

Public Disclosure Authorized

**CONFORMED COPY**

**CREDIT NUMBER 4357 MOZ**

# **Financing Agreement**

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

**between**

**REPUBLIC OF MOZAMBIQUE**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated September 21, 2007**

Public Disclosure Authorized

**CREDIT NUMBER 4357 MOZ**

**FINANCING AGREEMENT**

AGREEMENT dated September 21, 2007, entered into between REPUBLIC OF MOZAMBIQUE (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS (A) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 1 to this Agreement (the Project), has requested the Association to assist in the financing of the Project;

(B) the Recipient has also obtained from the International Development Association, acting as an administrator of the Africa Catalytic Trust Fund (the “World Bank”), additional assistance towards the financing of Part A of the Project and by an agreement entered into between the Recipient and the World Bank (the Co-financing Grant Agreement), the World Bank has made a grant to the Recipient in the amount of fifteen million Dollars (\$15,000,000) (the Co-financing);

(C) Part A of the Project will be carried out by FIPAG with the Recipient’s assistance and, as part of such assistance, the Recipient will make available the proceeds of the grant provided for in Article III of the Co-Financing Grant Agreement available to FIPAG for Part A (ii) and A (b) (i) (3) of the Project, and shall make part of the proceeds of the Credit provided for in Article II of this Agreement available to FIPAG for Part A (a) (i), A (b) (1) and (2), A (b) (ii) and A (c) of the Project; and

(D) Parts B and C of the Project will be carried out by CRA with the Recipient’s assistance and, as part of such assistance, the Recipient will make part of the proceeds of the Credit provided for in Article II of this Agreement available to CRA;

NOW THEREFORE, the Recipient and the Association 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 — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to nine million nine hundred thousand Special Drawing Rights (SDR 9,900,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are January 15 and July 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is the Dollar.

**ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall: (a) carry out Part B of the Project through DNA, within MOPH (in conjunction with CRA); (b) cause FIPAG to carry out Part A (a) (i), A (b) (1) and (2), A (b) (ii) and A (c) of the Project; and (c) cause CRA to carry out Part B (in conjunction with DNA) and Part C of the Project, all in accordance with the provisions of Article IV of the General Conditions and the Project Agreements, as the case may be.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consist of the following:
- (a) a situation has arisen which shall make it improbable that the Project or a significant part thereof, will be carried out; and
  - (b) any of the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely its ability, as Project Implementing Entity, to perform any of its obligations under the respective Project Agreement.
- 4.02. The Additional Events of Acceleration consist of the following:
- (a) The event specified in paragraph (a) of Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.
  - (b) The event specified in paragraph (b) of Section 4.01 of this Agreement occurs.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The execution and delivery of this Agreement on behalf of the Recipient, and the respective Project Agreements on behalf of each of the Project Implementing Entities, have been duly authorized or ratified by all necessary governmental and corporate action.
  - (b) The Subsidiary Agreements mentioned under Section I.A of Schedule 2 of this Agreement have been executed on behalf of the Recipient and of each of the Project Implementing Entities.
  - (c) The Project Implementing Entities have each adopted the relevant Project Procurement Manual adjusted for the purposes of the Project, satisfactory to the Association in form and substance.
  - (d) The Project Implementing Entities have caused the existing financial management systems to be adjusted for the purposes of the Project, satisfactory to the Association in form and substance.

- (e) The execution and delivery of the Co-financing Grant Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental and corporate action.
- 5.02. The Additional Legal Matter consists of the following, namely that, the Subsidiary Agreements have been duly authorized or ratified by the Recipient and the Project Implementing Entities and are legally binding upon the Recipient and the Project Implementing Entities in accordance with their terms.
- 5.03. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient’s Representative is the Ministry of Planning and Development.
- 6.02. The Recipient’s Address is:

Ministry of Planning and Development  
Av. Ahmed S. Toure, 21 - 4th Floor  
Maputo, Mozambique

Cable:	Telex:	Facsimile:
MOBANCO Maputo	(258) 21 492-268	(258) 21 492-625

- 6.03. The Association’s Address is:

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

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

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

REPUBLIC OF MOZAMBIQUE

By /s/ Aiuba Cuereneia

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Michael Baxter

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are to support the Recipient in: (a) increasing water service coverage in the Recipient's cities of Beira, Nampula, Quelimane, and Pemba under the delegated management framework, and, (b) establishing an institutional and regulatory framework for its smaller cities and towns for water supply.

The Project consists of the following parts:

#### **Part A: Investments and Support to FIPAG**

(a) Expansion and extension of: (i) approximately 25 kilometers of water supply networks and distribution through the carrying out of Works in Pemba, Nampula, Quelimane, and Beira; and (ii) approximately 345 kilometers of water supply networks and distribution through the carrying out of Works in Pemba, Nampula, Quelimane, and Beira.

(b) Support to FIPAG to: (i) enable it to carry out the works mentioned under (a) above through the provision of: (1) technical assistance; (2) consumables including fuel and utilities for system maintenance; and (3) goods including meters, pumps and chemicals; and (ii) carry out its day-to-day operations, through the provision of: (1) technical assistance; and (2) goods including quality control replacement parts, emergency and maintenance equipment and vehicles.

(c) Strengthening FIPAG's capacity, including supervision, through the provision of training and technical assistance.

#### **Part B: Capacity building, Institutional and Operational Support to DNA**

(a) Support to DNA, through the provision of: (i) technical assistance in the establishment and operationalization of an AMU developed under DNA based on the Recipient's delegated management model, on a pilot basis and in the establishment of PWBs, and once established, support to AMU in the drafting and negotiation of initial performance contracts with PWBs; (ii) goods and equipment including vehicles, furniture, computers to support the AMU and PWBs establishment and operation; (iii) operating cost support for AMU and the PWBs; and (iv) carrying out of training and capacity building for staff of DNA, AMU and the PWBs.

(b) Support to DNA to effectively enable the pilot provincial systems under the performance contracts mentioned under (a) (i) above, through the provision of: (i) operating costs; and (ii) goods and equipment, including water supply equipment,

chemicals, meters, pipes and valves, vehicles, furniture, and computers.

(c) Strengthening DNA's institutional capacity, including supervision, through the provision of training and technical assistance to facilitate the preparation of: (i) a SWAp for water supply for rural areas; (ii) a medium-term expenditure framework to facilitate the implementation of the water sector policy; (iii) common guidelines for future investments in the water sector; and (iv) mitigation strategies with respect to the impact of HIV/AIDS on the sector.

**Part C: Capacity Building, Institutional and Operational Support to CRA**

(a) Support to CRA's institutional capacity to: (i) expand the scope of its regulatory framework and differentiated regulatory approaches to be applied to privately and publicly-operated water supply systems; and (ii) supervise decentralized regulatory agents to ensure application of CRA's regulations in smaller cities and towns through the provision of training of CRA staff and technical assistance.

(b) Support to CRA to enable it to effectively carry out its expansion to provincial level and to maintain the same operational standards of its headquarters including through the provision of: (i) operating costs; and (ii) goods and equipment, including vehicles, computers, and furniture.



**SCHEDULE 2****Project Execution****Section I. Implementation Arrangements****A. Subsidiary Agreements**

1. To facilitate the carrying out of the Project Implementing Entities' Respective Parts of the Project, the Recipient shall make part of the proceeds of the Credit available to the Project Implementing Entities under subsidiary agreements ("Subsidiary Agreements") between the Recipient and each Project Implementing Entity, under terms and conditions approved by the Association, which shall include :
  - (a) with respect to FIPAG, and for the purposes of carrying out Part A (a) (i), A (b) (1) and (2), A (b) (ii) and A (c) of the Project, the obligation of the Recipient to make available to FIPAG, on reimbursable on-lending terms, the proceeds of the Credit allocated from time to time to Categories (1), (2) (a) and (4) respectively of the table set forth in Section IV.A.2 of this Schedule;
  - (b)
    - (i) with respect to CRA, and for the purposes of carrying out Parts B and C of the Project, the obligation of the Recipient to make available to CRA, on non-reimbursable grant terms, the proceeds of the Credit allocated from time to time to Categories (2) (b) and (3) respectively of the table set forth in Section IV.A.2 of this Schedule; and
    - (ii) with respect to CRA, its obligation for the carrying out of the procurement and financial management of Part B of the Project, on behalf of DNA.
2. The Recipient shall exercise its rights under the Subsidiary Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreements or any of its provisions.

**B. Institutional Arrangements****1. Project Implementing Agencies**

- (a) The Recipient shall ensure that FIPAG, DNA and CRA are maintained at all times during the implementation of the Project with functions, staffing, and resources satisfactory to the Association, for the purpose of ensuring the prompt and efficient implementation of the Project.

**C. Anti-Corruption**

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

**D. Safeguards**

1. The Recipient shall ensure that the Project is carried out in accordance with the guidelines, rules and procedures defined in the EA and EMP prepared in respect of the Works to be carried out under Part A (a) of the Project, and shall ensure that, prior to carrying out any construction, rehabilitation and maintenance activities under the Project:
  - (a) any necessary Resettlement Action Plans are prepared, disclosed and implemented in a manner acceptable to the Association, in accordance with the RPF; and
  - (b) any necessary Environmental Assessments are prepared and disclosed, Environmental Management Plans are prepared, disclosed and implemented by the Recipient and the Project Implementing Entities and are maintained in full force and effect at all times during the implementation of the Project, in accordance with the EA and ESMF, and in a manner satisfactory to the Association.
2. The Recipient shall not amend or waive, or permit to be amended or waived, the EA, the RPF, RAPs or EMPs, or any provision thereof, without prior approval in writing by the Association.
3. In case of any conflict between the terms of the EA, EMP, RPA or the RPF and those of this Agreement, the terms of this Agreement shall prevail.

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

**A. Project Reports**

1. (a) The Recipient shall cause each of the Project Implementing Entities and DNA to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions on the basis of the indicators set forth below with respect to DNA and in Section II.A.1 (a) of the Schedule to the Project Agreements, and monitor indicators agreed with the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
- (b) The performance indicators with respect to DNA referred to above in sub-paragraph (a) consist of the following:

<b>Performance Criteria</b>	<b>Unit</b>	<b>Performance by Close of Project</b>
(a) Pilot Provincial Water Boards established	Number	2
(b) AMU has deconcentrated the management of provincial water supply to local private operators	Contracts with local operators	2

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.
3. On or about the date thirty (30) months after the Effective Date, the Recipient shall undertake in conjunction with the Association, the Co-financier and the Project Implementing Entities a comprehensive mid-term review of the Project during which it shall exchange views generally on all matters relating to the progress of the Project, the performance by the Recipient of its obligations under this Agreement, and the Co-financing Grant Agreement, the performance by the Project Implementing Entities of their respective obligations under the Project Agreements, having regard to the performance indicators referred to in paragraph

A.1 (b) of this Part II, the tariff levels to assess the planned timing for cost recovery for the PWBs, and the quantification of the financing gap after Project completion in the operating costs support with respect to Part B (b) (i) of the Project to the PWBs for the water schemes covered by them.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and shall cause the Project Implementing Entities to prepare and furnish to the Association as part of the Project Report not later than one month after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall cause the Project Implementing Entities to have their 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**

**A. General**

1. **Goods, Works and Services (other than Consultants' Services).** All goods, works and Services (other than Consultants' Services) required for the Project and to be financed out of the proceeds of the Financing 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 Financing 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 Association of

particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Services (other than Consultants’ Services)**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works, and services (other than Consultants’ Services) shall be procured under contracts awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.
  
2. **Other Methods of Procurement of Goods, Works and Services (other than Consultants’ Services).** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and services (other than consultants’ services). The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>
(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting
(d) Procurement from IAPSO

**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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Selection Based on Consultants' Qualifications
(b) Least Cost Selection
(c) Quality based Selection
(d) Selection under a fixed budget
(e) Single Source Selection
(f) Individual Consultants

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

1. Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods estimated to cost the equivalent of \$200,000 or more; (b) works estimated to cost the equivalent of \$500,000 or more; (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more, and (d) each contract for individual consultants, estimated to cost the equivalent \$ 50,000 or more. All other contracts shall be subject to Post Review by the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association 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 Financing ("Category"), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Works for Part A (a) (i) of the Project	700,000	100%
(2) Goods, consultants' services, and training for:		
(a) Part A (b) except for A (b) (i) (3); and Part A (c) of the Project; and	3,300,000	100%
(b) Parts B and C of the Project	3,000,000	100%
(3) Operating costs for:		
(a) Parts B (a) and B (b) of the Project; and	1,300,000	100%
(b) Part C of the Project	300,000	100%
(4) Consumables (fuel) and electricity for Part A of the Project	300,000	100%
(5) Unallocated	1,000,000	
<b>TOTAL AMOUNT</b>	<b>9,900,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement except that, withdrawals up to an aggregate amount not to exceed SDR 200,000

equivalent may be made for payments made prior to this date but on or after July 1, 2007; or

- (b) under Category 3 (a) until the decree mentioned under Section V (c) of this Schedule has been issued and sufficient evidence has been provided to the Association.

2. The Closing Date is October 31, 2012.

**Section V. Other Undertakings**

The Recipient shall ensure that:

- (a) The tariffs for the systems under the responsibility of FIPAG shall reflect the principles of full cost recovery and be sufficient to cover operating expenses, depreciation, and cost of capital in a reasonable time horizon for all said systems. The tariffs will be assessed during the mid-term review mentioned in paragraph 3 of Section II (A) of this Schedule.

- (b) Within eighteen months after the Effective Date, all outstanding public sector arrears to FIPAG are settled and ensure that a mechanism to pay future public sector water bills be put in place.

- (c) Within twelve months of the Effective Date, the AMU mentioned under Part B (a) of the Project shall be established by decree.

- (d) Within twelve months of the finalization of the mid-term review, measures be taken to cover the financing gap mentioned in paragraph 3 of Section II of this Schedule.



**SCHEDULE 3****Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each January 15 and July 15:	
commencing January 15, 2018 to and including July 15, 2027	<b>1</b>
commencing January 15, 2028 to and including July 15, 2047	<b>2</b>

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

**APPENDIX****Definitions**

1. “ACGF” means the Africa Catalytic Growth Fund, a multi-donor trust fund administered by the World Bank, on behalf of the various donors contributing to the Fund from time to time.
2. “AMU” means the Assets Management Unit, the Recipient’s entity which shall be established in order to implement Part B (a) and (b) of the Project under DNA.
3. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Co-financier” means the World Bank, acting as administrator of the ACGF, referred to in paragraph 10 of the Appendix to the General Conditions.
6. “Co-financing” means an amount of fifteen million Dollars (\$15,000,000), provided by the Co-financier to assist in financing the Project.
7. “Co-financing Grant Agreement” means the agreement between the Recipient and the Co-financier providing for the Co-financing.
8. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
9. “CRA” means *Conselho de Regulacao do Abastecimento de Agua*, the Recipient’s Council for Regulation of Water Supply established by the Recipient, pursuant to Decree 74/98 published in the Recipient’s Official Gazette on December 23, 1998, the Project Implementing Entity for Parts B and C of the Project, and includes any successor thereto.
10. “DNA” means the *Direccao Nacional de Aguas*, the Recipient’s National Directorate of Water within MOPH, and includes any successor thereto which shall be in charge of implementing Part B (a) and (b) of the Project until such moment that AMU shall be established.

11. “Effective Date” means the date referred to in Section 5.03 of this Agreement.
12. “Environmental Assessment” or “EA” means the assessments of potential environmental and social impacts prepared by the Recipient and each of the Project Implementing Entities for Project activities in accordance with Section I.D of Schedule 2 to this Agreement.
13. “Environmental Management Plan” or “EMP” means the plan prepared by the Recipient and each of the Project Implementing Entities in accordance with Section I.D of Schedule 2 to this Agreement, defining details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of Project activities, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms.
14. “FIPAG” means the *Fundo de Investimento e Patrimonio do Abastecimento de Agua*, an asset holding company established by the Recipient pursuant to Decree 73/98, published in the Recipient’s Official Gazette on December 23, 1998, the Project Implementing Entity for Part A of the Project, and includes any successor thereto.
15. “Fiscal Year” means the Recipient’s fiscal year commencing January 1 and ending December 31 of each year.
16. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
17. “MOPH” means the Recipient’s Ministry of Public Works and Housing, and includes any successor thereto.
18. “Operating Costs” means the incremental expenditures incurred on account of the Project for office supplies, vehicle operation and maintenance, communication and insurance costs, bank charges on the Designated Accounts, rental expenses, office maintenance costs, utilities, travel cost for Project staff and salaries of support contractual staff for the Project, but excluding salaries of Recipient’s civil service officials.

19. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October, 2006.
20. "Procurement Manual" means the manual that shall be adopted by each of the Project Implementing Entities for carrying out the procurement under the Project.
21. "Procurement Plan" means the Recipient's procurement plan for the Project, dated June 22, 2007 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
22. "Project Agreement" means, with reference to paragraph 39 of the Appendix to the General Conditions, the Project Agreement between the Recipient and FIPAG and CRA, respectively; and "Project Agreements" means, collectively, all such agreements.
23. "Project Implementing Entity" means FIPAG or CRA, as the case may be, and "Project Implementing Entities" means, collectively, all such entities.
24. "Project Implementing Entity's Legislation" means: (a) with respect to FIPAG, Decree 73/98 published in the Recipient's Official Gazette on December 23, 1998; and (b) with respect to CRA, Decree 74/98 published in the Recipient's Official Gazette on December 23, 1998.
25. "Provincial Water Boards" or "PWBs" means the provincial water boards which will be established by the Recipient to be responsible for managing the water assets of the participating cities and towns at the provincial level.
25. "Resettlement Action Plans" or "RAPs" means the resettlement action plans to be prepared by the Recipient and the Project Implementing Entities in accordance with Section I.D of Schedule 2 to this Agreement and the RPF, containing, *inter alia*, a program of actions, measures and policies for compensation and resettlement of affected persons, associated with the implementation of the Project.
26. "Resettlement Policy Framework" or "RPF" means the framework of the Recipient dated April 2, 2007, as the said framework may be amended and/or supplemented from time to time with prior approval in writing by the Association, setting forth resettlement procedures, institutional arrangements, eligibility criteria, entitlements and compensation, including valuation procedures, budget, public consultation and participation, monitoring and evaluation and disclosure.

27. “Subsidiary Agreements” means the agreements referred to in Section I.A of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Credit and the Co-financing available to the Project Implementing Entities, as applicable.
28. “Training” means expenditures incurred in regards to workshops and training activities for the purchase of materials, rental of facilities and fees, per diem and related travel.
29. “Works” means, for the purpose of the Project, design and construction, or construction only.