H. E. Adriano Maleiane  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Maputo  
Republic of Mozambique

Mozambique: Artisanal Fisheries and Climate Change Project  
Grant No. TF017403

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Mozambique ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as an administrator of grant funds provided by the Nordic Development Fund ("Donor") under the Africa NDF Climate Change Program Single-Donor Trust Fund (TF071810), proposes to extend to the Recipient, a grant in an amount not to exceed two million nine hundred seventy five thousand Euro (€2,975,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By [Signature]
Mark R. Lundell
Country Director for Mozambique
Africa Region

AGREED:

REPUBLIC OF MOZAMBIQUE

By [Signature]
Authorized Representative
Name: Adriano Maleiane
Title: Minister
Date: April 21, 2015

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms have the following meanings:

(a) “CCPs” means the community-based fisheries organizations in charge of discussing issues related to the sector and dialogue with the Recipient.

(b) “IDPPE” and “Instituto Nacional de Desenvolvimento da Pesca de Pequena Escala” means the unit established at the Recipient’s Ministry of Sea, Inland Waters and Fisheries, dedicated for the development of small-scale fisheries.

(c) “Operating Costs” means the incremental expenses incurred on account of Project implementation, including office furniture and supplies, vehicle operation and maintenance, communication and insurance costs, designated account banking charges, rental expenses, office maintenance costs, utilities, travel cost for Project staff and salaries of support contractual staff for the Project, but excluding salaries of officials of the Recipient’s civil service.

(d) “Training and Workshops” includes services for the organization of the workshops, training materials and rental of training facilities and equipment, local travel and **per diem** for participants, tuition fees, travel, accommodation and **per diem** of trainers and trainees, printing of documents, communications, and various supplies needed for the workshops.

(e) “TURF” and “Territorial Use Rights for Fisheries” means a spatial form of property rights granted by the Recipient to individual farmers or a collective group of fishers for an exclusive access to harvest resources within a geographically defined area.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to improve community management of selected priority fisheries.

The Project consists of the following parts:

**Part A: Improve Community Rights-based Fishery Management:**

Carrying out program of activities to: (a) support CCPs to develop and define their management plans and TURF-reserves, including better financial planning and their integration into provincial and district governments; (c) strengthen CCPs and local
communities' capacity on climate change and social and ecological resilience; and (c) improve fisheries in the pilot sites through the development and implementation of TURF-reserves, including collection of selected data to monitor improvement in biomass and reductions in fishing costs.

Part B: Improve Livelihoods:

Implementation of recommendations from site-specific socio-economic analyses to improve livelihood in the areas of tourism, aquaculture, and other selected sectors.

Part C: Social Marketing:

Supporting activities to: (a) increase local capacity in social marketing and the science of behavioral change and conservation; (b) carry out social marketing campaigns at selected sites; and (c) organize an international event to disseminate the lessons learned through the Project and exchange experiences.

Part D: Project Management:

Carrying out of Project planning, coordination, management, audits, monitoring, and evaluation including carryout technical studies and learning activities, and dissemination of Project information.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the IDPPE, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional Arrangements. The Recipient shall maintain, at all times during the implementation of the Project, the IDPPE with staffing with terms of reference and resources satisfactory to the World Bank, to be responsible for inter alia coordinating and facilitating the implementation of the Project activities.

2.04. Environmental and Social Safeguards.

(a) The Recipient shall carry out the Project in accordance with the Recipient’s Environmental and Social Management Framework dated February 19, 2015 (as said framework may be revised from time to time with the agreement of the World Bank), and prior to construction or rehabilitation of any facilities under the Project, where required in accordance with the provisions of said framework: (i) prepare and furnish an environmental management plan to the World Bank for review and approval; and (ii) disclose and implement such plan in a manner satisfactory to the World Bank.

(b) The Recipient shall: (i) carry out the Project in accordance with the Recipient’s Process Framework dated February 19, 2015 (as said framework may be revised from time to time with the agreement of the World Bank), and prior to construction or rehabilitation of any facilities under the Project which would negatively impact any Affected Persons, ensure that such Affected Persons are compensated, resettled and/or rehabilitated in accordance with the Process Framework.
and, where required in accordance with the provisions of said framework: (i) prepare and furnish a resettlement action plan to the World Bank for approval; and (ii) disclose and implement such plan in a manner satisfactory to the World Bank; and (iii) document the implementation arrangements for resettlement, including compensation, relocation and rehabilitation of Affected Persons.

(c) Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the World Bank each calendar year (or at such other frequency as may be agreed with the World Bank) consolidated reports on the status of compliance with the ESMF and the Process Framework, giving details of: (i) measures taken in furtherance of the said documents; (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (iii) remedial measures taken or required to be taken to address such situations.

(d) Except as the World Bank shall otherwise agree, the Recipient shall not amend or waive any provision of the aforementioned frameworks, resettlement action plans, and environmental management plans, if such amendment or waiver may, in the opinion of the World Bank, materially or adversely affect the implementation of the Project.

(e) For the purposes of this Section, the term “Affected Person” means a person who, for purposes of construction of facilities or implementation of fisheries management plan under the Project had or would have his or her: (i) standard of living adversely affected; or (ii) right, title or interest in any house, or interest in or right to use any land (including premises, agricultural and grazing land) or right in annual or perennial crops and trees or any other fixed or movable asset, acquired or possessed or negatively impacted, temporarily or permanently; or (iii) business, occupation, and work or place of residence.

2.05. Donor Visibility and Visit. (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donor to visit any part of the Recipient’s territory for purposes related to the Project.

2.06. Project Monitoring, Reporting and Evaluation. (a) The Recipient 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 performance indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.07. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. 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.

2.08. Procurement

(a) General. All goods and 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:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of National Competitive Bidding subject to the following additional procedures:

General

The procedures to be followed for NCB shall be those set forth in the “Regulamento de Contratação de Empreitada de Obras Públicas, Fornecimento de Bens e Prestação de Serviços ao Estado” of the Republic of Mozambique of May 24, 2010 (“the Regulation”), as per Decree No. 15/2010, with the modifications described in the following paragraphs:
(a) Eligibility

No restriction based on nationality of bidders and/or origin of goods shall apply. Foreign bidders shall be allowed to participate in NCB without restriction and shall not be subject to any unjustified requirement which will affect their ability to participate in the bidding process such as, but not limited to, the proof that they are not under bankruptcy proceedings in the Recipient’s territory; have a local representative; have an attorney resident and domiciled in the Recipient’s territory; form a joint venture with a local firm. In cases of joint ventures, they shall confirm joint and several liability. Prior registration, obtaining a license or agreement shall not be a requirement for any bidder to participate in the bidding process. Recipient’s government-owned enterprises or institutions shall be eligible to participate in the bidding process only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Recipient.

(b) Bidding Documents

Standard bidding documents acceptable to the Association shall be used for any procurement process under NCB.

(c) Preferences

No domestic preference shall be given for domestic bidders and/or for domestically manufactured goods.

(d) Applicable Procurement Method under the Regulation

Subject to these NCB exceptions, procurement under NCB shall be carried out in accordance with the Regulation’s public competition (Concurso Público) method.

(e) Bid Preparation Time

Bidders shall be given at least twenty-eight (28) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids.

(f) Bid Opening

Bids shall be opened in public, immediately after the deadline for their submission in accordance with the procedures stated in the bidding documents.
(g) Bid Evaluation

Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such criteria so specified shall be used to determine whether a bidder is qualified; the evaluation of the bidder's qualifications should be conducted separately from the technical and commercial evaluation of the bid. Qualification criteria shall be applied on a pass or fail basis. Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents; criteria other than price shall be quantified in monetary terms. A contract shall be awarded to the qualified bidder offering the lowest-evaluated and substantially responsive bid. Bidders shall not be eliminated on the basis of minor, non-substantial deviations.

(h) Rejection of All Bids and Re-bidding

All bids shall not be rejected and new bids solicited without the Association's prior concurrence.

(i) Complaints by Bidders and Handling of Complaints

The Recipient shall establish an effective and independent complaint mechanism allowing bidders to complain and to have their complaint handled in a timely manner.

(j) Right to Inspect/Audit

In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed from the proceeds of the Financing shall provide that: (i) the bidders, suppliers, and contractors and their subcontractors, agents, personnel, consultants, service providers or suppliers, shall permit the Association, at its request, to inspect their accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.

(k) Fraud and Corruption

Each bidding document and contract financed from the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of the Procurement Guidelines. The Association may sanction a firm or individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded an Association-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier or
service provider of an otherwise eligible firm being awarded an Association-financed contract.

(i) Debarment under National System

The Association may recognize, if requested by the Recipient, exclusion from participation as a result of debarment under the national system, provided that the debarment is for offenses involving fraud, corruption or similar misconduct, and further provided that the Association confirms that the particular debarment procedure afforded due process and the debarment decision is final.

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts which are specified in the Procurement Plan: (A) Shopping; (B) Direct Contracting; and (C) Community Participation procedures which have been found acceptable to the World Bank.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Least Cost Selection; (B) Selection based on Consultants’ Qualifications; (C) Single-source Selection of consulting firms; (D) Selection of Individual Consultants; and (E) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. 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.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
Category | Amount of the Grant Allocated (expressed in EUR) | Percentage of Expenditures to be Financed (inclusive of Taxes)
---|---|---
(1) Goods, consultants’ services, Operating Costs, and Training and Workshops | 2,975,000 | 100%

TOTAL AMOUNT | 2,975,000 | 100%

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed Euro 290,000 equivalent may be made for payments made prior to this date but on or after July 1, 2014, for Eligible Expenditures.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is April 30, 2019.

**Article IV**

**Recipient's Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Economy and Finance.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

- Minister of Economy and Finance
- Ministry of Economy and Finance
- Praça da Marinha Popular
- Maputo, Republic of Mozambique

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

- International Bank for Reconstruction and Development
- 1818 H Street, N.W., Washington, D.C. 20433
- United States of America

Cable: INTBAFRAD
Telex: 248423 (MCI) or 1-202-477-6391