
Rapport du Président**Proposition de prêt****République de Zambie****Projet pour l'inclusion financière au service de la
résilience et l'innovation (FIRIP)**Numéro du projet: 2000004924

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POUR: APPROBATION**Mesures à prendre:** Le Conseil d'administration est invité à approuver la recommandation telle qu'elle figure au paragraphe 55.

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Carte de la zone du projet



Les appellations employées et la présentation des données n'expriment aucune position particulière du FIDA quant au tracé des frontières ou limites ni aux autorités concernées.
 Carte établie par le FIDA | 25/06/2024

Résumé du financement

Institution initiatrice:	FIDA
Emprunteur/bénéficiaire:	République de Zambie
Organisme d'exécution:	Ministère des finances et de la planification nationale
Coût total du projet:	49,87 millions d'USD
Montant du prêt du FIDA (Système d'allocation fondé sur la performance):	8,90 millions d'USD
Conditions du prêt du FIDA:	Particulièrement concessionnelles: délai de remboursement de 40 ans, y compris un différé d'amortissement de 10 ans, avec une commission de service de 0,75% l'an en USD (ajustement pour les prêts en une seule monnaie)
Cofinanceurs:	Secteur privé, partenaires stratégiques (à déterminer)
Montant du cofinancement:	Secteur privé: 12,3 millions d'USD Partenaires stratégiques: 0,3 million d'USD
Conditions du cofinancement:	En espèces, cofinancement parallèle sous forme de prêt
Contribution de l'emprunteur/du bénéficiaire:	2,2 millions d'USD
Contribution des bénéficiaires:	5 millions d'USD
Déficit de financement:	21,1 millions d'USD
Montant du financement climatique apporté par le FIDA:	12,9 millions d'USD
Institution coopérante:	Supervision directe par le FIDA

I. Contexte

A. Contexte national et justification de l'intervention du FIDA

Contexte national

1. **Contexte politique, économique et social.** La Zambie sort d'une période de lente croissance économique (2015-2018), provoquée par une forte inflation, une dette publique en augmentation rapide, les faibles cours du cuivre et une sécheresse liée au phénomène El Niño qui a entraîné de mauvaises récoltes. L'inflation a diminué graduellement, de 22% en 2021 à 10,9% en 2023¹, tandis que le produit intérieur brut (PIB) a progressé de 5,8% en 2023, pour atteindre 28,16 milliards d'USD, et que le revenu national brut s'est établi à 1 369 USD par habitant. L'économie du pays reste excessivement dépendante des recettes fiscales et des réserves de devises étrangères que lui procure le cuivre.
2. L'instabilité macroéconomique a eu une incidence préjudiciable sur le secteur financier, et a influé en particulier sur les disponibilités de financements pour le secteur privé (agriculture, notamment) et le coût de ces opérations. L'augmentation de l'emprunt public liée aux déficits budgétaires a eu un effet d'éviction sur le secteur productif, qui n'a reçu que 27,7% du volume total des prêts en 2022². Le crédit au secteur privé ne représentait que 10% du PIB, contre 34,5% en moyenne en Afrique subsaharienne³.
3. **Pauvreté, insécurité alimentaire et petite agriculture.** Avec un indice de développement humain de 0,559, la Zambie s'est classée au 153^e rang sur 193 pays en 2023⁴. Le pays est aux prises avec une grande pauvreté et des inégalités importantes; en 2022, 60% de la population vivait sous le seuil de pauvreté et l'indice de Gini du pays était de 51,2. La pauvreté rurale a légèrement augmenté, de 76,6% en 2015 à 78,8% en 2022, soit un niveau deux fois et demie supérieur à celui de la pauvreté urbaine (31,9%). Les taux d'insécurité alimentaire et de malnutrition restent élevés: 31% de la population est sous-alimentée et un pourcentage similaire d'enfants de moins de 5 ans présentent un retard de croissance. L'agriculture demeure la principale source de moyens d'existence pour 2,3 millions de ménages ruraux⁵, dont 1,65 million de petits exploitants agricoles⁶.
4. **Cadre stratégique national.** Le huitième Plan national de développement de la Zambie (2022-2026) présente la diversification de l'agriculture comme l'un des moteurs essentiels de la transformation économique et de la création d'emplois⁷. Les autres stratégies comprennent la Stratégie nationale d'inclusion financière II (NFIS II) (2024), le Programme global d'aide à la transformation de l'agriculture (CATSP) (2024-2033), le Plan national d'adaptation (2023) et les politiques nationales relatives aux questions de genre (2023), à la jeunesse (2024) et au développement des microentreprises et petites et moyennes entreprises (2023).

¹ Groupe de la Banque mondiale, *Zambia Data*.

² Banque de Zambie, *Annual Report (2023)*.

³ <https://donnees.banquemondiale.org/indicateur/FS.AST.PRVT.GD.ZS?locations=ZG> (consulté le 28 juillet 2024).

⁴ UNDP Zambia, (consulté le 27 août 2024).

⁵ Zambia Statistics Agency (ZAMSTAT), *Census of Population and Housing (2022)*.

⁶ D'après ZAMSTAT 2022 Poverty Assessment in Zambia.

⁷ <https://www.sh.gov.zm/wp-content/uploads/2022/09/EIGHTH-NATIONAL-DEVELOPMENT-PLAN-2022-2026-05-07-2022.pdf>- pages 28 et 34.

Aspects particuliers relatifs aux thématiques transversales prioritaires du FIDA

5. Conformément aux engagements en matière de transversalisation, le projet a été validé comme:
 - incluant un financement climatique;
 - porteur de transformations en matière de genre;
 - axé sur les jeunes; incluant des activités relatives à la capacité d'adaptation.
 6. **Genre.** Les femmes représentent plus de la moitié de la population zambienne, et 27% des ménages sont dirigés par une femme. Elles composent environ la moitié de la main-d'œuvre agricole, mais la plupart travaillent dans le cadre familial ou ont des activités informelles et saisonnières qui nuisent à la stabilité économique et financière.
 7. **Jeunes.** Les jeunes (personnes âgées de 19 à 34 ans) représentent 26,7% de la population (2,67 millions de femmes et 2,69 millions d'hommes). Bien qu'ils composent 56,2% de la population active totale et constituent une composante essentielle de la société zambienne, ils font face à des problèmes socioéconomiques considérables, tels que: i) un accès limité à l'éducation; ii) des compétences insuffisantes pour avoir accès à des emplois décents; iii) des taux de chômage élevés. On note en outre une perception socioculturelle négative des jeunes (notamment en milieu rural), qui sont souvent considérés comme instables ou peu fiables, paresseux, irresponsables et non solvables.
 8. **Renforcement de la capacité d'adaptation.** La Zambie fait également face à des chocs climatiques de grande ampleur et récurrents, tels que des crues saisonnières soudaines, des sécheresses, des températures extrêmes, et des périodes humides et sèches, qui font peser de graves menaces sur la sécurité alimentaire et les moyens d'existence et entraînent de fréquentes coupures de courant.
- Justification de l'intervention du FIDA**
9. Les problèmes d'inclusion financière en Zambie rurale restent importants, malgré quelques progrès ces dernières années. L'accès aux services financiers s'est rapidement développé dans les zones urbaines, mais les régions rurales ont été laissées de côté, et n'ont enregistré qu'une faible progression de l'inclusion financière – de 50,1% à 56,9% – entre 2015 et 2020. Ce fossé qui se creuse souligne les obstacles systémiques auxquels se heurtent les groupes ruraux lorsqu'ils cherchent à accéder au crédit, à l'épargne ou aux produits d'assurance. Les petits exploitants agricoles représentent une part importante de la population rurale, mais 0,5% d'entre eux seulement ont pu bénéficier du crédit agricole institutionnalisé en 2023, et 40% restent totalement privés d'accès aux services financiers. Les microentreprises et petites et moyennes entreprises rurales font face à des obstacles similaires: 6,5% d'entre elles seulement ont un compte bancaire et moins de 8% ont cherché à obtenir des prêts formels entre 2017 et 2022.
 10. À ces difficultés rencontrées en milieu rural vient s'ajouter la fréquence croissante des chocs liés à des phénomènes climatiques, tels que les sécheresses et les inondations, qui menacent les moyens d'existence des personnes qui dépendent de l'agriculture (60% de la population). Les ménages ruraux sont également exposés à des risques liés aux marchés et à l'instabilité macroéconomique. Les inégalités sociales qui influent sur l'accès à la terre, au travail et aux marchés touchent de façon disproportionnée les femmes et les jeunes, qui continuent de contribuer de manière dérisoire au développement de la Zambie au vu de leur potentiel. De plus, des problèmes tels que la violence fondée sur le genre continuent d'entraver la pleine participation des femmes à l'économie (52% des femmes déclarent avoir fait l'objet de violences physiques). La convergence de ces difficultés montre l'urgence d'une intervention du FIDA par l'intermédiaire du Projet pour l'inclusion financière

au service de la résilience et l'innovation (FIRIP), qui vise à promouvoir l'inclusion financière en tant que voie vers la résilience, l'autonomisation et la croissance économique des communautés rurales⁸.

B. Enseignements à retenir

11. Le FIRIP s'appuie sur les enseignements tirés du Programme d'élargissement du financement rural (RUFEP), d'autres opérations dans le domaine des services financiers en milieu rural et d'autres types de projets en Zambie, ainsi que de l'évaluation groupée de projets de finance rurale dans la région Afrique orientale et australe qui a été récemment achevée. Il s'agit notamment des enseignements suivants:
 - La mise en place de points d'accès à des services financiers numériques de première génération au moyen de réseaux d'agents et de services monétaires par téléphonie mobile peut favoriser une progression rapide de l'inclusion financière, en particulier dans les zones rurales qui comptent peu ou pas de prestataires de services financiers formels. Elle jette en outre les bases de services financiers de deuxième génération, plus axés sur les clients, qui répondent aux besoins particuliers des groupes cibles.
 - Les services financiers numériques génériques fondés sur la banque mobile ne répondent pas à nombre de besoins particuliers des différents groupes ruraux, ce qui débouche souvent sur une faible utilisation des comptes. Les services financiers et les mécanismes de prestation axés sur les clients, qui répondent aux besoins des petits exploitants agricoles, des femmes et des jeunes et aux exigences de secteurs et finalités spécifiques comme l'agriculture et les technologies vertes et climato-compatibles, peuvent combler ces lacunes. La mise au point et le déploiement de ce type de services sont coûteux et risqués pour les prestataires de services financiers.

II. Description du projet

A. Objectifs, zone d'intervention et groupes cibles

12. L'objectif de développement du projet est d'accroître l'accès aux services financiers et leur utilisation pour renforcer la résilience et la croissance respectueuse de l'environnement des systèmes de production ruraux, des filières et des moyens d'existence des hommes, des femmes et des jeunes en milieu rural. Le FIRIP est conforme au Cadre stratégique du FIDA 2016-2025, aux thématiques transversales prioritaires et au programme d'options stratégiques pour le pays 2019-2024, qui met l'accent sur le développement rural, l'inclusion financière, l'adaptation aux changements climatiques et les moyens d'existence durables.
13. **Zone d'intervention.** Le FIRIP sera axé sur les zones rurales mal desservies dans l'ensemble du pays, lesquelles seront définies au moyen d'un processus fondé sur la demande et reposant sur des critères de sélection clairs et des accords de partage des coûts. Les points d'accès financiers formels seront développés par l'intermédiaire d'un mécanisme d'innovation et d'élargissement. Trois différents guichets seront mis en place. Le guichet 1 sera axé sur les districts ruraux privés d'accès aux services financiers, lesquels seront définis en collaboration avec la Banque de Zambie et l'Autorité zambienne des technologies de l'information et des communications au démarrage du projet. Des services financiers axés sur les clients destinés au secteur agricole et aux microentreprises et petites et moyennes entreprises rurales et favorisant des activités plus respectueuses de l'environnement et la résilience aux changements climatiques (dans le cadre des guichets 2 et 3 du mécanisme d'innovation et d'élargissement, et du mécanisme de financement mixte) seront déployés dans les zones rurales pauvres, avec la mise en place d'une infrastructure et de services économiques et financiers de base, et

⁸ Banque mondiale, *Promoting Skills Development for Youth in Zambia* (2023).

dans les endroits où il existe une demande et une capacité d'absorption de services financiers.

14. **Groupe cible.** Le FIRIP doit profiter à 370 110 ménages, plus précisément à 315 511 dans le cadre d'un accès amélioré aux services financiers et à 54 599 par des créations d'emplois (un même ménage ne pouvant pas bénéficier des deux interventions). En supposant un ménage moyen de cinq personnes, on obtient un nombre total de membres de ménages bénéficiaires de 1 850 550 (16% de l'ensemble des ménages ruraux).
15. L'équipe du FIRIP utilisera un ensemble de mesures de ciblage bien définies qui lui permettront de s'assurer que les investissements et les services du projet favorisent une inclusion financière durable dans les zones rurales, ainsi que la résilience, la réduction de la pauvreté et la sécurité alimentaire des groupes de population pauvres et exclus, tels que les petits exploitants agricoles, les femmes, les jeunes, les personnes handicapées, les personnes vivant avec le VIH ou le sida et d'autres groupes vulnérables.

B. Composantes, résultats et activités

16. Le projet comprendra les composantes et sous-composantes suivantes:

Composante 1: Amélioration de la disponibilité et de l'utilisation de services financiers ruraux axés sur les clients et durables.

- Sous-composante 1.1: Produits et mécanismes d'exécution innovants pour une diffusion inclusive en milieu rural.
- Sous-composante 1.2: Amélioration de l'accès à des financements abordables pour l'agriculture et les investissements verts.

Composante 2: Renforcement de l'environnement favorable à des services financiers ruraux inclusifs.

Composante 3: Coordination et gestion du projet, suivi-évaluation et gestion des savoirs.

C. Théorie du changement

17. Le FIRIP cible les hommes, les femmes et les jeunes vulnérables vivant en milieu rural qui font face à des difficultés considérables liées aux changements climatiques, aux crises sanitaires et à une faible intégration dans les marchés et les filières. L'agriculture est leur principale source de revenus, qu'ils complètent souvent par des activités non agricoles. L'inclusion financière reste toutefois faible en milieu rural, et de nombreuses régions manquent de points d'accès à des services financiers formels. Souvent, les services financiers disponibles ne répondent pas aux besoins particuliers liés à l'agriculture ou à l'adaptation aux changements climatiques, ou de groupes tels que les petits exploitants, les femmes ou les jeunes. Ce manque de services financiers axés sur les clients limite la capacité à gérer les risques, à investir dans des activités économiques et à utiliser des technologies climato-compatibles. Les problèmes sous-jacents comprennent la pénétration limitée des services financiers en milieu rural, le coût élevé des financements, la faible capacité des prestataires de services financiers à proposer des produits adaptés, l'insuffisance des connaissances financières, et un environnement politique inadéquat qui ne favorise pas une finance rurale inclusive.
18. Le FIRIP est destiné à résoudre ces problèmes en renforçant la capacité des prestataires de services financiers à étendre leur couverture des zones rurales et à proposer des produits financiers sur mesure. Par l'intermédiaire du mécanisme d'innovation et d'élargissement, le FIRIP aidera les prestataires de services financiers à mettre au point et à déployer des services financiers innovants, notamment pour l'agriculture et les investissements climato-compatibles, tout en réduisant les coûts pour les utilisateurs finaux. Un mécanisme de financement

mixte sera également mis en place pour tirer parti de fonds privés supplémentaires et de taux d'intérêt plus faibles au profit des populations rurales. Pour garantir une utilisation efficace de ces services financiers, l'équipe du projet s'attachera à accroître les connaissances financières et numériques, en particulier des femmes, des jeunes et des petits exploitants, tout en renforçant les compétences entrepreneuriales et l'adoption des technologies vertes.

D. Alignement, appropriation et partenariats

19. Le projet FIRIP contribuera aux objectifs de développement durable n^{os} 1, 2, 5, 8 et 13. Il est en outre conforme au Cadre stratégique du FIDA, aux thématiques transversales prioritaires et au programme d'options stratégiques pour le pays 2019-2024, du fait de l'accent mis sur le développement rural, l'inclusion financière, l'adaptation aux changements climatiques et les moyens d'existence durables. Le projet est aussi en phase avec les politiques et stratégies du FIDA relatives aux services financiers inclusifs en milieu rural (2021), au ciblage de la pauvreté (2023), à l'égalité femmes-hommes et à l'autonomisation des femmes (2021), au secteur privé (2011), à l'environnement et aux changements climatiques (2019-2025), ainsi qu'avec les Procédures d'évaluation sociale, environnementale et climatique (2021).
20. Le projet s'inscrit pleinement dans la ligne du huitième Plan national de développement et du programme Vision 2030 de la Zambie par son appui aux programmes relatifs à l'agriculture et à l'accroissement de la productivité, à l'ajout de valeur, à l'inclusion financière, aux capacités numériques, au développement des microentreprises et petites et moyennes entreprises, à la croissance verte et à la résilience face aux changements climatiques. Il soutient des stratégies nationales essentielles, telles que: i) la NFIS II (2024-2028), qui est axée sur l'inclusion financière en milieu rural, l'appui à l'agriculture et aux petites entreprises, l'élargissement aux groupes mal desservis et la promotion du financement vert; ii) la Politique agricole nationale (2012-2030) et le plan d'investissement connexe (CATSP) (2022-2026) ainsi que le mécanisme de financement durable (SAFF) lancé en 2023; iii) la politique nationale révisée de développement des microentreprises et petites et moyennes entreprises (2023); iv) la politique nationale en matière de genre (2023); v) la loi de la Zambie relative à l'emploi (2019); vi) la politique nationale pour la jeunesse (2024); vii) le plan national d'adaptation pour la Zambie (2023); viii) la stratégie nationale de croissance verte 2024-2030; ix) les contributions déterminées au niveau national actualisées (2021); x) la politique nationale sur les changements climatiques (2016).

E. Coût, avantages et financement

21. Le déficit de financement de 21,1 millions d'USD pourra être financé dans le cadre des prochains cycles du Système d'allocation fondé sur la performance ou au moyen du Mécanisme d'accès aux ressources empruntées, ou les deux (selon des conditions de financement à définir et sous réserve des procédures internes et de l'approbation ultérieure du Conseil d'administration), ou par un cofinancement à déterminer pendant l'exécution.
22. Les composantes 1 et 2 du projet relèvent partiellement de l'action climatique. Le montant total alloué par le FIDA au projet au titre du financement de l'action climatique, calculé suivant les méthodes des banques multilatérales de développement pour le suivi du financement de l'adaptation aux changements climatiques et de l'atténuation de leurs effets, est estimé à 12,9 millions d'USD, soit 43% du financement, satisfaisant ainsi à la cible de financement climatique au titre de la Douzième reconstitution des ressources du FIDA (FIDA12).

Coût du projet

23. Le coût total du FIRIP, y compris les coûts de base et les provisions pour hausse des prix, est estimé à 49,8 millions d'USD. Les dépenses d'investissement devraient s'élever à 43,7 millions d'USD (89% des coûts de base), et les dépenses

ordinaires à 5,2 millions d'USD (11% des coûts de base). Les provisions pour hausse des prix ont été estimées à 0,9 million d'USD.

Tableau 1

Coût du projet par composante et sous-composante et par source de financement

(en milliers d'USD)

<i>Composante/sous-composante</i>	<i>FIDA</i>		<i>Partenaires stratégiques</i>		<i>Secteur privé</i>		<i>Bénéficiaires</i>		<i>Emprunteur/bénéficiaire</i>		<i>Déficit de financement</i>		<i>Total</i>	
	<i>Montant</i>	<i>%</i>	<i>Montant</i>	<i>%</i>	<i>Montant</i>	<i>%</i>	<i>Montant</i>	<i>%</i>	<i>Montant</i>	<i>%</i>	<i>Montant</i>	<i>%</i>	<i>Montant</i>	<i>%</i>
1. Amélioration de la disponibilité et de l'utilisation de services financiers ruraux axés sur les clients et durables														
1.1. Produits et mécanismes d'exécution innovants pour une diffusion inclusive en milieu rural	1 027	9			4 041	34			22	0,2	6 745	57	11 835	24
1.2. Amélioration de l'accès à des financements abordables pour l'agriculture et les investissements verts	3 462	13			8 325	31	5 000	19	719	3	9 320	35	26 826	54
2. Renforcement de l'environnement favorable à des services financiers ruraux inclusifs	1 941	49	300	8					235	6	1 511	38	3 987	8
3. Coordination et gestion du projet, suivi-évaluation et gestion des savoirs.	2 470	34							1 224	17	3 524	49	7 218	15
Total	8 900	18	300	1	12 366	25	5 000	10	2 200	4	21 100	42	49 866	100

Tableau 2

Coût du projet par catégorie de dépenses et par source de financement

(en milliers d'USD)

Catégorie de dépenses	FIDA		Partenaires stratégiques		Secteur privé		Bénéficiaires		Emprunteur/bénéficiaire		Déficit de financement		Total	
	Montant	%	Montant	%	Montant	%	Montant	%	Montant	%	Montant	%	Montant	%
Dépenses d'investissement														
1. Assistance technique	2 313	55			450	11			443	11	1 024	24	4 229	9
2. Formation	587	77									176	23	763	2
3. Biens, services et intrants	1 551	29	300	6					227	4	3 211	61	5 289	11
4. Matériel et véhicules	426	86							66	13	5	1	497	1
5. Don au titre du guichet du mécanisme d'innovation et d'élargissement	391	6			2 691	43					3 128	50	6 210	13
6. Don au titre du guichet des institutions financières à assise communautaire	360	8			900	20					3 240	72	4 500	9
7. Lignes de crédit	2 039	9			8 325	36	5 000	22	500	2	7 136	31	23 000	46
Total des dépenses d'investissement	7 667	17	300	1	12 366	28	5 000	11	1 236	3	17 919	40	44 488	89
Dépenses ordinaires														
1. Salaires, traitements et indemnités	1 018	24							648	15	2 655	61	4 321	9
2. Frais de fonctionnement	215	20							316	30	526	50	1 057	2
Total des dépenses ordinaires	1 233	23							964	18	3 181	59	5 378	11
Total	8 900	18	300	1	12 366	25	5 000	10	2 200	4	21 100	42	49 866	100

Tableau 3

Coût du projet par composante, par sous-composante et par année du projet

(en milliers d'USD)

Composante/sous-composante	2025	2026	2027	2028	2029	2030	2031	Total
	Montant	Montant	Montant	Montant	Montant	Montant	Montant	Montant
1. Amélioration de la disponibilité et de l'utilisation de services financiers ruraux axés sur les clients et durables								
1.1. Produits et mécanismes d'exécution innovants pour une diffusion inclusive en milieu rural		1 371	2 513	2 500	2 500	1 810	1 140	11 835
1.2. Amélioration de l'accès à des financements abordables pour l'agriculture et les investissements verts		5 452	5 648	5 661	5 675	3 688	701	26 826
2. Renforcement de l'environnement favorable à des services financiers ruraux inclusifs		843	1 049	716	589	562	227	3 987
3. Coordination et gestion du projet, suivi-évaluation et gestion des savoirs		674	1 284	1 011	1 071	1 049	1 089	7 218
Total		674	8 951	10 222	9 949	9 812	7 101	49 866

Stratégie et plan de financement et de cofinancement

24. Le financement mis à disposition par le FIDA s'élève à 8,9 millions d'USD. La conception du projet présente un déficit de financement de 21,1 millions d'USD, qui pourra être financé dans le cadre de cycles ultérieurs du Système d'allocation fondé sur la performance. Si ces ressources sont effectivement mobilisées, la contribution totale du FIDA s'élèvera à 30 millions d'USD. Le cofinancement national est de 19,8 millions d'USD, réparti comme suit: secteur privé – 12,3 millions d'USD (25%); prestataires de services financiers dans le cadre du mécanisme de financement mixte et autres partenaires d'exécution dans le cadre du mécanisme d'innovation et d'élargissement – 0,3 million d'USD; bénéficiaires – 5 millions d'USD; Gouvernement – 2,2 millions d'USD. Les dépenses ordinaires totales représentent 11% de l'investissement total; en outre, les dépenses ordinaires relatives au financement du Fonds sont acceptables au titre de FIDA12 comme de FIDA13, car elles sont inférieures au seuil de 15%. La contribution du Gouvernement sera apportée à la fois sous forme monétaire et en nature (droits et taxes).

Décaissement

25. Un compte désigné sera ouvert à la Banque de Zambie (la banque centrale); il sera destiné à recevoir les fonds du FIDA. Des comptes désignés seront également ouverts en tant que de besoin pour recevoir les fonds provenant des cofinanceurs afin de garantir la traçabilité complète des transactions financières, conformément aux exigences du Gouvernement et des donateurs. Les fonds seront ensuite transférés sur les comptes opérationnels qui seront ouverts auprès de banques commerciales. Le financement de contrepartie du Gouvernement sera versé par l'intermédiaire du système intégré d'information de ce dernier relatif à la gestion financière, puis sera transféré vers le compte opérationnel du projet. Le retrait des fonds en provenance du FIDA sera effectué en fonction des prévisions de trésorerie trimestrielles présentées à ce dernier dans le cadre des rapports financiers intermédiaires qui doivent être soumis 30 jours après la fin de chaque trimestre.

Résumé des avantages et analyse économique

26. Le taux de rentabilité économique (TRE) de référence du FIRIP devrait atteindre 33% et la valeur actuelle nette (VAN) devrait être positive et s'élever à 33,9 millions d'USD, soit l'équivalent de 847,8 millions de kwacha zambiens (1 USD:25 ZMW). Les avantages quantifiables ont été actualisés sur une période de 20 ans, dont les sept années d'exécution, à un taux de 25,5%. Le ratio avantages/coûts global est estimé à 3,7. L'analyse de sensibilité indique qu'avec une augmentation de 20% des coûts et une diminution des avantages dans les mêmes proportions, le TRE et la VAN positive du projet sont respectivement de 32,7% et de 32,5% et de 31,4 millions d'USD et de 24,6 millions d'USD. Avec une augmentation des avantages du projet de 10% et 20%, le taux de rentabilité interne (TRI) du projet progresse (33,8% et 34,1%), et la VAN positive s'élève respectivement à 38,5 millions d'USD et 43,1 millions d'USD. En cas de retard d'un ou deux ans dans la réalisation des objectifs, le projet produit encore des résultats positifs, les deux scénarios indiquant un TRI de 32,1% et 30,5%, avec des VAN positives.

Stratégie de retrait et durabilité

27. La stratégie de retrait et le plan de durabilité du FIRIP visent un impact à long terme grâce à une collaboration avec les autres financeurs destinée à élargir le mécanisme de financement mixte et à étudier des possibilités d'institutionnaliser ce dernier ainsi que d'autres services d'appui. L'objectif de durabilité couvre cinq dimensions. L'équipe s'attachera à la durabilité socioéconomique en ciblant les groupes ruraux privés d'accès aux services financiers au moyen d'initiatives axées sur l'épargne et d'un renforcement des capacités. Elle recherchera la durabilité institutionnelle grâce au renforcement des institutions aux niveaux macro et méso, en fournissant des services essentiels de réglementation et d'appui et en favorisant un environnement porteur solide. La durabilité technique sera assurée par un

partage des connaissances et une collaboration avec les principales institutions, et la promotion des technologies vertes et climato-compatibles contribuera à la durabilité environnementale. Enfin, l'équipe favorisera la durabilité financière en demandant aux prestataires de services financiers de cofinancer les initiatives, ce qui améliorera leurs processus sur le long terme en matière de gestion d'entreprise et d'octroi de crédit.

III. Gestion des risques

A. Risques et mesures d'atténuation

28. Le FIRIP est exposé à différents risques, qui vont de l'engagement politique à la passation des marchés, en passant par la gestion financière. Comme indiqué dans le tableau 4 ci-après, le risque inhérent au projet est jugé modéré à la conception, sauf en ce qui concerne la gestion financière et la passation des marchés, pour lesquelles les risques sont considérés comme substantiels.

Tableau 4
Synthèse des risques

<i>Aspect du risque</i>	<i>Niveau de risque inhérent</i>	<i>Évaluation du risque résiduel</i>
Engagement politique	Modéré	Modéré
Stratégies et politiques sectorielles	Modéré	Modéré
Contexte environnemental et climatique	Modéré	Modéré
Portée du projet	Modéré	Modéré
Capacités institutionnelles d'exécution et viabilité	Modéré	Modéré
Gestion financière	Substantiel	Substantiel
Passation des marchés	Substantiel	Substantiel
Impact environnemental, social et climatique	Modéré	Modéré
Parties prenantes	Modéré	Modéré
Risque global	Modéré	Modéré

B. Catégorie environnementale et sociale

29. Le risque environnemental et social du FIRIP est jugé modéré.
30. Les principaux risques environnementaux et sociaux comprennent une utilisation non durable des ressources naturelles et une pollution liée à l'élevage (norme 2), des emplois salariés informels, de fortes inégalités entre les femmes et les hommes, et une absence d'égalité des chances (norme 5), une violence fondée sur le genre (norme 6), une faible propriété foncière qui limite l'accès au crédit (norme 7), et la nécessité d'améliorer, pour les institutions financières et prestataires de services partenaires, les systèmes de gestion des risques sociaux et environnementaux et les mécanismes de traitement des plaintes (norme 8). L'équipe du projet réalisera des études de marché et de faisabilité en vue de mettre au point des produits financiers pour les investissements allant des technologies agricoles climato-compatibles, des énergies renouvelables, de l'agroforesterie et de l'agriculture de précision aux technologies permettant d'économiser de la main-d'œuvre, à la gestion des déchets, aux infrastructures résilientes aux changements climatiques, aux techniques de transformation efficaces sur le plan énergétique et aux emballages respectueux de l'environnement, dans les filières agricoles et non agricoles.

C. Classement au regard des risques climatiques

31. Les risques climatiques du FIRIP sont jugés modérés. La Zambie fait face à des difficultés importantes liées à son niveau élevé de vulnérabilité et à son faible niveau de préparation, qui la placent respectivement aux 56^e et 141^e rangs selon l'indice mondial d'adaptation Notre-Dame. Début mars 2024, le Président de la Zambie a décrété l'état de catastrophe naturelle et d'urgence face aux

conséquences dévastatrices de sécheresses prolongées qui ont touché plus de 1 million de ménages d'agriculteurs dans 84 des 116 districts du pays. La sécheresse a eu des incidences sur la production alimentaire, les disponibilités en eau et l'approvisionnement en énergie.

D. Soutenabilité de la dette

32. Dans sa dernière analyse de la soutenabilité de la dette publiée en juin 2024, la Banque mondiale a considéré que la Zambie était en état de surendettement. La dette publique élevée de la Zambie (98,5% de son PIB en 2022) reste un obstacle majeur au développement économique. Malgré un important ajustement budgétaire, la Zambie, en l'absence d'accord de restructuration de la dette signé, est en état de surendettement global et extérieur, et sa dette publique n'est pas soutenable. Cette situation risque de mettre un frein à l'investissement public, et de nuire à la réalisation des objectifs de réduction de la pauvreté du pays.

IV. Exécution

A. Cadre organisationnel

Gestion et coordination du projet

33. Le principal organisme d'exécution sera le Ministère des finances et de la planification nationale. Le ministère a désigné l'unité de financement rural, créée et appuyée dans le cadre du précédent projet (RUFEP) et rattachée à la Division de la gestion économique, en tant qu'entité directement responsable de l'exécution et de la supervision technique du FIRIP.
34. **Surveillance du projet.** Le comité de pilotage du projet, présidé par le Secrétaire permanent chargé du budget et des affaires économiques au sein du Ministère des finances et de la planification nationale, supervisera et guidera l'exécution. Le comité de pilotage disposera d'une représentation adéquate au niveau national et assumera la surveillance, l'orientation stratégique et la coordination entre les principales institutions gouvernementales.
35. Une unité de coordination du projet composée de personnes détachées ou recrutées via un processus de mise en concurrence gèrera les opérations courantes.

Gestion financière, passation des marchés et gouvernance

36. L'exécution sera déléguée à divers partenaires d'exécution – tels que des banques et des institutions de microfinance – qui seront responsables au premier chef de la mise en œuvre de la ligne de crédit.
37. Les modalités en matière de gestion financière seront semblables à celles du RUFEP, qui disposait d'une unité de coordination du projet distincte pour les opérations courantes. L'équipe chargée des finances au sein de l'unité de coordination du projet comprendra un contrôleur financier ou une contrôlease financière, deux comptables et un assistant administratif ou une assistante administrative, ce qui garantira la séparation des rôles et une couverture efficiente des fonctions de gestion financière.
38. Les divers partenaires d'exécution participeront à l'élaboration du plan de travail et budget annuel. Le comité de pilotage du projet assurera la supervision de l'élaboration du budget. Le plan de travail et budget annuel sera soumis au FIDA 60 jours avant la fin de chaque exercice financier pour avis de non-objection.
39. Le projet utilisera un système comptable standard, de préférence un logiciel qui puisse être personnalisé en fonction des exigences du FIDA en matière de communication d'informations. Les contributions de contrepartie sous forme monétaire seront enregistrées dans le logiciel comptable. Les contributions en nature, telles que les locaux et la main-d'œuvre fournis par les bénéficiaires, seront enregistrées séparément, conformément aux dispositions prévues dans le manuel d'exécution du projet. Des rapports financiers intermédiaires seront établis chaque

trimestre à partir des données du système comptable et présentés au FIDA via le Portail clients dans les 30 jours suivant la fin de chaque trimestre.

Participation et retours d'information du groupe cible, et mécanisme de réponse aux doléances

40. Le groupe cible participera aux activités à différents niveaux et lors de différentes phases. La collaboration avec les initiateurs des institutions financières à assise communautaire portera sur le renforcement des capacités, la sensibilisation des communautés, le mentorat et comprendra des séances de suivi périodique et un examen des rapports. Des séances de sensibilisation seront organisées pour présenter les objectifs du projet, les règles régissant la participation et les attentes. Le groupe cible participera notamment à des études de marché pour évaluer les besoins des bénéficiaires, ce qui permettra aux prestataires de services financiers de proposer des solutions appropriées. La participation des utilisateurs finaux sera orientée dans le cadre de réunions de sensibilisation et de concertations avec les institutions qui fourniront les services financiers. Le processus de sensibilisation prendra la forme de réunions publiques dans les communautés, destinées à présenter les objectifs du projet, à décrire les différents produits financiers, les services, les critères et les attentes en matière de participation aux activités. Ces réunions se tiendront dans les langues locales et à des moments qui permettront une participation maximale des différents groupes, à savoir les femmes, les hommes, les jeunes et les personnes handicapées.

Mécanisme de réponse aux doléances

41. Le mécanisme de réponse aux doléances permettra de traiter les éventuels problèmes et plaintes résultant des activités du FIRIP au moyen d'une approche structurée en trois niveaux: un système à assise communautaire, un système officiel et, en dernier ressort, la procédure du FIDA pour le règlement des plaintes. Les personnes souhaitant présenter des doléances pourront choisir la voie communautaire ou la voie officielle. Le mécanisme communautaire de réponse aux doléances s'appuiera sur les structures traditionnelles existantes pour résoudre les problèmes au niveau local, en veillant à l'accessibilité au moyen d'une communication tenant compte des spécificités culturelles. Les principales institutions communautaires qui participeront à ce processus comprendront les chefs de village, les chefs de secteur, les chefs principaux, les conseils de circonscription et les conseils de district. Ce processus mettra l'accent sur la négociation et la recherche de consensus et permettra de faire remonter les problèmes aux chefs coutumiers ou aux tribunaux traditionnels, si nécessaire.

B. Planification, suivi-évaluation, apprentissage, gestion des savoirs et communication

42. **Planification.** Afin de garantir une planification participative, l'équipe du projet mobilisera les principaux partenaires publics et privés pour l'exécution du plan de travail et budget annuel pendant les 18 premiers mois. Un atelier annuel de planification et d'examen sera organisé avec les prestataires de services financiers, les institutions financières et d'autres organismes de développement. Cet atelier servira de plateforme pour présenter le projet de plan de travail et budget annuel, recueillir des observations et veiller à l'harmonisation des activités du projet avec celles d'autres institutions. Le plan de travail et budget annuel sera axé sur les résultats et reliera clairement les activités prévues aux produits du projet, et permettra de s'assurer que tous les partenaires sont en phase avec les objectifs et le calendrier du projet.
43. **Suivi-évaluation.** Le processus de suivi continu sera axé sur les activités, les produits et la portée. Tous les partenaires d'exécution devront communiquer des données sur leurs interventions particulières au sein du projet. Les exigences précises en matière de suivi varieront et seront définies dans les mandats ou les mémorandums d'accord. Des modèles au format électronique seront élaborés en

vue de l'établissement de rapports sur les activités du plan de travail et budget annuel et seront utilisés pour communiquer des données sur les indicateurs (voir la matrice de suivi-évaluation dans le manuel d'exécution du projet).

Apprentissage, gestion des savoirs et communication

44. La gestion des savoirs sera axée sur l'appui à l'élaboration de produits du savoir et l'organisation de forums consacrés à l'apprentissage et à l'échange d'informations sur des sujets émergents et des innovations dans le domaine du financement rural et agricole. Il pourra s'agir d'élaborer une stratégie de financement des microentreprises et petites et moyennes entreprises; de concevoir des systèmes de rehaussement de crédit et de garantie; d'élaborer une stratégie de financement de l'agriculture; de revoir le mécanisme de financement durable; d'informer les consommateurs au sujet des dispositifs de règlement des plaintes et de réponse aux doléances.
45. Les enseignements tirés du projet seront présentés sous différentes formes en fonction des publics et des finalités, et seront utilisés pour améliorer l'exécution et définir les éventuels besoins d'adaptation des méthodes utilisées dans ce cadre.

Innovations et reproduction à plus grande échelle

46. Le FIRIP promouvra activement des solutions évolutives susceptibles d'être reproduites à grande échelle, et encouragera une large utilisation des services financiers innovants dans la Zambie rurale. Le projet stimulera l'innovation en matière de fourniture de services financiers axés sur les clients au moyen de son mécanisme d'innovation et d'élargissement. Les bénéficiaires auront accès à des produits de microfinancement innovants tels que la microassurance, des solutions d'épargne et de crédit sur mesure et des services financiers numériques. Le projet favorisera également la création de liens entre les microentreprises et petites et moyennes entreprises et les institutions financières grâce à des modèles d'activité inclusifs et à des innovations dans les services financiers liés aux filières, tels que les systèmes de récépissés d'entrepôt. Une part importante des prêts au titre du mécanisme de financement mixte sera consacrée à l'appui à ces innovations afin d'accroître leur portée et leur impact.

C. Plans d'exécution

Plans de préparation à l'exécution et de démarrage

47. La préparation à l'exécution du FIRIP sera assurée au moyen d'un ensemble complet de mesures, notamment une gestion en amont des retards potentiels et des allocations de temps suffisantes aux processus essentiels, tels que les permis, la participation et la passation des marchés, afin de permettre une transition fluide de la conception à l'exécution, conformément aux cadres du Gouvernement et du FIDA.
48. En s'appuyant sur le RUFEP, l'équipe du FIRIP tirera parti des dispositifs institutionnels existants pour accélérer le démarrage. L'unité de financement rural, qui, conformément à son mandat, assurait la supervision technique du RUFEP et facilitait la coordination des parties prenantes liées aux services financiers en milieu rural, continuera de jouer ce rôle dans le cadre du FIRIP.

Supervision, examen à mi-parcours et plans d'achèvement

49. **Supervision.** Le FIRIP sera supervisé conjointement par le FIDA et le Gouvernement, qui évalueront les accomplissements et les enseignements tirés de l'expérience et, selon que de besoin, apporteront un appui à l'exécution pour en assurer l'efficacité et pour accroître la probabilité d'atteindre les objectifs du projet.
50. **Examen à mi-parcours.** Un examen à mi-parcours sera réalisé conjointement par l'organisme chef de file et le FIDA au milieu de la période d'exécution du projet. Cet examen permettra de déterminer si le projet est sur la bonne voie pour atteindre ses objectifs. Il sera également mis à profit pour repérer les obstacles

existants et recommander les éventuelles réorientations nécessaires pour aider l'équipe du FIRIP à redresser la trajectoire.

51. **Achèvement du projet.** L'élaboration d'un rapport d'achèvement de projet fait partie des exigences réglementaires. L'examen doit être conduit une fois le projet achevé, mais avant sa clôture. L'examen à l'achèvement sera mené par le FIDA, qui bénéficiera des contributions essentielles de l'emprunteur, conformément aux directives du Fonds relatives aux rapports d'achèvement de projet.

V. Instruments et pouvoirs juridiques

52. L'octroi à l'emprunteur/au bénéficiaire du financement proposé est régi par un accord de financement entre la République de Zambie et le FIDA. Une copie de l'accord de financement négocié sera mise à disposition avant la session.
53. La République de la Zambie est habilitée, en vertu de son ordre juridique, à recevoir un financement du FIDA.
54. Je certifie que le financement proposé est conforme aux dispositions de l'Accord portant création du FIDA, et aux Principes et critères applicables aux financements du FIDA.

VI. Recommandation

55. Je recommande au Conseil d'administration d'approuver le financement proposé par la résolution suivante:

DÉCIDE: que le Fonds accordera à la République de Zambie un prêt à des conditions particulièrement concessionnelles d'un montant de huit millions neuf cent mille dollars des États-Unis (8 900 000 USD), qui sera régi par des modalités et conditions conformes, en substance, aux modalités et conditions indiquées dans le présent rapport.

Le Président
Alvaro Lario

Negotiated financing agreement

(Le document sera transmis aux représentants au Conseil d'administration.)

Logical framework¹

Results Hierarchy	Indicators				Means of Verification			Assumptions			
	Name	Baseline	Mid-Term	End	Source	Frequency	Responsibility				
Outreach	1 Persons receiving services promoted or supported by the project				PFIs and CBFI promoters	Quarterly	ME&KM team	<i>outreach assumption:</i> • The average household size in rural areas is 5 persons per household. • Each beneficiary comes from a different household (CI 1.a = CI 1). If other data on beneficiaries and households becomes available, this can be adjusted.			
	<i>Total number of persons receiving services (Number of people)</i>								0	148 044	370 110
	1.a Corresponding number of households reached				PFIs and CBFI promoters	Quarterly	ME&KM team				
	<i>Households</i>								0	148 044	370 110
1.b Estimated corresponding total number of households members				PFIs and CBFI promoters	Quarterly	ME&KM team					
<i>Household members (Number of people)</i>							0	740 220	1 850 550		
Project Goal Improved rural livelihoods through economic growth and increased resilience	Change in household asset ownership				COI Survey (additional questions for PSIs)	Outcome surveys (3x)	ME&KM team	<i>assumptions for sustainability:</i> • Positive experiences with financial services will lead to a 'virtuous cycle' of using financial services; economic growth; and improved rural livelihoods.			
	<i>Household asset ownership index (percentage)</i>								49%	53%	60%
	Rural households reporting an increase in savings								0	28%	70%
<i>Proportion of rural households (Percentage)</i>											
Development Objective Increased use of financial services by poor rural men, women and youths, for growth of rural production systems and value chains, and to strengthen resilience and safety nets.	Persons reporting improved income from economic activities (agriculture/IGAs)				COI Survey (additional questions for PSIs)	Outcome surveys (3x)	ME&KM team	<i>development objective to goal:</i> • Economic empowerment of women and joint household decision making contributes to increased income being used to address household needs • Stable political and economic environment.			
	<i>Cat 1 beneficiaries with improved income (number)</i>								0	85 273	213 183
	<i>Cat 2 beneficiaries with improved income (number)</i>								0	32 333	80 832
	<i>Beneficiaries using financial services in all categories reporting improved income (number)</i>				0	118 435	296 088				
	CI 2.2.1. Beneficiaries with new jobs/employment opportunities				COI Survey	Outcome surveys (3x)	ME&KM team				
	<i>Total number of persons with new jobs/employment opportunities (Number of people)</i>								0	58 172	145 430
	IE.2.1 Individuals demonstrating an improvement in empowerment				COI Survey	Outcome surveys (3x)	ME&KM team				
	<i>Total persons (number of people)</i>								0	28 129	140 642
	CI 3.2.2. Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices				COI Survey	Outcome surveys (3x)	ME&KM team				
	<i>Households (Number)</i>								0	33 442	83 604
SF 2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers				COI Survey	Outcome surveys (3x)	ME&KM team					
<i>Households (Number)</i>							0	7 402	37 011		
Outcome 1 Improved availability of sustainable client-centric rural financial services for specific sectors and groups	Number of new financial products, services and delivery mechanisms deployed				IOF recipients	Semi-annual	ME&KM team	<i>outcome to development objective:</i> • Beneficiaries make good use of financial services, for productive investment, adaptation and green technologies, or to cope with shocks affecting the household. • An enabling policy environment and corresponding incentives are in place, encouraging FSPs to offer financial services and products to rural communities at affordable rates. • Sufficient economic/investment			
	<i>Financial products and services (Number)</i>								0	12	24
	Number of access points for formal financial services established				PFIs (banks, MFIs)	Annually	ME&KM team				
	<i>Access points (Number)</i>								0	11 250	22 500
	CI 1.2.6 Partner financial service providers with PAR ≥ 30 days below 5%								57%	59%	62%
	<i>Percentage</i>										
	CI 1.2.7 Financial service providers with operational self-sufficiency above 100%								57%	59%	62%
	<i>Percentage</i>										
Proportion of non-performing loans in the loan portfolio of banks (agriculture, small and emergent)				8.7%	< 6.0%	< 5.0%					
<i>agriculture - small and emerging farmers (Percentage)</i>											

¹ Concise two-page version, by shortening some descriptions and removing indicator disaggregation - which will be retained in ORMS and the M&E system.

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End	Source	Frequency	Responsibility	
	<i>MSMEs (Percentage)</i>	13.7%	< 12.3%	< 10.0%				opportunities and capacity of the target group to make use of those opportunities.
Output 1.1 Effective mechanism for the development of innovative rural financial products, services and delivery mechanisms	CI 1.1.6 Financial service providers supported in delivering outreach strategies, financial products and services to rural areas				PMU (contracts, MOUs)	Semi-annual	ME&KM team	<i>output to outcome:</i> • Enough FSPs are willing to develop client-centric rural financial services. • FSPs demonstrate a willingness to participate in capacity-building initiatives.
	<i>Service providers (number)</i>	0	29	57				
Outcome 2 Increased uptake of more suitable and affordable sources of finance by the target group	CI 1.2.5. Households reporting using financial services				COI Survey	Outcome surveys (3x)	ME&KM team	<i>outcome to development objective:</i> • Beneficiaries make good use of financial services, for productive investment or to increase resilience. • Rural communities have capacity to utilise financial services for climate smart and profitable enterprises.
	<i>Households (Number)</i>	0	97 561	296 088				
	<i>Households (Percentage)</i>	55.9%	66%	80%				
	SF 2.1 Households satisfied with project-supported services				COI Survey	Outcome surveys (3x)	ME&KM team	
<i>Households (Number)</i>	0	103 631	296 088					
	<i>Households (Percentage %)</i>	0	70%	80%				
Output 2.1 Access to affordable loans and other financial services for agriculture and green investments enhanced	CI 1.1.5 Persons in rural areas accessing financial services				PFIs (banks, MFIs) and CBFI promoters	Quarterly	ME&KM team	<i>output to outcome:</i> • Interest of beneficiaries to invest in climate-smart and green technologies. • Effective cooperation with complementary development initiatives. • A sufficient number of reliable suppliers of green technologies. • Effective promotion of CSA and green technologies, and an increasing interest in these technologies.
	<i>Total persons accessing financial services (all services)</i>	0	126 204	315 511				
	<i>Persons accessing financial services (savings)</i>	0	88 260	220 650				
	<i>Persons accessing financial services (credit)</i>	0	81 661	204 152				
	<i>Persons accessing financial services (insurance)</i>	0	13 812	34 530				
	<i>Persons accessing financial services (digital payment services)</i>	0	67 200	168 000				
	Households accessing green technologies				IOF partners; PMU	Semi-Annual	ME&KM team	
<i>Households (Number)</i>	0	41 802	104 505					
Output 2.2 Capacity of rural men, women, youths and MSMEs to obtain and effectively utilize financial services strengthened	CI 1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services				IOF recipients	Quarterly	ME&KM team	<i>output to outcome:</i> • Interest of beneficiaries to invest in climate-smart and green technologies. • Effective cooperation with complementary development initiatives. • Sufficient numbers of interested people in selected rural areas to justify rollout.
	<i>Persons in rural areas trained in FL and/or use of FProd and Services (total) (Number of people)</i>	0	60 000	150 000				
	CI 3.1.1 Groups supported to sustainably manage natural resources and climate-related risks							
	<i>Groups supported (number)</i>	0	1 000	2 500				
Outcome 3 Enhanced enabling environment for inclusive rural financial service provision	Change in volume to agriculture lending to smallholders				Bank of Zambia's Credit Market Survey	Semi-Annual	ME&KM team	<i>outcome 3 to outcome 1&2:</i> • Private sector actors (FSPs, MNOs) are willing and able to respond to opportunities offered by a more conducive policy and regulatory framework.
	<i>Annual disbursements to agriculture (small and emergent) (million USD)</i>	20.1	23.1	34.2				
	Formally financially included adults in rural areas				FinsScope; MOFNP	Outcome surveys (3x)	ME&KM team	
<i>Rural adults (Percentage %)</i>	44%	48%	57%					
Output 3.1 Policies, laws, regulations and institutions supported to create an enabling environment for rural finance	Strategic partnerships established to enhance policy review and coordination, and to support implementation				PCU (MOUs)	Semi-Annual	ME&KM team	<i>output to outcome:</i> • Government will prioritize creating an enabling environment for rural finance. • Partners see value in the project and is being part of its implementation. • There is buy-in from stakeholders to participate in multi-stakeholders dialogues
	<i>Partnerships (Number)</i>	0	6	6				
	Policy 1: Policy-relevant knowledge products completed				PCU	Semi-Annual	ME&KM team	
	<i>Knowledge products (Number)</i>	0	2	6				
	Laws, regulations and policies supported by the project				National Government	Semi-Annual	ME&KM team	
<i>Number</i>	0	2	4					

Integrated project risk matrix

Risk categories and subcategories	Inherent	Residual
Country context	Substantial	Substantial
Political commitment	Moderate	Moderate
<p>Risk(s): The political stability Zambia has enjoyed since adopting multi-party elections in 1991, along with its recent relatively smooth transitions of power to the United Party for National Development (UPND) in 2021, contributes to a favourable short-term political outlook. The World Bank's political stability index for Zambia in 2022 stands at 0.1 on a scale ranging from -2.5 (weak) to 2.5 (strong), indicating a relatively stable political environment with a very low occurrence of inter-ethnic tensions or clashes, unlike other sub-Saharan African countries. The current administration is expected to retain power until the 2026 elections, ensuring policy consistency for the successful delivery of IFAD development projects, which have seen high demand for rural financial inclusion since the first IFAD rural finance program in 2007. However, political tensions may surface around election periods, potentially leading to instability and change of political commitment shifts.</p>		
<p>Mitigations: Although IFAD has sustained a strong relationship with the Zambian Government and development partners for decades, to mitigate the risk of a potential reversal in political commitment, IFAD capitalizes on its robust relationship with the current administration to advocate for the institutionalization of policies supporting rural finance, thereby making them less susceptible to political shifts. Furthermore, counterparts from key ministries have been nominated and actively and closely engaged from the PCN and PDR stage of the project. This ensures governmental ownership and alignment with both IFAD's and the Zambian Government's policies.</p>		
Governance	Substantial	Substantial
<p>Risk(s): Zambia's Corruption Perceptions Index (CPI) score for 2023, as reported by Transparency International, was 37 out of 100. This score reflects the perceived levels of public sector corruption, positioning Zambia 98th among 180 countries. This represents a slight improvement from its 2022 ranking of 116th, with a score of 33 out of 100. Additionally, according to the World Bank's Country Policy and Institutional Assessment (CPIA), Zambia's Quality of Public Administration rating for 2022 remained at 3.0 on a scale from 1 (low) to 6 (high), unchanged from the previous year. Despite these scores, the prevalence of corruption remains a concern. Zambia continues to underperform in the sub-region compared to countries like Tanzania, South Africa, Namibia, Rwanda, and Botswana, indicating that there is substantial room for improvement in governance and anti-corruption efforts.</p>		
<p>Mitigations: Under the current administration, there has been a renewed emphasis on combating corruption, with a commitment to not shielding officials involved in illicit activities, including corruption. As one of the key strategic areas in the Eighth National Development Plan (8NDP), the Government places strong emphasis on transparency and accountability in the Governance system, while also strengthening the rule of law, human rights, and constitutionalism. The government has acted against senior officials engaged in corrupt practices, demonstrating a resolve to eradicate corruption at all government levels. This strategy encompasses addressing instances of corruption past, present, and future, while ensuring that law enforcement agencies are both empowered and professionalized in their anticorruption efforts.</p> <p>IFAD adheres to a stringent zero-tolerance policy towards any prohibited</p>		

Risk categories and subcategories	Inherent	Residual
<p>practices, such as fraud, corruption, collusion, coercion, and obstructive practices, in its financed activities and operations. IFAD's legal framework mandates prompt reporting of any fraud or corruption allegations related to project activities. The Office of Audit and Oversight (AUO) is responsible for conducting investigations to establish the facts and take necessary actions. Furthermore, the IFAD Zambia team will oversee procurement and fiduciary aspects during supervision missions, in addition to providing regular implementation support.</p> <p>Most of FIRIP's activities are carried out by private and non-governmental implementation partners which will be selected through a transparent and competitive process. The BFF will be managed by a competent and independent Fund Manager. Sub-projects co-financed under the IOF will have clear performance milestones that will be monitored closely.</p> <p>Adequate provisions for staffing at PCO and Fund Management level have been made. Similarly, the strategic partnerships will be identified through a transparent and demand driven process and monitored in line with mutually-agreed milestones and deliverables.</p>		
Macroeconomic	Substantial	Substantial
<p>Risk(s): Despite facing significant debt distress from 2018 to 2021, Zambia implemented debt restructuring reforms in 2022 through the enactment of the Public Debt Management Act. These reforms successfully restructured its debt and improved its debt absorption capacity. Zambia's economic outlook shows signs of improvement, with projections indicating a GDP growth of 4.0% in 2023 and 4.2% in 2024, driven by recoveries in the mining, services, and manufacturing sectors. However, the country confronts macroeconomic challenges, including high debt levels - exceeding 104% of GDP - and a persistent fiscal deficit, projected at 8.1% of GDP in 2023 and 7.3% in 2024. The fiscal deficit is expected to escalate from 2026 as Zambia concludes its financing arrangement under the Extended Credit Facility (ECF) with the IMF at the end of 2025. Inflation rates are anticipated to decrease but remain vulnerable to potential increases in fuel prices and electricity tariffs, along with fluctuations in global fertilizer prices. Economic instability may arise from the debt crisis and delayed resolutions. External factors such as perennial droughts, volatile copper prices, and global geopolitical events could also present challenges.</p>		
<p>Mitigations: Although macroeconomic challenges are specific to each country and there is limited scope for addressing them at the project level, IFAD persists in engaging in discussions about the necessity of building resilience against external shocks and fostering a diversified economy through agriculture-led growth. The project incorporates elements of climate adaptation and capacity enhancement for MSMEs and smallholders' investment capabilities. At the operational level, the AWPB will be formulated assuming a stable currency. IFAD will provide financing at highly concessional rates.</p>		
Fragility and security	Substantial	Substantial
<p>Risk(s): Zambia is currently grappling with considerable fragility and security concerns, precipitated by a severe drought that has been officially recognized as a national disaster and emergency. This drought, intensified by the El Niño weather phenomenon and climate change, has wrought havoc on the agricultural sector, impacting more than a million households. The scarcity of rainfall has resulted in the loss of one million hectares from a total of 2.2 million hectares of cultivated crops, significantly undermining the country's food security and energy provisions, especially considering Zambia's dependence on hydroelectric power. Furthermore, since October 2023, Zambia has experienced a severe cholera outbreak. Although cases have dramatically decreased, the potential for re-emergence remains,</p>		

Risk categories and subcategories	Inherent	Residual
<p>highlighting the need to address issues related to climate adaptation resilience. These risks could continue during the project implementation period. Additionally, socioeconomic factors, including youth unemployment, lackluster economic performance, and diminishing household incomes, could exacerbate the situation.</p>		
<p>Mitigations: The project intends to enhance the livelihoods of the most marginalized rural groups, encompassing smallholder farmers, youth, women, and households headed by women. The project will improve access to innovative and sustainable rural financial services, as well as climate adaptation financing, for smallholder farmers and micro, small, and medium-sized enterprises (MSMEs), with a special emphasis on gender and youth. Improved access to payments, savings, emergency loans and insurance enhances the capacity to cope with shocks (including climate-, macro-economic, health related ones) and enhance resilience and adaptation strategies. Support to vulnerable groups such as semi-subsistence smaller farmers is anchored in savings-based strategies harnessing CBFIs to support resilience, livelihood diversification and asset building. Responsible-lending practices will be promoted across FSPs to avoid un-sustainable debt burdens for vulnerable population groups.</p>		
<p>Sector strategies and policies</p>	<p>Substantial</p>	<p>Substantial</p>
<p>Policy alignment</p>	<p>Moderate</p>	<p>Moderate</p>
<p>Risk(s): The policy environment for inclusive rural finance is sufficiently well developed in Zambia following continuous support under the Rural Finance Programme (2007-2013) and the Rural Finance Expansion Programme (RUFEP, 2014-2024). The National Financial Sector Development Policy (2017-2022) seeks to evolve and transform the financial sector by offering strategic direction and coordinating development efforts to foster a well-developed, inclusive financial system conducive to efficient resource allocation and sustainable economic growth. This policy complements the Financial Sector Development Plans (FSDPs), focusing on legal reforms, payment systems, market efficiency, financial education, and finance accessibility. Additionally, the National Financial Inclusion Strategy (NFIS) 2017-2022 and NFIS II (2024 – 2028) target universal access to diverse, quality, affordable financial services, with objectives to include 80 percent of the populace and 70 percent of adults in the formal financial system by 2022, aiming to incorporate the unbanked and underserved into the formal economy through technological innovation. The NFIS II places particular emphasis on rural and agricultural financial inclusion, mainstream ESG frameworks, and enhancing the quality and reach of DSF, and inclusion of women, youth, elderly, and other vulnerable groups. There are several regulatory instruments supporting the use of alternative collateral (e.g., movable assets, warehouse receipts), the role out of digital financial services, and – more recently, of Green Finance. These initiatives align with the Ministry of Agriculture's Strategic Plan (2022-2026), developed upon the Zambia Vision 2030, which emphasizes financial access in the sector, with current government efforts reinforcing these commitments. Despite this conducive environment, competition among rural financial institutions may be limited, potentially leading to an undersupply of finance for the rural poor, exacerbated by inadequate coverage and incomplete data from credit reference bureaus, affecting agricultural financial service efficacy.</p>		
<p>Mitigations: Building on the success of RUFEP, FIRIP will continue to support the development of conducive policy, legislative, regulatory, and supervisory frameworks in rural finance and for the project's target demographics. FIRIP is fully aligned with the NFIS II and will support its implementation, especially in the aforementioned areas. Through its policy component and strategic partnerships, FIRIP will also be in well-positioned</p>		

Risk categories and subcategories	Inherent	Residual
to influence the renewal of some older policies (e.g., the rural finance policy).		
Policy development & implementation	Substantial	Substantial
Risk(s): Despite the alignment of rural finance policies and strategies with the project's objectives, significant policy gaps arise from fragmented initiatives like the NFIS II outside of the RFU, the uncertainties regarding the planned update of the Rural Financial Services Strategy (2012) under the RFU's mandate, and the recently launched Sustainable Agricultural Financing Facility (SAFF) by the Ministry of Agriculture. Furthermore, important legal and regulatory instruments have been created under the 2015 Agricultural Credit Act (including warehouse receipt financing and other alternative sources of collateral) but are poorly used by FSPs. This also applies to enabling institutions such as the Electronic Moveable Assets Registry established based on the Agricultural Credit Acts These gaps, concerning implementation and integration, as well as the adequacy in addressing the diverse needs of rural populations, risk undermining the project's implementation and its development objectives.		
Mitigations: Mitigating these gaps necessitates a comprehensive effort to improve policy coherence and implementation and develop innovative financial products and services making use of the enabling legal and regulatory instruments to enhance sustainable rural outreach, and the customization of financial services to the unique contexts of rural communities. The project is committed to facilitating the harmonization and coordination of policy and regulatory frameworks with regards to rural finance and agricultural sectors and help a range of FSPs to innovate and expand their product offerings to rural target groups This commitment is aimed at ensuring the coherence and effectiveness of rural financial services at both the macro and meso levels, through strategic partnerships. In addition, a major focus will be on strengthening the implementation of existing policy and regulatory instruments, through strategic partnerships with key macro and meso level actors, along with technical assistance and capacity development.		
Environment and climate context	Substantial	Substantial
Project vulnerability to environmental conditions	Moderate	Moderate
Risk(s): Despite being richly endowed, Zambia -as many other natural resource rich countries- has not been able to translate natural resource rents into broad based development and poverty reduction. Biodiversity is continuously under threat mainly due to human activities such as population growth, agriculture expansion, deforestation, industrialization, and urbanization. As the population continues to grow, pressure is being placed on arable land, water, energy, and other biological resources to provide adequate supply of food.		
Mitigations: To support the preservation of Zambia's rich biodiversity and ensure the sustainable use of resources for the benefit of both current and future generations, the Project will be aligned to Second National Biodiversity Strategy and Action Plan (NBSAP2) (2015-2025), and the Eighth National Development Plan (8NDP) (2022-2026). The project will promote climate-smart and sustainable agricultural practices, as well as green and climate-smart technologies. This will be achieved by leveraging CBF savings and establishing linkages to banking systems to facilitate the adoption of these practices.		
Project vulnerability to climate change impacts	Substantial	Substantial
Risk(s): Extreme weather events such as droughts and floods have increased in intensity and frequency since 1960. These have resulted in notable losses for Zambia's economy, agricultural sector, the		

Risk categories and subcategories	Inherent	Residual
manufacturing sector as well as damage to infrastructure. On 29 February 2024, Zambia declared a national emergency as a result of a prolonged drought which led to the destruction of one million hectares of farmland which has affected over one million households across the country. It is expected that the intensity and frequency of extreme weather events such as flooding and droughts, would increase in the future. It is likely that average annual temperatures could show an increasing trend and that average monthly precipitation will decrease in the future.		
Mitigations: The Project will be aligned with the National Policy on Climate Change (2016), the National Adaptation Plan for Zambia (2023), the Second National Communication to UNFCCC (SNC, 2015) and the updated National Determined Contributions (2021). The project will promote green and climate smart technologies and practices by introducing specific financing instruments facilitating the uptake.		
Project scope	Moderate	Moderate
Project relevance	Moderate	Moderate
Risk(s): The Project objectives and interventions are well aligned with National policies and priorities, including the Eighth National Development Plan (8NDP) with which it shares similar outcomes to achieve improved adaptive capacity, reduce vulnerability and enhanced resilience to climate change, for both human and biophysical systems (development outcome 1). The Project also aligns well with the Zambia National Financial Inclusion Strategy II (NFIS II) (2024 – 2028), centered on addressing emerging issues such as agricultural, MSME, and green finance, along with a specific emphasis on women, youth and the elderly, as well as rural financial inclusion. The strategy highlights key sectoral priorities for financial inclusion such as agriculture and MSMEs finance. The project outcomes are also in line with IFAD Country Strategic Opportunities Programme (COSOP). Despite these alignments, there may be a risk that smallholder farmers and their associated MSMEs would not show an interest in adopting green and climate smart technologies. Another risk may arise from volatility in demand by the smallholder farmers and enterprises, which can change rapidly depending on several factors such as profitability of their investments as well as changes in factors that affect the productivity of their businesses. This would require timely adaptation of the project support strategy.		
Mitigations: The Project will place a strong focus on ensuring that interventions are tailored towards the needs of the intended target group and focused on key areas highlighted as part of Government's medium to long term priority areas and key policies for rural development. Additionally, constant engagement with Government and relevant stakeholders to support policy implementation minimises the risk of hasty shift in focus areas. The project also recognizes the need to strike an appropriate balance in the targeting of the beneficiaries based on the categorization of smallholder farmers and enterprises at different levels.		
Technical soundness	Moderate	Moderate
Risk(s): The proposed project structure draws from the experiences of RUFEP and similar rural finance initiatives. While aiming to avoid excessive complexity and ambition, the project design has been developed with a realistic timeline and expectations. However, there is a risk that the conditions offered to Participating Financial Institutions (PFIs) might not be sufficiently appealing, potentially leading to a loss of momentum among PFIs. Additionally, there may be reluctance among smallholders and agribusiness entrepreneurs to utilize the supported borrowing channels. A further risk involves the non-repayment of loans provided to these groups. There is also the potential for elite capture of project resources.		

Risk categories and subcategories	Inherent	Residual
Mitigations: The project will collaborate with partners to develop financial products tailored to the needs of the target groups. To avoid complexity and difficulty in adjustment over the course of implementation, the project design avoids being overly prescriptive and allows for operational flexibility using demand-driven approaches. In addition, a limited number of sub-components reduces complexity while focussing on inter-linkages and complementarities among them. It will also establish an M&E framework that allows for the regular assessment of the project's impact and effectiveness. To mitigate the risk of project resources being disproportionately captured by the elite, the project will establish clear, transparent, and equitable criteria for selecting project beneficiaries and Participating Financial Institutions (PFIs). Engagement with various potential partners has been conducted during the design mission.		
Institutional capacity for implementation and sustainability	Substantial	Substantial
Implementation arrangements	Moderate	Moderate
Risk(s): The project will leverage RUFEP's experience , building on proven instruments and management frameworks. Nevertheless, there exists a risk associated with the potential inability to effectively coordinate and enhance implementation arrangements that involve various government entities, including the Ministry of Agriculture, the Ministry of Small and Medium Enterprises Development (MSME), and the Ministry of Green Economy and Environment (MGE), governance across different levels, and multiple financial institutions.		
Mitigations: To mitigate these risks, representatives from key ministries were involved from the initial conceptual phase of the project and design process. The IFAD team will continue to work closely with these government representatives during the subsequent stages of project start-up and implementation. Additionally, there will be a continuous, concerted effort to strengthen the Rural Finance Unit, pivotal in coordinating all rural finance initiatives within the country. A thorough review of the implementation arrangements was conducted during the design phase to identify further risks and develop suitable mitigation strategies in the design.		
M&E arrangements	Substantial	Substantial
Risk(s): The M&E system performance for RUFEP (the predecessor of this project), evaluated in July 2023, was "moderately satisfactory." Despite a dedicated M&E specialist's efforts at the Project Coordination Unit (PCU), challenges included delayed and partial data submissions from partners, affecting timely updates and accurate performance analysis of key indicators. Despite Strategic Partners developing M&E systems, the systems were evaluated as not yet fully operational to comprehensively support macro-level monitorable indicators. Non-compliance with reporting deadlines by some partners created data gaps, impacting comprehensive project evaluations. High staff turnover among partners further complicated data management, particularly for those using manual collection methods. Additionally, the M&E Specialist's reliance on inexperienced interns have impacted the efficiency and depth of M&E activities. These issues may persistently affect the project's M&E arrangements under this project.		
Mitigations: To address these risks, FIRIP will enhance the M&E arrangements at PCU by recruiting : (i) a dedicated ME&KM Officer (senior position) who will handle overarching responsibilities, including the planning process, annual reports, Logframe, lessons learned, official publications, and assisting the Coordinator, (ii) an ME&KM Assistant (junior position) focused on assisting with conducting interviews and stakeholder feedback; organizing workshops and other fora for information exchange and learning; using available information to prepare knowledge		

Risk categories and subcategories	Inherent	Residual
<p>products (write-ups, infographics, audio-visual products); and disseminating information (including print, broadcasting and social media. They will be responsible for developing a robust and user-friendly M&E system, drawing upon the experiences from RUFEP. Once the core staff is established, the definition of M&E responsibilities will extend to incorporating specific digital data collection and reporting tasks into ToRs for implementing agencies and service providers. During a project start-up workshop or at appropriate occasions during the start-up phase, the M&E/KM Officer, with support from IFAD will facilitate a dedicated M&E session. This session will involve engaging stakeholders to review the project's ToC and Logframe, and to discuss the utilization of these management tools in conjunction with the specific requirements of IFAD and potential co-financiers.</p>		
Procurement	Substantial	Substantial
A.1 Legal, Regulatory and Policy Framework	Substantial	Substantial
<p>Risk(s): The Public Procurement Legal Framework is structured with high level Public Procurement Act, 2020 amended in 2023 and Public Procurement Regulations of 2022 with their precedence firmly established. However, there are no procurement manuals. ZPPA approves requests for many direct bidding methods and Deviations, which has a risk of PEs making use of this for use of less competitive methods. Article 39 of PPA puts restriction on the participation of foreign bidders in both NCBs (only citizen bidders and local bidders in partnership with citizen bidders are allowed) and ICBs (foreign bidders can participate but only in partnership with citizen bidders). These exclusions are inconsistent with IFAD procurement framework, as they have a risk of limiting competition. ZPPA reported compliance issues with inconsistent use of procurement bid documents, which has a risk of non-compliant procurement. The national SBDs are not in full compliance with IFAD procurement framework for other IFAD policies. Adherence to evaluation and award criteria provided in the SBDs is low and 10% of PEs do not follow laid down bid receipt and opening procedures. The ZPPA review noticed prolonged delays in execution of contracts in many of the cases, which may result in time and cost overruns affecting project execution. Many cases of improper contract management have also been reported by the Auditor General. Standard templates for RFQ, REOI and Pre-Qualification are not available. Evaluation methodology provides for taking into consideration the total cost of ownership. However, other sustainability related provisions are not fully reflected in the legal framework.</p>		
<p>Mitigations: IFAD project PIMs shall detail the procurement processes to be adopted. The use of less competitive methods beyond thresholds shall be prior reviewed by IFAD, duly reflected in the PIM. IFAD procurement framework shall be applicable for IFAD projects, in cases of inconsistencies with the National procurement framework. IFAD projects shall adhere to procurement methods of approved PP and shall make use of appropriate national SBDs, if available, suitably supplemented with other associated IFADs policies. In absence of suitable national SBDs (e.g. Consultancy Services), IFAD SPDs shall be used. IFAD project procurements shall be in adherence to the evaluation and award criteria given in the bid documents. IFAD projects shall make use of eGP system for all project procurements. IFAD projects shall describe the contract management framework, duly nominating contract managers for larger contracts, in the PIM. Also, adequate contract management capacity of project staff is developed during the initial phases of the project. IFAD projects shall ensure recommended SECAP standards are included in the bid documents, contracts etc.</p>		
A.2 Institutional Framework and Management Capacity	Substantial	Substantial

Risk categories and subcategories	Inherent	Residual
<p>Risk(s): Majority of the PEs do not submit their PPs to ZPPA for review and uploading. More than 50% of PEs did not have funds committed prior to award of contracts, which has a risk of delay in payments. The Zambia Public Procurement Authority (ZPPA) is a regulatory body established under the Public Procurement Act No. 8 of 2020, with clearly defined functions. The involvement of ZPPA in specific procurement requests could result in a conflict of interest in handling of complaints. Compliance issues have been flagged and the PEs do not appear to be fully accountable for their procurement decisions as per the reports of the ZPPA and AGO. e-GP is an integrated system that provides information on procurement opportunities and outcomes, but not all PEs are publishing their information on it. The ZPPA website has a provision to publish procurement data but is not working. Procurement as a profession has not evolved and standards for the qualification and experience for procurement positions are yet to be defined. There appears to be no substantive permanent training programs of suitable quality and content for the needs of the system.</p>		
<p>Mitigations: IFAD project procurements shall prepare yearly Procurement plans in alignment with the approved AWPB, subject to IFAD NO. IFAD projects shall adhere to AWPB and PP to ensure availability of budgets prior contract commitments. IFAD ICO may closely liaise with the GoZ to delink ZPPA from the operational issues of procurement. Project implementing PEs should be fully accountable for their procurement decisions. IFAD project shall make use of the eGP platform for all project procurements. IFAD project procurement staff are equipped with procurement consultant to provide procurement training during the project start-up and to enhance capacities during project procurement implementation. The procurement officers assigned to the project are encouraged to be enrolled in the BUILDPROC certification programs executed by the ITCILO and financed by IFAD. IFAD project procurement processes shall be clearly elaborated in the PIM. Supervision mission will be planned on a yearly basis where IFAD oversight will apply to monitor compliance and suggest improvements to procurement performance.</p>		
A.3 Public Procurement Operations and Market Practices	Substantial	Substantial
<p>Risk(s): ZPPA assessment noted: 1) Poor management of the procurement process, inaccurate / inconsistent quotations; 2) Award of contracts based only on price considerations which may lead to non-eligible bidders being awarded contracts and value for money not achieved; 3) non-commitment of funds prior to contract awards, which delay payments; 4) failure to follow laid down procurement procedures which may result in ineligible expenses. Only 7 out of 50 PEs assessed by the ZPPA during 2022 had appointed contract managers. There was a correlation between non-appointment of contract managers and poor quality of contract delivery. Contract related documents were not maintained by most of the PEs assessed, which may result in non-availability of documents for audit. The timelines for contract completion were significantly affected; contracts were not completed within the contractual periods and in most cases substantially delayed by more than one year. The delayed completion of most of the projects resulted in the community being deprived of access to services that appropriate completion of the contracts was intended to provide. Contract award details are not published, even though mandated vide article 186 of PPR, 2022. Article 91 of PPA provides for Preference and reservation for schemes, without expanding the same in the PPR. Also, the Revised National Micro Small and Moderate Enterprise Development Policy, 2023 doesn't prescribe any reservation schemes for the MSMEs.</p>		

Risk categories and subcategories	Inherent	Residual
<p>Mitigations: IFAD projects shall publish the PP in the eGP system. IFAD project procurements shall be in accordance with the National procurement framework, for selection and contracting. IFAD projects shall describe the contract management framework, duly nominating contract managers for larger contracts, in the PIM. Also, adequate contract management capacities of project staff are developed during the initial phases of the project. Procurement records shall be retained as per the provisions of the IFAD Handbook. Project procurement requirement and contract awards shall be published in the project website as well as in ZPPA website. IFAD projects may also engage with the public and private sector players through stakeholder conferences. IFAD may make use of Domestic preference provisions for International Competitive procurement methods.</p>		
<p>A.4 Accountability, Integrity and Transparency of the Public Procurement System</p>	Moderate	Moderate
<p>Risk(s): Despite a legal framework against fraud and corruption, there seems to be no systematic detection, prevention, and enforcement of procurement-related corruption cases, which might compromise on fairness and transparency and limit competition. ZPPA engages with the public through various radio programs and Facebook announcements, but the effectiveness of the same in strengthening the public procurement system can't be ascertained. ZPPA website provides procurement information but is not fully functional/updated. There is no evidence that the ZPPA had directly engaged with the CSO for stakeholder consultations. Periodic procurement audits are undertaken by the ZPPA, but AGO doesn't conduct separate procurement audits. However, no co-ordination controls appear to exist. No system of defining the qualification of staff and providing training to them to conduct procurement audits. There is no requirement for the auditors to have knowledge of procurement and there is no formal training program, and no technical support is provided to the auditors.</p>		
<p>Mitigations: All bidding documents shall include reference to the 3 IFAD Policies on Fraud and Corruption, Sexual Harassment and Exploitation, and Anti-Money Laundering. IFAD ICO may engage with the GoZ to institute mechanisms for providing integrity trainings to the stakeholders and engage with the CSO more often and consult them for shaping and strengthening the public procurement framework. Procurement staff and other staff involved in IFAD project procurement shall sign the declaration of code of conduct and shall refrain from all kinds of fraud and corruption. IFAD may also encourage the GoZ to develop a specific code of conduct / code of ethics for procurement. IFAD projects may organise, in collaboration with ZPPA, procurement audit trainings to the AGO staff, to capacitate them to conduct specialised procurement audit. The PMUs shall keep track of internal and external audit findings and recommendation and their implementation. Exception reporting on non-compliance shall be brought to the attention of the Project Steering Committees. This shall be suitably incorporated in the PIM. IFAD supervision missions shall review the audit report, both internal and external, and verify whether any recommendations and the follow up actions taken relevant to procurement. Procurement audit teams shall have qualified procurement specialist.</p>		
<p>B.1 Assessment of Project Complexity</p>	Moderate	Moderate
<p>Risk(s): FIRIP envisages procurement of non-financial service providers for providing FinTech and AgriTech services, which would involve service level agreements. For providing the financial services, the program may have to enter into agreements with implementing partners (financial institutions). If these agreements do not incorporate appropriate safeguard clauses and performance evaluation framework, there is a risk that the</p>		

Risk categories and subcategories	Inherent	Residual
<p>program funds not being used for the intended purpose. The IPs might also be carrying out procurement activities, due to their inadequate procurement capacity, may have a risk of National/IFAD procurement framework not complied with, compromising on transparency, competition and value for money. Project involves many interdependent contracts, involving many implementing partners.</p>		
<p>Mitigations: The program may make use of the “Agritech and Fintech Providers in East and Southern Africa - A Landscape Assessment” report developed by the ESA in formulating the FinTech and AgriTech interventions. The agreements with the Implementing partners for providing financial services, shall incorporate suitable safeguard clauses and performance evaluation framework. The IPs shall comply with the National/IFAD procurement framework, which should be a part of the agreements. Simplified procurement guidelines may be developed by the PMU, for the use of IPs. The project properly shall sequence the activities, particularly at the startup phase and establish robust co-ordination and reporting mechanisms with the IPs.</p>		
B.2 Assessment of Implementing Agency Capacity	Moderate	Moderate
<p>Risk(s): Procurement strategy is not prepared and followed. Contract and grant agreement templates do not fully comply with IFAD SECAP provisions. Contract Management procedures are lacking and there is no contract management form and contract register is not updated, to ensure effective contract monitoring. Knowledge of IFAD procurement procedures needs to be improved. Substantial use of non-competitive procurement methods. e-GP system is not being effectively utilized. There is no evidence of procurement audit recommendations being implemented and monitored.</p>		
<p>Mitigations: Project Procurement Strategy prepared at the design stage shall be implemented. The contract and grant agreement templates shall be appended with IFAD SECAP standards applicable. The project shall nominate contract managers for large value contracts including grant agreements and a contract monitoring mechanism shall be established. CMT shall be used as an effective contract monitoring tool for risk management. The project shall maintain contract payment monitoring forms. Accounting software shall be used for effective monitoring. Sufficient procurement trainings shall be organized at the startup phase. Use of non-competitive bidding shall be identified in the PP and subject to IFAD prior process beyond PPA defined thresholds. FIRIP shall make use of e-GP system for all project procurement. FIRIP shall institute payment monitoring mechanism and exception reporting for delayed payments and implementation of audit recommendations.</p>		
Project Procurement Overall	Substantial	Substantial
<p>Risk(s): The ZPPA approves requests for many non-competitive bidding requests, which may lead to conflict of interest. Restrictions on the participation of foreign bidders have a risk of limiting competition. ZPPA reported compliance issues in procurement process, which has a risk of non-compliant procurement. The national SBDs are not in full compliance with IFAD procurement framework for other IFAD policies. Compliance issues have been flagged and the PEs do not appear to be fully accountable for their procurement decisions as per the reports of the ZPPA and AGO. Public availability of procurement data is limited. Procurement as a profession has not evolved and standards for procurement positions are yet to be defined and there is no training programs of suitable quality and content for the needs of the system. Procurement record retention needs to be improved. Contracts are substantially delayed. This has a potential risk for project implementation and achievement of project</p>		

Risk categories and subcategories	Inherent	Residual
<p>objectives. Despite a legal framework against fraud and corruption, there seems to be no systematic detection, prevention, and enforcement of procurement-related corruption cases, which might compromise on fairness and transparency and limit competition. AGO doesn't conduct separate procurement audits. No co-ordination controls appear to exist. Project involves many interdependent contracts, involving many implementing partners. Contract and grant agreement templates do not fully comply with IFAD SECAP provisions. Contract Management procedures are lacking to ensure effective contract monitoring. Knowledge of IFAD procurement procedures needs to be improved. Substantial use of non-competitive procurement methods. e-GP system is not being effectively utilized. There is no evidence of procurement audit recommendations being implemented and monitored.</p>		
<p>Mitigations: The use of less competitive methods shall be IFAD prior reviewed. FIRIP shall make use of appropriate national SBDs suitably supplemented with other associated IFADs policies. IFAD projects shall make use of eGP system for all project procurements. Project PIMs shall describe the contract management framework and develop adequate contract management capacity of project staff during the initial phases of the project. The procurement officers assigned to the project shall be encouraged to be enrolled in the BUILDPROC certification programs. Procurement records shall be retained as per the provisions of the IFAD Handbook. Project procurement requirement and contract awards shall be published in the project website as well as in ZPPA website. Procurement staff and other staff involved in IFAD project procurement shall sign the declaration of code of conduct and shall refrain from all kinds of fraud and corruption. The PMUs shall keep track of internal and external audit findings and recommendation and their implementation. Exception reporting on non-compliance shall be brought to the attention of the Project Steering Committees. Procurement audit teams shall have qualified procurement specialist.</p> <p>The project shall establish robust co-ordination and reporting mechanisms with the IPs. The contract and grant agreement templates shall be appended with IFAD SECAP standards applicable. The project shall nominate contract managers for grant agreements and a contract monitoring mechanism shall be established. Accounting software shall be used for effective monitoring of payment delays. Sufficient procurement trainings shall be organized at the startup phase. Use of non-competitive bidding shall be identified in the PP and subject to IFAD prior process beyond PPA defined thresholds. FIRIP shall make use of e-GP system for all project procurement. FIRIP shall institute exception reporting for delayed payments and implementation of audit recommendations.</p>		
Financial management	Substantial	Substantial
Project organization and staffing	Substantial	Substantial
<p>Risk(s): The availability of Licensed Practicing Accountant (LPAs) is evidenced by the recently closed project (RUFEP) which well qualified accounting staff. This shows that the country has a sufficient pool of accounting professionals from which project FM staff can be recruited. The current and past projects have had dedicated finance staff. There is a risk that staff recruitment will be delayed which may affect project implementation. Additionally, recruited staff are unlikely to have solid understanding of IFAD financial management procedures, including the new report-based disbursement model.</p>		
<p>Mitigations: Using the terms of reference established in the PDR, the lead agency will commence the recruitment process as soon as it is notified of the project design approval. Provide training to FM staff to be recruited for the project on IFAD financial management procedures, including the new</p>		

Risk categories and subcategories	Inherent	Residual
report-based disbursement model. Where possible, consider recruiting well performing FM staff from RUFEP to support implementation of the new project.		
Project budgeting	Substantial	Substantial
Risk(s): Budgets for the current IFAD supported project are reasonable. The process of developing the AWPBs is participatory. Approval of the budgets is done by the PSC, and there have been historical delays in prior projects in relation to approval of AWPBs. There is a risk of implementation delays due to late engagement of implementing partners. The PSC should be constituted early to ensure sufficient oversight of the budget preparation process.		
Mitigations: The LPA will ensure that PSC is set up within the first six months of project start-up. Preparation of AWPBs should strictly follow the IFAD guidelines, including submission for review and No Objection 60 days before the start of the fiscal year.		
Project funds flow/disbursement arrangements	Substantial	Substantial
Risk(s): The project is likely to have multiple financing facilities. This could complicate the treasury arrangements leading to delays in accessing funding, thus adversely affecting implementation of project activities. Regardless of the outcome of the debt restructuring process, there is a risk that meeting the projected co-financing targets may be problematic.		
Mitigations: Signing of MoU for the credit guarantee scheme with the relevant within the first six months of entry into force. Inclusion of co-financing in the annual work plans and budgets, clearly mapped to specific activities to enhance accountability.		
Project internal controls	Substantial	Substantial
Risk(s): There are sufficient controls within the government financial systems to effectively manage external funding. There haven't been incidences of government interference with project funds that would cast doubt on successful project implementation. There is a risk that with limited monitoring, the controls in place may not work optimally which could lead to inefficient and inappropriate use of project resources.		
Mitigations: FIRIP should be included in MoFNP's internal audit department's planning cycle, and adequate staff time and resources must be allocated accordingly. Scope of internal audit reviews should include entities implementing the project.		
Project accounting and financial reporting	Substantial	Moderate
Risk(s): Efforts to have the previous project (RUFEP) serve as a pilot for the government accounting system (IFMIS) did not materialise. The system is not tailored for IFAD financial reporting requirements and therefore could impede effective financial accounting of the project, especially due to the complex nature of the project structure.		
Mitigations: Install an off-the-shelf accounting software within the first six months of project entry into force. The system should be tailored to generate financial reports, including interim financial reports in the required format (by category and components of expenditure, and by source of funds).		
Project external audit	Moderate	Moderate
Risk(s): The country's SAI is an independent body reporting to the Zambia parliament and has the relevant structures and capacity to undertake the project external audit. The SAI has experience conducting external audits of the previous IFAD financed projects in the country. These audits are		

Risk categories and subcategories	Inherent	Residual
conducted in accordance with ISSAIs, globally accepted standards, with quality ranging between moderately satisfactory to satisfactory. FMD shall provide adequate capacity building to SAI around IFAD audit requirements. There is a risk that financial and partners institutions (PFSPs) are not equipped with adequate financial controls and lack proper understanding of IFAD finance procedures.		
Mitigations: Timely preparation of audit terms of reference and submission to IFAD for No Objection. Draft financial statements to be submitted to the auditor within three months of the financial year end. FMD to provide capacity building to SAI around IFAD audit requirements. Annual audits of the project, covering the PFSPs (insofar as the project financing is concerned).		
Environment, social and climate impact	Substantial	Moderate
Biodiversity conservation	Low	Low
Risk(s): Zambia is endowed with abundant natural resources and a rich biological diversity, including wetlands and rivers, flora, and fauna, and agro biodiversity. The most serious threats to plant biodiversity and their habitats are deforestation and forest degradation. In northern Zambia, deforestation and forest degradation pose major threats to plant biodiversity. In the eastern, central, and southern regions of Zambia, the primary driver of forest cover loss and degradation is the conversion of forest land to permanent crop agriculture.		
Mitigations: The Project will support green and climate-smart investments along agricultural value chains. In addition, Community-Based Financial Institutions (CBFI) members will receive training in climate-smart and sustainable agricultural practices. In compliance with SECAP requirements, PFIs and will comply with SECAP requirements and IFAD's exclusion list.		
Resource efficiency and pollution prevention	Moderate	Moderate
Risk(s): The main sources of pollution in Zambia have been identified as primarily emanating from mining, industrial and agricultural activities, resulting in widespread damage to biodiversity, goods, and ecological services. Unsustainable utilization of forest and fish resources are also emerging as an important environmental problem in the region and needs serious attention.		
Mitigations: The Project will support the development of financial products for investments in green and climate-resilient technologies across agricultural and non-agricultural value chains. These technologies and practices may include agroforestry, precision agriculture, climate-smart and labour-saving agricultural methods, access to renewable energy, waste management and recycling, climate-resilient rural infrastructure, energy-efficient technologies for processing and value addition, and environmentally friendly packaging. Development of the ESG framework and its implementation by FSP.		
Cultural heritage	Low	Low
Risk(s): Zambia is home to one UNESCO World Heritage Site (Mosi-oa-Tunya / Victoria Falls) and five UNESCO cultural practices and expressions of intangible heritage (Kalela dance, Budima dance, Mooba dance of the Lenje ethnic group of Central Province of Zambia, Makishi masquerade, Gule Wamkulu). There are also several sites that are classified by the National Heritage Conservation Commission (NHCC) as national monuments, cultural sites and historic sites. In addition, each of the over 70 ethnic groups has unique traditions, practices and beliefs, including music, dance, and storytelling, which are important expressions of cultural identity.		

Risk categories and subcategories	Inherent	Residual
Mitigations: Given FIRIP's focus on financial services, agricultural, climate and green innovative solutions, the project interventions are not expected to alter, damage, or remove any tangible or intangible cultural heritage. An Environment and Climate Adaptation Specialist will be hired to ensure that no cultural heritage is damaged. A Grievance Redress Mechanism (GRM) will also be established to address any arising concerns and safeguard Zambia's cultural identity.		
Indigenous peoples	Low	Low
Risk(s): Zambia comprises at least 72 ethnic groups, most of which are Bantu-speaking. About 90% of the population falls into nine major ethnolinguistic groups: the Nyanja-Chewa, Bemba, Tonga, Tumbuka, Lunda, Luvale, Kaonde, Nkoya and Lozi. Although in Zambia there are peoples who identify themselves as indigenous, such as the San people, the Khoe people and the Batwa people, their exact number is not known, and the Government of Zambia does not recognize any specific group as indigenous.		
Mitigations: Considering Zambia's diverse population, FIRIP will not be implemented in areas where indigenous are present. In addition, the project will ensure that its activities have no adverse impacts on the rights of indigenous peoples or the lands, territories, and resources they claim. The project will adhere to IFAD's targeting guidelines to prevent adverse effects on Indigenous lands, resources, or cultural heritage. A Gender and Social Inclusion Officer will be appointed to ensure no significant adverse impacts on Indigenous peoples.		
Community health and safety	Moderate	Moderate
Risk(s): Gender inequality and patriarchal tendencies have a long-term impact on Zambian human and socioeconomic development. Power disparities between men and women have resulted in fewer opportunities for women to hold key decision-making positions and less access to productive resources. This has led to high rates of teen pregnancy, child marriage, and intimate partner violence (IPV), as well as low representation of women in formal employment and limited access to social services.		
Mitigations: Preventing and responding to gender-based violence is one of key priorities for the Government of Zambia. Strengthening CBFIs particularly contribute to women economic empowerment and that the development of gender and youth sensitive financial services and delivery mechanisms linked with financial literacy training will contribute to mitigate risks and redress in-equalities. A gender-transformative approach and strategy will be integrated in the project interventions, especially with smallholder farmers. Building on the RUFEP success and existing CBFIs and partners projects and curricula, FIRIP will integrate household methodologies in training to ensure male and community engagement, achieving balanced household dynamics, and challenging negative gender norms. This includes recruitment and training of Social Inclusion staff, gender audits, curricula assessments, and general training on gender and youth sensitive approaches for financial service development and delivery for FSPs.		
Labour and working conditions	Low	Low
Risk(s): Zambia has a young population and addressing youth employment challenges is critical to ensure the country benefits from a potential demographic dividend. Currently, the share of youth classified as Not in Education, Employment, or Training (NEET) in Zambia is much higher than the regional or global average, with 47 percent of people between the ages of 15 and 35 years not working or unemployed.		

Risk categories and subcategories	Inherent	Residual
Mitigations: Better access to a diverse range of products and services (through client-centric savings, loans, payments, insurance products and delivery mechanism and alternative collateral instruments) result in higher and more stable incomes, decent jobs, more resilient livelihoods, leading to inclusive and green rural economic growth and reduced poverty.		
Physical and economic resettlement	Low	Low
Risk(s): Land allocation in Zambia is governed by the Lands Act of 1995, which classifies land into customary and state categories. Customary land constitutes 94% of the country's total area, with smallholders predominantly cultivating it. FIRIP interventions are not directly linked to access to land for improving rural livelihoods. However, the lack of titling for customary land presents challenges for securing agricultural credit, as banks do not accept proof of land occupation as collateral. Smallholders face significant barriers in accessing credit to increase their income. State land, accounting for 6%, is managed by the President and overseen by various professional bodies.		
Mitigations: Drawing upon lessons learned from RUFEP, FIRIP aims to explore the utilization of movable assets as collateral. This approach may contribute to bridging the access gap and enable a more diverse range of clients to secure the financial support they need. Through client-centric product design supported under the Investment and Operations Financing (IOF), FIRIP intends to scale up warehouse receipts and collateral substitutes, such as joint liability groups (e.g., within VSLAs), personal guarantors, reputational capital (borrowers aiming to maintain creditworthiness with lenders), and track records with lenders (including past loans taken and repaid), as well as contracts and past product delivery with off-takers.		
Financial intermediaries and direct investments	Moderate	Moderate
Risk(s): The project will collaborate with a diverse range of actors within the financial sector. These actors have varying capacities in terms of developing and implementing Environmental, Social, and Governance (ESG) policies and strategies.		
Mitigations: The PCU will assess if the Partnering Financial Service Providers (PFSP) have in place environmental and social systems, procedures, and capacities for assessing, managing, and monitoring risks and impacts of direct investments and FI subprojects; and (ii) a portfolio risk-management framework that ensures a return on investment and sustainability. The new financial services supported under the IOF will need to meet basic ESG principles and standards, in line with the Regulation currently developed and supported under component 1.		
Climate change	Substantial	Substantial
Risk(s): Drought, erratic rainfall, and flooding are likely to have adverse effects on crop yield and productivity due to water scarcity, increased prevalence of pests and diseases, and intermittent waterlogging of the soil. Increased temperatures and erratic rainfall may also necessitate adapting and adjusting crop planting, sowing, and harvesting schedules.		
Mitigations: The Project will promote environmentally friendly and climate-smart investments. Moreover, members of Community-Based Financial Institutions (CBFIs) will receive training in sustainable and climate-smart agricultural practices and technologies. Moreover, improved access to a diverse range of financial services, including savings, insurance, payment products as well as emergency loans, enhance the resilience of target populations against climate change related shocks and extreme weather events.		
Stakeholders	Substantial	Substantial

Risk categories and subcategories	Inherent	Residual
Stakeholder engagement/coordination	Moderate	Moderate
Risk(s): Stakeholders from both the public and private sectors were involved in consultations during the preparation of the PCN and PDR stage. Throughout the mission, these stakeholders attended a session where the project's goal, objectives, approach, and theory of change were presented to gather their feedback. The IFAD Country Office (ICO) also plays an active role in the Agriculture Donors Working Group and maintains significant relationships with stakeholders within these groups. Furthermore, the ICO has developed a Country Partnerships Engagement Plan (CPEP) to identify and assess potential collaborations for IFAD's work in the country. However, the increasing number of partners and players in the sector raises the risk of duplicating activities and overlapping efforts. Additionally, there is a risk of policy cohesion gaps, resulting in stakeholders operating in silos and engaging in similar activities, which could minimize the impact on the ground.		
Mitigations: Throughout the full design process, a consultative approach involving relevant stakeholders has been introduced to identify and examine further potential collaboration areas, both financial and non-financial (e.g., Technical Assistance). During the project's implementation, stakeholder meetings will be organized to facilitate knowledge sharing and information dissemination, thereby enhancing the implementation of project activities. The project will also maintain constant communication with relevant stakeholders concerning the support of policy and regulatory frameworks, ensuring cohesion among stakeholders.		
Stakeholder grievances	Substantial	Substantial
Risk(s): The project will engage with a diverse array of stakeholders, including smallholder farmers, CBF1 promoters, and financial institutions. This engagement, coupled with increased access to diversified financial services, may pose a risk that stakeholders' grievances might not be recorded and resolved efficiently and promptly.		
Mitigations: The Project will establish a multi-level grievance redress mechanism (GRM) to resolve disputes arising from project development, implementation, and operation. All stakeholders will be informed about the GRM and educated on how to submit complaints and follow up on the resolution of any grievances. The project will improve the existing grievance mechanisms for digital financial services by further digitization to make filing of complaints easier for low-income rural customers and automatically lodge complaints falling onto the respective responsibilities of ZICTA and BOZ. These actions will make the mechanism more agile and client responsive and largely reduce processing and response times.		