Strategic Climate Fund – Pilot Program for Climate Resilience
Grant Agreement
(Roads and Bridges Management and Maintenance Project-Phase II)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as an implementing entity of the Strategic Climate Fund – Pilot Program for Climate Resilience)

Dated February 24, 2014
The Recipient and the World Bank hereby agree as follows:

**Article I**

**Standard Conditions; Definitions**


1.02. 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.

**Article II**

**The Project**

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall cause the Project to be carried out by Road Fund (“Project Implementing Entity”) in accordance with the provisions of Article II of the Standard Conditions and the agreement dated the same date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time (“Project Agreement”).

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.
Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to nine million two hundred and fifty thousand United States Dollars (USD9,250,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions, 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.

Article IV
Additional Remedies

4.01. The Additional Event of Suspension referred to in Section 4.02(k) of the Standard Conditions consists of the following, namely that the Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

Article V
Effectiveness; Termination

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The SCF/PPCR Loan Agreement has been signed and delivered, all conditions precedent to its effectiveness or the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement have been fulfilled.

(b) The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.

(b) The Project Implementation Manual shall have been updated and adopted by the Recipient in a manner satisfactory to the Association.
5.02. The Additional Legal Matter consists of the following, namely that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

Article VI
Recipient’s Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister at the time responsible for planning and development.

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

Ministry of Planning and Development
Av. Ahmed S. Toure, 21, 4th floor
Maputo,
Republic of Mozambique

Cable: MOBANCO
Telex: (258) 21 492-268
Facsimile: (258) 21 492-625
Maputo

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

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Maputo, Republic of Mozambique, as of the day and year first above written.

REPUBLIC OF MOZAMBIQUE

By

[Signature]

Authorized Representative

Name: Aiuba Cuerelea
Title: Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as an implementing entity of the Strategic Climate Fund - Pilot Program for Climate Resilience).

By

[Signature]

Authorized Representative

Name: Mark R. Lundell
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in: (a) improving the coverage and conditions of its roads and bridges; (b) strengthening its institutional capacity to manage and administer the road sector; (c) establishing financing mechanisms for road maintenance; (d) promoting the use of local resources in roads construction and management; and (e) improving its road transport safety.

The Project consists of the following parts:

Part A: Overhead Costs

(a) Administrative costs

Support to the Project Implementing Entity and ANE, at national and provincial levels, to strengthen their administrative capacity through the provision of goods, technical assistance and Operating Costs.

(b) Capacity building

Strengthening the technical capacity of the Project Implementing Entity, ANE, and the Recipient’s ministry of public works and housing through:

(i) the provision of technical assistance in the areas of: (A) financial management; (B) procurement and contract management; (C) control systems; (D) information technology; (E) road management and maintenance; and (F) training to national and provincial staff; and

(ii) the carrying out of studies on:

(A) national and provincial roads strategies, plans and budgets;

(B) financial, technical, and procurement audits, including methods to strengthen financial management and procedures for the processing of internal financial audits;

(C) highway information and management systems;

(D) climate resilience in road design and maintenance; and

(E) financial management systems.
(c) Additional Programs

Road Safety Program

(i) Carrying out of safety related civil works on the Recipient’s road network; and

(ii) Development of a road safety data management system.

Part B: Maintenance of Road Network

Carrying out of civil works for the maintenance of the Recipient’s paved and unpaved road network, including routine and periodic maintenance, local repairs and road markings.

Part C: Investments

(a) National Road Rehabilitation and Upgrade Program

Rehabilitation of the Jardim-Benfica and Xai-Xai-Chissibuca sections of the Recipient’s N1 road, including widening, surfacing, shape correction, strengthening and upgrading of the existing pavement and repairs of minor drainage structures, geometric and structural improvements to enhance traffic capacity and safety for vehicles and pedestrians.

(b) Engineering Services

Provision of consultants’ services for: (i) the supervision of the civil works referred to in Part C(a) of the Project; (ii) the supervision of the civil works to rehabilitate the Recipient’s road that runs from Massinga to Nhachengue; and (iii) the design of engineering plans to ensure the Project’s sustainability.

Part D: Emergency related works in the Limpopo River Basin

(a) Immediate Emergency Works: Carrying out of small emergency works (spot interventions), including associated consulting services.

(b) Medium Term Restoration/Rehabilitation Works: Carrying out of works related to substantive medium and long term technical solutions to be prepared under Design and Build (DBT) methodology using an Output and Performance Based (OPRC) type of contract including associated consulting services and contingencies.
Part E: Program for Climate Resilient Rural Road Infrastructure

(a) Development of national technical design standards and specifications for climate resilient roads, including: (i) the carrying out of a review of existing design standards and construction maintenance approaches to ensure these better address climatic risks; and (ii) development of technical standards and maintenance approaches for paved and unpaved classified road network to include capacity-building programs for local contractors and service providers.

(b) Piloting of climate resilient road designs, including the development and piloting of improved maintenance approaches to include capacity-building programs for local contractors and service providers.

Part F: Immediate Response Contingency Fund

Establishment of an immediate response mechanism to facilitate access to rapid financing for disaster response in the aftermath of a national disaster to be triggered through formal declaration by the Recipient of national or regional state of emergency.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under the terms and conditions approved by the World Bank ("Subsidiary Agreement") and provided under Section I.A. of the Amended and Restated Financing Agreement.

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions without the prior written agreement of the World Bank.

B. Institutional Arrangements

1. The Recipient shall cause the Project to be carried out: (i) under the strategic direction and coordination of the Ministry of Public Works and Housing; and (ii) under the overall responsibility for implementation, coordination and oversight of the Project Implementing Entity.

2. The Recipient shall maintain the Road Fund as the Project Implementing Entity, throughout the implementation of the Project.

C. EAs, RPF, and ARAP

1. The Recipient shall cause the Project Implementing Entity to: (a) carry out the Project in accordance with the mitigation measures, rules and procedures defined in: (i) the EAs prepared in respect of the civil works under Part A(c)(i), Part B; Part C(a), and Part D of the Project; and (ii) the RPF; and ARAP prepared in respect of Part C(a) of the Project, in a manner satisfactory to the Association; and (b) maintain an environmental management officer with responsibility for implementing the EAs, RPF, and ARAP for all applicable activities undertaken throughout the Project.

2. The Recipient shall cause the Project Implementing Entity and ANE to ensure that no civil works under the Project shall be eligible for financing under this Agreement, unless:
(a) an environmental screening has been carried out for the proposed civil works; and if said environmental screening concludes that an environmental management plan is required, said environmental plan has been prepared by the Recipient and approved by the Association for implementing the proposed civil works; and

(b) if the proposed civil works involves involuntary acquisition of land, a resettlement action plan has been prepared in accordance with the principles set out in the RPF and said resettlement action plan has been approved by the Association for implementing the proposed civil works.

3. Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the EAs, the RPF, or the ARAP referred to in sub-paragraph (1) of this paragraph or any provision thereof.

4. In case of any conflict between the terms of the EAs, RPF, and ARAP referred to in sub-paragraph (1) of this paragraph and those of this Agreement, the terms of this Agreement shall prevail.

D. Flood Response Team

1. The Recipient shall establish and, thereafter maintain, at all times during the implementation of the Project, a Flood Response Team with a mandate, composition and resources satisfactory to the World Bank (the “Flood Response Team”).

2. The Flood Response Team, supported by a technical support group, shall be responsible for implementing Part D of the Project.

E. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall cause the Project Implementing Entity to 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 the indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.
2. 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 June 20, 2017.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall cause the Project Implementing Entity to maintain or cause to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall cause the Project Implementing Entity to prepare and furnish to the World Bank not later than forty-five (45) days after the end of each fiscal quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall cause the Project Implementing Entity to 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 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.

4. The Recipient shall cause the Project Implementing Entity to disclose the audited Financial Statements in a manner acceptable to the World Bank. The Recipient agrees that upon receipt of the Financial Statements, the World Bank shall make them available to the public in accordance with the Bank's policy on access to information.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting 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 Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All 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 Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in 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.

B. **Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works, and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding. Domestic preference will apply when included in bidding documents.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods shall be used: (a) National Competitive Bidding, subject to provisions of paragraph 3 of this Part B; (b) Direct Contracting; and (c) Shopping.

3. **Additional Procedures for National Competitive Bidding (NCB):**

   (a) **General**
   
   The procedures to be followed for NCB shall be those set forth in the Regulation, with the modifications described in the following paragraphs.

   (b) **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.

(c) **Bidding Documents**
Standard bidding documents acceptable to the Association shall be used for any procurement process under NCB.

(d) **Preferences**
No domestic preference shall be given for domestic bidders and/or for domestically manufactured goods.

(e) **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.

(f) **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.

(g) **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.

(h) **Bid Evaluation**

(i) 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.

(ii) 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.

(iii) A contract shall be awarded to the qualified bidder offering the lowest-evaluated and substantially responsive bid.

(iv) Bidders shall not be eliminated on the basis of minor, non-substantial deviations.
(i) Rejection of All Bids and Re-bidding
All bids shall not be rejected and new bids solicited without the Association’s prior concurrence.

(j) 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.

(k) 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.

(l) 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.

(m) 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.
C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used: (a) Selection based on Consultants' Qualifications; (b) Least-Cost Selection (c) Quality-Based Selection; (d) Single Source Selection; (e) Single-source procedures for the Selection of Individual Consultants; and (f) Selection of Individual Consultants.

D. 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.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of 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 table in paragraph 2 below.

2. The following 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:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Amount of the SCF/PPRC Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, works, services, Training and Operating Costs under Part E of the Project</td>
<td>9,250,000</td>
<td>6,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>9,250,000</td>
<td>6,500,000</td>
<td></td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made from the Grant Account for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed USD3,000,000 (three million Dollars) equivalent may be made for payments made prior to this date but on or after October 18, 2013, for Eligible Expenditures.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2016.
APPENDIX

Section I. Definitions

1. "Affected Persons" means persons who, on account of an involuntary taking of land under the Project, had or would have their: (a) standard of living adversely affected; or (b) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently; and "Affected Person" means any of the Affected Persons.

2. "Amended and Restated Financing Agreement" means the agreement of even date hereof entered into by the World Bank and the Recipient to assist in the financing of the Project.

3. "Amended and Restated Project Agreement" means the agreement of even date hereof entered into by the Road Fund and the World Bank for the purpose of implementation of the Project.


6. "ARAP" means the abbreviated resettlement action plan in connection with the carrying out of Part C(a) of the Project, dated February 1, 2011, prepared by ANE and adopted by the Road Fund (as hereinafter defined) through an administrative order of its chairman also dated February 1, 2011, and disclosed on February 4, 2011, which sets out principles and procedures governing land acquisition, resettlement, compensation and rehabilitation of Affected Persons, as well as administrative, reporting and monitoring arrangements to ensure compliance with said plan, as such plan may be revised from time to time with the written agreement of the Association.

7. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

9. "EAs" means "Environmental Assessments", the Recipient's assessments referred to in paragraph C.1 of Section I of Schedule 2 to this Agreement and in paragraph 3 of Section I of the Schedule to the Project Agreement.

10. "FRT" means flood response team as referred under Section I.D of Schedule 2 to this Agreement.

11. "Operating Costs" means the incremental expenditures which would not exist absent the Project, incurred on account of office supplies, vehicle operation and maintenance, communication and insurance costs, rental expenses, office maintenance costs, utilities, and domestic travel costs for Project staff for Project supervision.


13. "Procurement Plan" means the Recipient's procurement plan for the Project, dated February 4, 2011, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

14. "Project Implementing Entity" means the Road Fund as defined here below.


18. "RPF" means "Resettlement Policy Framework," the Recipient’s framework referred to in paragraph C of Section I of Schedule 2 to the Amended and Restated Financing Agreement and paragraph 3 of Section I of the Schedule to
the Amended and Restated Project Agreement, disclosed in country and the Association’s InfoShop on January 9, 2014.

19. "SCF/PPCR Loan Agreement" means the Strategic Climate Fund (SCF)-Pilot Program for Climate Resilience (PPCR) Loan Agreement, of even date hereof, entered into by the World Bank, acting as an implementing entity of the SCF-PPCR and the World Bank to assist in the financing of the Project.

20. "SCF/PPCR Loan" means the loan in the amount of six million five hundred thousand Dollars (USD6,500,000) provided by the World Bank to assist in the financing of the Project pursuant to the SCF/PPCR Loan Agreement.

21. "Subsidiary Agreement" means the agreement referred to in paragraph A.1 of Section I of Schedule 2 of the Amended and Restated Financing Agreement and Section I.A of the Schedule to the Amended and Restated Project Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity.

22. "Training" means expenditures to be incurred for the purchase of training materials, rental of training facilities, per diem and related travel with respect to the Project.