

**Zambia: Strengthening Climate Resilience in the Barotse Sub-Basin
(PPCR Phase II) Project – P127254
Ninth Implementation Support Mission, June 11 to 15, 2018
Aide Memoire**

Introduction and Acknowledgements

1. A World Bank mission conducted the ninth Implementation Support Mission for the 'Strengthening Climate Resilience in the Barotse Sub-Basin' Project under the Pilot Program for Climate Resilience (PPCR) Phase II from June 11 to 15, 2018. The mission held discussions in Lusaka. The purpose of the mission was to advance the implementation of the project, by reviewing components that were proceeding slower than expected and also to advance the discussion on the implementation approach of the additional financing resources.
2. The mission was led by Iretomiwa Olatunji (Senior Environmental Specialist/ Task Team Leader), and included: Magda Lovei (Practice Manager), Nathalie Johnson (Senior Environmental Specialist/co-TTL), Raul Alfaro-Pelico (Lead Climate Change Specialist/PPCR Focal Point), Cecil Nundwe (Water Resources Specialist), Wedex Ilunga (Senior Procurement Specialist), Eliot Kalinda (Procurement Consultant), Baison Banda, Francis Zulu (Financial Management Consultant), Tito Joel Kodiaga (Environmental safeguards Specialist), Njavwa Chilufya (Social Safeguard Specialist), Anam Basnet (World Bank PPCR Admin Unit Consultant), Valery Kavaleuski (Consultant), Ngao Mubanga (Economist, Consultant World Bank) and Wisdom Mulenga (Team Assistant).
3. The team would like to thank the Government of the Republic of Zambia and all relevant Ministries, Departments, Provincial and District stakeholders for the kind reception and assistance offered during the mission. The team would like to thank the National Project Coordinating Unit for Zambia PPCR for its continued sustained leadership in coordinating the PPCR in Zambia.
4. A time-bound action plan agreed with the Government on key next steps for project implementation is included at the end of this Aide Memoire.

Project data and ratings

Table 1: Selected Project data and ratings

Key Project Data	Key Project Aspects	Previous ISR¹ ratings and flags	Current mission ratings
<i>Board approval date</i> May 9, 2013	<i>Achievement of PDO</i>	S	S
<i>Effectiveness date</i> September 13, 2013	<i>Implementation progress</i>	MS	S

¹ Implementation Status and Results Report (ISR) is the Bank's required bi-annual public document on the status of the project available at www.worldbank.org.

<i>Closing date</i>	December 31, 2019	<i>Project management</i>	S	S
<i>Project age</i>	3 yrs.	<i>Fiduciary (Financial Management)</i>	MS	MS
<i>Project age</i>	3 yrs	<i>Fiduciary (Procurement)</i>	S	S
<i>Project amount</i>	US\$36,000,000	<i>Safeguards</i>	S	S
<i>% Disbursed from WB</i>	64 %	<i>M&E</i>	S	S
<i>% Spent to date</i>	US\$23.064 million	<i>Highlighted areas</i>	None	

Note: S = Satisfactory; MS = Moderately Satisfactory

Implementation Progress and Key Findings

5. The progress towards attaining the project's development objectives continues to remain Satisfactory. The implementation progress has been upgraded to Satisfactory as measured against: (a) Progress against intermediate indicators (comparing the status with the original plan); (b) Progress on completion of key actions agreed during the last mission; and (c) Progress of disbursements (against the original disbursement profile).

6. **Community Grant Disbursement Delays:** One major issues that was identified during the mission was the delays at the community level in releasing the second tranche of community grants due to issues of accountability. It was established that the accountability been requested from the communities is beyond what is provided for under the guidelines on CDD implementation in the Project Implementation Manual (PIM). Thus, it was agreed that the PIU must follow the guidelines in the PIM, to facilitate disbursements of the grants to the communities.

7. **Canal Rehabilitation Funding:** The funds allocated for rehabilitation and construction of canals will not be sufficient to finance the completion of the works. Therefore, the mission advised the PIU to review the project cost tables and budgets to identify where the additional funds required will be reallocate from, if need be from the Additional Finance. Going forward, the mission agreed that there is need to have a review of all project activities, to fast track implementation, taking advantage of the additional financing and extension in project life.

8. **PPCR Project Implementation Unit (PIU):** The PIU continues to perform successfully with impact and efficiency. Now that the PPCR AF has been approved the demands on the PIU staff will increase, meaning that they will no longer be able to backstop other government programs or projects such as ZFLP. To ensure continued success and momentum in the PPCR project implementation the team requested that the PPCR PIU staff dedicate their full attention to the PPCR project implementation and not be called upon to support or participate in non PPCR activities.

9. **PPCR Additional Finance:** The Additional Finance (AF) for PPCR of US\$14.6 million was approved by the World Bank Board on June 18, 2018. These additional resources will increase the funds available under the PPCR II project and enhance the impact of the program in the Barotse Sub basin. The next action is for the Government to sign the Credit and Grant Agreements.

10. **Financial Management:** The financial management of the project remains adequate; the rating is maintained as MS because (1) disbursements are lagging behind; (2) expenditure performance is relatively low. A detailed report on FM is in Annex I.

11. **Procurement:** Procurement is progressing according to the updated procurement plan. Procurement performance of the project is rated as “*Satisfactory*”. There does not seem to be any constraints in procurement capacity at the PIU with no undue procurement delays. The client is using STEP (online procurement planning, mentoring and reporting tool) for all procurement under this project. Procurement plans are regularly updated through STEP. The use of STEP has improved the efficiency and transparency.

12. **Environmental and Social Safeguards:** Project performance in relation to environmental and social safeguards is considered satisfactory. There have been no records of physical or economic displacement as construction and rehabilitation works on canals being undertaken within existing canal corridors. The Safeguards Specialist and the District Adaptation Facilitators are managing social risks in accordance with the project ESMP. The grievance redress mechanism is operational and being monitored by the Safeguards team. It is anticipated that the upcoming social and environmental audit will provide lessons for strengthening safeguard implementation on the project.

Key Follow-up Actions

Table 2: Summary of Agreed Actions

	Action	Responsible	Due date
1	Resolution of Accountability for Community Grants	PIU/WB	September 1, 2018
2	Funding for Canals Identified	PIU/WB	September 1, 2018
3	Credit and Grant Agreement Signed	Government	August 15, 2018

Annex I

Financial Management

The adequacies of both the Financial Management (FM) arrangements of the Project and Risk rating have been assessed as Moderately Satisfactory and Moderate respectively.

The total disbursements as at June 28, 2018 are US\$ 23.064 million (TF#14573 US\$ 4.597 million and TF#14588 US\$ 18.467 million) with the disbursement rate of 64% against implementation period of 83%, therefore, disbursements are lagging. The Designated Accounts(DA) have been active since the previous mission such that one (1) withdraw application and one (1) direct payment have were made to TF#14573 and three (3) withdrawal applications and two (2) direct payments were made to TF# 14588.

Despite the good progress made in the activities of the DA, the mission observed that expenditure performance is relatively low. For instance, the actual expenditure of TF# 14588 for the quarter ending March 2018 was US\$1.43 against a budget of US\$2.43m resulting in a budget deficit of US\$1.00m representing 41% below budget. Whereas actual expenditure of TF# 14573 for the quarter ending March 2018 was US\$ 2,153 against a budget of US\$ 100,000 resulting in a budget shortfall/negative variance of US\$ US\$ 97,847 representing 98%. The project was advised and encouraged to improve expenditure performance and ensure that expenditure projections are realistic and reflect the pace of activities on the ground.

The mission was informed that the audit of the project for the year ended December 31, 2017 is progressing well and that it will be submitted by the due date of June 30, 2018.

Significant progress has been made to resolve the previous eight (8) internal controls deficiencies that were highlighted in the Management Letter. The mission was informed that almost all the identified outstanding issues were nearly addressed and an action plan was put in place to address the remaining ones. However, this issue will be kept in view since the mission was not availed evidence of how the issues were addressed.

SOE Review is yet to be conducted. As part of Bank implementation support to the project, the Bank would carry our an SOE review of the project from inception as this has not been done before. The SOE review will include among others the review of payment vouchers, filling system, asset register etc.

The FM rating remains MS because (1) disbursements are lagging behind; (2) expenditure performance is relatively low.

FM Action Plan

#	Actions	By when	Who	Status
1.	Submission of Audited Financial Statements for December 31, 2017	June 30, 2018	Project Financial Management Specialist	In progress
2.	Submit evidence of resolving the eight (8) issues identified in management letter	October 31, 2018	Project Financial Management Specialist	

ANNEX II - PPCR RESULTS FRAMEWORK

Project Development Objective

Project Development Objective (PDO): To strengthen Zambia's institutional framework for climate resilience and improve the adaptive capacity of vulnerable communities in the Barotse sub-basin									
Indicator	Unit of Measure	Baseline (2013)	Year 1 (2014)	Year 2 (2015)	Year 3 (2016)	Year 4 (2017)	Year 5 (2018)	Year 6 (2019)	
Changes in budget allocations to climate-smart programs in national budget	Changes in national budget allocations to climate resilient programmes for climate vulnerable sectors: amount approved (ZMW/yr)	2,529,600.00	5,286,500.00	5,394,100.00			5,663,805	3,162,000.00	
	Changes in national budget allocations to climate resilient programmes for climate vulnerable sectors: amount disbursed (ZMW/yr)	1,900,400.00	3,189,700.00	3,272,000.00	TBD		To re-engage Ernst and Young to measure indicator	2,375,500.00	
	Percentage of targeted councils, wards and community groups assessed as having developed incremental decision-making capacity and applied climate information to adapt to longer-term climate change and variability (%)	0%			50%			To engage consultant by 15 th August, 2018 to measure indicator	70%
Change in area of canals with optimal average flows	Average flow velocity of targeted canals (m/s)	Engineering design and specification of canal in	Target(s)	Canals redesigned to appropriate		Design slope and cross sections maintained to the	Functional use of canal by WUA and community	Both indicator for year 4 & 5 still functional	

Project Development Objective (PDO): To strengthen Zambia's institutional framework for climate resilience and improve the adaptive capacity of vulnerable communities in the Barotse sub-basin									
Indicator	Unit of Measure	Baseline (2013)	Year 1 (2014)	Year 2 (2015)	Year 3 (2016)	Year 4 (2017)	Year 5 (2018)	Year 6 (2019)	
Number of beneficiaries supported directly by the project to adapt to the effects of climate change	place before rehabilitation			engineering specification		engineering standard			
	Actual			Canals redesigned to appropriate engineering specification	Rehabilitation works on canal have commenced	Rehabilitation works on canal ongoing	Not achieved Rehabilitation works on canal on-going		
	Number of direct beneficiaries (cumulative): total households	0	0	375	2,600	7,900	16,100	25,800	
	Number of direct beneficiaries (cumulative): women-headed households	0	1,316	4,911	22,346	23,627	35,314		
	Number of direct beneficiaries (cumulative): other vulnerable households	0	3,449	160	1,100	3,400	7,000	11,000	
	Number of direct beneficiaries (cumulative): total number of people	0	15,747	23,689	111,110	118,108	168,922		
	Target(s)								
	Actual								
	Target(s)								
	Actual								

Component 1. Strategic National Program Support

Intermediate Result (Component 1): Strategic National Program Support								
Indicator	Unit of Measure	Baseline (2013)	Year 1 (2014)	Year 2 (2015)	Year 3 (2016)	Year 4 (2017)	Year 5 (2018)	Year 6 (2019)
Evidence of strengthened Government capacity and coordination mechanism to mainstream climate resilience	National Climate Change and Development Council (or equivalent) established and fully operational, effectively coordinating climate change funding, programs and projects	Interim National Climate Change Secretariat (INCCS) established	Target(s)		Council established and fully operational			Council fully operational effectively coordinating climate change funding, programs and projects
			Actual		Not achieved ²			
Climate resilient programs and policies in key vulnerable sectors screened for their impact	Number of sectoral screening guidelines for climate resilience programs and policies <i>developed</i> and <i>applied</i> to key sectors	0	Target(s)		2			4
			Actual	0	0	0	0	0 → Procurement process ongoing; Call for proposals issued, closing date was 12 th June, 2018

² Climate Change Policy has been approved and outlines that institutional arrangements for climate change coordination in Zambia. Operationalization of provisions of the climate change policy ongoing

Intermediate Result (Component 1): Strategic National Program Support									
Indicator	Unit of Measure	Baseline (2013)	Year 1 (2014)	Year 2 (2015)	Year 3 (2016)	Year 4 (2017)	Year 5 (2018)	Year 6 (2019)	
Climate responsive financial instruments developed and tested	Number of climate risk financing instruments developed	0	Study contracted	Preliminary assessment of instruments	Discussion with stakeholders	Detailed design of 2 instruments	A team established from MOF and regulators (BOZ, PIA, SEC, ZICTA); Team assimilating recommendations made by consultant to ensure development of climate risk financing instruments	2	
	Number of climate risk financing instruments tested	0	Not started	Not started	A simplified risk model developed and recommendations made by consultant on financing instruments	A simplified risk model developed and recommendations made by consultant on financing instruments	1	1	Not Achieved – Climate risk financing instruments yet to be formed; Team formed at MOF and regulators to assimilate recommendations

Intermediate Result (Component 1): Strategic National Program Support									
Indicator	Unit of Measure	Baseline (2013)	Year 1 (2014)	Year 2 (2015)	Year 3 (2016)	Year 4 (2017)	Year 5 (2018)	Year 6 (2019)	
Number of relevant climate information products/services made available for decision-making at various levels	Professional social marketing awareness campaign designed and implemented		Target(s)	Procurement of campaign	Design of campaign	Launch of campaign	Preliminary results	ations made by consultant	Campaign evaluated
			Actual	Procurement process at RFP stage	Procurement process contract stage	Campaign launched and baseline study concluded		Call center set up; Think 2044 campaign launched; Roll out of mass media activities for social marketing awareness commenced; Newspaper, Radio and digital billboard advertisements running from April-end of June, 2018; door-to-door activities rolled out in Mongu, Sesheke and Choma	
	Two-way early warning system (EWS)	SMS system piloted for hydro info,	Target(s)	Two-way EWS designed	Two-way EWS piloted		50 % coverage in targeted districts	70 % coverage in targeted districts	

Intermediate Result (Component 1): Strategic National Program Support									
Indicator	Unit of Measure	Baseline (2013)	Year 1 (2014)	Year 2 (2015)	Year 3 (2016)	Year 4 (2017)	Year 5 (2018)	Year 6 (2019)	
	established and operational	with ltd coverage	Under DMMU, advance of US\$500,000.00 given for Climate Information Component	Under DMMU, advance of US\$500,000.00 given for Climate Information Component	Works started in Sioma and community based training done. Creation of climate information centres on-going.		Procurement processes ongoing		
	Open climate platform developed and operational	ZEPRI system designed (WFP)	Needs assessment complete		Platform piloted			Platform operational and used by key stake-holders	
			Under DMMU, advance of US\$500,000.00 given for Climate Information Component	Under DMMU, advance of US\$500,000.00 given for Climate Information Component	Procurement of consultant ongoing	Not achieved Procurement of consultant ongoing	Not achieved Procurement of consultant ongoing		

Component 2: Support to Participatory Adaptation

Intermediate Result (Component 2): Support to Participatory Adaptation									
Indicator	Unit of Measure	Baseline (2013)	Year 1 (2014)	Year 2 (2015)	Year 3 (2016)	Year 4 (2017)	Year 5 (2018)	Year 6 (2019)	
Degree of mainstreaming of climate resilience in local area planning	Number of local area plans of pilot districts and wards mainstreamed with climate resilience considerations: district-level (IDPs)	0	2		6			6	
	Number of local area plans of pilot districts and wards mainstreamed with climate resilience considerations: ward-level (ADPs)	0	0	0	4	7	14		
Climate risk assessment completed for Barotse sub-basin, and applied to provincial-level planning	Climate risk assessment completed for Barotse sub-basin, and applied to provincial-level planning		Imagery interpretation and training of field assessors	Data validation	Initial hazard, and risk maps produced	Assessment concluded		Climate risk assessment incorporated into provincial-level plans	
		VAs exist but do not quantify exposure of assets and population. Few maps exist showing climate risks	Under DMMU, advance of US\$500,000.00 given for Climate Information Component	Under DMMU, advance of US\$500,000.00 given for Climate Information Component	Procurement of consultant to undertake this activity is on-going. Expected to commence early 2017	Consultant engaged, inception report and situation analysis report done. Final CRVA report due 1 st week of July, 2018			
Strengthened institutional and financial mechanisms to	Provincial level agreement for optimal canal operation and maintenance (O&M)	Unclear responsibilities and ad-hoc payments and	Target(s)	Draft policy and O&M budget formulated	Policy and budget agreed and adopted			Clear policy and regular O&M budget adopted by	

Intermediate Result (Component 2): Support to Participatory Adaptation									
Indicator	Unit of Measure adopted and with BRE support	Baseline (2013)	Year 1 (2014)	Year 2 (2015)	Year 3 (2016)	Year 4 (2017)	Year 5 (2018)	Year 6 (2019)	
ensure climate resilience		budget for O&M							provincial authorities
			<i>Actual</i>		Out-line on 'Norms, Standards and Procedures' including institutional arrangements for sustainable O&M of canals developed and backbone of TORs for development of Manual for Canal Implementation.	A Norms, Standards and Procedures Manual has been done		Validation process for policy on management of canals, by the BRE, chiefs and other stakeholders scheduled for end of June, 2018	
	Local adaptation contingency fund established								
		National level contingency fund exists	Local-level contingency fund designed	Pilot application of local-level contingency fund	Evaluation of pilot and proposed adjustments	Operational modalities developed for contingency fund		Local-level contingency fund est., with clear & transparent operational modalities	
			<i>Target(s)</i>						
			<i>Actual</i>	Not Started.	Not Started.	18 Projects identified through DMJU	Procurement processes for 18 projects commenced		

Component 3: Pilot Participatory Adaptation

Intermediate Result (Component 3): Pilot Participatory Adaptation										
Indicator	Unit of Measure	Baseline (2013)	Year 1 (2014)	Year 2 (2015)	Year 3 (2016)	Year 4 (2017)	Year 5 (2018)	Year 6 (2019)		
Number of sub-grants approved and completed	Number of sub-grants approved and completed: district-level	0	0	2	7	15	21	24	Target(s)	
			0	0	0	0	24		Actual	
	Number of sub-grants approved and completed: ward-level	0	0	4	16	37	57	72	Target(s)	
			3	3	4	4	27		Actual	
	Number of sub-grants approved and completed: community-level	0	0	68	272	628	890	1150	Target(s)	
			31	88	412	412	789		Actual	
	Number of sub-grants approved and completed: community-level / infrastructure	0	0	12	48	110	190	270	Target(s)	
			31	52	115	114	181		Actual	
	Number of sub-grants approved and completed: community-level / soft adaptation	0	0	56	224	518	700	880	Target(s)	
			0	36	297	298	606		Actual	
	Number of sub-grants approved and completed: individual champions	0	8	14	30	46	62	78	Target(s)	
			0	2	6	4	51		Actual	
Changes in area with sustainable access to reliable canal water	Number of sub-grants approved and completed: individual champions / female	0	4	7	9	14	18	23	Target(s)	
			0	2	3	3	6		Actual	
	Incremental area under climate resilient crops in the vicinity of targeted canals (ha)	0	0	98	145	145	145	145	Target(s)	
			0	0	0	0	653	653	Actual	
	Incremental area under climate resilient crops in the vicinity of secondary/ ancillary canals (ha)	0	0	0	300	350	350	400	Target(s)	
			115.4	355.2	355.2	1,131	1,131		Actual	
	Length of targeted canals rehabilitated and maintained (km)	0	0	150	220	220	220	220	Target(s)	
			0	0	115.9	259	259	259	Actual	
	Km of secondary/ ancillary canals rehabilitated and maintained (kms)	0	0	0	40	45	45	45	Target(s)	
			43.2	141	151	172	250		Actual	

Intermediate Result (Component 3): Pilot Participatory Adaptation									
Indicator	Unit of Measure	Baseline (2013)	Year 1 (2014)	Year 2 (2015)	Year 3 (2016)	Year 4 (2017)	Year 5 (2018)	Year 6 (2019)	
Incremental labor generated through cash-for-works	Person-days of labor generated through canal rehabilitation and maintenance: total	0	0	620	2,000	2,690	3,390	4,105	
			Actual	0	46,620	46,620	2,193		
	Person-days of labor generated through canal rehabilitation and maintenance: women	0	0	310	1,000	1,345	1,695	2,053	
			Actual	0	22,140	22,140	1,630		