Financing Agreement

(Social Protection Project)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 19, 2013
FINANCING AGREEMENT

AGREEMENT dated April 19, 2013, entered into between REPUBLIC OF MOZAMBIQUE ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to thirty two million five hundred thousand Special Drawing Rights (SDR 32,500,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are January 15 and July 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that the Social Protection Law shall have been amended, suspended, abrogated or waived so as to materially and adversely affect the ability of INAS to perform any of its respective obligations under the Project.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) The Project Implementation Manual shall have been adopted by the Recipient in a manner satisfactory to the Association.

(b) The IPST’s procurement specialist and the financial management specialist shall have been appointed in accordance with terms of reference and qualifications satisfactory to the Association.

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

5.03. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its minister at the time responsible for planning and development.

6.02. The Recipient’s Address 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 Association’s Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF MOZAMBIQUE

By

[Signature]
Authorized Representative

Name: Aiuba Guerene
Title: Ministry of Planning and Development

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: Laurence Clarke
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to provide temporary income support to extremely poor households and to put in place the building blocks of a social safety net system.

The Project consists of the following parts:

Part A: Institutional strengthening and capacity building to support the consolidation of the National Basic Social Security Strategy

Enhance the capacity of MMAS and INAS to: (i) implement, monitor, and evaluate the Estratégia Nacional de Segurança Social Básica (ENSSB) as an integrated and permanent safety net system; and (ii) put the labor-intensive public works program into operation as an intervention within the Programa de Acção Social Productiva (PASP).

1. Building permanent systems for the implementation of the ENSSB: Support to develop and implement the following operational tools:

   (a) A common targeting system to identify potential beneficiaries for the Recipient’s three core programs of its social safety net based on a three-step process.

   (b) A single registry of Beneficiaries to support INAS in implementing the ENSSB.

   (c) A payment system guaranteeing secure, predictable and timely payments to Beneficiaries of their entitlements while minimizing administrative and transaction costs.

   (d) A knowledge generation and information management activities to enhance the capacity of MMAS, including through: (i) developing and updating poverty and vulnerability maps, (ii) mapping the existing supply of social services and assistance programs at the district and municipal levels; (iii) carrying out training and capacity building activities to perform research, analyze data and create knowledge; (iv) carrying out studies and evaluations in the sector of social protection as may be required during implementation of the Project and agreed with the Association, and (v) enhancing productivity through adequate IT equipment.
2. Capacity building for the implementation, monitoring, and evaluation of the labor-intensive Public Works Program (PWP). Support to develop the capacity of the agencies responsible for the implementation, monitoring, and evaluation of the labor-intensive public works program at the central and sub-national levels including through the following activities:

(a) Development and implementation of a management information system to monitor PWP progress, including, *inter alia*, participation of Beneficiaries in the PWP.

(b) Carry out an impact evaluation to measure changes in the welfare of Beneficiaries attributable to the PWP.

(c) Development and implementation of an information, education, and communication (IEC) strategy.

(d) Integration into the MIS of a grievance management system to ensure that Beneficiaries can exercise their rights and make complaints.

(e) Carrying out of a series of activities to enhance the capacity of INAS staff to plan, implement, coordinate, and monitor the PWP.

(f) Development and implementation of information and communication technologies (ICT).

**Part B: Labor-intensive Public Works**

Support to Beneficiaries in the Recipient's rural and urban areas, through the provision of timely and predictable supplemental income in return for their participation in labor-intensive public works activities ("Subprojects").

1. Labor-intensive public works in rural areas

(a) Implementation of a Public Works Program in 40 of the Recipient's Districts for selected Beneficiaries to increase their consumption and manage the risk of food insecurity during the annual lean season through the provision of Labor Payments for Beneficiaries and Public Works Grants to the Districts for carrying out said Subprojects.

(b) Strengthening the capacities of selected Beneficiaries to save and improve their livelihoods through the implementation of community savings promotion programs including financial literacy training.
2. Labor-intensive public works in urban areas

(a) Implementation of a Public Works Program in the municipalities of Maputo, Nampula, Tete, Quelimane and Beira for selected Beneficiaries to provide them with temporary support and help them through temporary income support while they transition to more permanent sources of income, through the provision of Labor Payments for such Beneficiaries and Public Works Grants for the Municipalities for carrying out said Subprojects.

(b) Strengthening the capacities of selected Beneficiaries to increase their effective participation in or management of informal economic activities and make them more employable through the implementation of promotion programs including on-the-job training and additional capacity building.
Section I. Implementation Arrangements

A. Institutional Arrangements

1. Basic Social Security Coordination Committee

(a) The Recipient shall maintain, the Basic Social Security Coordination Council ("CCSSSB"), at all times during the implementation of the Project, with composition, mandate and resources satisfactory to the Association, for the purpose of ensuring prompt and efficient oversight and overall coordination of implementation of the Project.

(b) Without limitation on the provisions of sub-paragraph (a) of this paragraph, for purposes of the Project the CCSSSB shall be responsible for, inter alia: (i) coordinating the work of ministries and agencies at the national level involved in the implementation of the Project to achieve the objectives of the PASP; (ii) guiding and approving the basic parameters of the Project, including the PWP, and their revisions over time; (iii) reviewing and endorsing for subsequent approval by the Association, the Annual Work Plans and Budget and ensuring its consistency with the Project Implementation Manual; (iv) reviewing and endorsing the Project Reports produced by INAS; (v) reviewing progress made towards achieving the Project's objective; and (vi) ensuring that the Project is implemented in line with the ENSSB.

2. INAS Program Support Team

(a) The Recipient shall maintain, at all times during the implementation of the Project, the INAS Program Support Team ("IPST"), to be responsible for, inter alia, prompt and efficient day to day coordination, implementation, reporting and communication of Project activities and results, in accordance with the provisions of this Agreement. The Recipient shall take all actions including the provision of funding, personnel (including maintenance of the existing positions within INAS structure and recruitment of a procurement specialist and a financial management specialist, all of whom shall have qualifications, experience and terms of reference satisfactory to the Association) and other resources satisfactory to the Association, to enable the IPST to perform said functions.
Without limitation on the provisions of sub-paragraph (a) of this paragraph, the IPST shall be responsible for, *inter alia*: (i) ensuring that the Project is carried out in accordance with this Agreement; (ii) ensuring that Project funds are paid promptly and accounted for in accordance with this Agreement; (iii) carrying out procurement for the Project; (iv) preparing the proposed Annual Work Plan and Budget, for the endorsement by the CCSSSB and subsequent approval by the Association; (v) preparing and circulating the Project reports and financial reports referred to Sections II and III, respectively, of this Schedule 2; (vi) monitoring and evaluation of Project activities; and (vii) carrying out supervision of implementing agencies.

B. Implementation Arrangements

1. Project Implementation Manual

(a) The Recipient shall carry out the Project in accordance with a project implementation manual in form and substance satisfactory to the Association, providing details of arrangements and procedures for the implementation of the Project, including capacity building activities for sustained achievement of the Project's objective; institutional administration, coordination and day-to-day execution of Project activities; monitoring, evaluation, reporting (including mechanisms and formats for the preparation of Annual Work Plans and Budgets), information, and communication; a public works program handbook for the Public Works Program, setting forth the detailed policies and procedures on administration of said Program; financial management and procurement sections providing details of financial management arrangements and procurement, including policies and procedures on procurement, disbursements and accounting systems; and such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project provided, however, that in case of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, this Agreement shall prevail.

(b) Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Project Implementation Manual if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.
2. **Annual Work Plan and Budget**

   (a) The Recipient shall, through IPST, prepare and furnish to the Association not later than November 30 of each Fiscal Year during the implementation of the Project, a work plan and budget containing all activities proposed to be included in the Project during the following Fiscal Year (including Safeguard Instruments applicable to said activities in accordance with the provisions of Section I.E of this Schedule 2), and a proposed financing plan for expenditures required for such activities, setting forth the proposed sources of financing.

   (b) Each such proposed work plan and budget shall specify any training activities that may be required under the Project, including: (i) the type of training; (ii) the purpose of the training; (iii) the MMAS and INAS staff to be trained; (iv) the institution or individual who will conduct the training; (v) the location and duration of the training; and (vi) the cost of the training.

   (c) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed work plan and budget and thereafter ensure that the Project is implemented with due diligence during said following Fiscal Year in accordance with such work plan and budget as shall have been approved by the Association ("Annual Work Plan and Budget").

C. **Anti-Corruption**

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

D. **Subprojects under the Public Works Program; Public Works Program Grants**

1. **Procedures and Eligibility Criteria**

   No Subproject under the Public Works Program ("PWP") shall be eligible for financing under a PWP Grant, unless:

   (a) the Recipient shall have determined, on the basis of an appraisal conducted in accordance with guidelines acceptable to the Association, and elaborated in the Project Implementation Manual:

   (i) that the Subproject satisfies the following requirements, and such further requirements as are elaborated in said Project Implementation Manual:
the Subproject consists of labor-intensive activities to be carried out during the period of one Fiscal Year in various sectors, including, but not limited to the following: agriculture, watershed management, soil and water conservation, construction and rehabilitation of small community managed irrigation schemes, improvement of small rural access roads, and/or improvement of basic social service delivery;

(B) if one or more Safeguard Instrument(s) is (are) required for the Subproject, said Safeguard Instrument(s), is (are) prepared in accordance with the Safeguard Frameworks as the case may be, disclosed and approved by the Association;

(C) the Subproject is included in the development plan of each District or Municipality, as the case may be, in which it is to be carried out; and

(D) an aggregate of up to 70 percent per District or Municipality, as the case may be, of the total estimated cost of the Subproject shall consist of works to be performed by a Beneficiary under the Subproject; and

(ii) that the PWP Grant Recipient satisfies the following criteria and such additional criteria as are set forth in the Project Implementation Manual:

(A) the PWP Grant Recipient has the organization, management, staffing and other resources required for the Subproject;

(B) the PWP Grant Recipient has prepared an acceptable implementation and financing plan for the Subproject; and

(C) the PWP Grant Recipient has executed a PWP Grant Agreement with the Recipient, in accordance with the provisions of Section I.D.2 of this Agreement; and

(b) the Recipient has retained one or more Payment Agents.
2. Terms and Conditions of PWP Grants; PWP Grant Agreements

(a) The Recipient shall make each PWP Grant for a Subproject to a Grant Recipient, under a PWP Grant Agreement, on terms and conditions approved by the Association, which shall include the following:

(i) the PWP Grant shall be made on a non-reimbursable grant basis;

(ii) the Grant Recipient shall undertake: (A) to carry out the Subproject with due diligence and efficiency and in accordance with sound technical, financial, managerial and environmental standards and practices, including in accordance with the provisions of the Anti-Corruption Guidelines and any of the Safeguard Instruments required for the Subproject; (B) provide, promptly as needed the resources required for these purposes; and (C) maintain adequate records;

(iii) the Grant Recipient shall ensure that the goods, works and services to be financed out of the proceeds of the PWP Grant shall be procured in accordance with the provisions of Section III of this Schedule and used exclusively in carrying out the Subproject;

(iv) the Grant Recipient shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Association, the progress of the Subproject and the achievement of its objectives;

(v) the Recipient may make payments directly to Beneficiaries for work performed by them under the Subproject, based on information prepared in accordance with guidelines acceptable to the Association and provided by the Grant Recipient to the Recipient;

(vi) the Recipient shall have the right to inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, and plants included in the Subproject, the operations thereof, and any relevant records and documents;

(vii) the Grant Recipient shall prepare and furnish to the Recipient and the Association, all such information as the Association shall reasonably request, relating to the implementation of the Subproject, and the performance by the Grant Recipient of its obligations under the PWP Grant Agreement;
(viii) the Recipient may suspend or terminate the right of the Grant Recipient to use or administer the proceeds of the PWP Grant upon failure by the Grant Recipient to perform its obligations under the PWP Grant Agreement; and

(ix) the Grant Recipient shall promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of its Subproject, or the performance by it of its obligations under the PWP Grant Agreement.

(b) The Recipient may make the payments to Beneficiaries referred to in subparagraph (a) (v) of this paragraph 2, through the Payment Agents.

(c) The Recipient shall carry out its obligations and exercise its rights under each PWP Grant Agreement, in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing, and, except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive any PWP Grant Agreement or any provision thereof.

E. Safeguard Instruments

1. The Recipient shall ensure that the Project is carried out in accordance with the Safeguard Frameworks and Safeguard Instruments. To that end, the Recipient shall ensure that the following actions are taken in a manner acceptable to the Association:

(a) if an EMP would be required for any Project activity on the basis of the ESMF: (i) such EMP shall be prepared in accordance with the requirements of the ESMF, disclosed locally and furnished to the Association; and (ii) said activity shall be carried out in accordance with such EMP as approved by the Association; and

(b) if a RAP would be required for any Project activity on the basis of the RPF: (i) said RAP shall be prepared in accordance with the requirements of the RPF, disclosed locally and furnished to the Association; and (ii) no works under said activity shall be commenced until all measures required to be taken under said RAP prior to the initiation of said works have been taken.

2. Without limitation to its other reporting obligations under this Agreement and under Section 4.08 of the General Conditions, the Recipient shall include in the Project Reports referred to in Section II.A of this Schedule, adequate information on the implementation of said Safeguard Instruments, giving details of: (a) measures taken in furtherance of said Safeguard Instruments; (b) conditions, if
any, which interfere or threaten to interfere with the smooth implementation of said Safeguard Instruments; and (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of said Safeguard Instruments.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports
1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits
1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty five days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

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 Financing 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 Financing 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 Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or 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.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Community Participation Procedures</td>
</tr>
</tbody>
</table>

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:
### Procurement Method

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Selection Based on the Consultants’ Qualifications</td>
</tr>
<tr>
<td>(b)</td>
<td>Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c)</td>
<td>Quality-Based Selection</td>
</tr>
<tr>
<td>(d)</td>
<td>Selection of Individual Consultants</td>
</tr>
<tr>
<td>(e)</td>
<td>Single-Source Selection</td>
</tr>
<tr>
<td>(f)</td>
<td>Least Cost Selection</td>
</tr>
</tbody>
</table>

### D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

### Section IV. Withdrawal of the Proceeds of the Financing

#### A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association 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 Financing, the allocations of the amounts of the Financing 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 Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consultants’ services, consultants services,</td>
<td>8,450,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training and Operating Costs under Part A of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Labor Payments under</td>
<td>10,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(a) Part B.1(a) of the Project; and</td>
<td>5,070,000</td>
<td></td>
</tr>
<tr>
<td>(b) Part B.2(a) of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Public Works Grants under</td>
<td>4,485,000</td>
<td>100%</td>
</tr>
<tr>
<td>(a) Part B.1(a) of the Project; and</td>
<td>2,145,000</td>
<td></td>
</tr>
<tr>
<td>(b) Part B.2 (a) of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Goods, non-consultants’ services, consultants services, Training</td>
<td>1,495,000</td>
<td>100%</td>
</tr>
<tr>
<td>and Operating Costs under Part B.1 (b) and B.2(b) of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>455,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>32,500,000</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 for:

   (a) payments made prior to the date of this Agreement, or

   (b) under Categories (2)(a) and (2)(b) in respect of each District and each Municipality, until the Payment Agents referred to under Section I.D.1(b) of this Schedule for each such District or Municipality shall have been employed in a manner satisfactory to the Association.

2. The Closing Date is June 30, 2018.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each January 15 and July 15:</td>
<td></td>
</tr>
<tr>
<td>commencing July 15, 2023, to and including January 15, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing July 15, 2033, to and including January 15, 2053</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions

1. “Annual Work Plan and Budget” means the work plan and budget prepared annually by the Recipient in accordance with Section I.B.2 of Schedule 2 to this Agreement.


3. “Beneficiary” means a household which is eligible to benefit under the Public Works Program and is duly registered for the purpose; and “Beneficiaries” means, collectively, all such households.


5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


8. “Displaced Persons” means persons who, on account of the execution of the Project would suffer direct economic and social impacts resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; and (iv) adverse impacts on the livelihoods of the displaced persons.

9. “District” means a subdivision within the Recipient’s territory.

10. “Environmental and Social Management Plan or “EMP” means an environmental and social management plan, prepared in accordance with the ESMF and the provisions of Section I.E.1(a) of Schedule 2 to this Agreement for the purposes of a Subproject and acceptable to the Association.
11. "Environmental and Social Management Framework" or "ESMF" means the Environmental and Social Management Framework of the Recipient dated December 2012, and disclosed in country and in the Infoshop on December 28, 2012, setting forth the modalities for environmental screening and procedures for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the ESMF.


13. "Fiscal Year" means the fiscal year of the Recipient, starting January 1 and ending December 31 of the following year.


15. "INAS" means Instituto Nacional da Ação Social, the Recipient's national institute of social action.


17. "IPST" means INAS Project Support Team.

18. "Labor Payments" means the cash benefits to be made to Beneficiaries for carrying out Subprojects under the Public Works Program and referred to in Part B.1(a) and B.2(a) of the Project described in Schedule 1 to this Agreement.

19. "MMAS" means Ministerio da Mulher e da Ação Social, the Recipient's ministry for women and social action.

20. "Municipality" means a subdivision within the Recipient's territory.

21. "Operating Costs" means the incremental expenses incurred on account of Project implementation, based on the Annual Work Plan and Budget approved by the Association pursuant to Section I.B.2 of Schedule 2 to this Agreement, on account of office equipment and supplies, vehicle operation and maintenance, fuel, maintenance of equipment, communication and insurance costs, office administration costs, bank charges, advertising expenses, utilities, rental, consumables, accommodation, travel, per diem, and salaries of selected support staff, but excluding salaries of the Recipient's civil servants.
22. "Payment Agent" means the agent selected in accordance with the provisions of Section III of Schedule 2 to this Agreement responsible for administering Labor Payments, and "Payment Agents" means, collectively, all such agents.


24. "Procurement Plan" means the Recipient's procurement plan for the Project, dated February 5, 2013, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

25. "Project Implementation Manual" means the Recipient's manual for the Project, to be adopted in accordance with the provisions of Section 1.B.1of Schedule 2 to this Agreement.

26. "Public Works Program" or "PWP" means the program to be implemented under Parts B.1 and B.2 of the Project.

27. "Public Works Program Grant" or "PWP Grant" means a grant made or proposed to be made to a PWP Grant Recipient by the Recipient out of the proceeds of the Financing under Parts B.1(a) and B.2(a) of the Project to assist in financing a Subproject.

28. "PWP Grant Agreement" means, in respect of each PWP Grant, the agreement to be entered into between the Recipient and the PWP Grant Recipient providing for said PWP Grant.

29. "PWP Grant Recipient" means a District or a Municipality, as the case may be, to which the Recipient proposes to make or has made a PWP Grant under Parts B.1(a) and B.2(a) of the Project for a Subproject as defined hereinafter.

30. "Resettlement Action Plan" or "RAP" means, in respect of any Subproject involving resettlement, a resettlement plan for such Subproject prepared and implemented in accordance with the RPF and the provisions of Section I.E.1(b) of Schedule 2 to this Agreement and approved by the Association.


32. "Safeguard Framework" means the ESMF or RPF, as the context may require; and "Safeguard Frameworks" means collectively all of said frameworks.
33. "Safeguard Instrument" means an ESMP or RAP; and "Safeguard Instruments" means collectively all such plans.

34. "Social Protection Law" means Law No. 4/2007 of the Recipient's legislation which established the legal framework for social protection in Mozambique comprising basic, compulsory and complementary social protection.

35. "Subproject" means a specific activity to be carried out under Part B of the Project by a Beneficiary in a District or Municipality, as the case may be, under the Public Works Program utilizing the proceeds of a PWP Grant.

36. "Training, Workshops and Study Tours" means the costs associated with the training, workshop and study tour participation of personnel involved in Project activities, as specified in the Annual Work Plan and Budget approved by the Association pursuant to Section 1.B.2 of Schedule 2 to this Agreement, for reasonable expenditures (other than expenditures for consultants' services), including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course, workshop or study tour preparation and implementation.