

CONFORMED COPY

GRANT NUMBER TF097013

Norwegian Trust Fund Project Agreement

(Co-financing of the Regional Transmission Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

ELECTRICIDADE DE MOCAMBIQUE, EP

Dated August 27, 2010

GRANT NUMBER TF097013

NORWEGIAN TRUST FUND PROJECT AGREEMENT

AGREEMENT dated August 27, 2010, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of Norway’s Support to the Regional Power Infrastructure Projects in Southern Africa Trust Fund, in particular, co-financing of the Regional Transmission Development Project, and ELECTRICIDADE DE MOCAMBIQUE, EP (“EDM”) (“Project Implementing Entity”) (“Project Agreement”) in connection with the Norwegian Trust Fund Grant Agreement (“Norwegian Trust Fund Grant Agreement”) of same date between the REPUBLIC OF MOZAMBIQUE (“Recipient”) and the World Bank. The World Bank and EDM 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 July 1, 2008 (“Standard Conditions”), 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 Norwegian Trust Fund Grant Agreement or the Standard Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article II of the Standard 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 World Bank 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 — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity's Representative is EDM's Chief Executive Officer.

3.02. The World Bank'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

3.03. The Project Implementing Entity's Address is:

Electricidade de Mocambique, EP
Avenue Agostinho Neto, 70
Maputo
Republic of Mozambique

Facsimile:

258 21 491048

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

INTERNATIONAL DEVELOPMENT ASSOCIATION
Acting as administrator of Norway's Support to the Regional
Power Infrastructure Projects in Southern Africa Trust Fund

By

/s/ Ricardo Gazel
Authorized Representative

ELECTRICIDADE DE MOCAMBIQUE , EP

By

/s/ Manuel Cuambe
Authorized Representative

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. EDM shall, at all times during the period of the Project implementation maintain, a Project Management Unit, including a project manager, engineer, social and environmental specialist, financial management specialist, and technical specialists among whom must be a transmission line and substation engineer, and an officer trained in procurement under the Procurement and Consultant Guidelines, respectively, all with qualifications, and terms of reference satisfactory to the World Bank; and
2. EDM shall carry out the Project in accordance with this Agreement and the Subsidiary Agreement, and except as the World Bank shall otherwise agree, shall not assign, amend, abrogate or waive the Subsidiary Agreement or any provision of any one thereof.

B. Anti-Corruption

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

C. Environmental and Social Safeguards

The Recipient shall ensure that the terms of reference for consultancy assignments related to studies or technical assistance provided under the Grant shall be satisfactory to the World Bank and, to that end, such terms of reference shall incorporate the requirements of the World Bank safeguard policies and World Bank Group Environmental, Health and Safety Guidelines of April 2007 to be found on www.ifc.org as applied to the advice conveyed through such studies and technical assistance.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

1. EDM shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the World Bank. Each such Project Report shall cover the period of six months, and shall be furnished to the Recipient not later than one month

after the end of the period covered by such report for incorporation and forwarding by the Recipient to the World Bank of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient, not later than four (4) months after the Closing Date, for incorporation in the report referred to in Section 2.06 of the Standard Conditions, all such information as the Recipient or the World Bank 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 World Bank, 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 Recipient, interim un-audited financial reports for the Project covering the period of three (3) months, in form and substance satisfactory to the World Bank. The interim un-audited financial reports for each such period shall be furnished to the World Bank not later than forty-five (45) days after the end of such period.
3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. 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. **Goods.** All goods 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 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 Grant 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 World Bank 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

1. Goods shall be procured on the basis of National Competitive Bidding and Shopping.

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 of procurement, other than Quality and Cost-based Selection, may be used for consultants' services under the circumstances specified in the Procurement Plan for each such method: (a) Least Cost Selection; (b) Selection Based on Consultants' Qualifications; (c) Single-source Selection; and (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants.

D. Review by the World Bank of Procurement Decisions

1. 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. Other Undertakings

The Project Implementing Entity shall, no later than one (1) month after the Effective Date, appoint external auditors, with qualifications, experience, and terms of reference satisfactory to the World Bank, for purposes of the audit referred to in Section II.B of this Schedule.