Hon. Patrick Anthony Chinamasa  
Minister of Finance and Economic Development  
Ministry of Finance and Economic Development  
Harare  
Republic of Zimbabwe

Re: ZIMREF Grant No. TF0A0902  
Republic of Zimbabwe: Public Procurement Modernization Project

Hon. Minister:

In response to the request for financial assistance made on behalf of the Republic of Zimbabwe ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors under the Multi-Donor Trust Fund for the Zimbabwe Reconstruction Fund, proposes to extend to the Recipient a grant in an amount not to exceed one million six hundred thousand United States Dollars (US$ 1,600,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Camille Nuamah
Country Manager for Zimbabwe
Africa Region

AGREED:
REPUBLIC OF ZIMBABWE

By:
Authorized Representative

Name: Hon Patrick Anthony Chinamasa
Title: Minister of Finance and Economic Development
Date: 20 October 2015

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
Article I
Standard Conditions; Definitions

1.1. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.2. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement; and the following additional terms shall have the following meanings:

(a) "IT" means information technology.

(b) "Office of the President and Cabinet" means the office responsible for oversight coordination and policy guidance in the implementation of all public programs and policies in the Recipient’s territory.

(c) "Operating Costs" means the incremental operating costs under the Project incurred on account of utilities and supplies, bank charges, communications, vehicle operation, maintenance and insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, travel and supervision, and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service.

(d) "Parliament" means a representative body having supreme legislative powers within the Recipient’s territory.

(e) "Project Implementation Manual" means the manual referred to in Section 2.03(c) of this Annex as the same may be revised from time to time with the prior consent of the World Bank.

(f) "Project Management Team" means the team to be established within the Office of the President and Cabinet as referred to in Section 2.03(a) of this Annex.

(g) "State Procurement Board" means the Board established under the Procurement Act 2 of 1999, as amended, that governs procurement in the Recipient’s territory.

(h) "Training" means the costs of training under the Project, including seminars, workshops and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

(i) "ZIMREF" means the Zimbabwe Reconstruction Fund.

Article II
Project Execution

2.1. **Project Objectives and Description.** The objectives of the Project are to enhance institutional and legislative reforms of public procurement, and to improve the Recipient’s capacity
for e-procurement adoption to enhance transparency and efficiency in government procurement. The Project consists of the following parts:

**Part I. Legislative and Institutional Reform and Capacity Building**

(A) Supporting the public procurement reform in the Recipient’s territory through: (a) provision of technical assistance to the legislative reform, including: (i) consultations on the proposed changes targeting the private sector, the civil society and public agencies; (ii) consultative and dissemination meetings with the private sector, the civil society and relevant committees of the Parliament on the proposed amendments; (b) provision of technical assistance to the Office of the President and Cabinet and the Procurement Reform Steering Committee to develop associated implementing regulations and standard bidding documents to be used by procuring agencies; and (c) provision of technical assistance for the establishment of a procurement monitoring system and the collection of baseline information on performance to be used as a benchmark for assessing the effectiveness of future initiatives.

(B) Supporting the Recipient’s institutional reform through capacity building activities, including: (a) provision of training on the revised procurement framework to selected procurement staff and procurement committees of spending agencies; (b) provision of technical assistance to: (i) develop the training content; (ii) train the trainers; and (iii) develop a training implementation plan; and (c) provision of basic equipment to a number of procurement management units of the spending agencies.

(C) Supporting the dissemination of the reformed procurement framework to the private sector and civil society through: (a) regional training workshops, radio programs, newspapers and other communication media; (b) provision of technical assistance to: (i) expose the civil society to the procurement law; and (ii) create coalitions within the civil society to monitor public procurement and contract implementation.

**Part II. Improving Readiness for e-Procurement**

(A) Strengthening the capacity of the State Procurement Board to effectively implement e-procurement in the Recipient’s territory through: (a) an initial recruitment of experts; (b) the carrying out of study tours to enable staff from relevant Recipient’s offices to: (i) provide their feedback on the model of e-procurement operation based on lessons learned; and (ii) recommend the best e-procurement practices learned during the study tours; and (c) the acquisition of IT equipment.

(B) Carrying out capacity building activities for other stakeholders, including consultations to sensitize the public and private sectors on e-procurement through workshops and relevant communication tools.

**Part III. Project Management and Implementation Support**

Provision of Project implementation support, including: (a) the recruitment of experts in Project management, procurement and financial management; (b) the acquisition of office equipment and furniture; and (c) Project monitoring and evaluation.

2.2. *Project Execution Generally.* The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project, through the Office of the President and Cabinet, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects
2.3. **Institutional and Other Arrangements.** Without limitation upon the provisions of Section 2.02 above:

(a) The Recipient shall establish and thereafter maintain, at all times during Project implementation, a Project Management Team with mandate, composition and resources satisfactory to the World Bank ("Project Management Team") to be responsible for the day-to-day implementation of the Project.

(b) The Recipient shall appoint and thereafter maintain, at all times during Project implementation, an accounting officer with qualification, experience and terms of reference satisfactory to the World Bank to oversee Project implementation.

(c) The Recipient shall prepare and adopt an implementation manual for the Project, setting forth, *inter alia*, the detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) monitoring and evaluation; and (v) reporting and communication ("Project Implementation Manual").

(d) The Recipient shall carry out the Project in accordance with the Project Implementation Manual, except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Project Implementation Manual, or any provision thereof.

(e) In the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

2.4. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.5. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.
2.6. **Procurement**

(a) **General.** All goods, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (A) Limited International Bidding; (B) Shopping; and (C) Direct Contracting.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.
(c) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.1. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants' services, Operating Costs and Training under of the Project</td>
<td>1,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,600,000</td>
<td></td>
</tr>
</tbody>
</table>

3.2. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $150,000 equivalent may be made for payments made prior to this date but on or after August 15, 2015, for Eligible Expenditures under Category 1.

3.3. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 31, 2017.

Article IV
Effectiveness; Termination

4.1 This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following conditions have been fulfilled:

(a) The Recipient has adopted the Project Implementation Manual in form and substance acceptable to the World Bank.

(b) The Recipient has established the Project Management Team with terms of reference, composition and staff with experience and qualification satisfactory to the World Bank pursuant to Section 2.06 of this Annex.
(c) The Recipient has appointed the accounting officer as referred to in Section 2.03(b) of this Annex.

4.2. Except as the Recipient and the World Bank shall otherwise agree, the date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 of this Annex ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.3. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V
Recipient's Representative; Addresses

5.1. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister responsible for finance.

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

Ministry of Finance
6th Floor, Block B, Composite Office Building
Cnr. Samora Machel Avenue/4th Street
P/B 7705
Causeway
Harare
Republic of Zimbabwe

Facsimile:

263-4-792750

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

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

Cable: Telex: Facsimile:

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