

**OFFICIAL  
DOCUMENTS**

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CREDIT NUMBER 5563-ZM

**Project Agreement**

(Kariba Dam Rehabilitation Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

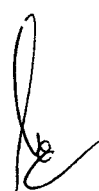
ZAMBEZI RIVER AUTHORITY

Dated FEBRUARY 20, 2015

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**CREDIT NUMBER 5563-ZM**

**PROJECT AGREEMENT**

AGREEMENT dated FEBRUARY 20, 2015, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and ZAMBEZI RIVER AUTHORITY (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the REPUBLIC OF ZAMBIA (“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 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 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 the Project in accordance with the provisions of the Schedule to this Agreement.

**ARTICLE III — TERMINATION**

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

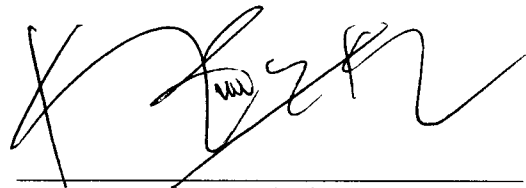
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AGREED at SIANGGA, ZAMBIA, as of the  
day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: KULDHARI KADIRESAN

Title: COUNTRY DIRECTOR

ZAMBEZI RIVER AUTHORITY

By



Authorized Representative

Name: MUNYIRAOZI C MUNODAWAFA

Title: CHIEF EXECUTIVE

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**ARTICLE IV — REPRESENTATIVE; ADDRESSES**

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

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:

Kariba House  
32 Cha Cha Cha Road  
P.O. Box 30233 Lusaka  
ZAMBIA

Facsimile:  
260-1-227498

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## SCHEDULE

### Execution of the Project

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

###### *Project Steering Committee*

1. The Project Implementing Entity shall establish, and thereafter maintain, throughout the implementation of the Project, a Project Steering Committee with terms of reference satisfactory to the Association and with adequate resources to carry out its responsibilities under the Project.
2. Without limitation upon the generality of the provisions of paragraph A.1 above, the functions of the Project Steering Committee shall be to: (a) endorse all Project plans and budgets; (b) facilitate communication between Contracting States and coordinate all inter-governmental matters; (c) facilitate obtaining consents, permits and approvals required from the Contracting States; (d) facilitate the integration of the Project into the national plans and public sector investor programs of Contracting States; and (e) provide overall strategic guidance over the implementation of the Project.

###### *Project Manager*

3. The Project Implementing Entity shall maintain, throughout the implementation of the Project, a Project Manager with qualifications and skills satisfactory to the Association with the responsibility of managing the overall day-to-day implementation of the Project.

##### B. Implementation Arrangements

###### *Project Implementation Manual*

1. The Project Implementing Entity shall: (a) prepare, under terms of reference satisfactory to the Association, and furnish to the Association 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) thereafter adopt and carry out the Project in accordance with such Project implementation manual as shall have been approved by the Association (Project Implementation Manual).

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2. Except as the Association shall otherwise agree in writing, the Project Implementing Entity may 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 and Budget*

4. The Project Implementing Entity, shall not later than December 15 of each year, prepare and furnish to the Association, 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 Project Implementing Entity shall exchange views with the Association on each such proposed annual work plan, and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the Association, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association (Agreed Annual Work Plan).

**C. Anti-Corruption**

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

**D. Safeguards**

1. The Project Implementing Entity shall, not later than March 30, 2015 and in any event prior to the carrying out of any rehabilitation works under the Project: (i) in accordance with terms of reference and process acceptable to the Association, prepare the safeguard instruments and furnish said instruments to the Association for its review and approval (“Safeguard Instruments”); (ii) thereafter disclose the Safeguard Instruments in country and at the Infoshop; and (iii) implement the Project in accordance with the Safeguard Instruments.
2. If any Supplemental Social and Environmental Safeguard Instruments is required under any of the Safeguard Instrument, the Project Implementing Entity shall-
  - (i) 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 Association for review and approval; and (C) thereafter adopt such Supplemental Social and Environmental Safeguard Instrument prior to implementation of the rehabilitation works; and

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- (ii) 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. The Project Implementing Entity shall ensure that all studies and technical assistance under the Project are undertaken pursuant to terms of reference reviewed and found satisfactory by the Association, such terms of reference shall be designed to ensure that said studies and technical assistance are consistent with the Association's environmental and social safeguard policies.
- 4. If any activity under the Project would involve Affected Persons, the Project Implementing Entity shall: (i) ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under a Supplemental Social and Environmental Safeguard Instrument prepared in accordance with the RPF, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been implemented; and (ii) provide from its own resources, any financing required for any measures under sub-paragraph (i) above including any costs associated with land acquisition required for the Project.
- 5. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall for the Safeguards Instruments, including each Supplemental Social and Environmental Safeguard Instrument, regularly collect, compile and furnish to the Association reports in form and substance satisfactory to the Association, 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.

*Dam Safety*

- 6. 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 Schedule 2 to the Financing Agreement, the Project Implementing Entity shall:

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- (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 Association 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 Association 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 Association, 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 through-out the design of and rehabilitation of the Dam, Panel meetings and reviews, (ii) inform the Association in advance of each such meetings such that the Association may participate in said meetings as an observer; and (iii) furnish to the Association 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

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Dam following the rehabilitation works; and (ii) furnish to the Association 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 Association.

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

**A. Project Reports**

- 1. The Project Implementing Entity shall 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 and on the basis of indicators acceptable to the Association. Each such Project Report shall cover the period of one quarter and shall be furnished to the Recipient not later forty-five (45) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
- 2. The Project Implementing Entity shall provide to the Recipient not later than six (6) months after the Closing Date for incorporation in the report referred to in Section 4.08(c) of the General Conditions, all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

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

- 1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.
- 2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Association as part of the Project Report not later than forty-five (45) days 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 Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of

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one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

**Section III. Procurement**

All goods, works and 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 take all measures necessary to ensure that its Operating Revenue shall reflect the principles of Cost Recovery and be sufficient to cover Operating Expenses and Debt Service.

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