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Parties to the Contract:

- **The Client (NAME): FIPAG (Assets Management Agency)**
- **The Contractor: Águas de Moçambique**

Performance Objectives:

- **Hours of service/day**
- **Unaccounted for water**
- **Working Ratio (OM Cost/ Billing)**
- **Number of new connections**
- **Collection efficiency**
- **Expand distribution network to selected areas**

Type of Contract: Concession

Duration of Contract: 20 years



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Rights, Duties, & Responsibilities of the Parties to the Contract

The Client:

- **Oversee contract**
- **Monitor Contractor performance**
- **Receive regular technical and financial reports**
- **Finalize network expansion works and handover to Contractor**
- **Receive the agreed fee from the Contractor**
- **Right to access any parts of the system as per his needs**

The Contractor:

- **Operate, maintain and expand Maputo water system**
- **Ensure that performance targets are met or exceeded**
- **Propose change of tariffs from time to time**
- **Receive the revenues from service provision**



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Performance Standards and Targets

Minimum Performance Standards that must be achieved by the Contractor:

- **Hours of service: 14/20/24 hours per day in 1st, 2nd, and 3rd year**
- **Unaccounted for water: 38/30/25 in 1st, 2nd, and 3rd year**
- **Working Ratio (OM Cost/ Billing): 80/75/70**
- **Number of new connections : 50/75/75 (x1000)**
- **Collection efficiency: 75/80/85**

Penalties for Failure to Meet Minimum Performance Standards:

- **Withhold tariff adjustment**
- **Other penalties**



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Adjustments to the Contract (what are allowable adjustments; who makes them; and under what conditions?):

- **Modification to the schedule of investments to meet Client requirements.**
 - **Client makes the proposal and agrees with Contractor**



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Standards for Conditions of Assets upon Expiration of the Contract:

- **Contractor must leave assets in good working order.**



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Management of the Contract

Responsible Party for Monitoring the Contract:

- **FIPAG (Assets Management Agency)**

Responsible Party for Enforcing the Contract:

- **FIPAG**

Responsible Party for Resolution of Disputes:

- **Both (from amicable settlement to litigation)**



Termination of the Contract (under what conditions can contract be terminated before it expires; and how are parties compensated for early termination?)

Termination by the Client:

- **Contractor not meeting critical levels on selected performance targets,**
- **Contractor failing to undertake investments agreed within the agreed period.**

Termination by the Contractor:

- **Client failure to handover assets within the agreed period,**
- **Client failing, without reasonable grounds, to adjust tariffs upon proposal by the Contractor**
- **Client failure to secure land for expansion of distribution network within the agreed period.**
- **Failure from Client to make available bulk water**