
IMPLEMENTING ENTITY AGREEMENT

By and between

MILLENNIUM CHALLENGE ACCOUNT-TANZANIA

and

**MOROGORO URBAN WATER AND SEWERAGE
AUTHORITY (MORUWASA)**

Dated thisday of, 2008

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IMPLEMENTING ENTITY AGREEMENT

This IMPLEMENTING ENTITY AGREEMENT (“*Agreement*”) is made as of.....day of 2008, by and between Millennium Challenge Account-Tanzania, an independent autonomous entity established under the laws of the United Republic of Tanzania through Government Notice No. 202 published in the official gazette on September 21, 2007 (“*MCA-Tanzania*”) on behalf of the Government of the United Republic of Tanzania (“*Government*”) and **Morogoro Urban Water and Sewerage Authority (“*MORUWASA*”)**, in its capacity as implementing entity (the “*Implementing Entity*”). MCA-Tanzania and the Implementing Entity are referred to herein collectively as “*Parties*,” and each individually as a “*Party*.”

RECITALS

WHEREAS, the United States of America, acting through the Millennium Challenge Corporation (“*MCC*”), and the Government, acting through the Ministry of Finance and Economic Affairs, executed that certain Millennium Challenge Compact on February 17, 2008 (“*Compact*”) that sets forth the general terms and conditions on which MCC will provide funding of up to US\$698,136,000 to the Government for a Millennium Challenge Account program to advance economic growth and reduce poverty in the United Republic of Tanzania (“*Program*”);

WHEREAS, the Government has established MCA-Tanzania as a permitted designee authorized to act on behalf of the Government in order to manage and oversee the implementation of this Compact and the Program;

WHEREAS, the Compact provides that MCA-Tanzania may in turn use certain Government affiliates as implementing entities for the execution of specific components of the Program; and

WHEREAS, the Parties hereby wish to set forth their respective roles and responsibilities in connection with implementation of the Morogoro Water Supply Project Activity (as defined below) (“*Project Activity*”).

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1
DEFINITIONS; PRINCIPAL COMPACT DOCUMENTS

Section 1.1 Capitalized terms used but not defined herein shall have the meanings set forth in the Compact.

Section 1.2 The Parties shall carry out their responsibilities under this Agreement in accordance with the following documents, as amended from time to time ("Principal Compact Documents"): (a) the Compact; (b) any agreement governing the use of Compact Implementation Funding; (c) the Program Implementation Agreement; (d) any other agreement duly entered into by MCA-Tanzania and relevant to the Project Activity; and (e) any implementation plan duly adopted by MCA-Tanzania and relevant to the Project Activity.

ARTICLE 2
AUTHORIZATION; APPOINTMENT

Section 2.1 MCA-Tanzania hereby authorizes and appoints the Implementing Entity to perform, in accordance with the terms and conditions of this Agreement, the obligations and responsibilities set forth in this Agreement, including in Annex I, Annex II and Annex III hereto (such obligations and responsibilities, collectively, "Responsibilities").

Section 2.2 The Parties may amend in writing from time to time the Responsibilities in a manner consistent with the terms of the Principal Compact Documents, with the prior written approval of MCC for any material amendments.

Section 2.3 The Implementing Entity shall report directly to the Director of Water Projects of MCA-Tanzania.

Section 2.4 In accordance with Section 3.2 of the Compact, nothing in this Agreement shall be construed as releasing or discharging the Government, acting through MCA-Tanzania, from its obligations under the Principal Compact Documents.

ARTICLE 3
MCA-TANZANIA RESPONSIBILITIES

Section 3.1 MCA-Tanzania shall coordinate with the Implementing Entity and the Fiscal Agent to ensure that all contractors implementing any component of the Project Activity under the Implementing Entity's supervision will be paid properly and promptly, consistent with the procedures described in the fiscal accountability plan duly adopted by MCA-Tanzania ("Fiscal Accountability Plan").

Section 3.2 Except as otherwise agreed by the Parties in writing and approved by MCC, MCA-Tanzania shall procure through the services of the Procurement Agent and Services Consultant all goods, works and services needed to implement the Morogoro Water Supply Activity ("Project Activity").

ARTICLE 4
IMPLEMENTING ENTITY RESPONSIBILITIES

Section 4.1 The Implementing Entity shall exercise all skill, reasonable care, prudence and diligence in the discharge of its duties and obligations as would be expected from a skilled and experienced implementing entity, and shall carry out all Responsibilities in a timely and cost-effective manner and in conformity with professionally sound technical, financial and management practices requisite for successful carrying out of the Responsibilities, and in accordance with internationally accepted practices.

Section 4.2 The Implementing Entity shall cooperate fully with all reasonable requests for information or action by MCA-Tanzania, including assisting MCA-Tanzania with the production of any periodic reports required under the Principal Compact Documents.

Section 4.3 The Implementing Entity shall cooperate fully with the Fiscal Agent and shall ensure prompt processing of any invoices received in connection with any goods, services or works related to the Project Activity.

Section 4.4 In connection with the performance of the services related to this Agreement, the Implementing Entity, its agents and its employees shall be exempt from Taxes to the extent set forth in Section 2.7 of the Compact. The

Implementing Entity shall promptly submit all documentation to the applicable authority for the reimbursement of any Taxes paid, notify the Fiscal Agent and MCA-Tanzania of any Taxes paid, and cooperate fully with the Fiscal Agent and MCA-Tanzania in connection with any action to seek prompt and proper exemption or reimbursement of such Taxes paid consistent with the MCA-Tanzania Fiscal Accountability Plan.

Section 4.5 The Implementing Entity shall obtain all immigration, business and other permits, licenses, consents and approvals (“Licenses”) necessary to enable it and its personnel to perform fully its Responsibilities; provided, that no Taxes shall be paid from MCC Funding for any such Licenses.

Section 4.6 The Implementing Entity shall indemnify, defend and hold harmless each of MCA-Tanzania (including its directors, officers, employees, affiliates, agents, advisors and representatives) and MCC (including its directors, officers, employees, affiliates, agents, advisors and representatives) (MCA-Tanzania, MCC and any such affiliate or person an “MCC Indemnified Party”) from and against any and all claims, losses, actions, liabilities, costs, damages or expenses, including reasonable attorneys’ fees and expenses (but excluding any lost profits or other special, incidental, indirect, punitive or consequential damages except as set forth in Section 4.6(a)), regardless of the form of action and whether or not any such damages were foreseeable or contemplated (collectively, the “MCA-Tanzania Losses”) arising from or in connection with the negligence, bad faith, willful or intentional misconduct of the Implementing Entity, or a breach of this Agreement by the Implementing Entity, except if and to the extent that any such MCA-Tanzania Losses are attributable to the gross negligence or the willful misconduct of MCA-Tanzania.

(a) In the event that any payment to any vendor or individual is delayed by more than thirty (30) days after receipt of a valid, certified and acceptable invoice by MCA-Tanzania due to the negligence or willful misconduct of the Implementing Entity, the Implementing Entity shall be liable for, and shall indemnify all MCC Indemnified Parties from and against, any claims (including claims for interest) from such vendors or individuals.

(b) MCA-Tanzania shall indemnify, defend and hold harmless the Implementing Entity (including its directors, officers, employees, affiliates, agents, advisors and representatives) from and against any and all claims, losses, actions, liabilities, costs, damages or expenses, including reasonable attorneys’ fees and expenses (but excluding any lost profits or

other special, incidental, indirect, punitive or consequential damages), regardless of the form of action and whether or not any such damages were foreseeable or contemplated (collectively, the “**Implementing Entity Losses**”) arising from or in connection with the negligence, bad faith, willful or intentional misconduct of MCA-Tanzania, or a breach of this Agreement by MCA-Tanzania, except if and to the extent that any such Implementing Entity Losses are attributable to the gross negligence or the willful misconduct of the Implementing Entity.

(c) In the event that any amounts are owed by MCA-Tanzania to the Implementing Entity as the result of any delay or default of MCA-Tanzania, or as a result of Section 4.6(b), MCA-Tanzania shall be solely liable for the payment of such amounts (such payment to be made from national funds), and in no event shall such payments be authorized or made from any MCC Funding, nor shall Program assets be used to satisfy any such obligations.

(d) Except as provided in Section 4.6(a), in no event shall either Party be liable to the other Party or any third party for consequential, special, incidental or punitive losses, damages or expenses (including, without limitation, lost profits) arising from or in connection with this Agreement, even if such Party has been advised of the possible existence thereof.

ARTICLE 5

REIMBURSEMENTS; NO FEES

Section 5.1 MCA-Tanzania shall reimburse the Implementing Entity for certain costs and expenses and other direct charges, and the Implementing Entity shall provide to MCA-Tanzania in-kind contributions in the form of staff time and other resources, as set forth in Annex II hereto and in accordance with the Principal Compact Documents, in connection with the Implementing Entity's performance of the Responsibilities. The Parties may amend Annex II provided such amendment is in writing, with the prior written approval of MCC for any material amendments.

Section 5.2 The Implementing Entity shall not be entitled to, and shall not receive, any payment of fees for performance of the Responsibilities under this Agreement.

ARTICLE 6
IMPLEMENTING ENTITY COVENANTS AND REPRESENTATIONS

Section 6.1 The Implementing Entity shall use only qualified, experienced, and reliable staff for the performance of its Responsibilities. The Implementing Entity shall be responsible for and shall take all necessary action with respect to any misconduct or failure of any staff retained by the Implementing Entity. Further, upon the request of MCA-Tanzania, the Implementing Entity shall take all reasonable action requested by MCA-Tanzania to address any misconduct or failure of the Implementing Entity staff.

- (a) Any replacement, modification or addition to the Implementing Entity's staff performing the Responsibilities shall be subject to the prior written approval of MCA-Tanzania. Such approval shall not be unreasonably withheld. However, any potential interruption, delay or material alteration of the Implementing Entity Responsibilities shall be a sufficient reason for MCA-Tanzania to deny such approval.
- (b) The Implementing Entity shall not enter into any arrangement, agreement or subcontract or grant a subaward with any other person or entity, including a Government affiliate, involving MCC Funding without the prior written consent of MCA-Tanzania and MCC.

Section 6.2 The Implementing Entity shall provide such certifications, approvals, information and documents or take such other actions (a) as necessary for any Disbursement, in accordance with applicable requirements contained in, or incorporated by, reference to the Principal Compact Documents, (b) as otherwise designated to the Implementing Entity in this Agreement (such approvals or certifications will be solely in the context and as appropriate in the course of performing the Responsibilities), or (c) as may reasonably be requested by MCA-Tanzania from time to time. Any such certifications or approvals may not be unreasonably withheld or delayed by the Implementing Entity.

Section 6.3 The Implementing Entity shall undertake not to enter into any agreement in conflict with this Agreement or any other Principal Compact Documents.

Section 6.4 The Implementing Entity hereby represents and warrants that, as of the effective date of this Agreement, neither the Implementing Entity nor any of its officers, directors, or employees involved in the provision of services contemplated by this Agreement has ever been convicted of any narcotics offenses and is not engaging or participating, has never engaged or participated, and will not engage or participate during the term of this Agreement, in drug trafficking, terrorism, sex trafficking, prostitution, fraud, felony, any misconduct injurious to MCC or MCA-Tanzania, any activity contrary to the national security interests of the United States of America or any other activity that materially and adversely affects the ability of the Government or any other party to effectively implement, or ensure the effective implementation of, the Program or any Project or to otherwise carry out its responsibilities or obligations under or in furtherance of the Principal Compact Documents or that materially adversely affects the Program assets or any Permitted Account.

ARTICLE 7
TERMINATION

Section 7.1 Subject to written approval of MCC, this Agreement shall terminate upon the first to occur of the following:

- (a) Either Party terminates this Agreement at any time upon not less than thirty (30) days' written notice to the other Party;
- (b) In the event of a material breach by the Implementing Entity of a representation, covenant, obligation or responsibility under this Agreement, MCA-Tanzania elects to terminate this Agreement by written notice; or
- (c) The Compact terminates or expires in accordance with its terms or otherwise; *provided*, the terms of this Agreement may be extended by notice from MCA-Tanzania in writing for a longer period following the termination or expiration of the Compact if MCC instructs MCA-Tanzania to so extend this Agreement, including if MCC determines that additional time is required to resolve any litigation, claims or audit findings or any statutory requirements.

Section 7.2 Upon termination of this Agreement, the Implementing Entity shall ensure the orderly and timely transfer of all Program assets and all records, documents and information (including all documents containing or relating to confidential information), together with all electronic copies thereof, to MCA-Tanzania or such other agent or representative designated by MCA-Tanzania, and the Implementing Entity shall take, or cause to be taken, any other actions reasonably requested by MCA-Tanzania to ensure the proper transition of any services provided by the Implementing Entity pursuant to this Agreement. Unless otherwise agreed by the Parties, no charges or expenses of any kind shall be charged from the effective date of any suspension or termination of this Agreement, and the Implementing Entity, any of its sub-contractors or Providers shall be entitled solely to payment or reimbursement for permitted and valid charges incurred prior to the effective date of such suspension or termination.

ARTICLES 8
GENERAL PROVISIONS

Section 8.1 Any document or other communication required, permitted, or submitted by a Party to another Party under this Agreement (or MCC as applicable) must be in writing, in English, and sent to a Party or Parties (or MCC as applicable) at the address indicated below, or at such other address as such Party (or MCC as applicable) may designate:

To MCA-Tanzania:

The Chief Executive Officer

Millennium Challenge Account-Tanzania

Attention: Director of Water Projects

Kivukoni Front/Ohio Street

P.O. Box 8327, Dar es Salaam, Tanzania

Telephone: 255 22 2124634

Facsimile: 255 22 2124644

Email: kzenga@yahoo.com

To the Implementing Entity:

The Managing Director

Morogoro Urban Water Supply and Sewerage Authority,

Attention: MCC Project Coordinator.

P.O. Box 5476 Morogoro, Tanzania

Telephone: 255 23 2604182/2604212

Facsimile: 255 23 2604212/2604145

Email: mwatowines@yahoo.com

To MCC:

Millennium Challenge Corporation

Attention: Vice President for Compact Implementation
(with a copy to the Vice President and General Counsel)

875 Fifteenth Street, N.W.

Washington, D.C. 20005 , United States of America

Facsimile: (202) 521-3700

Email: VPIImplementation@mcc.gov (for the Vice President for Compact
Implementation)

Email: VPGeneralCounsel@mcc.gov (for the Vice President and General
Counsel)

Section 8.2 For all purposes relevant to this Agreement, the Implementing Entity shall be represented by the individual holding the position of Chief Executive Officer (the “**Principal Representative**” of the Implementing Entity) and MCA-Tanzania shall be represented by the individual holding the position of, or acting as, Chief Executive Officer (the “**Principal Representative**” of MCA-Tanzania), each of whom, by written notice, may designate one or more additional representatives (each, an “**Additional Representative**”) for all purposes other than signing amendments to this Agreement. The names of each Party’s Principal Representative and any Additional Representatives shall be provided, with specimen signatures, to the other Party, and each Party may accept as duly authorized any instrument signed by such representatives relating to the implementation of this Agreement. A Party may replace its Principal Representative with an individual of equivalent or higher rank and seniority upon written notice to the other Party, which notice will include the specimen signature of such new Principal Representative.

Section 8.3 The Implementing Entity shall not assign, delegate or otherwise transfer its rights or obligations under this Agreement without the prior written consent of MCA-Tanzania and MCC.

Section 8.4 Except as otherwise provided herein, this Agreement may be amended or modified only by written agreement, signed by the Principal Representatives of MCA-Tanzania and the Implementing Entity, and with prior approval by MCC, notwithstanding any law, regulation, or decree that purports to amend or modify any term or condition thereof.

Section 8.5 This Agreement shall become effective on the later of (a) the date on which the Principal Representatives of MCA-Tanzania and the Implementing Entity have signed this Agreement and (b) the date on which MCC provides written approval of this Agreement (the “Effective Date”).

Section 8.6 The General Provisions Annex found on the MCC Website (the “General Provisions Annex”) is incorporated herein by reference. For purposes of this Agreement, references to the “Contract Party” in the General Provisions Annex shall be deemed to be references to the Implementing Entity and references therein to the MCA Entity shall be deemed to be references to MCA-Tanzania.

Section 8.7 Each annex and schedule to this Agreement constitutes an integral part of this Agreement.

[SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

IN WITNESS WHEREOF, MCA-Tanzania and the Implementing Entity, each acting through its duly authorized representative, have caused this Agreement to be executed in their names and delivered as ofday of....., 2008.

For and on behalf of Millennium Challenge Account Tanzania

Name:
Title:.....
Signature:.....

Witnessed by:

Name:.....
Title:.....
Signature:.....

For and on behalf of Morogoro Urban Water Supply and Sewerage Authority,

Name:
Title:.....
Signature:.....

Witnessed by:

Name:.....
Title:.....
Signature:.....

ANNEX I

IMPLEMENTING ENTITY RESPONSIBILITIES (WATER PROJECT ACTIVITY)

The Implementing Entity shall provide services to MCA-Tanzania, and undertake the obligations and responsibilities, as expressly provided in this Annex I in connection with the implementation of the Project Activity.

1. General Provisions

1.1 MCA-Tanzania through MORUWASA intends to implement the Water Project Activity further described herein as the “**Project Activity**”

1.2 The Water Project Activity will improve Water Supply service and coverage in Morogoro municipality through the rehabilitation of the Water Supply System and technical assistance. The Project Activity is expected to result in improved reliability and quality of water supply, and the extension of service to communities and businesses not currently served.

1.3 The Implementing Entity for the Project Activity is MORUWASA. Due to the nature of these projects, MORUWASA will be involved in day to day activities. Therefore MORUWASA will designate a team of staff to work in the implementation of the Project Activity.

1.4 MCA-Tanzania will provide program management and technical assistance to MORUWASA in a variety of areas including but not limited to distribution planning, repair and maintenance, loss reduction, tariff preparation, asset management and revenue collection.

2.0 “**MORUWASA Responsibilities**” shall comprise all of the following:

2.1 Project Management Services

MORUWASA shall undertake the responsibilities necessary to ensure timely and successful implementation of the Project Activity and will advise the MCA-Tanzania Water Projects Director (and the CEO and the Environment and Monitoring and Evaluation (“*M&E*”) Directors, as relevant) in matters pertinent to the Project Activity.

2.1.1 With the assistance of and in coordination with the Consulting Engineer (“**CE**”), MORUWASA shall assist in evaluations and negotiations of construction works and goods contracts for the Project Activity. The performance specifications, preliminary designs and drawings for bidding documents for the goods and civil works related to the Project Activity will be prepared by the CE who shall also be responsible for completing necessary review of studies, and analyses used in preparing the bidding documents. The review of studies include, but are not limited to Environmental and Social Impact Assessment(s) (“**ESIA**”), Environmental and Social Management Plan(s) (“**ESMP**”), pipe-network survey in specified DMAs, and Resettlement Action Plan (“**RAP**”). MORUWASA shall provide to the CE technical inputs for performance specifications necessary for preparation of the bidding documents.

2.1.2 Managing/Evaluating the Deliverables of the CE

MORUWASA shall supervise the work of the CE, including surveys, submittals of studies, designs, bid documents, progress and other reports. MORUWASA shall provide MCA-Tanzania with regular reports on the status of the CE and will liaise with the consultant(s) to establish timetables for the procurement of civil works, goods and other services. In addition, after obtaining MCA-Tanzania’s consent, MORUWASA shall issue approvals to CE documents (including proposed performance specifications, preliminary design and construction standards).

2.1.3 Project Scheduling and Reporting

MORUWASA shall prepare and manage the Project Activity’s implementation schedule and shall monitor and report on the physical and financial progress of the works undertaken by all consultants and contractors on quality of goods, works, and services supplied. MORUWASA shall recommend remedial actions to be taken in the case of implementation delays, cost overruns, and poor quality of the works, and will indicate if there are any unanticipated environmental or social impacts in consultation with MCA-Tanzania’s Environment and Social Impact Director; proposing mitigation measures as necessary and appropriate.

2.1.4 Application of Tax Exemption and Permits Responsibilities

MORUWASA shall provide to MCA-Tanzania all necessary information to facilitate the application and obtaining tax exemption certificates for all project goods and services. Both MORUWASA and MCA-Tanzania shall also assist the CE, Construction Supervisor (“CS”) and contractors in obtaining all necessary permits including environmental, construction and other project related permits and consents.

2.1.5 Additional Tasks

MORUWASA shall submit a letter to MCA-Tanzania permitting construction contractors access to the sites for the duration of the works. MORUWASA shall monitor progress with conditions precedent to disbursement set forth in the Compact, this Agreement, and the Work Plan as they relate to the Project Activity, and shall perform other related duties as agreed with MCA-Tanzania.

2.2 Construction Management Services

With the assistance of and in consultation and coordination with the CS for the Water Projects, MORUWASA shall act as the Engineering representative for MCA-Tanzania during the implementation of the Project Activity.

- 2.2.1 MORUWASA shall review and comment on or recommend approval of the programs of work submitted by construction contractors and supervisors;
- 2.2.2 MORUWASA shall review and approve, in consultation with the CS, construction plans and methods proposed by construction contractors;
- 2.2.3 MORUWASA shall oversee and inspect the work of the construction contractors;
- 2.2.4 MORUWASA shall ensure that the quality of the construction works meets the required standard and shall provide quality assurance on quality control tests performed by contractors.

2.3 Management of Contractors and Suppliers

With the assistance of and in consultation and coordination with the CS:

- 2.3.1 MORUWASA shall monitor and report on the physical and financial progress of the works undertaken by construction contractors and goods suppliers and shall

recommend actions to be taken when progress is not in accordance with the agreed program;

- 2.3.2 MORUWASA shall ensure that the monthly certificates for payment from construction contractors accurately reflect the cost of the works completed and that invoices for payment from goods suppliers accurately reflect the cost of the goods supplied;
- 2.3.3 MORUWASA shall review and approve necessary design drawings required for construction;
- 2.3.4 MORUWASA shall ensure that responses to all requests for information received from contractors during construction are completed;
- 2.3.5 MORUWASA shall review the status of all required construction and environmental permits, and including a periodic status update as a component of the reporting requirements;
- 2.3.6 MORUWASA shall review and comment on or recommend approval of construction contractors' and/or goods suppliers' proposed change (variation) orders to MCA-Tanzania;
- 2.3.7 MORUWASA shall propose change orders for the approval of MCA-Tanzania;
- 2.3.8 MORUWASA shall review reports submitted by construction contractors and supervisors;
- 2.3.9 MORUWASA shall review and ensure the accuracy of the payment certificates of construction contractors and invoices of goods' suppliers;
- 2.3.10 MORUWASA shall analyze and make recommendations regarding claims submitted by construction contractors and goods suppliers;
- 2.3.11 MORUWASA shall, as a representative of MCA-Tanzania, attend claims meetings between MCA-Tanzania and construction contractors or goods suppliers;

- 2.3.12 MORUWASA shall, in consultation with MCA-Tanzania, liaise with businesses, civil society, and communities affected by any of the works undertaken under the Project Activity;
- 2.3.13 MORUWASA shall review and ensure the accuracy of the as-built drawings prepared by construction contractors and certified by the CS for compiling complete sets of these drawings for MCA-Tanzania;
- 2.3.14 MORUWASA shall participate in pre-final and final inspections of project sites and goods supplied, as well as prepare, as and if applicable, detailed punch lists and ensure that all punch list items are corrected prior to recommendation of MCA-Tanzania acceptance of work;
- 2.3.15 MORUWASA shall assist MCA-T to maintain orderly working files, correspondence, minutes of meetings and conferences, permits, submittal data, submittal registers, inspection and monthly progress reports, contract construction compliance notices, punch lists and contract documents including amendments, notices to proceed, change orders and modifications, all in a system which is compatible with software used by MCA-Tanzania;
- 2.3.16 MORUWASA shall perform other duties as agreed with the MCA-Tanzania through the Water Project Director and Environment and Social Impact Director, as applicable;
- 2.3.17 MORUWASA shall certify invoices for payments of consultancy services before submitting to MCA-Tanzania for approval consistent with the internal controls procedure for invoice processing included in the MCA-Tanzania Fiscal Accountability Plan.

2.4 Environmental and Social Responsibilities

The Project Activity includes rehabilitation of the water supply system. The CE will work closely with the MCA-T Environment and Social Impact Director and the Water Project Director on issues related to ESIAs, ESMPs, and RAPs during Project implementation. In this context, and recognizing that the CE will be under MORUWASA's supervision and management, MORUWASA shall undertake the following tasks:

2.4.1 CE Management

- 2.4.1.1 MORUWASA shall coordinate with the CE to ensure that the CE's deliverables are consistent with applicable United Republic of Tanzania laws, MCC Environmental Guidelines, MCC Gender Policy, World Bank Operational Policy (OP) 4.12 on Involuntary Resettlement, and the Conditions Precedent to disbursement associated with the environmental and social components of the Project Activity. The CE will be responsible for carrying out appropriate environmental assessments, including ESIA's, ESMP's, and RAP's, as needed, and collaborate with MORUWASA in obtaining all necessary approvals and permits from the Ministries responsible.
- 2.4.1.2 MORUWASA shall coordinate with the CE to establish procedures and monitoring systems for tracking compliance during construction with project-specific ESIA's, ESMP's, any RAP's, and the overall requirements stated in Section 7.2.
- 2.4.1.3 MORUWASA shall supervise and monitor the implementation of the initial reconnaissance for collection of baseline data, to include the relevant environmental and social characteristics of the study areas according to the Water and Environmental Checklist. This data will be used for future determination and assessment of impacts and serve as a baseline against which future changes caused by the Water Projects can be measured and monitored. As determined by the initial reconnaissance, the CE shall produce detailed ESIA's, ESMP's and RAP's (where relevant) for the applicable Project Activity based on subsequent negotiation with and concurrence of MORUWASA and in consultation with the CE.
- 2.4.1.4 MORUWASA shall ensure that the CE incorporates the results of the environmental and social assessment including all prepared ESMP's and the resulting mitigation requirements into the final designs, specifications, bid documents and contract agreement for the construction contracts.
- 2.4.1.5 MORUWASA shall have responsibility for overseeing the implementation of Environmental Management Plans (EMPs) for all activities in the Project and verifying that the contractors are implementing relevant mitigation measures and strategies as defined in Project documents, including MCA-Tanzania's gender integration strategy. MORUWASA shall ensure that the contractor is held to terms of performance in compliance with the ESMP.
- 2.4.1.6 MORUWASA shall ensure that for any land takings, realignment, or resettlement identified by the CE, the planning and implementation of resettlement activities

are compliant with World Bank OP 4.12 on Involuntary Resettlement and the relevant applicable laws of the United Republic of Tanzania.

2.4.1.7 MORUWASA will ensure that the CE undertakes an assessment of (i) the interaction of the project work force with the local people, including the impacts the project work force will have on HIV/AIDS in the local population; and (ii) the health and safety issues associated with the kind of project.

2.4.1.8 MORUWASA shall submit all required ESIA and ESMP reports to the National Environmental Management Council (“*NEMC*”) for the review and the issuance of the appropriate certificates or approvals and shall oversee the completion of any identified gaps. MORUWASA shall ensure that all required environmental permits and approvals are obtained from relevant agencies before the construction works begins. MORUWASA shall submit copies of the obtained certificates or approvals to MCA-Tanzania.

2.4.2 Construction Management

With the assistance of and in consultation and coordination with the CS:

2.4.2.1 MORUWASA shall ensure that MCA-Tanzania has provided written approval certifying that all requisite resettlement activities required for project implementation are completed before the affected land, asset or resource is taken for construction or other project use, compliant with World Bank OP 4.12 on Involuntary Resettlement.

2.4.2.2 MORUWASA shall ensure that the construction contractors understand the environmental and social mitigation requirements of the ESMPs and will facilitate communication between the CS, construction contractors, and any relevant environmental oversight authorities.

2.4.2.3 MORUWASA shall ensure that construction schedules reflect timelines appropriate to implement all mitigation requirements, including any resettlement activities.

2.4.2.4 MORUWASA shall assist MCA-Tanzania in compiling and evaluating information for accident reports in a timely manner in accordance with requirement stated in section 2.4.2.5.

2.4.2.5 MORUWASA shall ensure that the construction contractors perform their work in accordance with the United Republic of Tanzania's Occupational Health and Safety Policy, Tanzania's HIV/AIDS Prevention and Awareness Strategy, MCC Environmental Guidelines, and any other health and safety provisions given in the construction contracts.

2.4.3 **General Management**

MORUWASA will identify, select and appoint environmental and social specialists to oversee, coordinate and ensure compliance of all environmental and social documentation to the Project Activity.

2.4.3.1 MORUWASA's Environmental and Social Specialists, trained in environmental and social impact assessment, and oversight and familiar with Tanzanian environmental legislation and regulations (the "*MORUWASA Environmental and Social Specialists*"), in consultation and coordination with CS shall manage the environmental and social aspects of the Project Activity. The responsibilities of the MORUWASA Environmental and Social Specialists will be to review environmental and social reports prepared by the consultants, to ensure that proposed mitigation measures are adequate, and to ensure that the consultants and contractors implement all EMPs, HIV/AIDS prevention and awareness strategies and RAPs developed for the Project Activity are implemented during construction. The MORUWASA Environmental and Social Specialists shall also ensure that valid recommendations and technical input from MCA-Tanzania's Environment and Social Impact Director and the CE are incorporated into the construction' work. It is expected that the MORUWASA Environmental and Social Specialists shall coordinate and work closely with MCA-Tanzania's Environment and Social Impact Director, Resettlement Officer, Gender Specialist and the CS.

2.4.3.2 With assistance and in coordination with the CS, MORUWASA shall ensure that environmental and social tasks, timelines, and updates are reflected in the annual work plan, in any required reports, and in the overall project planning process.

2.4.3.3 With assistance and in coordination with the CS, MORUWASA shall review and provide recommendations to MCA-Tanzania with respect to MCA-Tanzania's no

objection to the CS's quarterly Environmental and Social Progress (ESP) reports for the Project Activity that will be based on the compliance tracking system stated in Section 2.4.1.2.

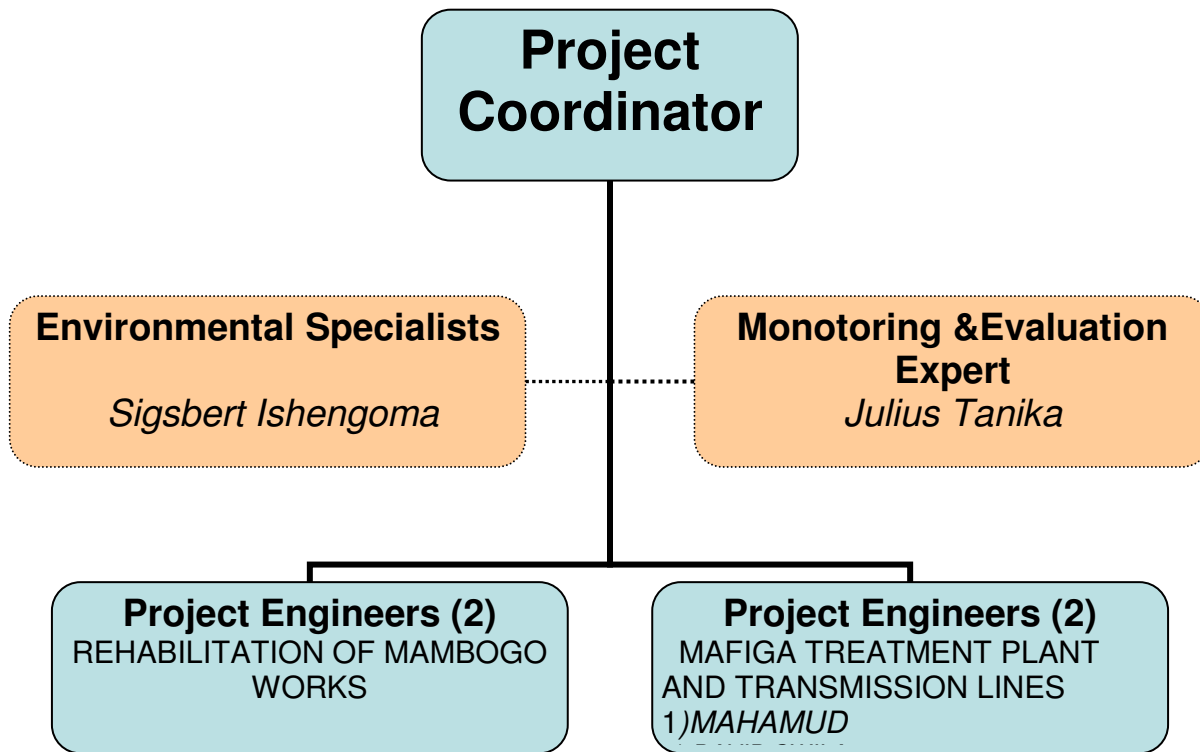
- 2.4.3.4 The MORUWASA Environmental and Social Specialists shall participate in all regular and periodic meetings with relevant agencies, civil society, and project-affected parties to provide implementation updates and to identify and address public concerns. The MORUWASA Environmental and Social Specialists will document all environmental and social issues raised at these meetings and organize questions, complaints or suggestions received into action items to be addressed by the CS. The MORUWASA Environmental and Social Specialists will report back to the parties raising concerns with information on resolution of their issues. This information will be made available to MCA-Tanzania.

2.5 Monitoring and Evaluation Responsibilities

- 2.5.1 MORUWASA shall conduct regular updating on indicators as stipulated by the MCA-Tanzania M&E Plan. These indicators are presented in Table 1 below.
- 2.5.2 MORUWASA may request revisions or propose modifications in Activity Indicators, before beginning implementation of the relevant activity as stipulated in the M&E Plan. The M&E Plan and this Implementing Entity Agreement will be amended to reflect any changes made to those indicators, after they have been approved by MCC.
- 2.5.3 MORUWASA shall work with MCA-Tanzania Monitoring and Evaluation Director and Impact Evaluators hired by MCC or MCA-Tanzania in the development of the Impact Evaluation of the Water Sector Projects.
- 2.5.4 Prior to implementation of a specific activity, MCA-Tanzania in co-operation with MORUWASA and related agencies will specify (and/or revise) baseline data and targets as needed in compliance with procedures defined in the Compact and M&E Plan and highlighted in Table 1 below.

Indicator	Frequency	Notes
Number of households using improved source of drinking water	Monthly	Improved source of drinking is defined as (a) households connection (in-home or in-yard), public standpipe, (b) <30 minutes (go, wait, collect and return), or (c) <400 meters, and supplied by provided acting within the regulatory framework (incorporates issues of water quality and tariffs/affordability)
Number of businesses using improved water source	Monthly	Improved source comprises (a) business connection (b) 24-hour of supply (c) supplied by provider acting within the regulatory framework (incorporates issues of water quality and tariffs/affordability)
Volume of individual water consumption	Monthly	Daily per capita water consumption by type of customer and primary water source: in-home, in-yard, neighbor's yard, public tap, other
Volume of Water Produced (m ³ /day)	Monthly	Daily volume of water produced by treatment facility.
Volume of Non-Revenue Water (percent)	Monthly	Volume of non-revenue water / Volume of water produced.
Operations and Maintenance Cost Recovery Ratio (percent)	Monthly	(Total revenue – routine and periodic operations and maintenance expenses) / routine and periodic operations and maintenance expenses

2.6 MORUWASA Project Organization Structure



ANNEX II BUDGET

1. In-Kind Resources. MCA-Tanzania will make available to the Implementing Entity the in-kind resources as shown in the budget.

2. MORUWASA shall be responsible for operational expenses incurred by its Project staff during the implementation of the Project Activity. MORUWASA operational expenses include but are not limited to:
 - i) Staff salaries, benefits, travel cost and per diem;
 - ii) Vehicle operating and maintenance cost; and
 - iii) Corporate and Project administrative and overhead expenses.

MORUWASA shall contribute at least one four wheel drive vehicle for dedicated use of the Project Activity. MORUWASA shall provide additional resources as needed for the efficient implementation of the Project Activity.

3. Budget. A summary of the overall expenditures for this Agreement is set forth below (the “**Budget**”). MCA-Tanzania may reimburse the Implementing Entity for certain costs, expenses and other direct charges set forth in the Budget using either Compact funds and/or CIF funds; provided, that such costs, expenses and other direct charges comply with (a) the Detailed Financial Plan as coordinated with the Fiscal Agent and (b) the MCC Cost Principles for Government Affiliates Involved in MCC Compact Implementation (available on the MCC Website). MORUWASA will not be reimbursed for costs associated with vehicles.

BUDGET

Budget for Administration of the Rehabilitation of Mafiga and Mambogo Water Treatment Plant, Water tanks and Program Management and Technical Assistance									
ITEM	ITEM	QTY	RATE \$	MCA-T	MORUWASA				
				YEAR 1	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
1	Office accommodation	1	1,000	-	12,000	12,000	12,000	12,000	12,000
2	Office furniture			-	-	-	-	-	-
	a. Executive table	1	2,000	-	2,000	-	-	-	-
	b. Mini meeting table	1	900	-	900	-	-	-	-
	c. Site table with drawers	1	300	-	300	-	-	-	-
	d. Executive chair	1	250	-	250	-	-	-	-
	e. Office chairs	4	200	-	800	-	-	-	-
	f. Steel Filing Cabinet	1	400	400	-	-	-	-	-
3	Office equipment + computer			-	-	-	-	-	-
	a. Laptop(minimum 160GB memory, 1GB ram, DVD writer, with latest softwares-autocard, MS project, Acrobat writer, photo editor etc)	1	2,500	2,500	-	-	-	-	-
	b. Fax machine	1	500	500	-	-	-	-	-
	c. A3 scanner	1	500	500	-	-	-	-	-
	d. 4 in 1 color printer	1	1,000	1,000	-	-	-	-	-
	e. A3 color printer	1	1,000	1,000	-	-	-	-	-
	f. HD photocopier with automatic document feeder/sorter	1	12,000		12,000	-	-	-	-
4	Stationery and printing costs(reports etc)	12	500	-	6,000	6,000	6,000	6,000	6,000
5	Office expenses ,communication, courier	12	1,000	-	12,000	12,000	12,000	12,000	12,000
6	Meeting costs	12	500	-	6,000	6,000	6,000	6,000	6,000
7	Bid evaluation and negotiations meetings costs etc.	6	2,000	-	12,000	12,000	12,000	12,000	12,000
8	Toyota Hilux Pick Up New Model D/Cabin	1	40,000		40,000	-	-	-	-
9	Fuel(313daysx15ltrs/day for one vehicles)	4695	1.3	-	4695	4695	4695	4695	4695
10	Tyre Replacement(two times)	5	170	-	850	850	850	850	850
11	Normal car service 5	5	100	-	500	500	500	500	500
				5,900	110,295	42,045	42,045	42,045	42,045

ANNEX III

RECORDS AND REPORTING REQUIREMENTS

I. Reporting Requirements Specific to the Water Project

1. **Monitoring and Evaluation Reports**

MORUWASA shall produce Progress Reports corresponding to guidelines to be provided by MCA-Tanzania.

2. **Environmental and Social Progress Reports**

MORUWASA Environmental and Social Specialists will prepare progress reports as part of regular comprehensive project progress reports. The Report should provide information on current status of environmental and social activities, ongoing public consultation, minutes of meetings with stakeholders, action items to address concerns raised by affected parties, etc. In addition to the quarterly reports, the MORUWASA Environmental and Social Specialists will immediately report to MCA-Tanzania's Environment and Social Impact Director any environmental and social events that may require emergency actions.

3. **Construction Progress Reports**

MORUWASA will prepare progress reports to be presented to MCA-Tanzania. The report should provide information on current status of construction activities.

4. **Format of the Reports**

All reports shall be in a format satisfactory to MCA-Tanzania.

II. Delivery Requirements

Name of Report	Timing	Delivery Format	Deadline
Monitoring and Evaluation Reports	Quarterly	Electronic and Printed	15th day after quarter end
Environmental and Social Progress Reports	Monthly	Electronic and Printed	15th day after month end
Construction Progress Reports	Monthly	Electronic and Printed	5th day after month end
Project Implementation	Monthly	Electronic and	5 th day after month

Progress Report		Printed	end
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