



# Interim Environmental Fund



Guidelines for Applicants & Implementing Partners

August, 2011

Environment and Natural Resources Management and Mainstreaming Programme

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Environment and Natural Resources Management and Mainstreaming Programme (ENRMMP)

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# Foreword

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

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

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

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

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

Hon. Catherine Namugala (MP)

Minister

MINISTRY OF TOURISM, ENVIRONMENT AND NATURAL RESOURCES

July, 2011

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

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

Peter Mumba

**Permanent Secretary** 

MINISTRY OF TOURISM, ENVIRONMENT AND NATURAL RESOURCES

# **Contents**

1.0	Interim Environmental Fund: Background, Rational and Objectives	1
1.1	Introduction to ENRMMP and the Interim Environmental Fund	1
1.2	Rationale and Objectives of the Interim Environmental Fund	1
1.3	Purpose of these Guidelines	2
2.0	IEF Structure, Governance and Management Mechanisms	2
2.1	ENRMMP JSC	2
2.2	ENRMMP Secretariat	3
2.3	Fund Technical Committee (FTC)	3
2.4	Fund Secretariat (FS)	3
3.0	The Fund's ENR Priorities and Investment Programmes	4
3.1	The Fund's "Investment Programmes"	5
3.2	Indicative Spending Allocation by Investment Programme	6
4.0	Applicant and Project Eligibility Criteria	6
4.1	Hard "Pass/Fail" Criteria	6
4.2	Parties Eligible to Apply for Support from the IEF	6
4.3	Projects Eligible to be Financed by the Fund	8
5.0	Basic Operating and Financing Principles	9
5.1	Objectivity, Accountability, Transparency and Cost-Effectiveness	9
5.2	Additionality, Leveraging and Co-Funding Contribution	10
6.0	Minimum and Maximum Award Limits	10
7.0	The Application, Appraisal and Project Approval Process	11
7.1	Overview	11
7.2	Identification of Projects	11
7.3	Applying to the Fund: A Multi-Step Process	13
7.4	Project Appraisal, Ranking and Approval Methodology	15
7.5	Timing of the Process	15
7.6	Technical Assistance for Project Preparation and Capacity Building	15
8.0	Project Implementation, Financial Administration and M&E	16
8.1	Negotiations and the Award Contract	16
8.2	Procurement by the Applicants and Implementing Partners	17
8.3	Disbursements to Applicants and Implementing Partners	17
8.4	Monitoring Project Implementation	19
8.5	Duties of the FS	20
8.6	Project Completion	20
8.7	Post-Implementation Evaluation of Projects	21

9.0 Annexes	22
Annex 1: Project Brief (PB) / Project Document (PD) Instructions	s22
Annex 2: IEF Project Appraisal, Ranking and Approval Methodo	ology24
Annex 3: Award Contract Template	29
Annex 4: Procurement Rules and Procedures for Applicants/Imp	lementing Partners35
Annex 5: Procurement Plan	39
Annex 6: Tender Enquiry	40
Annex 7: Comparison of Quotations	41
Annex 8: Goods/Services Received Note	42
Annex 9: Disbursement Schedule	43
Annex 10: Request for First Disbursement	44
Annex 11: Request for Subsequent Disbursement	45
Annex 12. List of Expenditures by Beneficiary using IEF funds	46
Annex 13: Exclusive Funding Declaration	48
Annex 14: Bank Reconciliation Statement	49
Annex 15: Project Progress Report (to be completed by beneficia	ry)50
Annex 16: Project Completion Report (PCR) by Applicant	52
List of Tables	
<b>Table 1:</b> Practical fields of intervention eligible for support by the I	Fund5
Table 2: Spending Targets for each IP.	6
Table 3: Financial Management Capability Checklist	
<b>Table 4:</b> Eligibility criteria for Applicants and Implementing Partner	
<b>Table 5:</b> Project eligibility criteria	9 on of "own recourses" 11
Table 6. William maximum award mints and required contribution	m or own resources 11
List of Figures	
<b>Figure 1:</b> IEF Project Cycle in its institutional & policy framework.	11

## **Acronyms & Abbreviations**

AO Administrative Officer

AIPs Applicants/Implementing Partners

BoZ Bank of Zambia

CBO Community-Based Organisation

CPs Cooperating Partners
CSO Civil Society Organisation
DFM Deputy Fund Manager

ECZ Environmental Council of Zambia
EFTA Electronic Fund Transfer Advice
EIA Environmental Impact Assessment
ENR Environment and Natural Resources

ENRMMP Environment & Natural Resources Mainstreaming & Management Programme

FM Fund Manager

FNDP Fifth National Development Plan

FO IEF Finance Officer FS Fund Secretariat

FTC Fund Technical Committee

GRZ Government of the Republic of Zambia

IEF Interim Environmental Fund

IP Investment Programme (of the IEF)
ISO International Standards Organization
JSC Joint Steering Committee of ENRMMP

LPM Local Project Monitor LPO Local Purchase Order

MDGs Millennium Development Goals
M&E Monitoring and Evaluation
MoU Memorandum of Understanding

MTENR Ministry of Tourism, Environment & Natural Resources

NAPA National Adaptation Programme of Action for Climate Change

PCR Project Completion Report

PB Project Brief
PD Project Document

PID Planning and Information Department of MTENR PMC Programme Management Committee of ENRMMP

PP/CB Project Preparation and Capacity Builling

PS Permanent Secretary of MTENR

SBs Statutory Bodies

SNDP Sixth National Development Plan

WP&B Work Plan and Budget ZAWA Zambia Wildlife Authority

ZMK Zambian Kwacha

ZPPA Zambia Public Procurement Authority

### 1.0 Interim Environmental Fund: Background, Rational and Objectives

### 1.1 Introduction to ENRMMP and the Interim Environmental Fund

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

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

The Programme has two components:

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

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

### 1.2 Rationale and Objectives of the Interim Environmental Fund

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

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