *Political and governance risk is Substantial.* The topic of forced displacement remains highly sensitive across the GLR and is still relatively new to the World Bank. While there are strong signs that the time is right for more open dialogue and cooperation between countries to achieve durable solutions for forced displacement, Governments still face political risks in choosing to pursue development responses to forced displacement, often associated with public perception. Nevertheless, there is increasing political commitment for former refugee integration across a broad coalition of government partners, which mitigates the political sensitivity risks.

70. *Macro-economic risk is Substantial.* Growth of the Zambian economy has averaged 6.3 percent since 2011 and inflation has been stable in recent years, but external and domestic pressures are expected to slow economic growth to around 4 percent in 2015. Falling copper prices have presented an extra headwind to the economy, the Kwacha has weakened considerably, limited and poorly timed rains have reduced agricultural output and power outages have become ever more frequent. Achieving fiscal consolidation, providing reliable electricity, and balancing spending from subsidies and toward poverty reduction remain major challenges facing Zambia. The World Bank has developed a series of activities to address some of these risks, including a programmatic Advisory Services and Analytics (ASA) to support the Government in improving economic and fiscal management.

71. *Additional risks.* These include the potential for elite capture both of decisions surrounding project investments, particularly under Component 1, at both central and local levels. Intensive assessments were undertaken during project preparation to ensure that pre-identified investments listed by local planning authorities are in alignment with needs expressed by targeted communities. Funds allocated for activities are commensurate with identified needs, which minimizes the potential for elite capture in the prioritization process. At the same time, a critical mitigation measure relates to the quality and rigor of intended selection processes. Participatory processes will ensure adequate consultation with key stakeholders, including government partners and targeted communities, particularly in order to facilitate inclusion of the voice and perspective of vulnerable beneficiaries in decision-making processes. Key activities to mitigate against the risk of elite capture include: (i) participatory processes that foster inclusion of key stakeholders and representation of vulnerable groups in the selection process (e.g. elderly, women, former refugees, youth); (ii) eligibility criteria of connective infrastructure that specifies the need to demonstrate clear positive impact for the most



vulnerable; and (iii) the requirement that 50 percent of livelihoods sub-projects target the most vulnerable.

## **VI. APPRAISAL SUMMARY**

### **A. Economic and Financial Analysis**

72. An economic and financial analysis was conducted as part of preparation for the overall SOP. This analysis was carried out with a view to informing a wider analytic debate on the economic and social returns for a development response to forced displacement as compared to a humanitarian response. To date, there is very little available quantitative analysis, which compares the costs, efficiency and types and levels of returns across the two approaches. This analytic approach was prioritized over assessing the exact economic rationale of distinct activities under the Project, especially as many of those activities are still to be defined through further during selection processes in the course of project implementation.

73. In addition, there is already ample evidence from other demand-driven projects in Zambia of the positive economic rate of return (ERR) and net present value (NPV) for the types of socio-economic infrastructure, which is likely to be invested in under the Project (see Annex 3). Besides predicted positive returns from the project activities, it is also predicted that local markets will be impacted both on the supply and demand side. On the supply side, activities implemented under the Livelihoods Component are aimed at increasing productivity for small-scale farmers by providing, among others, diversified livelihoods and improved commercialization. On the demand side, the Project will contribute to job creation through increased opportunities for low skilled labor and employment on works funded under the Project. It is estimated that road rehabilitation could create up to 60,000 days of work, with the potential to increase household income revenue by 30 percent.

74. Fieldwork was conducted in DRC, Tanzania, and Zambia to ascertain the costs, benefits and efficiencies associated with two contrasting scenario: (a) scenario one: the costs, benefits and efficiencies associated with management of the former refugee settlements through continuing current practice – that is, administered under refugee law by the Ministry of Home Affairs with support by UNHCR mainly channeled through parallel financing; (b) scenario two: the costs, benefits and efficiencies associated with new forms of management of the refugee settlements – that is, with responsibility and funding channeled through broader government systems, incorporation of the settlements in local planning, a focus on improved connectivity of the settlements and the potential to also target broader districts and host communities in this arrangement.

75. The analysis concluded that the main economic benefits associated with scenario one as compared to scenario two are:

- Injection of additional targeted humanitarian funding to the area for service provision in settlements, with spill-over benefits for local populations. Over the last 40 years, targeted funding for the settlements has resulted in a per capita service delivery investment approximately four times greater in the settlements as compared to in the surrounding districts.

76. The analysis concluded that the main economic benefits associated with scenario two compared to scenario one are as follows:

- Increase in available development financing for local government authorities.
- Improved equity in per capita service delivery investments between settlements and wider population.
- Economic and social benefits will accrue to a wider population.
- Improved integration will have greater economic and social dividends. With improved connection between the resettlement areas and wider areas there will be an increase in trade and economic transactions in regards to this produce resulting in increased availability of products and decreased prices.
- Cost efficiencies associated with incorporation of the settlements into mainstream government planning and resource allocation.
- Cost efficiencies associated with delivery of services through public provision; the analysis showed that schools and health centers constructed through government counterparts under the project would be 32 and 47 percent respectively less expensive than comparable activities implemented by humanitarian counterparts, private entities and NGOs.

77. Nevertheless, scenario two will also present new costs for the local government institutions specifically related to the impact of recurring operational and maintenance costs on their budgets. Reoccurring costs for the local government under scenario two are likely to be increased given that UNHCR currently subsidizes those costs including staff salaries, benefits, drugs and fuel. For Meheba, 60 percent of the staff employed in the clinics in the settlements are paid for by UNHCR alone. There will need to be careful planning by the line ministries over time to absorb these costs.

78. The value added of the World Bank engagement in the SOP lies in its ability to bring technical solutions from a development perspective to the particular situations of forced displacement. Relevant technical skills includes supporting efficient and accountable government fund flow systems to finance local level government-led activities, supporting cost-effective design for infrastructure and service provision, and using contextual planning tools to assess needs in broader development context and supporting long term social integration.

## **B. Technical**

79. All works on socio-economic investments made under the project will be subject to technical scrutiny to ensure that they meet adequate design and engineering standards; when available, they will follow government-mandated standard blue-prints (for example, primary schools and health centers). This will be achieved through a number of quality control and supervision checks in the project cycle, details of which will be given in the PIM. To begin with, all socio-economic investments prioritized by communities through a participatory process will

undergo a financial, technical and environmental feasibility assessment. Quality control of designs and construction and rehabilitation works will be ensured by the NCCS through the competitive hiring of qualified surveyors and engineers as well as the selection of qualified and competent contractors to design and implement works. World Bank implementation support will also contribute to quality control through careful scrutiny of procurement processes and on-site inspection of works to quickly identify and remedy deficiencies.

80. The Project will build upon the existing technical capacity within the implementing agency reinforced with the implementation support offered through qualified engineers in the Project team.

### C. Financial Management

81. A Financial Management (FM) assessment was conducted on all implementing agencies for the project. The objective of the assessment was to determine whether the implementing entities have acceptable financial management arrangements in place that satisfy the Bank’s Operation Policy/Bank Procedure (OP/BP) 10.00. These arrangements would ensure that the implementing entities: (a) use project funds only for the intended purposes in an efficient and economical way; (b) prepare accurate and reliable accounts as well as timely periodic interim financial reports; (c) safeguard assets of the project; and (d) have acceptable auditing arrangements. The FM assessment was carried out in accordance with the Financial Management Manual for World Bank Investment Project Financing Operations that became effective on March 1, 2010 and issued (retrofitted) on February 4, 2015.

82. The conclusion of the assessment is that the financial management arrangements in place meet the World Bank’s minimum requirements under OP/BP10.00 and are therefore adequate to provide, with reasonable assurance, accurate and timely information on the status of the Project as required by the World Bank. Nevertheless risks for successful FM management and the need for mitigation measures were identified as follows:

**Table 7. Financial Risks and Mitigation Measures**

Agencies Assessed	Risk Rating	Required Mitigation Measures
NCCS	Moderate	(a) Preparation of plan to connect to the Integrated Financial Management Information System (within two months of effectiveness); (b) Recruitment of a Project Accountant to be in charge of the project’s financial operations; and (c) the Bank to conduct training in the Bank’s financial management and disbursement guidelines to the recruited Project Accountant.

### D. Procurement

83. Procurement for the proposed Project will be carried out in accordance with the World Bank’s "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 and updated July 2014; and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 and updated July 2014,

“Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, (the Anti-Corruption Guidelines)” dated October 15, 2006 and revised in January 2011, and the provisions stipulated in the Legal Agreement. The procurement procedure to be followed for National Competitive Bidding (“NCB”) shall be the open bidding procedure set forth in the Public Procurement Act, 2008, Act. No.12 of 2008, as amended by the Public Procurement (Amendment) Act, 2011, Act No. 15 of 2011 (the “PPA”), and the Public Procurement Regulations, 2011, Statutory Instrument No. 63 of 2011 (the “Regulations”); provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of Section III, and Appendix 1 of the “Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” (January 2011) (the “Procurement Guidelines”), and the additional provisions as provided in Annex Two – Detailed Project Description under “Procurement”.

84. A procurement capacity assessment of the implementing agency for the Project was carried as part of project preparation. The assessment concluded that procurement management arrangements in place are adequate and compliant to the Procurement Guidelines. Nevertheless, risks for successful Procurement management and the need for mitigation measures were identified as follows:

**Table 8. Procurement Risks and Mitigation Measures**

Agencies Assessed	Risk	Required Mitigation Measures
NCCS	Moderate	(a) The NCCS coordinator and the financial management specialist should carry out training and sensitization of all staff to ensure procurement decision making is fully covered in the Manual of the Agency and is available/known to staff; (b) NCCS to prepare a plan to acquire the necessary procurement expertise: agency staff needs to increase knowledge in procurement in general. Internal quality assurance needs to be enhanced. Staff numbers need enhancing with expected increase in workload. Agency needs to enhance contract management expertise for quality and timely delivery of services, works and good; (c) with regards to evaluation and award of contracts, staff needs to be trained in good evaluation practices which base decisions on pre-disclosed criteria.

**Procurement methods to be used for the Project**

85. Particular methods of procurement of goods and works are as follows:

- (a) International Competitive Bidding. Except as otherwise provided, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding (ICB).
- (b) Other methods of procurement of goods and works. The following list specifies the methods of procurement, other than International Competitive Bidding which may be

used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

- (i) National Competitive Bidding
- (ii) Procurement from UN agencies
- (iii) Force Account
- (iv) Shopping
- (v) Direct Contracting
- (vi) Community Participation in Procurement (CDD)

86. Particular methods of procurement for consulting services are:

- (a) Quality and Cost-Based Selection (QCBS). Except as otherwise provided in the paragraph below, consultants services shall be procured under contracts awarded on the basis of Quality and Cost-Based Selection.
- (b) Other methods of procurement of consultants' services. The following list specifies selection methods, other than Quality and Cost-Based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used:
  - (i) Quality-Based Selection (QBS)
  - (ii) Selection based on the Consultant's Qualifications (CQS)
  - (iii) Least-Cost Selection (LCS)
  - (iv) Single-Source Selection for firms (SSS)
  - (vii) Individual Consultants (IC)
  - (viii) Single-Source Selection for IC (SSS).

## **E. Social Inclusion and Social Safeguards**

87. The social dimensions of work with populations affected by forced displacement are especially important. For this Project these dimensions include: (a) a commitment to the inclusion of especially vulnerable groups in the integration process; (b) a focus on ensuring gender equity; (c) a commitment to citizen engagement and representation; (d) a commitment to mainstreaming the principle of social cohesion through project design; and (e) adherence to World Bank policies on land acquisition and resettlement.

88. **Gender Equity.** The report *Forced Displacement in the Great Lakes* identified the strong gender dimensions to the impacts of displacement in the GLR. Women who are IDPs, refugees or returnees face multiple constraints including exposure to high levels of gender-based violence, inadequate control over their health and other endowments, limited economic opportunities and lack of access to or control over assets and resources. Displacement can also disrupt social relations and change gender roles, with both positive and negative consequences. Shifting household dynamics can enable new responsibilities and opportunities for women across economic, social and civic dimensions. At the same time, these changes can sometimes contribute to increased household resentment, particularly from male partners who perceive their own disadvantage, and further cycles of violence. The Program, therefore, will pay attention to how gender empowerment can occur with sensitivity to prevailing social norms but with an eye toward advancing more equitable access to opportunities and benefits extending from the Project. Although this Project will not directly address Gender-Based Violence (GBV) either through prevention or response interventions, it will endeavor to ensure associated activities do

not exacerbate incidence of or heighten exposure to violence. The NCCS Safeguards Manager is in the process of receiving mentorship support from a Gender Expert, to broaden her skills on managing Gender-related aspects of the project.

89. **Citizen Engagement.** The report also noted that the role of displaced persons in representative decision-making and governance structures is usually highly limited and rarely extends beyond a camp or settlement setting to more mainstream government structures. Shifting this picture is a distinct objective of the projects where the aim is to include the settlements into mainstream government service delivery. However, preliminary diagnostic work indicates that the shift will not only be institutional, involving the setting up and management of these structures to cover the refugee populations, but will also be attitudinal. The Project will invest in working with local authorities and the local population to consider the former refugees as truly equal citizens without prejudice and discrimination.

90. **Social Cohesion.** Besides the distinct Component 3, which will fund social cohesion activities, the use of participatory community-driven processes in the selection of socio-economic investments will be central to achieving cohesion between displaced and hosting communities under the Project. Not only does this approach encourage general citizen engagement in project activities (with participatory planning leading to better-informed project choices), it will also facilitate both sets of beneficiaries working together to make development decisions for mutual benefit. Zambia has experience in and has used this approach to ensure inclusion of vulnerable social groups at community, ward, and district levels. This process can contribute to increased trust, the creation of shared interests and it can also provide a forum for agency and voice for those who have been used to centralized decision making.

91. **Land Acquisition.** The Project triggers OP/BP 4.12 as there may be some land acquisition and temporary impact on livelihoods to facilitate road rehabilitation works and small-scale community infrastructure works (health centers, schools, latrines, etc.) foreseen in Component 1. A Resettlement Policy Framework (RPF) was prepared, consulted upon, and disclosed prior to Appraisal of the project. The RPF will guide the development of site specific Resettlement Action Plans, which will be developed as needed during project implementation. The RPF also provides detailed guidelines on processes for undertaking, documenting, and keeping records of voluntary land donations.

92. The Strategic Framework on Local Integration of Former Refugees includes provision of an alternative legal status, as well as an integrated relocation program, implemented by the Government through the Commission for Refugees, with the support of UNHCR. This process, started in 2014, provides access to land ownership to eligible former refugees and an equal number of Zambians. Currently about 12,800 former Angolan refugees, and 4,000 former Rwandan refugees are eligible for the local integration process. This process is independent of the World Bank-funded project, and is funded by the Government of Zambia and implemented by the Commission for Refugees, with support from UNHCR. The UNHCR-supported land allocation activities will bring important benefits to the targeted population in the form of secure land rights (including for those currently living in the area of the new settlements). The World Bank has reviewed the methodology being employed in the UNHCR-supported activities and considers it satisfactory. While it is possible that the planning of the new settlements and the parceling of land could result in minor loss of land for some existing inhabitants (including the

long-term refugees) these ongoing activities are not part of the World Bank-supported project and are not necessary to achieve project objectives, i.e., to improve access to livelihoods and socio-economic infrastructure for displaced people and host communities in the targeted areas. Therefore, OP/BP4.12 does not apply.

## **F. Environment (including Safeguards)**

### **Climate Change Screening**

93. There are two general aspects of climate change to be potentially considered by the project: Adaptation covers a wide range of activities that will enhance the ability to respond to climate change-related issues such as sea level rise, storms, floods, and drought, threats to water resources, health, infrastructure, and agriculture. Adaptation measures usually include climate change impact analysis as well as "climate proofing" of sectors, geographic areas and specific projects. The Project's will include activities that (a) are relatively small scale investments, (b) have scope for easily reacting to climatic trends (for example, in road rehabilitation or support to agricultural activities) and, moreover (c) possess an inherent flexibility to react to changing climatic condition, should this become necessary (for example, when a community decides and plans the upgrading of buildings and infrastructure, resilience can be built with minor additional efforts). Adaptation will thus be promoted as one of the key design principles for the scope of planned activities, but will not require freestanding, broad analytical or planning efforts.

94. Mitigation efforts are targeted at reducing greenhouse gas (GHG) emissions by measures such as improved energy efficiency, increased use of renewable energy sources, sustainable transport initiatives, and carbon sequestration. While resource economy and energy efficiency will be an important design criteria in all components, especially those dealing with physical investments and livelihood generation, the Project will not target specific measures to reduce, and possibly market, GHG emissions.

95. A Climate and Disaster Risk Screening Report for the regional Program revealed that the potential impacts of the Project vary by sector and time period. The community development aspects of the Program (including policy development and long-term strategic planning) may significantly reduce the impacts of climate hazards. The social development aspects of the Program, such as capacity building and training, may significantly reduce the impact of climate hazards, both currently and in the future. Access to technology provided by the program can also significantly reduce the impact of climate hazards. The potential impact of the overall program is highly exposed to climate hazards, whereas the outcomes for community development are at low risk, while the social development outcomes are moderately exposed to climate hazards.

### **Environmental Safeguards**

96. OP/BP 4.01 has been triggered and overall, the program has an environmental category B rating, as large scale, significant, or irreversible environmental or social impacts are not expected.

97. Since the exact locations of the activities and scope of works are not yet identified, the relevant instrument is an Environmental and Social Management Framework (ESMF). The type of activities that might cause adverse impacts include: (a) the construction or rehabilitation of

connective infrastructure (roads, bridges, extension of electric grid); (b) the construction or rehabilitation of community infrastructures such as schools, health centers, water points; (c) the rehabilitation of community roads; and (d) water conservation works, as well as solid waste management.

98. OP/BP 4.36 on Forests, was also triggered as the resettlement areas have high vegetation and forest cover. The integration of former refugees with the host communities will further increase incidences of encroachment, charcoal production, logging for timber and the cutting down of forests to open up the areas to farming activities. The ESMF provides for the development of Environmental and Social Management Plans (ESMPs) that will propose mitigation measures to address the potential environmental and social impacts of the Project.

99. OP/BP 4.09 on Pest Management was also triggered, as a precautionary measure in relation to livelihood sub-projects, and is addressed through the ESMF as well.

### G. Other Safeguards Policies Triggered

100. The Project triggers OP/BP 4.04 on Natural Habitats so that the Project team can identify, assess and manage activities that could induce direct or indirect significant impacts on natural habitat, fauna, flora, or biodiversity from being selected and financed by the Project. Moreover, activities such as road rehabilitation may happen in overgrown areas in or adjacent to natural habitats. The ESMF includes measures for avoiding or, if unavoidable, mitigating, impacts on fauna and flora in natural habitat areas. The ESMF includes a screening checklist that will ensure that the Project will not affect or involve critical natural habitats.

### H. Summary of Safeguards Policies

Safeguards Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Project will support the construction or rehabilitation of connective infrastructure (links to main roads, bridge rehabilitation, extension of power lines), and the construction or rehabilitation of socio-economic infrastructures (schools, health centers, water points, etc), selected through a demand driven and consultative approach, as well as support to small livelihood activities. The Project is expected to have a moderate environmental footprint, with minor negative impacts that are not expected to be significant, cumulative or irreversible. Since the exact locations of the activities and scope of works are not yet identified, the relevant instrument is an Environmental and Social Management Framework (ESMF). An ESMF has been prepared, consulted upon, disclosed prior to Appraisal. The ESMF guides the screening of the sub-projects and their categorization and also the development of Environmental and Social Management Plans (ESMP) once specific activities and locations have been identified. The ESMPs will be prepared, consulted with local communities and disclosed prior to commencement of detailed planning and physical works. Management and supervision requirements for the physical, chemical and biological environment (waste, water and sanitation etc), health and safety of construction workers and safety and security of neighboring communities are built into the ESMF.
Natural Habitats OP/BP	Yes	This policy is triggered in relation to activities (such as road rehabilitation



Safeguards Policies	Triggered?	Explanation (Optional)
4.04		or other infrastructural projects) that could induce direct or indirect significant impacts on natural habitats, fauna, flora, or biodiversity either due to proximity or due to extended impact during construction and/or operations. The ESMF includes guidelines to avoid as much as possible projects affecting natural habitats (e.g. by choice of location / alignment of physical investments), as well as screening checklists and relevant mitigation measures to avoid or, if unavoidable, minimize, mitigate, compensate or offset (following the mitigation hierarchy) impacts on fauna and flora and natural habitats. Any sub-projects negatively affecting critical natural habitats will not be considered for financing.
Forests OP/BP 4.36	<b>Yes</b>	While it is not expected that the Project will overlap with forestry reserves, the resettlement areas have partial forest cover. The integration of former refugees with the host communities will further increase incidences of encroachment, charcoal production, logging for timber and the cutting down of forests to open up the areas to farming activities. The ESMF provides mitigation measures that address the potential environmental and social impacts on the Project associated with forests.
Pest Management OP/BP 4.09	<b>Yes</b>	OP/BP 4.09 was triggered as a precautionary measure in relation to livelihood support that may involve activities supporting agricultural activities. The ESMF will include guidelines for avoiding the use of pesticide when possible, and provides guidelines and mitigation measures in cases when this would not be avoidable. The ESMF includes recommendations and guidelines for use of non-chemical fertilizers and pesticides, where possible.
Physical Cultural Resources OP/BP 4.11	<b>No</b>	
Indigenous Peoples OP/BP 4.10	<b>No</b>	Screening has confirmed the absence in the project area of people who meet the criteria of OP/BP4.10.
Involuntary Resettlement OP/BP 4.12	<b>Yes</b>	There may be some land acquisition and temporary impact on livelihoods to facilitate road rehabilitation works and small scale community infrastructure works (health centers, schools, latrines, etc). While it is expected that there may be temporary impacts on livelihoods to facilitate road rehabilitation and other socio-economic and connective infrastructure works, it is expected that most of the land for these constructions will be either Government owned or voluntarily donated. OP/BP 4.12 has been triggered as a precautionary measure in relation to the connective and socio-economic infrastructure. Since these infrastructures will be identified during project implementation through a participatory process, sub-project locations are not yet known, and for that reason, an RPF has been prepared and disclosed prior to appraisal. Relevant Resettlement Action Plans (RAPs) will be prepared, consulted upon, and disclosed, as needed.
Safety of Dams OP/BP 4.37	<b>No</b>	
Projects on International Waterways OP/BP 7.50	<b>No</b>	
Projects in Disputed Areas OP/BP 7.60	<b>No</b>	

## **I. World Bank Grievance Redress**

101. Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance redress mechanisms or the World Bank's Grievance Redress Service. This service ensures that complaints received are promptly reviewed in order to address project-related concerns. Project-affected communities and individuals may also submit their complaint to the World Bank's independent Inspection Panel, which determines whether harm occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. Additional information on how to submit complaints to the World Bank's corporate Grievance Redress Service is available online at [www.worldbank.org/GRS](http://www.worldbank.org/GRS), while additional information on how to submit complaints to the World Bank Inspection Panel can be found at [www.inspectionpanel.org](http://www.inspectionpanel.org).

## Annex 1: Results Framework and Monitoring

**Country: Zambia**

**GLR: Displaced Persons & Border Communities (P152821)**

### Results Framework

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#### Project Development Objectives

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PDO Statement

To improve access to livelihoods and socio-economic infrastructure for displaced people and host communities in the targeted areas of the recipient's territory.

**These results are at** | Project Level

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#### Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values					
		YR1	YR2	YR3	YR4	YR5	End Target
Direct project beneficiaries (Number disaggregated female/former refugees/hosts) - (Core)	0.00	30,080	71,140	132,185	202,715	253,250	250,250
Beneficiaries with improved access to connective and socio-economic infrastructure (Number disaggregated female/former refugees/hosts)	0.00	0	20,000	60,000	110,000	150,000	150,000
Beneficiaries of livelihood subprojects who report improved	0.00	n/a	50	50	60	60	60

food security, income and/or welfare (Percentage; female, most vulnerable )							
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### Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values					
		YR1	YR2	YR3	YR4	YR5	End Target
Number of completed infrastructure sub-projects (by sub-project type) (Number)	0.00	To be determined annually					40 Given the participatory nature of the project, the target will be established on a yearly basis, based on demand. It is estimated that about 40 infrastructure sub-projects will be completed.
Share of infrastructure built/rehabilitated by the project that is climate resilient (Percentage)	0.00	n/a	70	70	70	70	70.00
Share of approved socio-economic infrastructure subprojects that are or will be integrated into government planning and budget exercises (Percentage)	0.00	n/a	70	75	80	80	80.00
Beneficiaries of livelihoods sub-projects (Number disaggregated by female/vulnerable)	0.00	100	1,000	2,000	2,500	3,000	3,000

Number of people participating in community-based decision-making/participatory planning exercises (Number)	0.00	30,000	50,000	70,000	90,000	100,000	100,000
Number of people who have participated in social cohesion activities under the project (Number)	0.00	30,000	50,000	70,000	90,000	100,000	100,000
Share of former refugees who report having good relations with host communities (Percentage)	To be determined	40%	40%	50%	50%	60%	60.00 End target will be adjusted based on the results of the baseline survey.
Number of plans in districts or wards mainstreamed with climate resilience (Number)	0.00	0	0	1	2	3	3.00
Number of individuals participating in regional knowledge and learning exchanges (Number)	0.00	0	10	25	35	50	50.00
Number of individuals participating in capacity building trainings (Number)	0.00	80	130	160	180	200	200.00

### Indicator Description

#### Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data
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				Collection
Direct project beneficiaries	Direct beneficiaries are people who directly derive benefits from an intervention under the project	Quarterly	Monitoring Reports	National Climate Change Secretariat
Beneficiaries with improved access to connective and socio-economic infrastructure	Number of beneficiaries reported in sub-project proposals and verified by the District that are estimated to benefit from connective infrastructure and socio-economic infrastructure subprojects, reported once the infrastructure is completed.	Quarterly	Sub-project Proposals Monitoring Reports	National Climate Change Secretariat
Beneficiaries of livelihood subprojects who report improved food security, income and/or welfare	Percentage of surveyed beneficiaries of livelihoods subprojects under Component 2 who report improvements on: food security, income and/or welfare	Baseline, Yr2, Yr4, Yr5	Beneficiary survey	National Climate Change Secretariat

### Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Number of completed infrastructure sub-projects (by sub-project type)	This indicator will be broken down by type of social services or infrastructure with an agreed set of measurement guidelines (e.g., #of km of roads; #of bridges; #of km of electricity grid; #of boreholes, #of schools; #of hospitals)	Quarterly	Monitoring Reports	National Climate Change Secretariat
Share of infrastructure built/rehabilitated by the project that is climate resilient	Share of completed sub-projects that include at least one climate resilience feature.	Quarterly	Monitoring Reports	National Climate Change Secretariat
Share of approved socio-economic infrastructure	This indicator will be based on the information to be obtained at the district-	Quarterly	Project proposals	District Planning Sub-Committee

subprojects that are or will be integrated into government planning and budget exercises	level appraisal process, that ensures a commitment from relevant line ministries, local government authorities that project-funded infrastructures will be included in their planning process, and budgeted for staffing, equipment, and maintenance costs			
Beneficiaries participating in livelihoods sub-projects	The indicator will be broken down into the following sub-categories for supplemental information: share of female beneficiaries and share of vulnerable beneficiaries	Quarterly	Monitoring Reports	National Climate Change Secretariat
Number of people participating in community-based decision-making/participatory planning exercises	This indicator will track the number of people participating in consultation activities or participatory planning exercises where relevant under Components 1, 2 and 3.	Quarterly	Monitoring reports; Attendance/Consultation Reports	National Climate Change Secretariat
Number of people who have participated in social cohesion activities under the project	This indicator will track the cumulative number of people who attended relevant sessions.	Quarterly	Attendance sheets	National Climate Change Secretariat (with information from District of Provincial-level project teams)
Share of former refugees who report having good relations with host communities	Former refugees sampled who report good relations with Zambians	Baseline, Yr2, Yr4, Yr5	Beneficiary survey	National Climate Change Secretariat
Number of plans in districts of wards mainstreamed with climate resilience	Number of plans that have incorporated a climate resilience dimension	Quarterly	District/Ward-level plans	District Planning Sub-Committee and Provincial-level Implementation Unit
Number of individuals participating in regional knowledge and learning	Indicator to be broken down by number of participants in learning exchanges by country	Quarterly	Regional attendance reports	No description provided.

exchanges				
Number of individuals participating in capacity building trainings	This indicator will track the number of government staff participating in capacity building exercises across central, regional, district/provincial and ward levels.	Quarterly	Attendance reports	National Climate Change Secretariat



## Annex 2: Detailed Project Description

### GLR: Displaced Persons & Border Communities (P152821)

#### A. Background

1. **Local integration in Zambia.** Zambia has hosted refugees and asylum seekers since the 1960s. The country currently hosts about 50,000 mainly Angolan, Rwandan and Congolese refugees and former refugees in Meheba settlement (Solwezi District, Northwestern Province) and Mayukwayukwa settlement (Kaoma District, Western Province)<sup>21</sup>. In December 2011, at a Ministerial meeting to commemorate the 60th anniversary of the 1951 Convention relating to the status of refugees, the government of the Republic of Zambia made a pledge to facilitate the securing of a durable solution through local integration for about 10,000 Angolan refugees who had been living in Zambia for over four decades. In January 2014, the government of Zambia in collaboration with UNHCR produced the *Strategic Framework for the Local Integration of Former Refugees in Zambia*, targeting up to 10,000 former Angolan refugees who arrived in Zambia until 1986, and possibly up to 4,000 former Rwandan refugees, for local integration support. The Strategic Framework outlines priority actions and identifies resources required to implement the government's pledge to integrate eligible former refugees in a manner that promotes their legal status and socio-economic empowerment. The Strategic Framework supports the issuance of country of origin passports and residency permits for former Angolan refugees and their relocation out of the refugee settlements of into two new adjacent resettlement schemes to be eventually managed by the Department of Resettlement in the Office of the Vice President, where they will be entitled to occupy land plots. The Strategic Framework envisages a series of socio-economic infrastructure investments (schools, clinics, boreholes, and roads) in order to make the resettlement schemes viable places to live.

2. While the Strategic Framework sets a new global standard on how to promote the local integration of former refugees, there have been some challenges in its implementation. With several bureaucratic steps involved, the pace of issuing residency permits has been slow. In addition, until recently, limited numbers of former refugees had formally expressed interest in moving into the resettlement areas. In September 2015, the World Bank, in collaboration with the United Nations Resident Coordinators Office in Lusaka, the UNHCR, the United Nations Human Settlement Program (UN Habitat), and the United Nations Development Programme reviewed progress in implementation of the Strategic Framework. As of August 2015, a total of 5,450 former Angolan refugees had been screened and deemed eligible for local integration (4,072 in Meheba settlement and 1,378 in Mayukwayukwa settlement). Further, 1,596 had received Zambian alien cards, 2,197 had been issued national Angolan passports, and 456 had received resident permits. A total of 1,209 plots of land had been surveyed and demarcated in the resettlement areas, and 456 plots had been allocated to former Angolan refugees, and 149 to Zambians. In addition a number of socio-economic infrastructures are in process in the resettlement areas, and neighbouring communities.

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<sup>21</sup> A re-delimitation of a number of Districts is currently ongoing in Zambia. While Meheba was initially located within the boundaries of Solwezi District, and Mayukwayukwa of Kaoma District, it is possible that they would eventually fall within the boundaries of different Districts.

3. Based on this review, the World Bank and UN agencies issued joint recommendations to the government of Zambia, with a view of addressing limitations in the design and implementation of the Strategic Framework. Identified limitations in the Strategic Framework include: (a) limited capacity and human resources allocated to the processing of resident permits, creating delays in implementation of the alternative legal status component; (b) weaknesses in the design of the resettlement program (including gridline plot allocation system preventing the creation of villages and contributing to geographically isolating beneficiaries, and resettlement areas located far from main roads); and (c) lack of inclusion of the resettlement areas in the development planning of the wider districts, limiting mutual benefits of investments in the two areas. Concrete recommendations, necessary for the successful implementation of the proposed Zambia component of the *GLR: Displaced Persons and Border Communities Project*, were made. Implementation of these recommendations is ongoing and has been followed by a faster issuance of legal documents, allocation of land plots, and progressive move of former refugees from the refugee settlements to the resettlement areas.

4. In the meantime, in the course of 2015, the eligibility criteria for former refugees to receive local integration support was extended to former Angolan refugees who arrived in Zambia until 2003, as well as former Rwandan refugees. The eligible caseload expanded from about 5,450 former Angolan refugees, to about 12,800 former Angolan refugees, and an additional 4,000 former Rwandan refugees.

5. **Supporting host communities.** The World Bank has undertaken technical assistance to ensure that the Zambia SFLI give increased attention to how local host communities adjacent to the former refugee settlements can be included in the local integration process and access potential development benefits. As described above, global experience shows that responses to refugees are more sustainable and socially cohesive when they include broad support for hosting communities. The Strategic Plans have therefore been enhanced to look beyond the settlement and re-settlement areas and identify socio-economic investments to be made at the wider district level to promote local integration with mutual benefits for former refugees and host communities.

6. This approach is especially important because the re-settlement areas of Meheba and Mayukwayukwa are located in the more geographically isolated, rural and poorer areas of the countries where access to key socio-economic facilities is low and poverty is high.<sup>22</sup> Mayukwayukwa, for example, is located in Kaoma District, where the poverty rate of 82 percent is significantly higher than the national average of 62 percent.<sup>23</sup> Most people in both targeted Provinces live in rural areas, where access to key socio-economic facilities is low. For example 46 percent of the rural population compared to 80 percent of the urban dwellers are within 1 km of a school, while the numbers are 28 percent compared to 74 percent for health clinics.<sup>24</sup>

7. In this context, the refugee settlements with long involvement and dedicated investment by MoHA and UNHCR have actually achieved a higher degree of service provision in some

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<sup>22</sup> In Zambia, only 46 percent of the rural population compared to 80 percent of urban dwellers are within 1 km of a school, while the numbers are 28 percent compared to 74 percent for health clinics. Central Statistics Office, 2011, *Living Conditions Monitoring Survey 2006 and 2010*, p. 249

<sup>23</sup> World Bank, 2015, *Mapping Subnational Poverty in Zambia*, p. 27- 29

<sup>24</sup> Zambia Central Statistics Office, 2011, *Living Conditions Monitoring Survey 2006 and 2010*, p. 249

sectors than many of the surrounding districts. For example, 40 percent of the local population in Solwezi live more than 6 km away from a health post and 20 percent live more than 6 km away from a primary school, whereas none of the residents of the Meheba refugee settlement live more than 5 km away from such these facilities. Investment in socio-economic and livelihood priorities for the surrounding communities therefore becomes important not only to ensure integration, to ensure equity across this existing disparity and to address local development challenges.

8. Significant development challenges in the target areas relate to reliance on subsistence agriculture and constrained access to water. Climate change, affecting both the Western and Northwestern Provinces, puts an additional strain on already vulnerable beneficiaries. Zambia's climate is highly variable, and floods and droughts have increased in frequency over the past three decades. Income in both the Zambian host communities and the refugee settlements is reliant on subsistence farming, non-timber forest products and casual labor, often paid in food, making the beneficiaries increasingly vulnerable to climate change-related crop failures.<sup>25</sup>

9. **Area Based Planning.** Administration of the refugee settlements as designated areas by the MoHA has resulted in a serious disadvantage: the settlements are not included in wider area based development strategies or planning tools as the district or provincial level. This has practical consequences. Initial design of the re-settlement areas for former refugees was carried out in absence of consideration of the spatial economy of the wider districts and province or consideration of wider service delivery planning. This resulted in a first design of resettlement areas, which risked further isolating former refugees from broader economic and social opportunities beyond the boundaries of the re-settlement area. It also risked inefficiencies in service delivery since facilities such as new schools and clinics for the resettlement areas were being planned without consideration that existing services in the wider districts might be expanded to serve the resettlement areas. Technical assistance undertaken by the World Bank in association with UN Habitat resulted in a series of spatial planning recommendations on how to best serve the settlements through broader infrastructure. The recommendations included the need to bring the settlements more fully into local level planning processes. The World Bank-supported project is designed to implement these recommendations.

10. **Access to Land.** The Government has dedicated parts of the refugee settlements to new resettlement schemes, where eligible former refugees and an equal number of Zambians can access land property and settle. Each eligible household receives a plot of a minimum of 5 hectares, up to 10 hectares as per the Department of Resettlement guidelines for resettlement schemes (depending on proximity to main roads). Access to land in the two resettlement areas follows the same principles as for the resettlements schemes nationwide. To receive land plots, eligible former Angolan refugees have to submit an application that is then reviewed by the refugee officer and the Department of Resettlement. Once the application is approved, a plot with a plot number, is allocated to the household. The household is issued a Letter of Occupancy providing the former refugees the right to occupy and farm the land. After two years of farming the land, the Department of Resettlement issues a Letter of Offer specifying all the steps and fees required to apply for land titles. The land allocation process is not linked to the Project, and entirely funded through Government funds and support from UNHCR.

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<sup>25</sup> World Bank, 2013, *Zambia Strengthening Climate Resilience (PPCR Phase II) Project Appraisal Document*, p. 1

11. **Social cohesion.** Given the longevity of the presence of the former refugees there has been considerable de facto and positive integration and social interaction between the former refugees and the local populations. The degree and intensity of this interaction varies between the different locations. Nevertheless, reports of conflict and tension do exist. This seems to occur particularly due to the different and parallel administrative structures in place for the former refugees in the settlements as compared to the local population and some resentment over the perceived ‘special treatment’ received by the former refugees especially in regards to their relative higher levels of service provision through UNHCR. A World Bank-UN report on local integration<sup>26</sup> finalized in the context of this project’s preparation, revealed that despite the long-term presence of former refugees in Zambia, and the proactive and welcoming approach of the Zambian government, risks of social tensions between former refugees and Zambians should not be underestimated. Local chiefs are supportive of the Meheba resettlement scheme, but there appears to be tensions in Mayukwayukwa between chiefs and some former refugees living in host communities. Disputes are related to cattle circulation, and conflicts between farmers and herders, among others. Chiefs are also concerned about the strain on water and social services that might arise when more people move into the resettlement areas. These tensions are to be understood in a context where some people perceived to be of Angolan ascendants have recently been elected in Parliament, and some chiefs and their entourage are concerned about competition for political power. In addition, given the fact that in resettlement schemes, former refugees and Zambians will be living side by side, it will be key to ensure that the newly created communities are well integrated, and that Zambians and former refugees interact peacefully.

12. The risk of social tensions and the potential of negative attitudes to de-rail successful local integration is not be underestimated. A commitment to social cohesion is therefore to be mainstreamed throughout the entire design of the project. The institutional arrangements, the choices of investments made, the representation of different stakeholders, the level of transparency and the implementation of activities will all be done in such a way that positive contact is fostered between the former refugee communities and the local communities in which they reside.

## **B. Project Beneficiaries**

13. The target areas will be the two resettlement areas of Meheba and Mayukwayukwa as well as the surrounding wards and districts. Wards neighboring the resettlement areas are targeted based on the principle of extending benefits to surrounding communities.

14. Beneficiaries include up to 16,800 eligible former refugees moving to the resettlement areas, and a matching number of Zambians provided access to land. The Project will also target the wards hosting and surrounding Mayukwayukwa resettlement area (Mushawala, Luambuwa, Kashamba, Kapili, Mangango, Mbanyutu, Nkenga, and Namafulo), and Meheba resettlement area (Mwajimambwe, Matebo, Shilenda, Mukumbi, Kibanza, and Mumena). These wards are located respectively in Kaoma district (179,326 people), Lukulu district (37,231 people), and

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<sup>26</sup> World Bank-UN, October 2015, *Zambia: Recommendations for Improved Local Integration of Former Refugees*

Solwezi district (107,794 people). The total target population in the three districts and 14 wards is 357,951<sup>27</sup> persons, of which 16,800 are former refugees.

15. In both areas, most of the population lives in poverty, with restricted access to services. Kaoma district's poverty rate is 82 percent, while several mining companies in Solwezi are pushing the poverty rate down to 50 percent.<sup>28</sup> The majority of the beneficiaries of the Project live in rural areas, where access to key socio-economic facilities is low. For example 46 percent of the rural population compared to 80 percent of the urban dwellers are within 1 km of a school, while the numbers are 28 percent compared to 74 percent for health clinics.<sup>29</sup>

16. Vulnerable sub-groups among former refugees and Zambian host communities alike include female-headed households, the elderly, those with psychological challenges, and the disabled. Vulnerable groups tend to face challenges in sustaining agriculture, the main source of livelihoods in the refugee settlements. A 2013 study on vulnerability in Zambia found that women-headed households were more likely to experience hunger than male-headed households, and that those in Kaoma district generally experienced more food insecurity than that of Solwezi.<sup>30</sup> In the refugee settlements, approximately 6 percent of the Angolan<sup>31</sup> and 10 percent of the Rwandan refugees are considered to be particularly vulnerable.<sup>32</sup> Women face risks of sexual and gender-based violence and challenges in controlling livelihood assets like land. Within the refugee population, social and economic marginalization coupled with the lack of freedom of movement to engage in trade, further inhibits the ability to sustain livelihoods.

17. Climate change also increasingly puts vulnerable Zambians and former refugees at risk. Zambia's climate is highly variable, and floods and droughts have increased in frequency over the past three decades. Income in both the Zambian host communities and the refugee settlements is reliant on subsistence farming, non-timber forest products and casual labor, often paid in food, making the beneficiaries increasingly vulnerable to climate change resulting in crop failures. This again leaves fewer resources to deal with other climate change-induced impacts like worse water safety, lack of reliability of energy resources, and human and animal health issues.<sup>33</sup>

18. The resettlement schemes also include a significant proportion of vulnerable families. The first families to move as part of the local integration process were vulnerable former

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<sup>27</sup> Zambia Central Statistical Office, 2010, *Census of Population and Housing*

<sup>28</sup> World Bank, 2015, *Mapping Subnational Poverty in Zambia*, p. 27-29; World Bank, 2015. 6<sup>th</sup> edition, *Zambia Economic Brief* indicates that the national poverty rate in Zambia is 62 percent, p. 1.

<sup>29</sup> Zambia Central Statistics Office, 2011, *Living Conditions Monitoring Survey 2006 and 2010*, p. 249

<sup>30</sup> Oxford Policy Management, 2014, *Baseline Study and Monitoring and Evaluation Framework for Phase II of the PPCR*: 26 percent reported moderate hunger in the Barotse sub-basin where Kaoma is, whereas the figure was 7 percent in the Kafue sub-basin where Solwezi is. In both regions less than 1 percent stated they had severe hunger, p. 70

<sup>31</sup> 788 Angolans out of 12715 residing in Meheba and Mayukwayukwa. There are an additional 5890 self-settled Angolans and 56 Angolans registered in Lusaka. (UNHCR, 2015)

<sup>32</sup> Examples of vulnerability criteria include: separated child, exposure to multiple displacements, physical disability, older person unable to care for self, and single female household representative. UNHCR Angolan and Rwandan Refugee Profile as of November 6, 2015, (UNHCR, 2015), p. 1,2

<sup>33</sup> World Bank, 2013, *PAD - Zambia Strengthening Climate Resilience (PPCR Phase II)*, p. 1

refugees.<sup>34</sup> Zambians moving to resettlement schemes also tend to be vulnerable, as the eligibility criteria for access to land in the resettlement schemes prioritize the (a) unemployed, (b) physically challenged vulnerable groups, (c) temporary workers, and (d) retired, in addition to local residents.<sup>35</sup> There is a need for support mindful of the challenges for the different groups in order for them to become self-reliant. Historically there have been challenges for women in owning land in the schemes and accessing support.<sup>36</sup> Other resettlement schemes have seen challenges in supporting the vulnerable and extremely poor, for example agriculture input support has been contingent on membership of cooperatives, which has been an obstacle for poorer settlers who have been unable to pay membership fees.<sup>37</sup>

### C. Project Activities

19. Key design principles for the Project include: (a) ensuring equity of project benefits between the former refugee settlements and the local populations living in communities, villages, wards and districts surrounding the settlements; (b) promoting integration and positive interaction between the former refugees and local populations; (c) promoting more consistent planning processes for the development of the resettlement area and hosting and neighboring districts; (d) supporting wider poverty alleviation and development processes in the local districts; and (e) supporting social cohesion.

20. To operationalize these principles, the Project will use a Community-Driven Development (CDD) approach, drawing on successful experiences of past and on-going community-based and -driven programs in Zambia<sup>38</sup> and globally (particularly in post conflict and fragile settings<sup>39</sup>). As an approach to local development that gives control over planning decisions and investment resources to community groups and/or local governments, experience with CDD models globally has demonstrated that communities, with appropriate support, can effectively and efficiently identify and address their local development needs. A meta-analysis of impact evaluations found that CDD programs across regions have contributed to enhancing access to and use of basic services (such as health, education, and water), and to improving household living standards and welfare, with a strong poverty focus.<sup>40</sup>

21. The Project will also assign specific roles and responsibilities to district and provincial authorities, seeking to strengthen their capacity and leverage the integration of the resettlement

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<sup>34</sup> World Bank and UN, 2015, *Zambia: Recommendations for Improved Local Integration of Former Refugees*, p. 20

<sup>35</sup> Zambia Department of Resettlement, (year unknown), *Basic Information about Land Resettlement Steller Selection Criteria*, flyer p 5-6

<sup>36</sup> M. Roth and S.G. Smith (Eds), 1995, *Settlement Programs*. In Land Tenure, Land Markets, and Institutional Transformation in Zambia, University of Wisconsin Madison, p. 193

<sup>37</sup> Phiri, Steven, 2009, *The Impact of Differentiated Land Allocation: The Case of Voluntary Land Resettlement in Copper belt Province, Zambia*, p. 29

<sup>38</sup> For example, lessons learned are drawn from the Zambia Social Investment Fund Project (ZAMSIF – P063584); the Zambia Pilot Program on Climate Resilience (PPCR Phase I); and the Zambia: Strengthening Climate Resilience (PPCR Phase II – P127254).

<sup>39</sup> Stock-take studies include: World Bank, 2013, “*Designing Community-Driven Development Operations in Fragile and Conflict-Affected Situations. Lessons from a Stocktaking*”, and; Barron, 2010. *WDR Background Paper “CDD in Post-Conflict and Conflict-Affected Areas”*.

<sup>40</sup> Wong, Susan, World Bank, 2012, *What have been the impacts of World Bank Community-Driven Development Programs?*

areas and host communities into their broader and longer-term development plans. CDD-type of programs that embed participatory planning, cooperation with local authorities, and community control of funds, are recognized to be able to enhance state-society relations, increase citizen trust in institutions, and contribute to longer-term institution building, even before physical projects are completed.<sup>41</sup> The participatory approach of the Project, where all members will need to work together for shared benefits, can also promote open communications and collective actions amongst former refugees and host community members, and hence contribute to a stronger sense of ownership and social cohesion.

### **Component 1: Socio-Economic Investments (US\$ 15,000,000)**

22. This component will support: (a) the connection of the resettlement areas with the surrounding wards/districts; and (b) the local development of the resettlement areas and surrounding host communities. Sub-projects can be carried out either by the National Climate Change Secretariat or by the District, Ward or Community, depending on the level of complexity and amount of the sub-project. Component 1 will be coordinated through two provincial level teams, located in Mongu (Western Province) and Solwezi (Northwestern Province) respectively, led by the Provincial Chief Planners. The NCCS will be responsible for major studies and technical assistance. Given the remoteness of the two areas of intervention and logistical difficulties of managing the project from the national Secretariat, the project would assist the Western and Northwestern Provinces and the target districts with support including costs to oversee field operations, as well as capacity building and technical assistance to ward and district planning authorities. The Component will be implemented through the following sub-components:

#### *Subcomponent 1 (a): Connective infrastructures sub-projects*

23. Subcomponent 1.a. focuses on larger infrastructure designed to connect the resettlement areas with the surrounding wards/districts. Given the remoteness of the two resettlement areas, there was a strong demand for connective infrastructures from key stakeholders for a stronger connection with opportunities and services available in the hosting and neighboring wards/districts.

24. Given the urgency of reinforcing the connection of the resettlement areas with surrounding wards/districts, priority connective infrastructures will be identified through a simplified participatory process that will inform the update/revision of the District Strategic Development Plans.

25. The simplified participatory process will be facilitated by NGOs subcontracted by the Provincial Project Implementation Unit (PPIU) and will include, among others: (a) the District Planning and Advisory Sub-Committee (DPSC), (b) Ward Development Committees, (c) Chiefs and Traditional Affairs Officer, (d) Traditional leaders from the wards surrounding the resettlement areas, (e) Civil society representatives, including representatives of former refugees, representatives of vulnerable groups within the resettlement and in the surrounding wards, and (f) representatives of the Commission for Refugees and the Department for Resettlement.

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<sup>41</sup> World Development Report, 2011. *Conflict, Security, and Development*

**Table 2.1. Eligibility Criteria for Connective Infrastructures**

<b>Summary</b>	<b>Eligibility Criteria</b>
Contributes to local development	The sub-project must demonstrate clearly how it contributes to economic and social development, and ultimately to self-reliance of beneficiaries.
Shared benefits	The sub-project must demonstrate clearly that it will benefit both former refugees and Zambians (for connective infrastructure).
Vulnerable groups benefits	The most vulnerable groups and/or households must benefit from the sub-project.
No increased vulnerability to climate change	The sub-project must demonstrate that it does not increase vulnerability to climate change in the short, medium, and long term. Preference will be given to sub-projects that help foster resilience to climate change.
Sustainability	The district must guarantee that funds have been budgeted to ensure maintenance and, if relevant, staffing, to ensure the adequate maintenance and sustainability of investment to be funded.
No significant negative social or environmental impacts	The proposed sub-project must be screened for potential social and environmental impacts, as per safeguards requirement, and be found Category B or C (all Category A sub-projects are ineligible).
Implementers are accountable	The proposing institution should meet minimum fiduciary and registration criteria.
Feasibility	Projects must be simple enough for the proposing institution to manage, and maintain after completion.
Demand driven	The sub-project must be demand driven.
Mainstreamed	The sub-project is identified as a priority in the process of participatory planning described in the Project Implementation Manual – When District Strategic Development Plans have been revised, the sub-project must be consistent with the District Strategic Development Plan.
No other funds available	There are no other available sources to finance the proposed sub-project.

26. Based on priorities identified, the relevant authority (district or province) will prepare proposals, in compliance with the above summarized eligibility criteria. Proposals will then be submitted for review by the Provincial Planning Sub-committee, and/or the Provincial PIU. To ensure coordination and involvement of the Department of Resettlement in the process, the Principal Land and Resettlement Officer will be coopted into the Provincial Planning Sub-Committee, and the Resettlement Scheme Manager will be part of the District Planning and Advisory Sub-Committee. Once reviewed and endorsed at Provincial level, proposals will be sent to the NCCS at national level for review, including review of safeguards compliance (detailed steps for screening, environmental assessments, and Environmental and Social Management Plans are provided in the ESMF).

**Table 2.2. Example of Potential District Level Connective Investments**

<b>Type of Sub-grant</b>	<b>Connectivity Impact</b>	<b>Example of Sub-project</b>
Connective Infrastructure Sub-Grant	Connection of the resettlement scheme to nearby Ward	Road rehabilitation
	Connection of the resettlement scheme to market opportunities	Road rehabilitation
	Connection of the resettlement scheme to nearby market	Bridge rehabilitation
	Connection to electricity	Provision of solar panels



27. It is expected that given the amount and complexity of connective infrastructures, the management of the sub-grants will be too complex for districts. Depending on the amount and type of sub-projects, alternate institutions might be identified to receive and manage the funds, including the province or national level institutions relevant to the identified infrastructure (for example the Zambian Roads Development Agency for road rehabilitation sub-projects). The funds will be provided in tranches, including an advance, and intermediary payment, and a final payment upon satisfactory completion, as assessed by relevant technical staff with the provision that any subsequent support be conditional upon satisfactory performance

*Subcomponent 1(b): Socio-economic investment sub-projects*

28. Socio-economic investment sub-grants will be provided at three levels, namely, district, ward, and community level.

29. **Sub-projects amounts.** Sub-project amounts will be finalized in the PIM, and approved by the World Bank, based on: (a) estimated average costs for potential typical investments; (b) a plan of covering all the wards surrounding the ward hosting the resettlement areas, up to 4 priority communities to be selected within each target ward; (c) the total number of target districts covering the target wards for the project, depending on how Kaoma and Solwezi districts are split; and (d) an assumption that sub-grants disbursement will happen during 4 of the 5 years of the Project.

- *District-level grants*, including a top up for the District(s) hosting the resettlement areas, specifically earmarked for use in the resettlement area;
- *Ward level grants*, including a top for the Ward(s) hosting the resettlement areas specifically earmarked for use in the resettlement areas; and
- *Community level grants*, with specific resources targeted for communities in the resettlement areas.

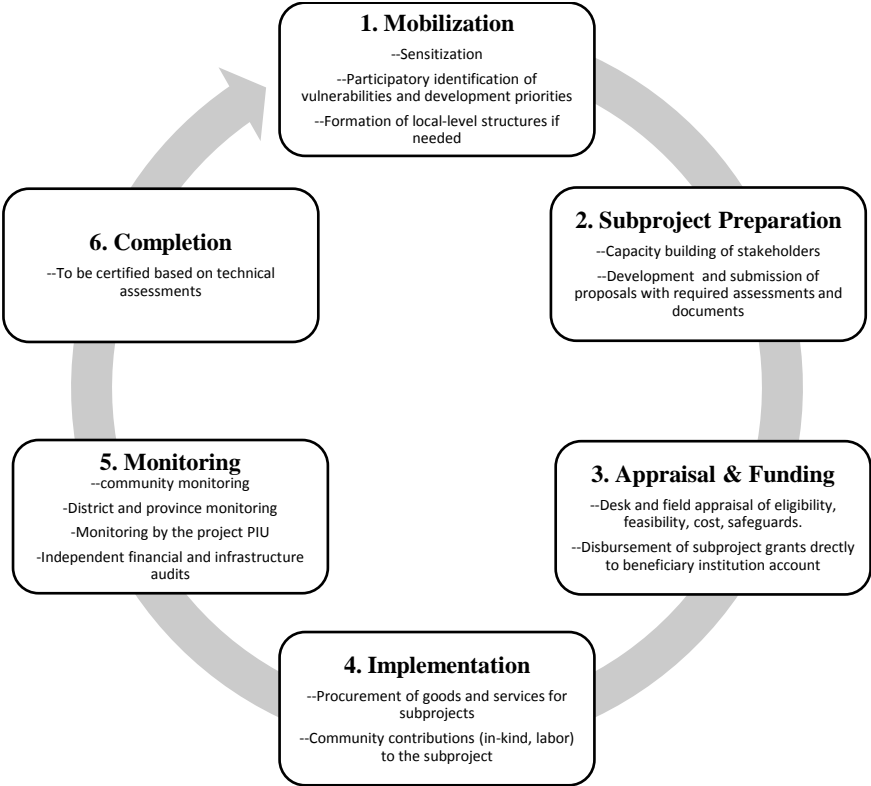
**Table 2.3. Examples of Potential District, Ward, and Community Level Sub-Projects**

<b>Type of Sub-project</b>	<b>Socio-Development Impact</b>	<b>Example of Sub-project</b>
District/Ward Level	Increased access to social services	<ul style="list-style-type: none"> <li>• Construction or rehabilitation of school</li> <li>• Construction or rehabilitation of clinic</li> <li>• Construction of city center to attract private services (bank, postal services, etc)</li> <li>• Provision of solar panels for social services infrastructures</li> </ul>
	Increased economic opportunities	<ul style="list-style-type: none"> <li>• Construction or rehabilitation of market</li> <li>• Construction of training center</li> <li>• Facilitation of links to micro-finance institutions</li> <li>• Rehabilitation of canals</li> <li>• Construction or rehabilitation of wells and boreholes</li> </ul>
Community	Increased access to social services	<ul style="list-style-type: none"> <li>• Support to community school (solar panels, training for teachers, rehabilitation, construction, provision of books)</li> <li>• Construction or rehabilitation of community hall</li> </ul>

	Increased economic opportunities	<ul style="list-style-type: none"> <li>• Construction or rehabilitation of hammer mill shelter</li> <li>• Construction or rehabilitation of town center commercial building</li> </ul>
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30. **Sub-project cycle.** To prevent elite capture, community beneficiaries would be identified first by local poverty and vulnerability assessments confirmed by the facilitating NGOs and PIU staff according to the agreed upon criteria. To ensure adequate support to the most vulnerable, the participatory process will be designed so as to ensure they are fully represented in the discussion. In addition, 50 percent of community-level sub-grants should be earmarked for the most vulnerable beneficiaries (to be clarified in Project Implementation Manual). The sub-project cycle will take the following steps, which are to be detailed in the PIM.

**Figure 2.1. Subproject Cycle**



31. **Flow of funds.** The sub-grants will be channeled directly to a bank account of each level of beneficiaries once proposals have been appraised and approved by district-level planning sub-committee (this step will be done at the provincial-level for district-level sub-grants). To be approved, proposals need to meet the requisite eligibility criteria as well as requirements for safeguards, budget, technical feasibility, and operational and maintenance plans. For infrastructure-type sub-projects, the funds will be provided in tranches based on satisfactory completion of agreed milestones, to be monitored and certified by District and Provincial technical staff.

**Component 2: Support to Resilient Livelihoods (US\$825,000)**

32. Support to livelihoods will be supported through: (a) priority access to employment for local population, in the vicinity of the district connective infrastructure as well as socio-economic infrastructures to be funded through the project; and (b) community-level livelihood sub-grants.

33. **Works.** To contribute to livelihoods of local populations especially of the most vulnerable, for sub-projects that include contracting of construction companies, low skilled labor will be required to largely come from local populations, including both men and women, former refugees and Zambians, and prioritizing most vulnerable households, as per requirements to be detailed in the PIM. The beneficiary targeting process will be transparent and inclusive with a strong communication strategy and a set of objective selection criteria.

34. **Community level livelihood sub-grants** will target up to 4 priority communities identified in the targeted wards, with a specific focus on the resettlement areas. To help inform communities’ choices, a preliminary assessment of livelihood opportunities was conducted as part of a joint World Bank-UN consultancy conducted in preparation for this project.<sup>42</sup> In addition, a livelihoods opportunities studies will be conducted at the beginning of the Project, in the two areas of targeted intervention to identify more precisely, key opportunities to support livelihoods and to ensure communities choices are based on well informed strategies. Fifty percent of community level sub-grants should be earmarked for the most vulnerable beneficiaries (to be clarified in Project Implementation Manual). Potential sub-projects to be financed under the component are expected to complement and multiply positive impacts of the socio-economic infrastructures constructed under the Component 1, for example to support capacity building and small materials for vulnerable women’s groups to set up a kitchen garden near a market structure, or to provide agribusiness training for a new farmers’ group who can benefit from a rehabilitated road to a bigger market.

**Table 2.4. Examples of Community Livelihood Sub-projects**

<b>Example of Sub-project</b>
<ul style="list-style-type: none"> <li>• Sustainable and/or climate smart agriculture training</li> <li>• Support to diversification of agriculture and livestock production that would support self-reliance and strengthen resilience to climate change</li> <li>• Access to vocational training</li> <li>• Support to aquaculture production</li> <li>• Support to commercialization of honey</li> </ul>

35. As for the other above mentioned sub-grants, these will be channeled directly to the beneficiaries once they meet the requisite eligibility criteria. The funds will be provided in tranches, with the provision that any subsequent support be conditional upon satisfactory performance.

**Component 3: Social Cohesion and Conflict Prevention (US\$1,000,000)**

36. The first way to promote social cohesion through the Project will be through the CDD process itself, ensuring: (a) full transparency of the process through which sub-grants are allocated; and (b) the design and implementation of a widespread and clear communication

<sup>42</sup> World Bank-UN, October 2015, *Zambia: Recommendations for Improved Local Integration of Former Refugees*

strategy on the Project. In addition, the Project will include: (a) Sensitization sessions on coexistence and conflict mitigation, during participatory discussions at community, ward, and district levels; and (b) support to community integration activities including both Zambians and former refugees (to be clarified in more detail in the PIM). The Project could also pilot an initiative to provide incentive funds to districts/wards/communities which demonstrated successful promotion of social cohesion and local integration, provided an overall sub-project implementation proceeds in a satisfactory manner.

#### **Component 4: Project Management (US\$ 3,175,000)**

37. This component will cover the cost for project management, implementation and supervision of project activities, administration of procurement and financial management, monitoring and evaluation, and safeguards compliance monitoring. This component will support both the NCCS and Provincial level Project Implementation Units, respectively in the Northwestern and Western Provinces. This component will also support the Commission for Refugees and the Department of Resettlement, who will contribute to the monitoring of project implementation, as well as the monitoring of the overall local integration process being implemented in Zambia. Finally, this component will cover costs associated with inter-regional learning and knowledge exchange such as participation in the proposed regional forum and study tours.

#### **D. Project Financing**

38. **Lending Instrument.** The proposed lending instrument for Zambia is Investment Project Financing (IPF). Financing of country-level activities will be enabled through a combination of regional and national IDA credits of US\$20 million to the Government of Zambia, 50 percent of which will extend from national IDA and 50 percent from regional IDA funds.

39. Total project costs and associated financing are presented in Table 3.5.

**Table 2.5. Project Cost and Financing.**

<b>Project Component</b>	<b>Amount (US\$)</b>
1: Socio-economic Investments	15,000,000
2: Support to Resilient Livelihoods	825,000
3: Social Cohesion and Conflict Prevention	1,000,000
4: Project Management	3,175,000
<b>Total IDA</b>	<b>20,000,000</b>
Counterpart Contributions	1,115,000 (10% contributions to connective and socio-economic infrastructure)
<b>Total Project Costs</b>	<b>21,115,000</b>

40. Additionally, the Government will allocate funds for (i) maintenance and staffing in relation to sub-projects, and (ii) gratuity for project staff.

#### **E. Institutional and Implementation Arrangements**

41. The Project will be implemented by the NCCS in light of: (a) the confirmed need for climate resilience programming; (b) Convening authority of the NCCS under the Ministry of Finance; (c) Cost-efficiency (the NCCS is already implementing a World Bank project – the Zambia: Strengthening Climate Resilience (P127254), with an office in Lusaka, as well as a decentralized PIU already established and functioning in the Western Province, that hosts one of the two resettlement areas – Mayukwayukwa in Kaoma District; and (d) successful implementation and strong fiduciary track record of the NCCS in implementing the Zambia: Strengthening Climate Resilience Project, mitigating fiduciary and implementation risks.

42. The Ministry of Finance is responsible for the overall execution, coordination, and implementation of the Project, and will implement the Project through the National Climate Change Secretariat.

43. The NCCS will facilitate and coordinate the implementation of the project at district, ward, and community level, through local level planning authorities. The Project will also be implemented in close collaboration with the Commission for Refugees, under the MoHA, set out to progressively transfer responsibility for the local integration agenda to the Department of Resettlement, under the Vice President. At the national level, coordination will be facilitated through the National Advisory Group for Local Integration, the national arm of the Solutions Alliance, including all key national and international partners involved in the local integration process. In addition, coordination between key Ministries and national institutions involved in the local integration process will continue to take place through the Inter-Ministerial Steering Committee on Local Integration.<sup>43</sup> These two groups are already in place, and will thus include the NCCS.

44. The Provincial Planning Sub Committees in the Western and Northwestern Provinces, will be responsible to facilitate the overall coordination of the project in the province, and endorse sub projects for subsequent approval by the National Climate Change Secretariat.

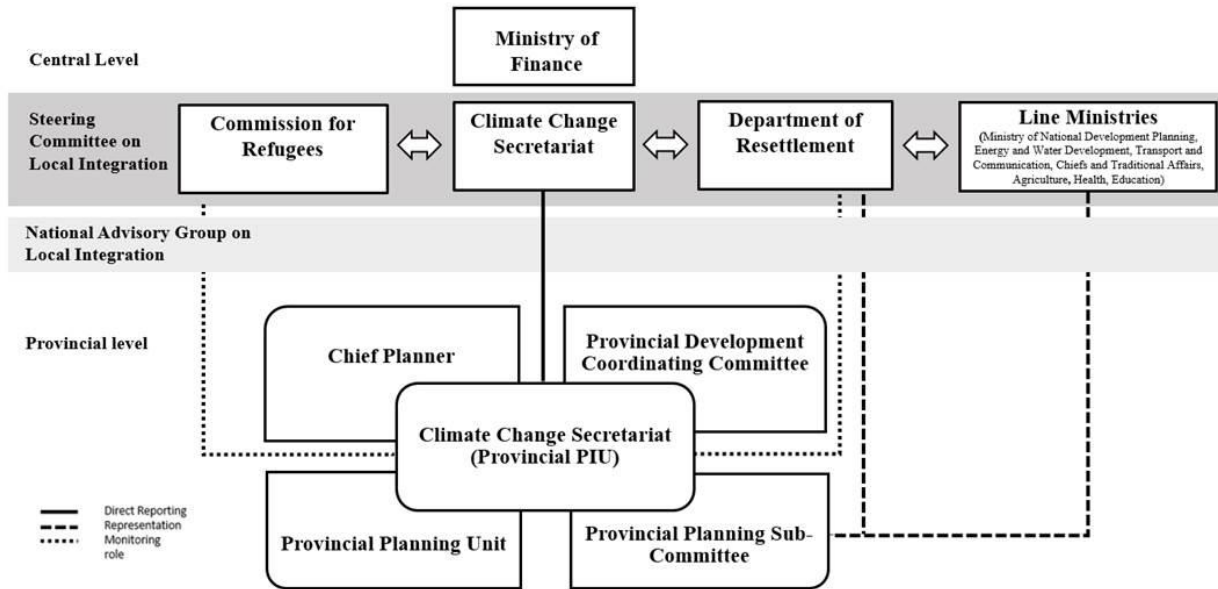
45. The District Planner, under the guidance of the District Advisory Sub Committee will be responsible for facilitating, coordinating, and monitoring the implementation of sub-projects at the district, Ward and community level, and screening sub projects against the eligibility criteria and recommending them for consideration by the provincial planning subcommittee.

46. The Commission for Refugees and the Department of Resettlement will be responsible for the monitoring of project implementation, and monitoring of the overall local integration process being implemented.

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<sup>43</sup> These two committees might not exist throughout project implementation. As long as they do exist, the NCCS shall be part of these two committees. If one or both committees ceases to exist, coordination will continue through regular meetings between the NCCS, the Commission for Refugees, and the Department for Resettlement.

**Figure 2.2 Project implementation**



47. In Lusaka, the Project team will include the following functions:

**Table 2.6. Project Implementation: Lusaka Staffing**

	<b>POSITION</b>	<b>Dedicated exclusively to the project</b>	<b>Supporting also other projects</b>
1	National Coordinator		X
2	Project Coordinator	X	
3	Participatory Adaptation and Local Integration Specialist		X
4	M&E Specialist		X
5	M&E Officer		X
6	Environmental and Social Safeguards Specialist		X
7	Financial Management Specialist		X
8	Procurement Manager	X	
9	Project Accountant	X	
10	Communications Manager		X
11	Administration Manager		X

48. In addition, Provincial Project Implementation Units will support project implementation respectively in the Western and Northwestern Provinces, and will include the following functions:

**Table 2.7: Project Implementation: Provincial Project Implementation Units Staffing**

	<b>POSITION</b>	<b>Dedicated exclusively to project (Western Province)</b>	<b>Dedicated exclusively to project (Northwestern Province)</b>
1	Project Manager		X
2	Infrastructure Engineer	X	X
3	M&E Officer	X	X
4	Safeguards and Cohesion Officer	X	X
5	Accounts Assistant	X	X
6	Assistant Administrative Officer		X

*Grievance Redress Mechanism*

51. The Project will set up a grievance redress mechanism (GRM) to ensure community members or any stakeholders are able to raise their concerns regarding project-related activities, including the application of relevant social and environmental safeguards and mitigation measures. The GRM will build on both traditional conflict-resolution systems as well as project specific entry points. Received grievances will be systematically recorded and addressed by focal persons at each level, and consolidated by the national PIU into a grievance database. During the initial community-based participatory assessments (Component 1 and 2) and sensitization sessions (Component 3), the Project's GRM will be explained so that all stakeholders are aware and encouraged to report grievances. More detailed plans on the GRM will be explained in the PIM.

*Sub-Projects Monitoring Arrangements*

52. **Sub-project monitoring.** Monitoring arrangements will be put in place at different levels: (a) Community level: community/ward level, sub-committees will routinely conduct participatory monitoring, and will submit a simple monitoring form to the District Planning Sub-Committee (DPSC), (b) District-level: District Planning Sub-Committees, consisting of technical officers from line ministries, will review the community monitoring forms and conduct periodic site visits to verify subprojects progress, fiduciary and safeguards compliance; (c) Provincial level: the Provincial Planning Sub-Committee, as well as the Provincial Project Implementing Unit will review and consolidate the district-level reports, and will be responsible for tracking key results indicators in each province; and (d) National level: The PCU monitoring and evaluation department and the Project Coordinator will be the focal persons for monitoring project implementation (including through quarterly site visits), and for reporting progress and results to other national-level stakeholders and the World Bank.

53. **Third Party Monitoring.** The Project will apply third-party monitoring tools to ensure the project's various investments are technically, financially, socially, and environmentally compliant. This will in particular be done through ongoing independent: (a) financial audits (independent audits); (b) technical audits (independent international firm or consultant); (c) ongoing NGO and community monitoring of technical, social, and environmental compliance.

#### *Financial Management*

54. A financial management assessment of the NCCS was undertaken to evaluate the adequacy of the project arrangements in accordance with the Bank's minimum requirements as per OP/BP 10.00. The assessment complied with the Financial Management Manual for World Bank-Financed Investment Operations that became effective on March 1, 2010, as well as with Africa Financial Management Assessment and Risk Rating Principles.

55. The financial management assessment identified the following capacity constraints in the NCCS: (a) inadequate supervision by government's controlling officers; (b) issues of unsupported vouchers; ; and (c) weak internal audit committee to follow up the recommendations of both internal and external audit reports.

56. Since the Financial Management assessment was completed, the NCCS implemented the following mitigation measures: (a) completed the development of the budget tracking tool, (b) developed and adopted a plan to embed the financial management of the NCCS into the project module of the IFMIS, (c) initiated and is in the process of completing the recruitment of an internal auditor, and (d) engaged the office of the controller of internal audits and the Western Province Provincial internal audit department to undertake internal audits of the Secretariat, the PIU, and all the sub-projects.

57. The overall conclusion of the assessment is that despite the control environment issues affecting the country, as assessed by various diagnostic studies in Zambia, the implementing agency (NCCS) satisfies the minimum financial management requirements as stated in the Bank's OP/BP 10.00. The risk rating for the Project's financial management arrangements has therefore been assessed as *Moderate*.

#### *Financial Management Arrangements for the Project*

58. **Staffing.** The NCCS has a Finance Department headed by a Financial Management Specialist (FMS) who is assisted by three (03) Project Accountants. However, this staffing arrangement is not adequate; therefore, it is recommended that the Project employs its own dedicated Project Accountant at the NCCS secretariat to be assisted by two Assistant Accounts, one at each Provincial Project Implementation Unit.

59. **Budgeting arrangements.** Budget preparation and monitoring will follow national procedures. NCCS produces the budget using COSTAB, and includes sufficient details to allow for regular and effective implementation of planned activities and use of funds. The Project will prepare Annual Work Plans and Budgets (AWPBs), which will be the basis for budget preparation. The approval process will follow government procedures and is expanded in NCCS's Project Financial Procedures Manual.



60. **Internal Controls and Internal audit.** The existing Financial Management Regulations, 2006, Operationalizing The Public Finance Act, 2004 (Act No. 15 of 2004) will be applicable to the Project operations. The regulations identify and define responsibilities for the various officers involved in the accounting processes. The regulations include among others, control procedures governing expenditures and payments; imprest; accountable documents; safes; loss of public funds and assets, and the audit of accounts by the Auditor General. These regulations and procedures are considered adequate. The Project will also apply the procedures as stipulated in the NCCS existing Financial Management Procedural Manual that was approved by the World Bank. The Project will also use the NCCS internal audit function.

#### *Accounting Arrangements*

61. **Accounting System.** The Project will use NCCS accounting system, Pastel ERP, which is adequate. However, the project is in the process of migrating to the IFMIS project module.

62. **Accounting basis.** The Project will use cash basis accounting, in line with International Public Sector Accounting Standards (IPSAS).

#### *Financial Reporting*

63. The project will produce:

- **Unaudited Interim Financial Reports (IFRs):** unaudited interim financial reports will be provided on a quarterly basis to manage and monitor the use of the funds. The financial reports should at the minimum show a statement of sources and uses of funds, with the uses of funds analyzed by component and by activities. The quarterly reports should be submitted to the IDA 45 days after the end of the quarter.
- **Annual Financial Statements (audited):** An external audit will be carried out annually by the Office of the Auditor General (OAG) who, as outlined in the Constitution of Zambia Act 1996, is responsible for the audit of all Government funds, though in practice, because of capacity constraints, the OAG frequently appoints private sector auditors acceptable to the Bank to carry out the audit on behalf of the AG. The auditor will conduct the audit according to International Standards on Auditing (ISA and Terms of Reference (TORs) acceptable to the Bank. The auditor will express an opinion on the financial statements accounting to the Bank's audit policy. IDA requires that audited financial statements for the project be submitted no later than six months after the end of the year.

64. Beside the audit opinion, the auditor will be required to prepare a separate report to Management, giving significant weaknesses that the auditor came across during the course of the audit that are not reflected in the audit opinion. These may include weaknesses in the internal control systems, inappropriate accounting policies and practices, issues regarding general compliance with broad covenants and any other matters the auditor considers should be brought to the attention of the borrower, and providing recommendations for improvements. Like the audit report, the Management Letter should be submitted to IDA within six months after the year end.

65. The audit arrangements should be based on the “Guidelines – Annual Financial Reporting and Auditing of World Bank-Financed Activities” issued by the World Bank on June 30, 2003.

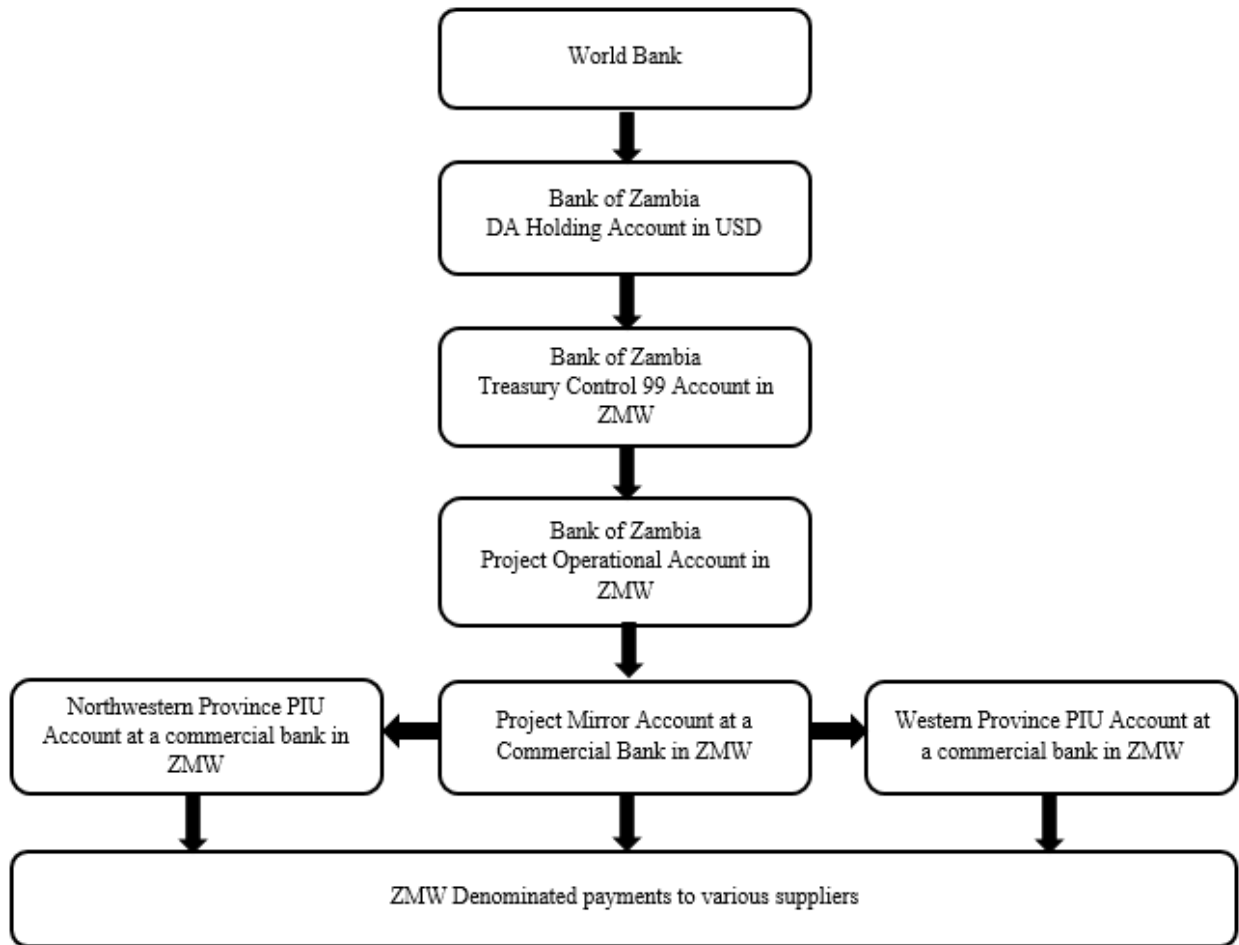
*Funds Flow and Disbursement Arrangements*

66. **Flow of funds arrangements.** The Project will use a system under which funds will flow from the World Bank to a Designated Account (DA) or a Holding Account, denominated in United States Dollars at the Bank of Zambia, to be operated by the NCCS. Funds from the World Bank will be transferred to the Designated Accounts at the Bank of Zambia. At the time of project execution, the Ministry of Finance on behalf of the Project will transfer funds from the Designated Account to a project operational account held at the Bank of Zambia, through Control 99 (a treasury account) and managed by the NCCS. A funding slip is then issued to the project showing that the Kwacha equivalent has been transferred. From the Project’s operational account, all payments will be made through a mirror account (zero balance) held at a commercial bank. The mirror account will be used to make payments for goods, services and incremental operating costs pre-agreed with the Project in an annual work plan. The Project will also open and operate project operational accounts at both Provincial Project Implementation Units.

67. **Banking arrangements.** The Project will be required to open a DA denominated in United States Dollars and a project’s operational account in Zambian Kwacha, both at Bank of Zambia. A third account, a mirror account for transactional purposes, will be opened at a commercial bank acceptable to IDA. Details of these accounts once opened and the signatories are to be submitted to the Bank.

68. **Disbursement arrangements.** The Project will use the transaction-based method of disbursements (Statements of Expenditure – SOEs). Other methods of disbursing to the Project will include reimbursements, direct payment, and use of special commitments (for example, letters of credit). Further disbursement details will be provided in the disbursement letter.

Figure 2. 3 Flow of funds



69. The Project may use any of the following methods to disburse the grant proceeds: (a) advance method; (b) direct payment to a third party; (c) special commitment to pay amounts to a third party in respect of expenditure to be financed out of the grant proceeds, upon the request and under terms and conditions in finance agreement; and (d) reimbursement procedure where the World Bank would reimburse the expenditures eligible for financing that the implementing agency has pre-financed from its own resources.

70. Transaction disbursement documentation will be followed during the project implementation. Under the transaction-based procedure, the required supporting documentation will be summary reports, records and the SOEs. All SOEs supporting documentation will be kept by the implementing agency. They shall be available for review by Bank supervision missions and internal and external auditors. The agencies shall be encouraged to register the project in the Bank Client Connection to facilitate processing of withdrawal requests.

71. The Credit will disburse 100 percent of eligible expenditures (inclusive of taxes). The proceeds of the loan have been allocated as follows:

**Table 2.8. Loan Proceeds Allotment**

<b>Category</b>	<b>Amount of the Grant/Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Sub-grants	4,500,000	100%
(2) Goods, Works, Non-consulting services, and Consultants' Services required for Sub-Projects under Components 1 and 2 of the Project	4,250,000	100%
(3) Goods, Works, Non-consulting services, Consultant's Services, Training and Operating Costs required under the Project	5,450,000	100%
<b>Total Amount</b>	<b>14,200,000</b>	100%

72. **Supervision plan.** Financial management supervision will be carried by IDA as part of the overall supervision for the Project. At least two supervision missions are expected a year. The objective of the financial management supervision is to ensure that the continued adequacy of the project's FMS compliance with relevant legal covenants of the Financing Agreement, and that the proceeds of the Grant are used only for the purposes for which the Grant was intended, with due regard to economy and efficiency and also to build the financial management capacity of the borrower implementing agency. The actual work will include the checking of the UIFRs and the Audit Reports/Management Letters from the external auditors and following up with the project secretariat on all significant accountability related issues.

#### *Retroactive Financing*

73. Project activities costing a total amount of up to US\$500,000 are eligible for retroactive financing. Retroactive financing will cover Consultant's Services, Goods, and Works, under category 2 of disbursement. Retroactive Financing will apply to payments made by the Borrower from April 1, 2016.

#### *Procurement*

74. A Procurement Risk Assessment (P-RAMS) of the Ministry of Finance (MoF) was undertaken on December 16, 2016 in accordance with the World Bank's Procurement Risk Management System. The Implementation Agency Procurement Risk for the Ministry of Finance (MoF) was assessed as *Moderate*. Implementation of the risk mitigations actions would reduce it to Low.

75. **Procurement Manual and Procurement Plan.** The procurement arrangements to be used under the Project, including packaging of procurement, maintaining clarity of accountability over procurement, record keeping, and frequency and scope of prior and post review will be elaborated in the procurement module of the PIM (“the procurement manual”) and in the procurement plans. There is an existing procurement plan for the *Zambia: Strengthening Climate Resilience Project*. This procurement manual will be amended to include a section on the specific requirements for the *GLR: Displaced Persons and Border Communities Project*. The Procurement Manual will address the needs of the various implementation agencies, including the needs and procedures for procurement at community level. The Manual will outline the identified risks and provide risk mitigation actions. It will cover the legal and regulatory framework, roles and responsibilities of the institutions and staff involved in procurement, internal and external controls and quality assurance checks or systems, approval systems and accountability, and contracts register. It will spell out the roles and responsibilities of various players in contract management, based on both government regulations and as required for prior review of IDA contracts.

76. **Procurement decentralization.** Procurement decentralization affects since January 1, 2013, all procuring entities. This means that the Zambia Public Procurement Agency (ZPPA) has not been involved in reviewing bidding documents and bid evaluation and review and approval or not of contract award recommendations. All procurement activities will be carried out internally by the MoF using its own institutional arrangements, controls and quality checks. Since January 2013, the ZPPA has been transformed into a regulatory and oversight body for public procurement in Zambia.

77. **Procurement risk mitigation measures.** Based on the P-RAMS, the main risks and proposed risk mitigation measures are shown in table 2.9:

**Table 2.9. Summary Procurement Assessment of Capacity, Risk, and Mitigation - Action Plan for Ministry of Finance**

<b>Risks</b>	<b>Mitigation Measures</b>	<b>Action by Undertaken by</b>	<b>By When</b>
<b>Procurement manual:</b> Procurement Decision making is not fully covered in the Manual of the Agency and the Procurement manual is not readily available/known by staff, and will require to be updated in include provisions for the <i>Displaced Persons and Border Communities project</i>	Ensure the procurement decision making is fully covered in the Manual of the Agency and is available/known to staff	NCCS	August 31 2016
<b>Evaluations and awards of contracts:</b> Reports do not always contain all essential information necessary for approvals, including adequate justification for decisions taken during evaluation such as rejection of bids Wrong award decision may be made because of inadequate information, and due diligence is not routinely carried out	Quality of evaluations and awards of contracts requires enhancing. Staff to be trained in good evaluation practices which base decisions on pre-disclosed criteria and includes due diligence verifications of bidders recommended for award of contract	NCCS	Starting from project effectiveness
<b>Inadequate participation by technical experts</b> in bid preparation and evaluation leading to potential / inadequate bidding process and contract awards	Improve procurement implementation capacity by acquiring the necessary procurement expertise. Involve technical staff and users in preparation of specifications or agree to hire competent consultants to draft technical specifications and terms of reference and during evaluation of bids and proposals.	MoF / NCCS	Starting from project effectiveness
<b>Procurement staff capacity</b> may be inadequate due to increased work load that will result from the implementation of the	Improve procurement implementation capacity by acquiring the necessary procurement expertise (recruit procurement officer in the Lusaka office specifically for the upcoming project)	MoF / NCCS	By project effectiveness

78. **Procurement Post Reviews (PPRs) and Independent Post Reviews (IPRs) by the World Bank.** Based on the assessed agency implementation risk for procurement, which is *Moderate*, the World Bank will carry out PPRs or IPRs for all contracts that will based on the procurement plan not having been subject of prior review by the World Bank using a sample of 10 percent. Based on continuing assessment of risk and the success of risk mitigation measures implemented, the sample size will be reduced as risk mitigation measures are successfully implemented.<sup>44</sup> The review thresholds are shown in table 2.10 below.

<sup>44</sup> High Risk projects focus on a sample size of 20 percent; Substantial risk, a sample size of 15 percent, Moderate risk 10 percent, and Low risk 5 percent. Changes in risk levels will be communicated to the MoF as outcomes of the

**Table 2.10. Prior Review and Procurement Method Thresholds<sup>45</sup>**

<b>Expenditure Category</b>	<b>Procurement Method</b>	<b>Contract Value Threshold for Use of Method (US\$)</b>	<b>Contracts Subject to Prior Review (US\$)</b>
Works	ICB(Works/Supply and Installation)	>= 10,000,000	All contracts
	NCB	>= 200,000 - < 10,000,000	As in procurement plan
	Force Account	All values	All contracts
	Shopping	< 200,000	None
	Community Participation in Procurement (CDD)	All values	None
	Direct Contracting	All values	All contracts
Goods	ICB	>= 2,000,000	All contracts
	NCB	>= 100,000 < 2,000,000	As in procurement plan
	Shopping	< 300,000 (motor vehicles only)	None
	Shopping	< 100,000 000 (rest not motor vehicles)	None
	Community Participation in Procurement (CDD)	All values	None
	Direct Contracting	All values	All contracts
	Procurement from UN agencies	All values	None

79. **Procurement Plan.** The NCCS, Ministry of Finance, with the support of the World Bank, has developed a procurement plan for the first 18 months of Project implementation. The World Bank reviewed and approved this plan on April 1, 2016. The procurement plan includes all the procurement packages identified for the first 18 months of Project implementation. The Procurement Plan will be updated as required at least once a year throughout the life of the Project.

80. **Procurement methods.** Particular methods of procurement of goods and works are as follows:

- (a) International Competitive Bidding. Except as otherwise provided, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding (ICB).
- (b) Other methods of procurement of goods and works. The following list specifies the methods of procurement, other than International Competitive Bidding which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:
  - (i) National Competitive Bidding
  - (ii) Force Account
  - (iii) Procurement from UN agencies
  - (iv) Shopping

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PPR / IPR exercise, which also result in the revisions of the prior review and National Competitive Bidding thresholds.

<sup>45</sup> Contracts with a cost estimate below US\$300,000 for motor vehicles only may be procured on basis of shopping procurement method.

- (v) Direct Contracting
- (vi) Community Participation in Procurement (CDD).

81. Additional Provisions for National Competitive Bidding: The following provisions shall apply to the procurement of goods and works under National Competitive Bidding procedures: The procurement procedure to be followed for National Competitive Bidding (“NCB”) shall be the open bidding procedure set forth in the Public Procurement Act, 2008, Act. No.12 of 2008, as amended by the Public Procurement (Amendment) Act, 2011, Act No. 15 of 2011 (the “PPA”), and the Public Procurement Regulations, 2011, Statutory Instrument No. 63 of 2011 (the “Regulations”); provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of Section III, and Appendix 1 of the “Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” (January 2011) (the “Procurement Guidelines”), and the additional provisions in the following paragraphs:

- (a) Eligibility: Eligibility to participate in a procurement process and to be awarded an Association-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines. No restriction based on nationality of bidders and/or origin of goods shall apply, and foreign bidders shall be allowed to participate in NCB without application of restrictive conditions, such as, but not limited to, mandatory partnering or subcontracting with national entities.
- (b) Domestic Preference: No margins of preference of any sort shall be applied in the bid evaluation.
- (c) Bidding Documents: Procuring entities shall use bidding documents acceptable to the Association.
- (d) Bid validity: An extension of bid validity, if justified by exceptional circumstances, may be requested in accordance with Appendix 1 of the Procurement Guidelines. A corresponding extension of any bid guarantee shall be required in all cases of extension of bid validity. A bidder may refuse a request for extension of bid validity without forfeiting its bid guarantee.
- (e) Qualification: Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a “pass or fail” basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder’s or prospective bidder’s capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant (iii) capability of construction and/or manufacturing facilities.
- (f) Prequalification procedures and documents acceptable to the Association shall be used for large, complex and/or specialized works. Verification of the information upon which a bidder was prequalified, including current commitments, shall be carried out at the time of contract award, along with the bidder’s capability with respect to personnel and equipment. Where pre-qualification is not used, the qualification of the bidder who is



recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents.

(g) Bid Evaluation: All bid evaluation criteria other than price shall be quantifiable in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the evaluation criteria or significance of price in bid evaluation. No negotiations shall be permitted.

(h) Guarantees: Guarantees shall be in the format, shall have the period of validity and shall be submitted when and as specified in the bidding documents.

(i) Cost Estimates: Detailed cost estimates shall be confidential and shall not be disclosed to prospective bidders. No bids shall be rejected on the basis of comparison with the cost estimates without the Association's prior written concurrence.

(j) Rejection of bids and re-bidding: No bid shall be rejected solely because it falls outside of a predetermined price range or exceeds the estimated cost. All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association's prior written concurrence.

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

(l) Inspection and audit rights: In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank's policy with respect to inspection and audit of accounts, records and other documents relating to the submission of bids and contract performance.

82. Particular methods of procurement for consulting services are:

Quality and Cost-Based Selection (QCBS). Except as otherwise provided in the paragraph below, consultants services shall be procured under contracts awarded on the basis of Quality and Cost-Based Selection.

(b) Other methods of procurement of consultants' services. The following list specifies selection methods, other than Quality and Cost-Based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used:

- (i) Quality-Based Selection (QBS)
- (ii) Selection based on the Consultant's Qualifications (CQS)
- (iii) Least-Cost Selection (LCS)
- (iv) Single-Source Selection for firms (SSS)
- (v) Individual Consultants (IC)
- (vi) Single-Source Selection for IC (SSS).

**Table 2.11: Prior Review Threshold: Consultants**

	<b>Selection Method</b>	<b>Prior Review Threshold</b>	<b>Comments</b>
1.	QCBS and QBS	>, =\$200,000	All except for engineering and contract management only whose threshold will be > =\$300,000
2.	FBS, QBS, LCS and CQS	<\$200,000	As per procurement plan
3.	Single Source (Firms)	N/A	All
4.	Individual Consultants	> =\$100,000	All
5.	Individual Consultants	<\$100,000	As per procurement plan
6.	Single Source (Individual Consultants)	N/A	All
<p><i>Notes:</i>            QCBS = Quality- and Cost-Based Selection (Section II of the Consultants’ Guidelines)            LCS = Least Cost Selection (Para 3.6, of the Guidelines)            CQS = Selection based on Consultants’ Qualifications (Para 3.7 of the Guidelines)            FBS= Fixed Budget Selection (Para 3.5 of the Guidelines)            QBS = Quality Based Selection (Para 3.2 of the Guidelines)</p>			

83. **Selection of Consulting Services:** Selection of consulting services under the project will be carried out based on the provisions of the “Guidelines Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers dated January 2011 revised July 2014” The consulting services that are likely to be needed under the project include those for design, supervision, dispute resolution, the environmental assessments and safeguard study, and the financial, procurement, and technical audits. These contracting needs will be identified and included in the procurement plan, and contractors will be selected on the basis of methods that have been included in the approved procurement plan. These methods and their corresponding prior review limits are provided above in Table 2.11.

84. **Short List Comprising Entirely National Consultants.** Shortlists of consultants for services that are estimated to cost less than US\$200,000 equivalent per contract may be comprised entirely of national consultants in accordance with the provisions of paragraph 2.7 of the World Bank’s Consultant Guidelines. Engineering and Contract Management contracts with cost estimates of less than US\$300,000 may be comprised entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. The procurement plan will indicate which contracts using CQS may not have shortlists comprising entirely of national firms.

85. **Review of Terms of reference (TOR) by the Bank.** All consultancy contracts as well as all single source selections, irrespective of the contract value, will be subject to prior review by the Bank.

86. **Consultant Procurement Packages.** The procurement packages for consulting services that will be subject to Bank prior and post review were provided in the project procurement plan that was reviewed and approved during negotiations.

87. **Training.** This category will cover all costs related to the carrying out of study tours, training courses and workshops, i.e., hiring of venues and related expenses, stationery, and resources required to deliver the workshops as well as costs associated with financing the participation of community organization in short courses, seminars, and conferences, including associated per diem and travel costs. Training projects will be part of the Annual Work Plan and Budget and will be included in the procurement plan. Prior review of training plans, including proposed budget, agenda, participants, location of training, and other relevant details, will be required only on an annual basis.

88. **Operating Costs.** Operating costs relate to the project implementation services to be provided to the project. These will be procured using the Borrower's administrative procedures, acceptable to the World Bank. Lists of eligible expenditures applicable are spelt out in the Financing Agreement and PIM. The PIM will elaborate the applicable administrative procedures that will be followed and which will have been reviewed and found to be acceptable to the Bank.

### **Annex 3: Economic and Financial Analysis**

#### **GLR: Displaced Persons & Border Communities (P152821)**

1. *Rationale for Public Financing.* By supporting the integration of former refugees and the development of host communities, the project will contribute to the GoZ's aim of fostering local development, increasing access to public services, and reducing the risk of regional instability. The project will also contribute to build the capacity of local Government authorities in the targeted areas of intervention.

2. *World Bank value added.* The April 16, 2016 communique of the Development Committee of the World Bank Group called on the World Bank to take action on forced displacement, in partnership with humanitarian and other actors, to mitigate the vulnerabilities of forcibly displaced persons, help host communities manage shocks, and tackle the root causes of forced displacement. In the recent years, the World Bank has built its capacity to provide a displacement response to forced displacement through cutting-edge analytical work and innovative operations designed to address forced displacement. Keeping with its mandate and responding to client demand, the World Bank has been providing support at the global, regional, sub-regional, and country levels. The World Bank is uniquely positioned, through its unique technical expertise and experience, as well as ability to foster cooperation among development and humanitarian partners, to support a development response to forced displacement.

3. *Economic rate of return.* Most of the sub-projects to be financed under Component 1 of the Project (school building and rehabilitation, clinics, water provision, roads rehabilitation, etc.) have proven their economic soundness in other countries and under other World Bank-financed projects in Zambia. There is therefore an assumption of a positive economic rate of return for those types of local sub-projects in this case. The financial and economic analysis undertaken for the project looked rather at the additional dimension of delivering these sub-projects through a development approach, as compared to a humanitarian approach. According to the economic and financial analysis, delivery of such investments through a humanitarian approach brings few multiplier effects on the local markets and insignificant job creation. By contrast, delivery of those sub-projects through a development approach, delivered as part of mainstream government institutions brings additional benefits, as described in the tables below.

2. In addition, investment in the local area for the construction of infrastructures will generate significant short term employment opportunities. The exact number of jobs created will depend on the type of projects and the labor intensity used. With an assumed labor intensity as low as 10%, about US\$650,000 could be spent in wages. With a daily wage for unskilled labor equivalent to about US\$2<sup>46</sup>/day, this corresponds to about 325,000 days of work or more than 3,600 short term (4 months) employment created.

3. Under Component 2, the Project's livelihoods activities are aimed at increasing productivity for small-scale farmers by providing improved access to larger land plots,

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<sup>46</sup> <http://www.africapay.org/tanzania/home/salary/minimum-wages> -- The web site report a minimum wage of about 3,000-4,000 shilling a day for unskilled labor in agriculture, services, domestic workers or commerce.

diversified livelihoods and improved commercialization. The Project will increase opportunities for low skilled labor and employment on works. It is estimated that road rehabilitation could create up to 60,000 days of work, with the potential to increase household income revenue by 30%. An economic and financial analysis for a displacement project in DRC, revenues under the livelihood components of that project correspond to about 35% to 57% of total annual household consumption for the poorest.

<b>3.1 Benefits and challenges of improving access to water and electricity</b>			
Host and Refugee Population		Benefits of Development Response	
Positive	Negative	Positive	Negative
Increased accessibility to potable water Increased hygiene Time saved (4-5 hours per day per household) Increased opportunities for gardening and livestock		Improving capacity to deliver services Multiplier effects on local markets More job creation Cheaper school and health care rehabilitation	Recurrent costs that affect annual budget

<b>3.2 Benefits and challenges of improving road rehabilitation</b>			
Host and Refugee Population		Benefits of Development Response	
Positive	Negative	Positive	Negative
Improve transport efficiency Improved transport of goods to markets Increased commercial transactions Reduction of time spent on transport Improved market accessibility Price reductions	Environmental	Large scale investment Longer-term maintenance	Maintenance costs

<b>3.3 Benefits and challenges of improving health and education facilities</b>			
Host and Refugee Population		Benefits of Development Response	
Positive	Negative	Positive	Negative
Increased enrolment Decreased dropout rates Improved quality of learning Increased accessibility to secondary schools Time saving Improved teaching conditions Increased accessibility of health facilities Improved conditions in health service provision Improved conditions for health staff	Poor quality of service Shortage of qualified nurses and doctors Shortage of qualified teachers	Increased human development base Higher health rates Higher education rates	Maintenance costs

<b>3.4 Benefits and challenges of improving livelihood activities</b>			
Host and Refugee Population		Benefits of Development Response	
Positive	Negative	Positive	Negative
Increased purchasing power  Increased transactions on non-food markets	Tensions between community members over inclusion in work	Sustainable livelihoods  Long term investments	

<b>3.5 Benefits and challenges of investing in market places</b>			
Host and Refugee Population		Benefits of Development Response	
Positive	Negative	Positive	Negative
Access to markets  Access to products		Strengthening long term economic viability	

<b>3.7 Benefits and challenges of sustainable agriculture training</b>			
Host and Refugee Population		Benefits of Development Response	
Positive	Negative	Positive	Negative
Improved skills Improved economic opportunities		Sustainable livelihoods	

<b>3.8 Benefits and challenges of diversification of agriculture and livestock production</b>			
Host and Refugee Population		Benefits of Development Response	
Positive	Negative	Positive	Negative
Support self-reliance Strengthen resilience to climate change Support to agricultural production			

<b>3.9 Benefits and challenges of social cohesion and conflict prevention</b>			
Host and Refugee Population		Benefits of Development Response	
Positive	Negative	Positive	Negative
Increased awareness of project activities and benefits Improved ability to manage conflict Strengthened sense of community	Dealing with sensitive conflicts and histories	Sustained skills for conflict management	

<b>3.10 Benefits and challenges of Government implementation of activities</b>			
Host and Refugee Population		Benefits of Development Response	
Positive	Negative	Positive	Negative
Improved management skills  Enhanced consultation and buy-in		Enhanced contract transparency  Improved supervision  Strengthened local capacities	Recurring costs of monitoring and evaluation  Long term management skills required  Increase in recurring costs for development activities in Zambia

**Annex 4: Implementation Support Plan**  
**GLR: Displaced Persons & Border Communities (P152821)**

**A. Strategy and Approach**

1. The strategy for the Implementation Support Plan (ISP) has been devised to undertake the ongoing and necessary mitigation measures to address the following major risks identified in the SORT: (a) change in political will regarding local integration processes; (b) lack of institutional capacity for project implementation and coordination; (c) fiduciary risks especially at local government level; (d) deteriorating social cohesion between former refugees and local population. The design of the project itself contains mitigations against each of these risks. The ISP is designed to review and ensure that those mitigation measures are effective and to reinforce them where necessary. The ISP is also designed to enhance the capacity of the implementing agencies in a range of technical and specialized areas. The ISP will be undertaken by World Bank staff and is based on four major principles: (a) continual high level dialogue with the Governments of Zambia on policy and strategy concerning local integration; (b) frequent local level and field based supervision of project activities including consultation with beneficiaries; (c) consistent review of fiduciary procedures and controls within the implementing agencies; and (d) technical capacity building for all implementing agencies.

2. The team will support in-country forum for policy dialogue, where the approach to local integration is discussed and reviewed. In Zambia this forum is the existing National Advisory Group for Local Integration. In this forum, donors, implementing agencies and stakeholders can reflect on constraints and opportunities for the local integration process, emerging evidence on the benefits of local integration and will be able to pass reflections onto the inter-Ministerial Local Integration Committees for any recommended action. The team will also endeavor to increase regional political support for local integration as an acceptable and beneficial durable solution to protracted displacement. This will be effected through the proposed new GL Regional forum, to be processed as the third part of the SOP. The team will respond to government requests to learn from international best practice on responses for displaced persons and will facilitate learning study tours to other countries (such as Uganda) and the sharing of international experience.

3. The Project will entail a number of small scale sub projects and contracts to be undertaken in remote and difficult to access locations. The number and diversity of contract types and the remoteness of the physical locations pose a challenge to implementation support. The Project also has implications for social relations between former refugees and the local population, relations which can only be truly understood through field presence and consultation. The design of the Project includes a number of built in features to mitigate these risks (third party monitoring, ongoing financial and technical audits, beneficiary surveys). In addition, the ISP will involve field visits to a high proportion of all the sub projects in order to verify the quality of sub-projects, the degree of beneficiary involvement in each one and the social and economic impact for the recipients, and to ensure lessons learned from the field are adopted by the project. The Bank team composition will prioritize the selection of team members with the commitment and ability to conduct field based travel and who are skilled in undertaking



participatory discussions with local populations. The team will also consult frequently with those who will be able to give a local level view on issues such as the state of social cohesion and perceptions towards local integration; such informants will include UNHCR field staff, NGOs operating in the area, academics and researchers with local level contacts and local government officials.

4. A particular focus of field visits will be to verify that selected project investments have the characteristics that justify their selection for investment according to the selection criteria for the project. The Bank team will conduct due diligence on relevant documentation, data and field based conditions to ensure compliance with the selection criteria. Divergence from the selection criteria will be immediately discussed with the implementing agencies.

5. The World Bank team will undertake regular and comprehensive fiduciary review and implementation support for the implementing agencies. This will include: review of quarterly IFRs; review of the external audit; ongoing review of internal controls; review of the performance of fiduciary staff; attention to and maintenance of procurement standards on all contracts requiring prior review; an annual procurement post review of contracts.

6. It is envisaged that the team will work to raise the technical capacity of the implementing agencies in the following areas: (a) ability to undertake participatory and consultative planning processes at the local level and to implement community-driven development; (b) ability to implement and monitor social cohesion initiatives and impact; (c) ability to undertake local level procurement and implementation of contracts; and (d) ability to supervise construction with attention to high technical standards.

7. A constructive learning approach between the implementing agencies and the Bank in the ISP will be achieved by the following: (a) use of project monitoring and evaluation systems as a tool to track results and also to contribute to performance based project management; and (b) commitment to open discussion of project constraints and challenges with a view to finding solutions, taken as an opportunity for learning and improvement.

## **B. Implementation Support Plan**

8. The World Bank's implementation support team will include a regional Task Team Leader (TTL) based in Washington DC. The team will include country-based fiduciary, procurement, safeguards staff and sector specialists.

9. The ISP will make use of the following tools for review and technical capacity building: (a) regular implementation support missions at least twice a year including field visits; (b) a Mid-Term Review, used as the opportunity to make major adjustments in project design and funding allocations, if needed; (c) use of monitoring and evaluation data for performance adjustment; and (d) seeking of trust fund resources to augment delivery of capacity building.

### C. Implementation Main Focus

10. The table presents the main focus of the implementation support over the life of the project:

<b>Time</b>	<b>Focus</b>	<b>Skills Needed</b>
First twelve months	<ul style="list-style-type: none"> <li>• Finalization of PCU at national and PIUs local level</li> <li>• Opening of project accounts</li> <li>• Staff capacity assessment and development of capacity building plan</li> <li>• Capacity building of project staff</li> <li>• Agreement and implementation of local integration governance arrangements</li> <li>• Baseline data collection for monitoring and evaluation plan.</li> <li>• Work plans for Components 1- 3</li> <li>• Communication and awareness raising of project</li> <li>• Implementation of Component 1a and 1b</li> <li>• Policy dialogue with government</li> <li>• Information sharing and coordination with other donors/agencies supporting NGOs</li> </ul>	TTL Social Development/Gender/Community participation Livelihood Civil engineer Financial Management Procurement Environment Monitoring and Evaluation Sector Specialists (depending on sub-project choices – Water, Education, Health, Infrastructure)
12-48 months	<ul style="list-style-type: none"> <li>• Implementation of all components' activities</li> <li>• Community consultation and inclusion</li> <li>• Capacity building of project staff</li> <li>• Technical quality control</li> <li>• Selection of investments according to selection criteria</li> <li>• Collection of M&amp;E data</li> <li>• Adherence to fiduciary procedures</li> <li>• Policy dialogue with government</li> <li>• Information sharing and coordination with other donors/agencies supporting NGOs</li> </ul>	As above
48 – 60 months	<ul style="list-style-type: none"> <li>• Finalization of component activities</li> <li>• Collection of end-line M&amp;E data</li> <li>• Final technical audit</li> </ul>	As above

### Skills Mix Required

Skills Needed	Number of Staff Weeks/Year	Number of Trips/Year
Regional TTL	4	
Zambia co-TTL	12	Minimum 2
Social Development Specialist	10	2
Civil Engineer	10	
Procurement specialist	6	
Financial Management Specialist	6	
Environmental Specialist	10	
Livelihoods Specialist	10	
Sector Specialists	10	
Monitoring and Evaluation Specialist	2	1