



CREDIT NUMBER 5646-ZM

Project Agreement

(Lusaka Sanitation Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

LUSAKA WATER AND SEWERAGE COMPANY

Dated MARCH 17, 2016

CREDIT NUMBER 5646-ZM

PROJECT AGREEMENT

AGREEMENT dated March 17, 2016, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and LUSAKA WATER AND SEWERAGE COMPANY (“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.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

- 4.01. The Project Implementing Entity’s representative is its managing director.

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

248423(MCI)

1-202-477-6391

Washington, D.C.

4.03. The Project Implementing Entity's Address is:

Lusaka Water and Sewerage Company, Ltd.
Head Office, Plot No 871/2
Katemo Road, Rhodes Park
P.O. Box 50198
Lusaka,
Republic of Zambia

Facsimile:

+260- 211252578

AGREED at Lusaka, Zambia, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



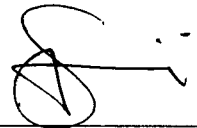
Authorized Representative

Name: INA-MARLENE RUITENBERG

Title: COUNTRY MANAGER

LUSAKA WATER AND SEWERAGE COMPANY

By



Authorized Representative

Name: GEORGE NDONGWE

Title: MANAGING DIRECTOR

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

Project Implementing Unit

The Project Implementing Entity shall be responsible for the overall implementation of the Activities. Towards this end, the Project Implementing Entity shall maintain throughout the implementation of the Project, the Project Implementation Unit (PIU) with an institutional framework, terms of reference and staffing acceptable to the World Bank, and with adequate resources to carry out its responsibilities in the implementation of the Activities.

B. Implementation Arrangements

Project Implementation Manual

1. The Project Implementing Entity shall: (a) (i) 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, criteria for the selection of investments, and such other arrangements and procedures as shall be required for the Project; and (ii) ensure, and 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 Association (Project Implementation Manual); and (b) ensure that, except as the Association shall otherwise agree in writing, not amend or waive, or permit to be amended or waived, any provision of the Project Implementation Manual.
2. 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

3. 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.

4. 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 carry out the Project in accordance with the provisions of the ESMF and the RPF.
2. Further to Part D.1 of this Section I, the Project Implementing Entity shall ensure that:
 - (a) all terms of reference for all studies or other technical assistance to be carried out under the Project are consistent with and pay due attention to the ESMF and RPF and to the Recipient's own laws relating to the environment and social aspects. To this end, the Project Implementing Entity, prior to undertaking each study included in the Project: (A) prepare and furnish the terms of reference for such study to the Association for its review; (B) afford the Association a reasonable opportunity to exchange views with the Recipient on said terms of reference; and (C) promptly finalize such terms of reference as shall have been approved by the Association; and
 - (b) if any Supplemental Social and Environmental Safeguards Instrument is required under any of the Safeguards Instruments, the Project Implementing Entity shall:
 - (i) prepare: (A) such Supplemental Social and Environmental Safeguards Instrument in accordance with the applicable Safeguards Instrument; (B) furnish such Supplemental Social and Environmental Safeguards Instrument to the Association for review and approval; and (C) thereafter adopt such Supplemental Social and Environmental Safeguards Instrument prior to implementation of the rehabilitation works; and

- (ii) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguards Instrument.
3. Without limitation upon its other reporting obligations under Section II.A of this Schedule 2, the Project Implementing Entity shall regularly collect, compile, and submit to the Association, on a quarterly basis, reports on the status of compliance and implementation of the ESMF, the RPF, and any supplementary.

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 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.