

**CONFORMED COMPY**

**CREDIT NUMBER 4357 MOZ**

# **Project Agreement**

**(Water Services and Institutional Support Project)**

**between**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**and**

**CONSELHO DE REGULACAO DO ABASTECIMENTO DE AGUA (CRA)**

**Dated September 21, 2007**

**CREDIT NUMBER 4357 MOZ**

**PROJECT AGREEMENT**

AGREEMENT dated September 21, 2007, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and CONSELHO DE REGULACAO DO ABASTECIMENTO DE AGUA (CRA) (“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 Parts B and C 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 Part 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 years after the date of this Agreement.

**ARTICLE IV — REPRESENTATIVE; ADDRESSES**

4.01. The Project Implementing Entity's Representative is its Secretary.

4.02. The Association's Address is:

International Development Association  
1818 H Street, NW  
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:

Conselho de Regulacao do Abastecimento de Agua (CRA)  
Avenida Amilcar Cabral, No. 757,  
PO Box 235  
Maputo, Mozambique

Facsimile  
258 21 312 826

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Michael Baxter

Authorized Representative

CONSELHO DE REGULACAO DO  
ABASTECIMENTO DE AGUA

By /s/ Fernando Tomás Nhantumbo

Authorized Representative

## SCHEDULE

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

#### Section I. Institutional and Other Arrangements

##### A. Institutional Arrangements

1. The Project Implementing Entity shall, at all times during Project implementation, maintain its departments in charge of the implementation, coordination and oversight of its Respective Part of the Project, with competent staff in adequate numbers, qualifications and experience satisfactory to the Association (including monitoring and evaluation, procurement, and financial management specialists), with responsibility for implementing its Respective Part of the Project.

2. The Project Implementing Entity shall:

(a) no later than thirty (30) months after the Effective Date carry out jointly with the Association and the Recipient (if the latter may deem necessary), a Mid-Term Review of the progress made in carrying out the Project; and

(b) no later than thirty days after the completion of the Mid-Term Review, start to implement the recommendations of the Mid-Term Review as agreed with the Association.

The Mid-Term Review shall assess, *inter alia*: (i) the overall progress made during the implementation of the Project; and (ii) the results of the monitoring and evaluation activities.

##### B. 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.

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

##### A. Project Reports

1. (a) The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below, namely that:

Performance Criteria	Unit	Performance by Close of Project
Indirect regulation by CRA in operation for pilot PWBs evidenced through decree	Number of Province-based CRA	2

(b) Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than forty five 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 months after the Closing Date, 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.

3. The Project Implementing Entity shall, not later than September 30 of each Fiscal Year during the implementation of the Project or such later date as the Association may agree, prepare and furnish to the Association for its approval a Procurement Plan adjusted for each year of Project implementation.

#### **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 the Project.

2. The Project Implementing Entity shall have its own financial statements and the Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each such audit shall cover the period of one Fiscal Year. The audits for each such period shall be furnished to the Association not later than six months after the end of such period.

#### **Section III. Procurement**

All goods, works, services (other than consultants' services) and consultants' services required for 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.

**Section IV. Other Undertakings**

The Project Implementing Entity shall, on behalf of DNA, carry out the procurement and the financial management under Part B of the Project.