Norwegian Trust Fund Project Agreement
(Mozambique-Malawi Transmission Interconnection Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

ELECTRICIDADE DE MOCAMBIQUE, EP

Dated March 6, 2015
AGREEMENT dated March 6, 2015, entered into between
INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of
Norway's Support to the Regional Power Infrastructure Projects in Southern Africa Trust Fund
("Trust Fund"), in particular, the Mozambique-Malawi Transmission Interconnection Project, and
ELECTRICIDADE DE MOCAMBIQUE, EP ("EDM") ("Project Implementing Entity")
("Norwegian Trust Fund Project Agreement") in connection with the Norwegian Trust Fund
Grant Agreement ("Norwegian Trust Fund Grant Agreement") of same date between the
REPUBLIC OF MOZAMBIQUE ("Recipient") and the World Bank.

The World Bank and EDM hereby agree as follows:

ARTICLE I — STANDARD CONDITIONS; DEFINITIONS

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

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have
the meanings ascribed to them in the Norwegian Trust Fund Grant Agreement or the
Standard Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objective of the Project.
To this end, the Project Implementing Entity shall carry out the Project in accordance
with the provisions of Article II of the Standard Conditions, and shall provide promptly
as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as
the World Bank and the Project Implementing Entity shall otherwise agree, the Project
Implementing Entity shall carry out the Project in accordance with the provisions of the
Schedule to this Agreement.
ARTICLE II — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is EDM’s Chief Executive Officer.

3.02. The World Bank’s Address is:

   International Development Association  
   1818 H Street, NW  
   Washington, DC 20433  
   United States of America  

   Cable: INDEVAS  
   Telex: 248423(MCI)  
   Facsimile: 1-202-477-6391  
   Washington, D.C.

3.03. The Project Implementing Entity’s Address is:

   Electricidade de Mocambique, EP  
   Avenue Agostinho Neto, 70  
   Maputo  
   Republic of Mozambique

   Facsimile: 258 21 491048
AGREED at Maputo, Republic of Mozambique, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Mark Rendle
Authorized Representative

Name: MARK WINDLE

Title: COUNTRY DIRECTOR

ELECTRICIDADE DE MOCAMBIQUE, EP

By

Gildo Abilio Sibumbelo
Authorized Representative

Name: Gildo Abilio Sibumbelo

Title: Executive Chairman

[Signature]
Executive Board Member
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. EDM shall, at all times during the period of the Project implementation maintain, a Project Management Unit, including a project manager, social and environmental specialist, financial management specialist, and technical specialists among whom must be a transmission line and substation engineer, and an officer trained in procurement under the Procurement and Consultant Guidelines, respectively, all with qualifications, and terms of reference satisfactory to the World Bank; and

2. EDM shall carry out the Project in accordance with this Agreement and the Subsidiary Agreement, and except as the World Bank shall otherwise agree, shall not assign, amend, abrogate or waive the Subsidiary Agreement or any provision of any one thereof.

B. Anti-Corruption

EDM shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Environmental and Social Safeguards (Including Social Development)

The Recipient shall ensure that the terms of reference for consultancy assignments related to studies or technical assistance provided under the Grant shall be satisfactory to the World Bank and, to that end, such terms of reference shall incorporate the requirements of the World Bank operational social and environmental safeguard policies, including social development dimension and World Bank Group Environmental Health and Safety Guidelines of April 2007, as applied to the advice conveyed through such studies and technical assistance, and in compliance with all applicable national legislations.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

1. EDM shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the World Bank. Each such Project Report shall cover the period of six (6) months, and shall be furnished to the Recipient not later than one (1) month after the end of the period covered by such report for incorporation and forwarding by the Recipient to the World Bank of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient, not later than four (4) months after the Closing Date, for incorporation in the report referred to in Section 2.06 of the Standard Conditions, all such information as the Recipient or the World Bank shall reasonably request for the purposes of such Section
B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources, and expenditures related to the Project.

2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Recipient, interim un-audited financial reports for the Project covering the period of three (3) months, in form and substance satisfactory to the World Bank. The interim un-audited financial reports for each such period shall be furnished to the World Bank not later than forty-five (45) days after the end of such period.

3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The audited financial statements for each such period shall be: (a) furnished to the World Bank and the Recipient not later than six (6) months after the end of such period; and (b) made publicly available in a timely fashion and in a manner acceptable to the World Bank.

Section III. Procurement

A. General

1. Goods. All goods required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods

1. Goods shall be procured on the basis of National Competitive Bidding (subject to additional procedures provided in paragraph 2 below) and Shopping.
2. **Additional Procedures for National Competitive Bidding (NCB):**

(a) **General**

The procedures to be followed for NCB shall be those set forth in the Regulation, with the modifications described in the following paragraphs.

(b) **Eligibility**

No restriction based on nationality of bidders and/or origin of goods shall apply. Foreign bidders shall be allowed to participate in NCB without restriction and shall not be subject to any unjustified requirement which will affect their ability to participate in the bidding process such as, but not limited to, the proof that they are not under bankruptcy proceedings in the Recipient's territory; have a local representative; have an attorney resident and domiciled in the Recipient's territory; form a joint venture with a local firm. In cases of joint ventures, they shall confirm joint and several liability.

Prior registration, obtaining a license or agreement shall not be a requirement for any bidder to participate in the bidding process.

Recipient's government-owned enterprises or institutions shall be eligible to participate in the bidding process only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Recipient.

(c) **Bidding Documents**

Standard bidding documents acceptable to the World Bank shall be used for any procurement process under NCB.

(d) **Preferences**

No domestic reference shall be given for domestic bidders and/or for domestically manufactured goods.

(e) **Applicable Procurement Method Under the Regulation**

Subject to these NCB exceptions, procurement under NCB shall be carried out in accordance with the Regulation's public competition (*Concurso Público*) method.

(f) **Bid Preparation Time**

Bidders shall be given at least twenty-eight (28) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids.
(g) **Bid Opening**

Bids shall be opened in public, immediately after the deadline for their submission in accordance with the procedures stated in the bidding documents.

(h) **Bid Evaluation**

(i) Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such criteria so specified shall be used to determine whether a bidder is qualified; the evaluation of the bidder’s qualifications should be conducted separately from the technical and commercial evaluation of the bid. Qualification criteria shall be applied on a pass or fail basis.

(ii) Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents; criteria other than price shall be quantified in monetary terms.

(iii) A contract shall be awarded to the qualified bidder offering the lowest-evaluated and substantially responsive bid.

(iv) Bidders shall not be eliminated on the basis of minor, non-substantial deviations.

(i) **Rejection of All Bids and Re-bidding**

All bids shall not be rejected and new bids solicited without the World Bank’s prior concurrence.

(j) **Complaints by Bidders and Handling of Complaints**

The Recipient shall establish an effective and independent complaint mechanism allowing bidders to complain and to have their complaint handled in a timely manner.

(k) **Right to Inspect’Audit**

In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed from the proceeds of the Financing shall provide that: (i) the bidders, suppliers, and contractors and their subcontractors, agents, personnel, consultants, service providers or suppliers, shall permit the World Bank, at its request, to inspect their accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the World Bank; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.
(l) Fraud and Corruption

Each bidding document and contract financed from the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of the Procurement Guidelines. The World Bank may sanction a firm or individual, at any time, in accordance with prevailing World Bank sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded an World Bank-financed contract; and (ii) to be a nominated subcontractor, consultant, supplier or service provider of an otherwise eligible firm being awarded an World Bank-financed contract.

(m) Debarment under National System

The World Bank may recognize, if requested by the Recipient, exclusion from participation as a result of debarment under the national system, provided that the debarment is for offenses involving fraud, corruption or similar misconduct, and further provided that the World Bank confirms that the particular debarment procedure afforded due process and the debarment decision is final.

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following methods of procurement, other than Quality and Cost-based Selection, may be used for consultants’ services under the circumstances specified in the Procurement Plan for each such method: (a) Least Cost Selection; (b) Selection Based on Consultant’s Qualifications; (c) Single-source Selection; and (d) Single-source procedures for the Selection of Individual Consultants.

D. Review by the World Bank of Procurement Decisions

1. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Other Undertakings

The Project Implementing Entity shall, no later than one (1) month after the Effective Date, appoint external auditors, with qualifications, experience, and terms of reference satisfactory to the World Bank, for purposes of the audit referred to in Section II.B of this Schedule.