Loan Agreement

(Water Sector Investment Project)

Between

REPUBLIC OF ALBANIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated January 16, 2014
LOAN AGREEMENT

Agreement dated JANUARY 16, 2014, between the REPUBLIC OF ALBANIA ("Borrower") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I—GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II—LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of sixty two million five hundred thousand Euro (€62,500,000) ("Loan"), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
2.05. The Payment Dates are April 15 and October 15th in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; and (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III—PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through MTI in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV—EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Borrower has prepared and adopted a Project Operations Manual satisfactory to the Bank.

4.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

ARTICLE V— REPRESENTATIVE; ADDRESSES

5.01. The Borrower's Representative is its Minister of Finance.
5.02. The Borrower’s Address is:

Ministry of Finance
Bulevardi “Deshmoret e Kombit”
Tirana, Albania

Facsimile:
355 42228494

5.03. The Bank’s Address is:

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

Cable address: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Tirana, Republic of Albania, as of the day and year first above written.

REPUBLIC OF ALBANIA

By

[Signature]

Authorized Representative

Name: SHKELQIM CANI
Title: MINISTER OF FINANCE

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

[Signature]

Authorized Representative

Name: TAHSEEN SAYED
Title: COUNTRY MANAGER
SCHEDULE 1

Project Description

The objectives of the Project are to: (i) improve the quality of water and wastewater services in the DWU Service Area; and (ii) improve the financial performance of DWU.

The Project consists of the following parts:

Part I: Priority Water Supply Investments

Carrying out priority water supply investments, including, *inter alia*:

(a) development of water supply production wells and a bulk water supply transmission pipeline to address the water shortages in the DWU Service Area;

(b) development of elevated reservoirs linking local government units within DWU Service Area and along the transmission pipeline route to the water supply system in a sustainable manner; and

(c) rehabilitation and upgrading the existing water distribution network in DWU Service Area, as well as provision of leak detection equipment and pressure reducing valves to reduce water losses, all through provision of goods, works, consultants’ services, and non-consulting services.

Part II: Wastewater Network Investments

Carrying out priority network investments aimed at enhancing the existing sewerage network capacity, including, *inter alia*:

(a) upgrading works on critical parts of the sewerage and storm water drainage networks to collect and treat all dry weather flows and reduce overflows;

(b) constructing secondary and tertiary sewage network for the coastal DWU Service Area;

(c) providing high-powered sewer cleaning equipment; and

(d) strengthening DWU’s initial ability to operate and maintain the new Durres wastewater treatment plant, all through provision of goods, works, consultants’ services, Training, and non-consulting services.
Part III: Institutional Development Program, Utility Strengthening and Water Demand Management

Supporting the implementation of the Borrower’s broad-based policy in the water sector both at the local and national levels, including, *inter alia*:

(a) designing and implementing the water demand management program through implementation of an effective metering system in the DWU Service Area and carrying out a public awareness campaign focusing on water conservation and improved management;

(b) building capacity of the PMBU within MTI through capacity building activities to enhance data collection and monitoring functions;

(c) preparing and implementing a comprehensive business plan and a Performance Improvement Plan to strengthen the institutional, operational, commercial, and managerial capacity of DWU, including designing the customer review surveys and carrying out public awareness campaigns;

(d) building capacity of operational staff of DWU through training, and conducting a study focused on an energy audit and preparing a preliminary energy saving management plan; and

(e) carrying out an independent annual audit of DWU, all through provision of goods, works, consultants’ services, and non-consulting services.

Part IV: Project Implementation Support

Supporting the monitoring, evaluation and reporting functions of the MTI, project investment technical reviews, and project supervision through financing the Operating Costs, provision of goods, consultants’ services, and non-consulting services.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Borrower shall implement the Project through MTI, and at all times during Project implementation, the Borrower, through MTI, shall ensure that the PIU within MTI is maintained with adequate funds, facilities, services and other resources, and with suitably qualified staff in sufficient numbers.

B. Project Operations Manual

1. The Borrower, through MTI, shall ensure that, throughout its implementation, the Project is implemented in accordance with the Project Operations Manual.

2. Unless the Borrower and the Bank shall otherwise agree in writing, the Borrower shall not amend or waive, or permit to be amended or waived, any provision of the Project Operations Manual.

C. Project Committee

1. The Borrower, through MTI, shall no later than April 30, 2014, establish a Project Committee, with a composition, terms of reference, and resources satisfactory to the Bank.

2. The Project Committee shall be responsible for the necessary communication and coordination among Project stakeholders.

D. Subsidiary Agreement

1. Without limitation upon the provisions of Section I.A of this Agreement, the Borrower may enter into a Subsidiary Agreement with DWU, for the purposes of DWU’s repayment of the proceeds of the Loan to the Borrower on terms and conditions satisfactory to the Bank.

2. In the event of such arrangement, the Borrower shall exercise its rights under the Subsidiary Agreement in such manner as to protect its own interests and of the Bank, and to accomplish the purposes of the Project. The Borrower shall not assign, amend, abrogate, or waive said Subsidiary Agreement or any of its provisions without prior written approval of the Bank.
E. Project Implementation Agreement

1. Without limitation upon the provisions of Section I.A of this Agreement, and except the Bank and the Borrower shall otherwise agree, and no later than April 30, 2014, the Borrower shall cause MTI to enter into a Project Implementation Agreement (hereinafter, the “PIA”) with DWU, on terms and conditions satisfactory to the Bank, which shall include, inter alia, DWU’s commitment: (i) to the objectives of the Project; and (ii) to provide technical support for the Project, as the case may be; (iii) to make all necessary information available for carrying out annual independent audits financed under Part III(e) of the Project; and (iv) to facilitate the preparation of the performance improvement plan, financed under Part III(c) of the Project, and carrying out the recommendations of said plan.

2. The Borrower shall ensure that MTI exercises its rights under the PIA in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Project. The Borrower shall ensure that MTI does not assign, amend, abrogate, or waive the Project Implementation Agreement or any of its provisions without prior approval of the Bank.

F. Anti-Corruption

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

G. Safeguards

1. The Borrower shall ensure that all activities undertaken for the purpose of carrying out the Project comply with the World Bank’s Safeguard Policies.

2. The Borrower shall ensure, through MTI, the implementation of the RPF, RAP(s), EIA, and EMP, all in accordance with their respective terms, including application and implementation of, as the case may be, the policies, procedures and arrangements therein respectively set forth.

3. The Borrower shall ensure that MTI does not amend, suspend, abrogate, terminate or waive, or permit to be amended, suspended, abrogated, terminated or waived, any of the RPF, RAP(s), EIA, and EMP, or any provision of any one thereof, except with the prior written approval of the Bank.

4. The Borrower, shall carry out the Project in accordance with the site-specific RAP, and shall not amend, suspend, abrogate, repeal or waive any provision of said Plan without the prior written approval of the Bank. In particular, the Borrower shall ensure that:
(a) all necessary actions are taken to minimize, to the extent possible, any involuntary loss by affected persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently;

(b) all rights to land, usufructs or customary rights and other property are allocated or acquired, equitable compensation thereof is paid and resettlement is carried out in accordance with the principles and institutional procedures established in the respective RAP(s);

(c) affected persons shall be equitably compensated, resettled and rehabilitated in accordance with the respective RAP(s);

(d) the implementation arrangements for resettlement, including compensation, relocation and rehabilitation of affected persons are documented; and

(f) the implementation, monitoring and evaluation of the respective RAP(s) is completed and reported in a manner satisfactory to the Bank.

(g) The Borrower shall not commence any works under the Project until the respective RAP(s) is fully implemented.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower, through MTI, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through MTI, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower, through MTI, shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower, through MTI, shall have the Financial Statements related to the Project audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan 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 Loan 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 Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions contained in paragraph 3 of this Section; (b) Shopping; and (c) Direct Contracting.

3. **Modifications to the Borrower's National Competitive Bidding Procedures.** The National Competitive Bidding procedures ("NCB") shall be based on the Open Tendering procedures as defined in the Public Procurement Law ("PPL")
of Albania (Law No. 9643 dated November 20, 2006, as amended), provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following additional provisions:

(i) "Open Tendering" procedures as defined in the PPL of Albania shall apply to all contracts financed by the Bank.

(ii) Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process. Government-owned enterprises in Albania shall be permitted to bid only if they are legally and financially autonomous and operate under commercial law of the Borrower. Registration shall not be used to assess bidders' qualifications.

(iii) Bids shall be opened in public in one location, immediately after the deadline for submission of bids in the presence of the representatives who choose to attend.

(iv) The procuring entities shall use sample bidding documents as approved by the Bank.

(v) In case of higher bid prices compared to the official estimate, all bids shall not be rejected without the prior concurrence of the Bank.

(vi) A single-envelope procedure shall be used for the submission of bids.

(vii) Post-qualification shall be conducted only on the lowest evaluated bidder; no bid shall be rejected at the time of bid opening on qualification grounds.

(viii) Bidders in the form of a joint venture shall be held jointly and severally liable.

(ix) Before rejecting all bids and soliciting new bids, the prior concurrence of the Bank shall be obtained.

(x) Contracts shall be awarded to the lowest evaluated, substantially responsive bidder who is determined to be qualified to perform in accordance with pre-defined and pre-disclosed evaluation criteria.

(xi) Post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders.

(xii) Contracts of long duration (more than 18 months) shall contain appropriate price adjustment provisions.
(xiii) Bid and contract guarantees shall be in the format included in the bidding documents. The bid guarantee shall be valid for twenty-eight days (28) beyond the original validity period of the bid, or beyond any period of extension if requested. No advance payments shall be made to without a suitable advance payment guarantee.

(xiv) The bidding document and contract as deemed acceptable by the Bank, shall include provisions stating the Bank’s policy to sanction firms or individuals found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

(xv) In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Loan shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Bank to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Bank. Acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.

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, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; and (f) Single-source procedures for the Selection of Individual Consultants

D. **Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.
Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in EUR)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works</td>
<td>53,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services</td>
<td>3,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ Services and Training</td>
<td>4,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Operating Costs</td>
<td>243,750</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Front-end Fee</td>
<td>156,250</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>62,500,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that
withdrawals up to an aggregate amount not to exceed €6,000,000 equivalent may be made for payments made prior to this date but on or after May 31, 2013, for Eligible Expenditures.

2. The Closing Date is June 30, 2019.
SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15</td>
<td></td>
</tr>
<tr>
<td>Beginning April 15, 2024 through April 15, 2036</td>
<td>3.85%</td>
</tr>
<tr>
<td>On October 15, 2036</td>
<td>3.75%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any
amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Definitions


2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. "DWU" means Durres Water Utility of the Borrower and public joint stock company with juridical personality established and operating pursuant to Durres District Tribunal Decree No. 51 dated March 15, 1993, or any legal successor thereof.

5. "DWU Service Area" means such area as defined and demarcated for the purposes of DWU’s operations, pursuant to Decision No. 660 of the Government of the Republic of Albania, dated September 12, 2007.

6. "EIA" means the Environmental Impact Assessment, dated May 2013, prepared and adopted by the Borrower, disclosed in the Borrower’s territory on May 21, 2013, and in the Bank’s InfoShop on May 22, 2013 referred to in Schedule 2, Section I.A of this Agreement, and satisfactory to the Bank, describing the rules, guidelines and procedures to assess environmental impacts of the Project’s activities and defining measures to reduce, mitigate or offset adverse environmental impacts and enhance the positive impacts of the Project’s activities, as the same shall be amended from time to time with the prior approval of the Bank.

7. "EMP" means a site-specific Environmental Management Plan comprised of environmental mitigation plan and environmental monitoring plan dated May, 2013 prepared and adopted by the Borrower pursuant to the EIA and in conformity with the provisions of the Project Operations Manual, and to be implemented by the Borrower in accordance with the provisions of Schedule 2, Section I.G.2 of this Agreement, satisfactory to the Bank, wherein are set forth specific details of measures to manage identified or potential environmental risks and to mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of activities under the Project, together with an environmental and social baseline for each site, details of the relevant environmental legislative framework, adequate institutional, monitoring and
reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as the same may be amended and supplemented from time to time with the Bank's prior written approval.


9. “Ministry of Transport and Infrastructure” or “MTI” means the Borrower’s Ministry responsible for, inter alia, water and sanitation, or its legal successor thereto.

10. “Operating Costs” means incremental operating costs incurred by the PIU on account of Project implementation, management, monitoring and supervision (as such expenditures are set forth in the PIU annual budget), including office supplies, office equipment maintenance, software/user license fees, communication, local travel, vehicles operation and maintenance and salaries of the PIU staff (but excluding salaries of civil servants of the Borrower).

11. “Performance Improvement Plan” means a plan developed by the Borrower outlining, inter alia, specific actions for strengthening cost recovery, reducing water losses, and improving the overall efficiency of DWU operations.

12. “PIU” means the Project Implementing Unit established within MTI and referred to in Section I.A of Schedule 2 to this Agreement.

13. “PMBU” means Performance Monitoring and Benchmarking Unit responsible for monitoring the Project, and currently operating under MTI, or its legal successor thereto.

14. “Project Committee” means a committee to be established by the Borrower pursuant to Section I.C of Schedule 2 to this Agreement, with terms of reference and composition satisfactory to the Bank, and comprising of the representatives of the MTI, DWU, and local government units, as the case may be.


16. “Project Implementation Agreement” means an agreement to be entered into by MTI and DWU for the purposes of the Project, on terms and conditions satisfactory to the World Bank, pursuant to Section I.E of Schedule 2 to this Agreement.

17. “Project Operations Manual” means the project operations manual prepared in accordance with Section I.B of Schedule 2 to this Agreement and confirmed to be satisfactory by the Bank and adopted by the Borrower, describing and setting forth
procedures for implementation of the Project and institutional arrangements, consistent with the provisions of this Agreement and with applicable laws and regulations and including, inter alia, timetables of actions required to be carried out under the Project, the respective roles and responsibilities of the actors involved in the implementation of the Project (including DWU and the Project Committee), staffing, the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangements procedures and including the Project specific chart of accounts), procurement procedures, monitoring and evaluation arrangements, and other fiduciary and administrative arrangements and necessary terms of reference, as the same may be amended from time to time by agreement with the Bank.

18. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated November 11, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

19. “Resettlement Action Plans” or “RAP(s)” means the site-specific documents, to be prepared and adopted by the Borrower, pursuant to the RPF and in conformity with the Operations Manual and Schedule 2, Section I(G) of this Agreement, and satisfactory to the Bank, containing, inter alia, a program of actions, measures and policies for compensation of persons, including compensation arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms for each site, as the same may be amended and supplemented from time to time with the Bank’s prior written approval; and “RAP” means one of the above-referenced RAP(s).

20. “Resettlement Policy Framework” or “RPF” means the Borrower’s policy framework for resettlement, dated May, 2013, disclosed in the Borrower’s territory on May 21, 2013, and in the Bank’s Infoshop on May 21, 2013, referred to in Schedule 2, Section I(G) of this Agreement, and satisfactory to the World Bank, providing procedures and guidelines for the preparation, adoption, implementation and monitoring of Resettlement Action Plans, as said framework may be amended from time to time with the prior approval of the Bank.

21. “Subsidiary Agreement” means an agreement which the Borrower may enter into with DWU for the purposes of DWU’s repayment of the proceeds of the Loan to the Borrower, on terms and conditions satisfactory to the Bank.
22. "Training" means all expenditures related to training activities under the Project such as training workshops, seminars, study tours and local training, travel costs and per-diem allowances for the trainers and trainees, cost of training materials, space and equipment rental, and other related expenditures approved by the Bank.

23. "World Bank’s Safeguard Policies" means the Bank operational policies and procedures set forth in the Bank’s Operational Manual under OPs/BPs 4.01, 4.04, 4.36, 4.09, 4.11, 4.10, 4.12, 4.37, 7.50 and 7.60, as said manual is published under www.WorldBank.org/opmanual.