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CREDIT NUMBER 5732-MZ

# Project Agreement

(Emergency Resilient Recovery Project for the Northern and Central Regions)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

ADMINISTRAÇÃO DE INFRA-ESTRUTURAS DE ÁGUA E SANEAMENTO

Dated October 26, 2015

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**CREDIT NUMBER 5732-MZ**

**PROJECT AGREEMENT**

AGREEMENT dated October 26, 2015, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and *ADMINISTRAÇÃO DE INFRA-ESTRUTURAS DE ÁGUA E SANEAMENTO* (“AIAS” or (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the REPUBLIC OF MOZAMBIQUE (“Recipient”) and the Association. The Association and the Project Implementing Entity hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

**ARTICLE II — PROJECT**

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out its Respective Parts of the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Parts of the Project in accordance with the provisions of the Schedule to this Agreement.

**ARTICLE III — TERMINATION**

- 3.01. For purposes of Section 8.05(c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.

**ARTICLE IV — REPRESENTATIVE; ADDRESSES**

4.01. The Project Implementing Entity's Representative is its executive director.

4.02. The Association's Address is:

International Development Association  
1818 H Street, N.W.  
Washington, DC 20433  
United States of America

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

4.03. The Project Implementing Entity's Address is:

Administração de Infra-estruturas de Água e Saneamento  
Avenida Amilcar Cabral Nr. 1352, 4<sup>th</sup> Floor  
Maputo  
Republic of Mozambique

Telex:	Facsimile:
+258 21303339	+258 21303341

AGREED at Maputo, Republic of Mozambique, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



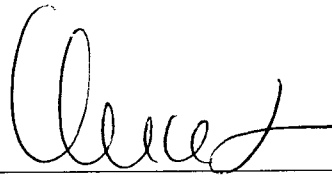
Authorized Representative

Name: MARK R. LUNDELL

Title: COUNTRY DIRECTOR

ADMINISTRAÇÃO DE INFRA-ESTRUTURAS DE  
ÁGUA E SANEAMENTO

By



Authorized Representative

Name: Audea Louze

Title: Executive Director

## SCHEDULE

### Execution of the Project Implementing Entity's Respective Parts of the Project

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

The Project Implementing Entity shall maintain, throughout the implementation of the Project, the AIAS Project Management Team, with terms of reference, staffing and resources satisfactory to the Association, to be responsible for the implementation of the Project Implementing Entity's Respective Parts of the Project.

##### B. Subsidiary Agreement

The Project Implementing Entity shall carry out the Project in accordance with the Subsidiary Agreement as set forth in Section I.B of Schedule 2 to the Financing Agreement.

##### C. Project Implementation Manual

1. The Project Implementing Entity shall carry out the Project in accordance with the provisions of the Financing Agreement, the provisions of this Agreement, and the provisions of a manual satisfactory to the Association ("Project Implementation Manual"), which shall include: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) environmental and social safeguard guidelines; (e) monitoring, evaluation, reporting and communication; and (f) such other administrative, financial, technical, and organizational arrangements and procedures as shall be required for the Project.
2. The Project Implementing Entity shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual without the prior written agreement of the Association; provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement and the Financing Agreement, the provisions of this Agreement and the Financing Agreement shall prevail.

**D. Anti-Corruption**

The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**E. Safeguards**

1. The Project Implementing Entity shall carry out its Respective Parts of the Project in accordance with the Safeguard Instruments, including the guidelines, rules and procedures defined in said Safeguard Instruments.
2. The Project Implementing Entity shall take the following actions, in relation to its Respective Parts of the Project, in a manner acceptable to the Association:
  - (a) Project activities shall be screened in accordance with the ESMF and RPF to determine if any ESIA, ESMP, or RAP is needed
  - (b) Whenever an ESIA and/or ESMP would be required on the basis of the ESMF: (i) each such ESIA and/or ESMP shall be prepared, adopted and disclosed in accordance with the requirements of the ESMF, and subject to prior approval by the Association; and (ii) the Project Implementing Entity shall refrain from tendering any civil works contract during Project implementation unless and until such ESIA and/or ESMP has been prepared, adopted and disclosed in accordance with the ESMF, and approved by the Association.
  - (c) Whenever a RAP would be required on the basis of the RPF: (i) each such RAP shall be prepared, adopted and disclosed in accordance with the requirements of the RPF, and subject to prior approval by the Association; (ii) the Project Implementing Entity shall refrain from tendering any civil works contract during Project implementation unless and until such RAP has been prepared, adopted, disclosed and implemented in accordance with the RPF, and approved by the Association; and (iii) no works under its Respective Parts of the Project shall be commenced until: (A) all measures required to be taken under said RAP prior to the initiation of said works have been taken; (B) the Project Implementing Entity has prepared and furnished to the Association a report in form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP; and (C) the Association has confirmed that said works may be commenced; and
  - (d) An IPMP shall be prepared and furnished to the Recipient for incorporation in the overall IPMP.

3. The Project Implementing Entity shall take, in relation to its Respective Parts of the Project, all measures necessary for carrying out the requirements of the Safeguard Instruments in a timely manner.
4. Without limitation to its other reporting obligations under this Agreement and under Section 4.08 of the General Conditions, the Project Implementing Entity shall include in the Project Reports referred to in Section II.A of this Schedule adequate information on the implementation of the Safeguard Instruments, giving details of:
  - (a) measures taken in furtherance of such Safeguard Instruments;
  - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments; and
  - (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such Safeguard Instruments.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Parts of the Project and prepare Project Reports for its Respective Parts of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Recipient not later forty-five (45) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
2. The Project Implementing Entity shall provide to the Recipient not later than six (6) months after the Closing Date stated in the Financing Agreement, for incorporation in the report referred to in Section 4.08(c) of the General Conditions all such information as the Recipient or the Association 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 Association, 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 its Respective Parts of 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, not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for its Respective Parts of the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

**Section III. Procurement**

All goods, works, non-consulting services and consultants' services required for the Project Implementing Entity's Respective Parts of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.