Amended and Restated Project Agreement

(Transmission Upgrade Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

ELECTRICIDADE DE MOÇAMBIQUE, EP

Dated November 15, 2013
CREDIT NUMBER 4354 - MOZ

PROJECT AGREEMENT

AGREEMENT dated November 15, 2013, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and ELECTRICIDADE DE MOÇAMBIQUE, EP (EDM) ("Project Implementing Entity") ("Project Agreement") in connection with the Amended and Restated Financing Agreement ("Financing Agreement") of same date between the REPUBLIC OF MOZAMBIQUE ("Recipient") and the Association.

The Association and EDM 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. EDM declares its commitment to the objectives of the Project. To this end, EDM 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 EDM shall otherwise agree, EDM shall carry 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 EDM’s Chief Executive Officer.
4.02. The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

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

4.03. 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 Washington, D.C., United States of America, and Maputo, Republic of Mozambique, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

[Signature]
Authorized Representative

Name: Yisrael Amo
Title: Acting Country Director

ELECTRICIDADE DE MOCAMBIQUE, EP

By:

[Signature]
Authorized Representative

Name: Cikilo Fabiao
Title: Executive Director

Orlando Missa
ORLANDO MISSA
EXECUTIVE DIRECTOR
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) 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 Association; and

   (b) the services of a design and supervision consultant. To this end, said design and supervision consultant shall be appointed in accordance with the provisions of Section III.C of Schedule 2 to the Financing Agreement.

2. EDM shall carry out the Project in accordance with the Project Implementation Plan.

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

1. EDM shall:

   (a) carry out the Project in accordance with the environmental, social and resettlement guidelines, rules and procedures defined in the Resettlement Policy Framework, and the Environmental Impact Assessment Report; and

   (b) not amend or waive, or permit to be waived, the Environmental Impact Assessment Report, and the Resettlement Policy Framework, or any provision thereof;

2. Without limitation upon the provisions of Section I.C.1, EDM shall: (a) take all measures for carrying out the recommendations of the Environmental Impact Assessment Report, and the Resettlement Policy Framework in a timely and
effective manner; and (b) include in the Project Reports referred to in Section II.A of this Schedule adequate information on monitoring the measures defined in the Environmental Impact Assessment Report, the Resettlement Policy Framework, and any Resettlement Action Plan.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) EDM 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 the indicators set forth below in subparagraph (b) of this paragraph. Each such Project Report shall cover the period of six (6) months, and shall be furnished to the Recipient not later than two weeks 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.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

(i) System Average Interruption Frequency Index for Matambo substation customers decreases from 4.5% to 3.5%;

(ii) New 220/66/33 kV transformer installed and commissioned at Matambo substation;

(iv) Completion of an environmental and social impact assessment for a regional transmission project in the territory of the Recipient expected to be financed by the Association.

2. EDM shall provide to the Recipient not later than October 31, 2009, 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. EDM 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 EDM, including the operations, resources and expenditures related to the Project.
2. EDM 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 EDM. The audited financial statements for each period shall be furnished to the Association not later than six (6) months after the end of the period.

3. Except as the Association shall otherwise agree, EDM shall maintain a current ratio greater than, or equal to 1.3 for FY 2008, and the following FYs.

For the purpose of this Section, the term “current ratio” means current assets divided by current liabilities.

4. EDM shall, not later than three (3) months after the Original Effective Date, appoint the independent auditors referred to in Section 4.09(b) of the General Conditions, in accordance with the provisions of Section III of this Schedule.

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.