Multi Donor Trust Fund for the Zimbabwe Reconstruction Fund
Grant Agreement

(National Water Project)

between

THE REPUBLIC OF ZIMBABWE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
(act as Administrator of the Multi-Donor Trust Fund for the Zimbabwe Reconstruction Fund)

Dated 3 February 2016
GRANT NUMBER TF0A1823

MULTI-DONOR TRUST FUND FOR THE
ZIMBABWE RECONSTRUCTION FUND

GRANT AGREEMENT

AGREEMENT dated [3 February], 2016, entered into between THE REPUBLIC OF ZIMBABWE ("Recipient"); and INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Multi-Donor Trust Fund for the Zimbabwe Reconstruction Fund.

The Recipient and the World Bank 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"), with the modifications set forth in Section II of 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 Standard Conditions or in this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article II of the Standard Conditions and the agreement dated the same date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time ("Project Agreement").

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.
Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to ten million United States Dollars ($10,000,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, 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.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

(a) the Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the Project Implementing Entity of its obligations under the Project Agreement;

(b) the Project Implementing Entity has failed to perform any of its obligations under the Project Agreement;

(c) the Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement;

(d) a representation made by the Project Implementing Entity in or pursuant to the Project Agreement, or any representation or statement furnished by the Project Implementing Entity and intended to be relied upon by the World Bank in making the Grant was incorrect in any material respect;

(e) IBRD or IDA has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by IBRD or IDA, or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA (including as administrator of funds provided by another financier), as a result of: (i) a determination by IBRD
or IDA that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier;”

(f) IBRD or IDA has suspended in whole or in part the right of the Project Implementing Entity to make withdrawals under any agreement with IBRD or with IDA because of a failure by the Project Implementing Entity to perform any of its obligations under such agreement or any other agreement with IBRD or IDA;

(g) as a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Project Implementing Entity will be able to perform its obligations under the Project Agreement; and

(h) the World Bank has determined after the Effective Date referred to in Section 5.04 of this Agreement 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
Effectiveness; Termination

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Recipient has established a Project Steering Committee in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement.

(b) The Project Implementing Entity has established the Project Implementation Unit in accordance with the provisions of Section I.A.4 of Schedule 2 to this Agreement.

(c) The Project Implementing Entity has adopted the Project Implementation Manual in accordance with the provisions of Section I.B.1 of Schedule 2 to this Agreement.
(d) The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.

5.02. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied.

(a) The execution and delivery of this Agreement on behalf of the Recipient and the Project Agreement on behalf of the Project Implementing Entity have been duly authorized or ratified by all necessary governmental and corporate action.

(b) If the World Bank so requests, the condition of the Project Implementing Entity, as represented or warranted to the World Bank at the date of the Project Agreement, has undergone no material adverse change after such date.

(c) The Subsidiary Agreement referred to in Section 1.C of Schedule 2 to this Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.

5.03. As part of the evidence to be furnished pursuant to Section 5.02 of this Agreement, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing the following matters:

(a) on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms;

(b) on behalf of the Project Implementing Entity, that the Project Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms; and

(c) the Subsidiary Agreement referred to in Section 1.C of Schedule 2 to this Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon each such party in accordance with its terms.

5.04. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.02 of this Agreement ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the
Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event has ceased to exist.

5.05. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article VI**

**Recipient’s Representative; Addresses**

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister responsible for finance and economic development.

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

Ministry of Finance and Economic Development  
6th Floor, Block B, New Government Composite Building  
Cnr. Samora Machel Avenue / Fourth Street  
Private Bag 7705  
Causeway  
Harare  
Republic of Zimbabwe

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<tr>
<td>263-4-792750</td>
<td>263-4-250967</td>
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<tr>
<td>263-4-250614/5</td>
<td>263-4-794572/8</td>
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6.03. 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

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<td>248423 (MCI) or 64145 (MCI)</td>
<td>1-202-477-6391</td>
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AGREED at Harare, Zimbabwe, as of the day and year first above written.

THE REPUBLIC OF ZIMBABWE

By

Authorized Representative

Name: PETER ANTHONY CHINAMASA
Title: MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as Administrator of the Multi-Donor Trust Fund for the Zimbabwe Reconstruction Fund)

By

Authorized Representative

Name: ZHENG ZHEN
Title: COUNTRY DIRECTOR
SCHEDULE 1

Project Description

The objectives of the Project are to improve access and efficiency in water services in Selected Growth Centers and to strengthen planning and regulation for the water and sanitation sector.

The Project consists of the following parts:

Part A. Growth Center Water and Sanitation Improvements

Carrying out of activities to provide access to improved water and sanitation through investments in water supply and sanitation, rehabilitation and upgrading in Selected Growth Centers, including expanding and rehabilitating water treatment works, boreholes, transmission mains, storage and service reservoirs, distribution systems, connections, meter installation and replacement, and restoration of wastewater treatment systems.

Part B. Technical Assistance

Provision of technical assistance to strengthen the capacity of relevant national and local institutions to ensure the sustainability of the investments and improve the overall planning, regulation and reform of the sector in line with the National Water Policy, such assistance to include:

(a) **National Water Resources Master Plan:** the development of a National Water Resources Master Plan to provide: (i) a full analysis of the quantity, quality, and spatial distribution of the water resources; (ii) a detailed characterization of the current use of water resources and the spatial distribution of the demand for water, (iii) a detailed characterization of demand by type of user; (iv) an assessment of the varying demands; (v) projection of future demand; (vi) an assessment of the resilience of the water resources to climatic variability and indicative adaptation measures to climate change; (vii) an assessment of in-stream environmental flows and other key environmental considerations in water resources management; (viii) an assessment of the gap between supply and demand; and (ix) an institutional and investment needs assessment to bridge the supply demand gap.

(b) **Water Services Regulator:** the establishment of a Water Services Regulator covering both water resources regulation and water sanitation services by providing insight into: (i) the type of appropriate institutional structure, (ii) the legal framework that allows for autonomy with
accountability, and (iii) the most appropriate business model for financing the regulator.

(c) **Local Authorities:** (i) technical assistance support to Local Authorities and the Project Implementing Entity to formalize water service agreements, (ii) updating spatial plans for the Selected Growth Centers, (iii) sanitation promotion and hygiene education.

(d) **Institutional strengthening of the Project Implementing Entity:** (i) separating the Project Implementing Entity’s utility and water resources functions, (ii) improving commercial orientation and (iii) improving customer focus and poor stakeholder management; and (iv) carry out a sanitation needs assessment for the Selected Growth Centers, including developing options for sanitation in these areas.

(e) **Training:** support for a training plan to include training needs of all entities involved in the Project, such as MEWC, MLGPWNH, MRDPCH, MAMID, and Local Authorities in the Project areas, with focus on the operational training needs required by the Project Implementing Entity to implement the Project and ensure sustainability of the investments beyond the Project, as well as on-the-job training through for the Project Implementation Unit.

Part C. **Project Management**

Setting up the Project Implementation Unit to manage the Project through the hiring of a Project manager and additional staff with expertise in engineering, procurement, financial management, safeguards and monitoring and evaluation.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Project Steering Committee

1. The Recipient shall maintain, throughout the implementation of the Project a Project Steering Committee with composition and terms of reference satisfactory to the World Bank. To this end, said Project Steering Committee shall be: (a) chaired by the MEWC; (b) comprised of members from the Project Implementing Entity and relevant Recipient’s ministries; and (c) responsible for resolving any problematic issues related to policy, inter-departmental communication and coordination among the entities involved in the Project.

Project Implementing Entity

2. Without limitation upon the generality of Section 2.01 of this Agreement, the Project Implementing Entity shall be responsible for the management of and the overall implementation of the Project, including financial management, procurement and monitoring and evaluation.

3. The Recipient shall take all actions necessary on its part to ensure that the Project Implementing Entity is maintained, throughout the implementation of the Project, with: (i) mandate, functions and resources satisfactory to the World Bank; and (ii) adequate staff with qualifications and experience satisfactory to the World Bank, all for purposes of ensuring a prompt and efficient implementation of the Project.

Project Implementation Unit

4. In order to ensure prompt and efficient implementation of the Project:

(A) The Recipient shall cause the Project Implementing Entity to maintain, throughout the implementation of the Project, a Project Implementation Unit (PIU) with a mandate, composition and resources satisfactory to the World Bank. To this end, said Project Implementation Unit shall be: (a) responsible for: (i) overall coordination of Project activities, with direct responsibilities for activities under Part A, and Part C of the Project; (ii) managing the Project’s account and ensuring proper and timely Project accounting and reporting of Project expenditures; and (iii) preparing consolidated progress reports; and (b) be comprised of staff with
competencies in engineering, procurement, financial management, safeguards and monitoring and evaluation, led by a Project manager.

(B) The Recipient shall ensure that the following Parts of the Project are carried out under the technical leadership of different agencies. To this end, Part B(a), B(b) and B(e) will be carried out by MEWC, Part B(c) by MLGPWNH; and Part B(d) by the Project Implementing Entity.

Project Implementation Teams

5. The Recipient shall cause the Project Implementing Entity to establish within three (3) months of the Effective Date of this Agreement, at each catchment level and thereafter maintain, throughout the implementation of the Project, a Project implementation team to be comprised of an operations engineer, a financial support staff, secondes from the local authorities and other staff as appropriate ("Project Implementation Team"). To this end, each Project Implementation Team shall be responsible for the implementation of the relevant Sub-project and the coordination of Project activities, including drawing/approving specifications of goods, works, and services in the catchment, and preparing procurement requests to be forwarded to the PIU.

B. Implementation Arrangements

Project Implementation Manual

1. The Recipient shall: (a) cause the Project Implementing Entity to prepare, under terms of reference satisfactory to the World Bank, and furnish to the World Bank for its review and approval, a Project implementation manual containing detailed guidelines and procedures for the implementation of the Project, including in the areas of monitoring and evaluation, procurement, coordination, social and environmental safeguards, financial, administrative and accounting procedures, corruption and fraud mitigation measures and such other arrangements and procedures as shall be required for the Project; and (b) cause the Project Implementing Entity to thereafter adopt and carry out the Project in accordance with such Project implementation manual as shall have been approved by the World Bank ("Project Implementation Manual").

2. Except as the World Bank shall otherwise agree in writing, the Recipient shall not amend or waive, or permit to be amended or waived, any provision of the Project Implementation Manual.

3. In case of a conflict between the provisions of the Project Implementation Manual and this Agreement, those of this Agreement shall prevail.
Annual Work Plans

4. The Recipient shall cause the Project Implementing Entity, not later than November 30 of each year, to prepare and furnish to the World Bank, an annual program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.

5. The Recipient shall cause the Project Implementing Entity to exchange views with the World Bank on each such proposed annual work plan, and shall thereafter cause the Project Implementing Entity to adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the Recipient and the World Bank, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Recipient and the World Bank (Agreed Annual Work Plan).

C. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity on a non-reimbursable grant basis under a subsidiary agreement ("Subsidiary Agreement") between the Recipient and the Project Implementing Entity, under terms and conditions approved by the World Bank, which shall include the obligations of the Project Implementing Entity to:

(a) implement the Project with due diligence and efficiency and in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices, including the provisions of the Anti-Corruption Guidelines and in accordance with the provisions of this Agreement;

(b) (i) procure all goods and services required under the Project and to be financed out of the proceeds of the Grant in accordance with the provisions of Section III of this Schedule; and (ii) ensure that all such goods and services are used exclusively for the purposes of the Project;

(c) ensure that all facilities relevant to the Project shall at all times be properly operated and maintained and that all necessary repairs and renewals of such facilities shall be made promptly as needed;

(d) with respect to records management: (i) maintain records adequate to record the progress of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Grant and disclose their use in the Project; (ii) furnish such records and information as may be requested by the Recipient or the World
Bank; and (iii) retain all records evidencing expenditures under the Project for the period of time specified in the Standard Conditions;

(e) with respect to monitoring and evaluation: (i) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Recipient and the World Bank, the progress of the Project and the achievement of its objective; (ii) prepare periodic reports, in form and substance satisfactory to the Recipient and the World Bank, integrating the results of such monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of the Project, and to achieve its objective, each such report to cover a calendar quarter; (iii) furnish each such report to the Recipient and the World Bank within forty-five (45) days after the end of such period; and (iv) prepare, and furnish to the Recipient a final report, of such scope and in such detail as the Recipient and the World Bank shall reasonably request, on the execution of the Project, and furnish the same to the Recipient and the World Bank within not later than six (6) months after the end of the Project;

(f) with respect to financial management: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Recipient and the World Bank, both in a manner adequate to reflect its operations and financial condition, including the operations, resources and expenditures related to the Project; (ii) avail the records pertaining to the Project to external and internal auditors; (iii) prepare as part of the Project Report, interim unaudited financial reports covering each quarter, and furnish them to the Recipient and the World Bank not later than forty-five (45) days after the end of the period covered by such reports, and provide such other information concerning such unaudited financial statements as the Recipient or the World Bank may from time to time reasonably request; and (iv) have its financial statements audited by independent auditors and applying standards both acceptable to the World Bank at least once in each fiscal year; and

(g) open and maintain a dedicated Project Account, until the completion of the Project, in a commercial bank on terms and conditions acceptable to the World Bank; and ensure that the funds deposited into the Project Account shall be used exclusively to finance the cost of expenditures related to the Project.

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise
agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

D. Anti-Corruption

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

E. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors' support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, enable the representatives of the Donors to visit any part of the Recipient's territory for purposes related to the Project.

F. Safeguards

1. The Recipient shall cause the Project Implementing Entity to implement the Project in accordance with the Safeguard Instruments.

2. If any activity under the Project would require the adoption of any Supplemental Social and Environmental Safeguard Instrument, the Recipient shall cause the Project Implementing Entity to:

   (a) Prepare: (A) such Supplemental Social and Environmental Safeguard Instrument in accordance with the applicable Safeguard Instrument; (B) furnish such Supplemental Social and Environmental Safeguard Instrument to the World Bank for review and approval; and (C) thereafter adopt such Supplemental Social and Environmental Safeguard Instrument prior to implementation of the activity; and

   (b) thereafter, take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguard Instrument.

3. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall for the Safeguard Instruments, including each Supplemental Social and Environmental Safeguard Instrument, cause the Project Implementing Entity to regularly collect, compile and furnish to the World Bank reports in form and substance satisfactory to the World Bank, on the status of compliance with such Instruments including each Supplemental Social and Environmental Safeguard Instrument, as part of the Project Reports, giving details of:
(i) measures taken in furtherance of the Safeguards Instruments including each Supplemental Social and Environmental Safeguard Instrument;

(ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments including each Supplemental Social and Environmental Safeguard Instrument; and

(iii) remedial measures taken or required to be taken to address such conditions.

4. In the event that any provision of the Safeguards Instruments shall conflict with any provision under this Agreement, the provisions of this Agreement shall prevail.

**Dam Safety**

5. Prior to the issuance of a request for proposals relating to a contract for any of the rehabilitation works under the Project, and in accordance with the provisions of Section III of this Schedule 2 to the Agreement, the Recipient shall cause the Project Implementing Entity to:

(a) appoint and thereafter maintain until one (1) year after the Closing date of the Project, an independent Panel of Experts with qualifications, experience and terms of reference satisfactory to the World Bank to: (i) inspect and evaluate the safety status of the Dam, its appurtenances, the catchment area, the area surrounding the reservoir, downstream areas and its performance history; (ii) review and evaluate the operational and maintenance procedures; (iii) review and evaluate the proposed rehabilitation works; and (iv) provide a written report on the findings and recommendations for any remedial work or safety-related measures necessary to upgrade the Dam to an acceptable standard of safety;

(b) furnish to the World Bank for review, no later than fifteen (15) days after the review referred to in paragraph (a) above, and thereafter take all necessary measures required to address the conclusions and recommendations of the review and update or adopt Dam Safety Plans, in form and substance acceptable to the World Bank, and reflecting the conclusions and recommendations of the Panel, as follows:

(i) a Dam Construction Supervision and Quality Assurance Plan and a preliminary updated Dam Emergency Preparedness Plan including an estimate of funds needed to finalize updating of said Dam Emergency Preparedness Plan;
(ii) a preliminary updated Dam Operation and Maintenance Plan and a Dam Instrumentation Plan prior to bid tendering of the rehabilitation works under the Project;

(iii) a final updated Dam Emergency Preparedness Plan not later than one (1) year prior to the completion of the rehabilitation works; and

(iv) a final updated Dam Operation and Maintenance Plan not later than one (1) year prior to the completion of the rehabilitation works.

c) (i) convene, as early as possible in the preparation stage and regularly throughout the design of and rehabilitation of the Dam, Panel meetings and reviews; (ii) inform the World Bank in advance of each such meetings such that the World Bank may participate in said meetings as an observer; and (iii) furnish to the World Bank not later than fifteen (15) days after each meeting or review, a copy of the Panel’s report of its conclusions and recommendations;

d) (i) following the completion of rehabilitation works, convene the Panel to carry out a review and report on its findings on the operation of the Dam following the rehabilitation works; and (ii) furnish to the World Bank not later than fifteen (15) days after the review, a copy of the Panel’s report thereof;

e) pre-qualify bidders prior to bid tendering for the refurbishment work on the Dam; and

f) have periodic dam safety inspections performed by independent professionals, with qualifications, experience, and terms of reference satisfactory to the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Documents; Records

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient’s financial and narrative progress reports submitted to the World Bank; (iii) the Recipient’s financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the
Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donors.

B. Project Reports; Completion Report

1. The Recipient shall cause the Project Implementing Entity to 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 as set forth in the Project Implementation Manual. Each Project Report shall cover the period of one calendar semester, 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. The Recipient shall cause the Project Implementing Entity to prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

C. Financial Management; Financial Reports; Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall cause the Project Implementing Entity to prepare and furnish interim unaudited financial reports for the Project 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.

3. The Recipient shall cause the Project Implementing Entity to have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.
Section III. **Procurement**

A. **General**

1. **Procurement and Consultant Guidelines.** All goods, works, 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:


   (b) the provisions of this Section III, 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”).

2. **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 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 method, 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, namely, Shopping.
3. **Additional Provision**

The Recipient (including its State Procurement Board) shall not be involved in the procurement process, which shall be conducted entirely by the Project Implementing Entity.

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 assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Least-Cost Selection; (c) Selection based on Consultants’ Qualifications; (d) Single-source Selection of consulting firms; (e) Selection of Individual Consultants; and (f) Single-source procedures for the Selection of Individual Consultants.

D. **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.

**Section IV. Withdrawal of Grant Proceeds**

A. **General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of 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 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 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:
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<th>Percentage of Expenditures to be Financed (Exclusive of Taxes)</th>
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<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services,</td>
<td>10,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>Operating Costs and Training under the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>10,000,000</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 $1,000,000 equivalent may be made for payments made prior to this date but on or after August 1, 2015, for Eligible Expenditures under Category (1).

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is June 30, 2019.

Section V. Other Undertakings

The Recipient shall take all measures necessary to ensure that the Project Implementing Entity’s Operating Revenue shall reflect the principles of Cost Recovery and be sufficient to cover Operating Expenses and Debt Service.
APPENDIX

Section I. Definitions

1. "Agreed Annual Work Plan" means the program of activities agreed each Fiscal Year between the Recipient and the World Bank for implementation under the Project in accordance with Section 1.B.4 of Schedule 2 to this Agreement during the following Fiscal Year, as the same may be revised from time to time in accordance with said Section.


4. "Cost Recovery" means the ability to pay operating expenses and debt service through operating revenue.

5. "Dam" means any dam in the Recipient’s territory which is used as a source of water supply under the Project.

6. "Dam Construction Supervision and Quality Assurance Plan" means the Project Implementing Entity’s plan setting out measures, including organization, staffing levels, procedures, equipment, and supervision qualifications, for supervision and quality assurance of the rehabilitation work on the Dam, in accordance with the provisions of the relevant Environmental and Social Management Plan, as the same may be modified from time to time in consultation with the World Bank, and such term includes any schedules or annexes to such Plan.

7. "Dam Emergency Preparedness Plan" means the Project Implementing Entity’s plan setting out measures, including clear statements on the responsibility for operations, decision making and related emergency communications, maps outlining inundation levels for various emergency conditions, flood warning system characteristics, and procedures for evaluating threatened areas and mobilizing emergency forces and equipment, for when facility failure is considered imminent or when expected operational flow release threatens downstream life, property, or economic operations that depend on river flow levels relating to the Dam, in accordance with the provisions of the relevant ESMP, as the same may be modified from time to time in consultation with the World Bank, and such term includes any schedules or annexes to such Plan.
8. “Dam Instrumentation Plan” means the Project Implementing Entity’s plan setting out measures for the installation of instruments to monitor and record the behavior of and the hydro-meteorological, structural, and seismic factors relating to the Dam, in accordance with the provisions of the relevant ESMP, as the same may be modified from time to time in consultation with World Bank, and such term includes any schedules or annexes to such Plan.

9. “Dam Operation and Maintenance Plan” means the Project Implementing Entity’s plan setting out measures, including organizational structure, staffing, technical expertise, and training required, equipment and facilities needed, procedures, and funding arrangements, including long-term maintenance and safety inspections, for the operation and maintenance of the Dam, in accordance with the provisions of the relevant ESMP, as the same may be modified from time to time in consultation with the World Bank, and such term includes any schedules or annexes to such Plan.


11. “Debt Service” means the aggregate amount of repayment of principal, and interest, and other charges on debt.

12. “Effective Date” means the date referred to in Section 5.04 of this Agreement, upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 of this Agreement.

13. “Environmental and Social Management Plan” or “ESMP”, each means a plan prepared and adopted by the Project Implementing Entity for each Sub-project, each providing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental and social impacts under the Project, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the prior written agreement of the World Bank, and “ESMPs” means more than one ESMP.

14. “Fiscal Year” means the PIE’s fiscal year from January 1 to December 31.

15. “Local Authorities” means the urban local authorities or the rural district councils of the Recipient.

16. “MAMID” means the Recipient’s Ministry of Agriculture, Mechanization and Irrigation Development or any successor thereto.

17. “MEWC” means the Recipient’s Ministry of Environment, Water and Climate or any successor thereto.
18. "MLGPWNH" means the Recipient’s Ministry of Local Government, Public Works and National Housing or any successor thereto.

19. "MRDPCCH" means the Recipient’s Ministry of Rural Development and Preservation of Cultural Heritage or any successor thereto.


21. "National Water Resources Master Plan" means the plan to be developed under Part B(a) of the Project to provide: (a) a full analysis of the quantity, quality, and spatial distribution of water resources; (b) a detailed characterization of the current use of water resources and the spatial distribution of the demand for water; (c) a detailed characterization of demand by user type; (d) an assessment of the varying demands; (e) projection of future demand; (f) an assessment of resilience of the water resources to climatic variability and indicative adaptation measures to climate change; (g) an assessment of in-stream environmental flows and other key environmental considerations in water resources management; (h) an assessment of the gap between supply and demand; and (i) an institutional and investment needs assessment to bridge the supply demand gap.

22. "Operating Costs" means the incremental costs incurred by the Project Implementing Entity, based on annual budgets approved by the World Bank, on account of Project implementation, management and monitoring, including fuel and operation and maintenance costs for vehicles; stationary and sundries; advertising and office running costs including services of office machines and equipment; purchase of materials for workshops; office supplies; and communication charges.

23. "Operating Expenses" means the sum of all expenses related to operations including administration, adequate maintenance, taxes and payments in lieu of taxes, and provisions for uncollected revenue, but excluding non-cash operating charges and costs associated with debt service.

24. "Operating Revenue" means the sum of all revenues generated by operations.

25. "Panel of Experts" means a panel of experts with qualifications and terms of reference acceptable to the World Bank appointed by the Project Implementing Entity to advise it on dam safety matters under the Project.

27. “Procurement Plan” means the procurement plan for the Project dated October 28, 2015, as the same shall be updated from time to time for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines.

28. “Project Agreement” means the agreement related to the Project, dated the same date as this Agreement, between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time.

29. “Project Implementation Manual” means the manual referred to in Section I.B of Schedule 2 to this Agreement consisting of different modules setting out, inter alia, the administrative, financial and accounting procedures; the procurement and disbursement procedures arrangements; the monitoring and evaluation arrangements including the performance indicators to be used for the Project, procedures for the implementation of the Safeguard Instruments and other activities and arrangements to be used for the purpose of implementing the Project, as the same may be amended from time to time with the prior agreement of the World Bank.

30. “Project Implementing Entity” or “PIE” means the Zimbabwe National Water Authority.

31. “Project Implementing Entity’s Legislation” means the Zimbabwe National Water Authority Act of 1998, as amended, pursuant to which the Project Implementing Entity has been established and operating.

32. “Project Implementation Team” means the team established for the purposes of the Project, referred to in Section I.A.5 of Schedule 2 to this Agreement and comprising an operations engineer, a financial support staff, secondees from the local authorities and other staff as appropriate.

33. “Project Implementation Unit” or “PIU” means the unit established for the purposes of the Project, referred to in Section I.A.4 of Schedule 2 to this Agreement and comprising staff with competencies in engineering, procurement, financial management, safeguard and monitoring and evaluation.

34. “Project Steering Committee” means the committee established for purposes of the Project, referred to in Section I.A.1 of Schedule 2 to this Agreement and comprising members of the Project Implementing Entity and relevant Recipient’s ministries.

35. “Safeguard Instruments” means the ESMPs and any Supplemental Social and Environmental Safeguard Instruments.
36. "Selected Growth Centers" means the growth centers located in Guruve, Gutu, Lupane, Madziwa, Mataga, Nembudzia, and Zimuya.

37. "Sub-project" means a sub-project in one of the Selected Growth Centers to be carried out in accordance with the Project Implementation Manual.

38. "Subsidiary Agreement" means the agreement referred to in Section I.C.1 of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity.

39. "Supplemental Social and Environmental Safeguard Instruments" means any supplemental social and environmental safeguard instruments as required under the terms of any of the ESMPs.

40. "Training" means the costs of training under the Project, based on the annual work plans and budgets referred to in Section I.B of Schedule 2 to this Agreement as approved by the World Bank, and attributable to seminars, workshops, and study tours, along with 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.

41. "Water Services Regulator" means the single economic regulator the Recipient intends to establish for both water supply and water resources.

42. "Zimbabwe National Water Authority" or "ZINWA" means the authority established under the Zimbabwe National Water Authority Act of 1998, as amended.

II. Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. A new definition is added in alphabetical order to the Appendix as follows (and the subsequent definitions are renumbered accordingly):

   "Legal Agreement" means either of the Grant Agreement or the agreement between the World Bank and the entity designated to be responsible for implementing the Project; and "Legal Agreements" means, collectively, both said agreements".

2. The term "Grant Agreement", whenever used in Sections 4.06, 5.01, 6.02, 7.04 and 7.05 of the Standard Conditions, is modified to read "Legal Agreements".

3. The term "Grant Agreement", whenever used in Section 5.02 of the Standard Conditions, is modified to read "any Legal Agreement".

\[Signature\]