March 6, 2015

Professor Zebediah Phiri  
Executive Secretary  
Zambezi Watercourse Commission  
Harare,  
Republic of Zimbabwe

Re: CIWA Grant No.TF018921  
Zambezi River Basin Management Project

Dear Sir:

In response to the request for financial assistance made on behalf of The Zambezi Watercourse Commission ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Cooperation in International Waters in Africa ("CIWA"), proposes to extend to the Recipient a grant in an amount not to exceed four million United States Dollars (U.S.$4,000,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and return it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this
Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Colin Bruce
Director, Regional Integration
Africa Region

AGREED:
ZAMBEZI WATERCOURSE COMMISSION

By

Authorized Representative

Name: Zebediah Phiri
Title: Executive Secretary
Date: 8 May 2015

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
(5) “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011
Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 (“Standard Conditions”), with the modifications set forth in the Appendix to this Agreement, constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement; and the following additional terms shall have the following meanings:

(a) “Member States” means the Republic of Angola, the Republic of Botswana, the Republic of Malawi, the Republic of Mozambique, the Republic of Namibia, the United Republic of Tanzania, the Republic of Zambia and the Republic of Zimbabwe.

(b) “Operating Costs” means the reasonable costs required for Project implementation, including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, and travel, lodging and per diems, but excluding salaries of officers of the Recipient, except as provided in Section 2.03(d) of this Annex.

(c) “Procedures Manual” means the manual, in form and substance acceptable to the World Bank, adopted by the Recipient in accordance with the provisions of Section 2.03(b) of this Annex, as the same may be amended in accordance with the provisions of said Section.

(d) “Strategic Plan” means a master development plan comprising a general planning tool and process for the identification, categorization and prioritization of projects and programmes for efficient management and sustainable development of the Zambezi Watercourse as provided for and defined in the ZAMCOM Agreement.

(e) “Training” means the reasonable costs of training under the Project attributable to seminars, workshops, study programs and tours, along with tuition, travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

(f) “Zambezi River Basin” means the part of the Zambezi river common to the boarders of the Member Countries.

(g) “Zambezi Water Information Management System and Decision Support Systems” means the Zambezi water information systems.

(h) “ZAMCOM” and “Zambezi Watercourse Commission”, each means a river basin organization set up by countries that share the Zambezi River Basin, pursuant to Article 3 of the ZAMCOM Agreement to promote the equitable and reasonable utilization of the water resources of the Zambezi watercourse as well as the efficient management and sustainable development thereof pursuant to Article 12 of said agreement.
"ZAMCOM Agreement" means the agreement related to the establishment of the Zambezi Watercourse Commission signed in Kasane, Botswana on July 13, 2004 which came into effect on June 19, 2011 following ratification by six of the required Member States.

"ZAMCOM Communication Strategy" means the strategy approved by the ZAMTEC on March 26, 2013 in Maputo, Mozambique.

"ZAMCOM Secretariat" means one of the ZAMCOM’s organs responsible for implementing the provisions of the ZAMCOM Agreement.

"ZAMCOM Technical Committee" and “ZAMTEC”, each means the committee established in terms of Article 6 of the ZAMCOM Agreement as referred to in Section 2.03 (a) of this Annex.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to strengthen the Recipient’s role in promoting cooperative management and development within the Zambezi River Basin through institutional strengthening, improved information sharing and decision support and strategic planning. The Project consists of the following parts:

Part I. Institutional Development of the ZAMCOM Secretariat

Support the development of the Recipient into a more financially sustainable and efficient river basin organization by:

(A) Facilitating the establishment of the Recipient’s permanent secretariat and the consolidation of its core functions through the provision of technical assistance and operational support.

(B) Assessing the legal equivalence of instruments governing the development and management of water resources at national and transboundary level in the Zambezi River Basin, formulating guidelines for harmonization of legal frameworks and procedures for notification.

Part 2. Zambezi Water Information Management System and Decision Support Systems

Carrying out a program of activities to develop, modernize and operationalize the Zambezi Water Information Management System and Decision Support Systems to enable effective information sharing regarding the Zambezi River Basin, including:

(A) Strengthening the basin-wide data collection platforms and accessible spatial information.

(B) Developing the integration and compatibility of basin hydrological models with user-adapted web-based interfaces.

(C) Enhancing the ZAMCOM website to improve accessibility to and collaboration related to data and analysis.
Facilitating the development and implementation of forecasting and early warning tools.

Part 3. Strengthening Strategic Planning in the Zambezi River Basin

Carrying out a program of activities to support the development of the Recipient’s Strategic Plan for efficient management and sustainable development of the Zambezi Watercourse, including:

(A) The Strategic Plan, including basin wide planning tools and processes for the identification, categorization and prioritization of projects and programmes.

(B) Basin wide policy and planning tools to: promote, support and coordinate efficient management, sustainable development, reasonable and equitable utilization of the water resources of the Zambezi Watercourse.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the ZAMCOM Secretariat in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements. Without limitation upon the provisions of Section 2.02 above:

(a) The Recipient shall, throughout Project implementation, ensure that ZAMTEC oversees the Project in accordance with the roles and responsibilities as outlined in the ZAMCOM Agreement.

(b) The Recipient shall, not later than three (3) months after the Effective Date prepare and adopt the Procedures Manual, in form and substance satisfactory to the World Bank, containing, detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for purposes of implementation of the Project.

(c) The Recipient shall carry out the Project in accordance with the Procedures Manual and shall not amend, abrogate, waive or permit to be amended, abrogated or waived, the aforementioned manual or any provision thereof, without the prior written consent of the World Bank.

(d) The Recipient shall submit sufficient evidence, in a manner satisfactory to the World Bank, on the need to finance the salaries of up to four (4) staff within the ZAMCOM Secretariat under Operating Costs. The World Bank shall review such evidence and decide accordingly.

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient 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 indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.
2.05. **Financial Management.**

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

(d) The Recipient shall, for the purpose of the Project, acquire, install and thereafter maintain an accounting software acceptable to the World Bank.

2.06. **Procurement**

(a) **General.** All goods, non-consulting services and 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:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) The provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods and Non-Consulting Services**
(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments 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; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** 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.

**Article III**

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants’ services, Operating Costs and Training under the Project</td>
<td>4,000,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>4,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2018.

**Article IV**

*Additional Remedies*

4.01. **Additional Event of Suspension.** The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following: the Bank has determined after the Effective Date that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

**Article V**

*Recipient’s Representative; Addresses*

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Executive Secretary.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Zambezi Watercourse Commission  
128 Samora Machel Avenue  
P.O. Box CY 118  
Harare  
Republic of Zimbabwe
5.03. **World Bank's Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INDEVAS  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391
APPENDIX

Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

"The reference to "Member Country" in Section 17 of the Appendix to the Standard Conditions and in this Agreement means the member of the World Bank in whose territory the Project is carried out or any of such member's political or administrative subdivisions. If the Grant is extended by the World Bank to such member as a party to the Grant Agreement, the term "Member Country" and "Recipient" refer to the same entity. If the Project is carried out in the territory of more than one member of the World Bank, "Member Country" refers separately to each such member."