His Excellency Aiuba Cuereneia  
Minister of Planning and Development  
Ministry of Planning and Development  
C.P. 493 21 Av. Ahmed Sekoo Toure  
Maputo, Republic of Mozambique

Republic of Mozambique:  
Revised Procurement Prior Review Thresholds  
Amendments to the Legal Agreements for the World Bank Financed/Administered Operations

Excellency:

We refer to the Development Credit Agreements, Development Financing Agreements, Financing Agreements, and Trust Fund Grant Agreements (“legal agreements”), signed between the Republic of Mozambique (“referred to variously as the “Recipient” or “Borrower” in such legal agreements) and the International Bank for Reconstruction and Development/International Development Association (referred to variously as the IBRD, Association, IDA, or World Bank in such legal agreements) related to the selected Projects financed/administered through IDA Credits, IDA Grants, or Trust Fund Grants.

As you know, the Association/World Bank fulfills its fiduciary mandate by conducting Procurement Prior Reviews as well as Procurement Post Reviews, for the projects it finances. In an effort to speed up the procurement process and in the context of overall simplification and modernization of procurement procedures, the Association/World Bank proposes to increase the minimum thresholds values for contracts subject to the Association/World Bank’s prior review by replacing the related provisions in the legal agreements with the following paragraph:

“Review by the Association/World Bank of Procurement Decisions

"The Procurement Plan shall set forth those contracts which shall be subject to the Association/World Bank Prior Review. All other contracts shall be subject to Post Review by the Association/World Bank."

Accordingly, in order to include the above mentioned provision, the Association/World Bank proposes to amend the relevant sections of the legal agreements as follows:

1. South African Power Market Program  
Mozambique Component – Mozambique Malawi Transmission Interconnection Project  
(Credit No. 4354 MOZ)


2. Market Led Smallholder Development in the Zambezi Valley Project  
(Credit No. 4198 MOZ and GEF Grant No. TF091638)

Part D of Schedule 3 to the Financing Agreement and GEF Trust Fund Grant Agreement, dated August 9, 2006 and September 21, 2007, respectively.
3. Water Services and Institutional Support Project
   (Credit No. 4357 MOZ and ACGF Grant No. TF090410)

   (a) Section III. D of Schedule 2 to the Financing Agreement, dated September 21, 2007.
   (b) Section III. C of Schedule 2 to the Africa Catalytic Growth Fund Grant Agreement, dated September 21, 2007.

4. Competitiveness and Private Sector Development Project (Credit No. 4546 MOZ)
   Section IV. D of Schedule 2 to the Financing Agreement, dated April 2, 2009

As you are also aware, the Association/World Bank is expected to ensure that procurement and contracting for these projects is carried out in accordance with the procedures specified in the legal agreements or authorized by the Association/World Bank through formal waivers. Only contracts awarded following such procedures are eligible for financing using the proceeds of the IDA Credits, IDA Grants or Trust Fund Grants.

All other provisions of the legal agreements, as amended herein, shall remain in full force and effect.

Please indicate your agreement with the foregoing amendments to the legal agreements on behalf of the Recipient or the Borrower by countersigning and dating the two original copies of this letter and returning one countersigned original to us. Upon receipt by the Association/World Bank of this countersigned copy, this amendment shall become effective as of the date of the countersignature.

Sincerely,

/s/ Olivier P. Godron
Acting Country Director for Mozambique
Africa Region

AGREED:

REPUBLIC OF MOZAMBIQUE

By /s/ Aiuba Cuereia
Authorized Representative

Name ______________________
Title ______________________
Date: 27/04/2011 _________
Cleared by and CC: M. Nadeem (LEGAF) A. Chamuco (AFTPC); J. Janeiro (CTRFC)