Global Environment Facility
Grant Agreement

(Conservation Areas for Biodiversity and Development Project - MozBio 1)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(acting as an Implementing Agency of the Global Environment Facility)

Dated December 5, 2014
GEF GRANT NUMBER TF018239

GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT dated December 5, 2014, entered into between REPUBLIC OF MOZAMBIQUE ("Recipient") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF").

The Recipients 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, in this Agreement or in the Co-financing 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 carry out Part D (iii) of the Project and shall cause BIOFUND to carry out Part A (ii) of the Project in accordance with the provisions of Article II of the Standard Conditions and with relevant International Conventions.

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 a total amount equal to six million three hundred nineteen thousand six hundred and thirty five United States Dollars ($6,319,635) ("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 Recipients’ right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV**

**Additional Remedies**

4.01. The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consist of the following:

(a) BIOFUND’s Statutes and Basic Legislation have been amended, suspended, abrogated, repealed or waived so as to affect, in the sole opinion of the World Bank, the ability of BIOFUND to implement Part A(ii)(b) of the Project.

(b) BIOFUND has failed to perform any obligation under the Subsidiary Agreement.

(c) The World Bank has declared BIOFUND ineligible to be awarded a contract financed by the World Bank.

(d) The Conservation Law has been modified in a manner that, in the sole opinion of the World Bank, shall make it improbable that the Project will be carried out.

(e) (i) As a result of a Recipient’s failure to apply sound social, environmental and ecological standards and practices in relation to any of its Conservation Areas, a situation has arisen which interferes with the sustainable management and operation of such Conservation Areas, raises major reputational risks or otherwise compromises the likelihood of success in the achievement of the objective of the Project; and (ii) the Recipient has failed, within a 30-day period after notice thereof has been given to it by the World Bank, to remedy or otherwise account for such failure.
Unless otherwise agreed with the World Bank, the contract with the Financial Asset Manager has been breached, amended, suspended, terminated, or waived, in whole or in part.

The Recipient: (i) has taken, or permitted to be taken, any action which would prevent or interfere with the execution of the Project or the performance by BIOFUND of its obligations under this Agreement or under the Subsidiary Agreement; or (ii) has failed to afford a reasonable opportunity for representatives of the World Bank to visit any part of its territory for purposes relating to the Grant or the Project.

As a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improvable that the Project or a substantive part thereof will be carried out.

Event prior to Effectiveness. The World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement, that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s rights to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied.

(a) The execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental and corporate action.

(b) If the World Bank so requests, the condition of BIOFUND as represented or warranted to the World Bank at the date of this Agreement, has undergone no material adverse change after such date.

(c) The Co-financing Agreement dated the same date as this Agreement, between the Recipient and IDA, providing a grant in support of the Project (“Financing Agreement”), has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
(d) The BIOFUND Project Operational Manual has been adopted by BIOFUND in a manner satisfactory to the World Bank.

(e) The financial asset Manager, referred to in Section I.D of Schedule 2 to this Agreement, shall have been hired in a manner satisfactory to the World Bank.

(f) The Subsidiary Agreement has been executed on behalf of the Recipient and BIOFUND in a manner satisfactory to the World Bank.

(g) The external auditor for purposes of auditing the Financial Statements in respect of Part A(ii)(a) of the Project has been selected under terms and conditions satisfactory to the World Bank.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing the following matters:

(a) that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms; and

(b) that the Subsidiary Agreement referred to in Section I.A.3 of Schedule 2 to this Agreement has been duly authorized or ratified by the Recipient and BIOFUND and is legally binding upon each such party in accordance with its terms.

5.03. Except as the Recipients and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04 This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.
Article VI
Recipient’s Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the 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

6.03. 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 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at Maputo, Republic of Mozambique, as of the day and year first above written.

REPUBLIC OF MOZAMBIQUE

By

[Signature]

Authorized Representative

Name: [Signature]
Title: [Signature]

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(acting as an Implementing Agency of the Global Environment Facility)

By

[Signature]

Authorized Representative

Name: [Signature]
Title: [Signature]
SCHEDULE 1

Project Description

The objectives of the Project are to increase the effective management of the Conservation Areas and enhance the living conditions of communities in and around the Conservation Areas.

The Project consists of the following parts:

Part A: Strengthening Institutions for Conservation Area Management

Improve the capacity of ANAC, BIOFUND and MICOA to develop and influence conservation and tourism policies and regulations, strengthen coordination and management of the Conservation Areas system and critically endangered species conservation, increase the financial sustainability of Conservation Areas and tourism revenues, improve monitoring and evaluation systems and support communication strategies, including through the following:

(i) **Strengthening of ANAC:** Provision of equipment, technical assistance and training required within ANAC to improve the management of conservation areas and nature-based tourism development.

(ii) **Strengthening of BIOFUND:** Support the consolidation of BIOFUND through, *inter alia*, the: (a) capitalization of the Endowment Fund; and (b) operationalization of BIOFUND through the provision of equipment, financing of Operating Costs and technical assistance including the design and implementation of a fundraising strategy involving innovative funding sources.

(iii) **Strengthening national CITES authority:** Support proper implementation of the CITES Convention requirements to improve wildlife management through the provision of technical assistance and training to the CITES authority within MICOA.

Part B: Promotion of Tourism in Conservation Areas

Support to ANAC and selected public-private institutions to address several barriers to nature-based tourism development, to better manage sports hunting administration and improve revenues generation in the Republic of Mozambique, through:

(i) Tourism Development in Conservations Areas: provision of training and technical assistance, including the development of a business plan and strategy, advisory services for the establishment of a management system
for revenues collected by the Conservation Areas and for tourism statistics, marketing and promotion activities, creating incentives to reducing greenhouse gas emissions in the tourism sector, carrying out analytical studies for purposes of informing tourism planning at national and destination level, development of tourism master plans, organization of public-private fora to manage and coordinate tourism and sport hunting.

(ii) Sport Hunting Administration: provision of training and technical assistance, including advisory services for the establishment of a management system for revenues collected from sport hunting, improve the statistics and collection of sport hunting activities, development of sport hunting plans and carrying out of land availability studies.

Part C: Improving Conservation Areas Management

Strengthening the management of key Conservation Areas, and carrying out wildlife surveys and monitoring through:

(i) Conservation Areas Management: provision of Training, equipment including hardware and software, carrying out of works including housing and road repairs and maintenance, technical assistance including for the development of business and management plans and financing of Operating Costs to improve park management and tourism development.

(ii) Monitoring and Survey: carrying out of wildlife surveys to assess the status of wildlife populations in-terrestrial and marine environment, including: (a) a national aerial survey of elephant range; (b) a national survey of key marine environment; (c) a survey to establish national status and distribution of lions and leopards; and (d) a survey to establish national status and distribution of hippos and crocodiles.

Part D: Piloting Support to Sustainable Livelihoods of Communities within and around Conservation Areas

Improving and strengthening natural resource-based livelihoods of communities living in and surrounding the Conservation Areas through the following:

(i) Supporting the enabling conditions for sustainable management of natural resources by local communities through the provision of technical advisory services and equipment to conduct community land zoning, natural resource mappings, carrying out of Training and capacity building of local community members and leaders and community-based organizations on decision-making, accountability, transparency, local governance, business planning and management, use and management of
funds, partnerships with the private sector and use of information technology including the carrying out of capacity building programs for the design and implementation of Subprojects.

(ii) **Promoting sustainable livelihoods within and around Conservation Areas**, through the design and implementation of Subprojects, including activities relating to tourism, fisheries, conservation agriculture and sustainable forestry.

(iii) **Promoting sustainable forest management within and around selected Conservation Areas** through the provision of technical advisory services, equipment and the payment of Operating Costs to:

(a) Reduce deforestation within and around the Quirimbas National Park and Gile National Reserve Conservation Areas through the carrying out of activities related to agroforestry, conservation agriculture, promotion of non-timber forest products and environmental education.

(b) Promoting energy efficient charcoal making kilns in a Conservation Area.

**Part E: Project Management, Monitoring and Evaluation**

Support for managing and coordinating the Project and building its procurement, financial and safeguards management, monitoring and evaluation capacity through the provision of technical advisory services, carrying out of Training, the acquisition of goods, and the payment of Operating Costs.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Project Steering Committee

The Recipient shall maintain during implementation of the Project the Project Steering Committee (PSC) chaired by the General Director of ANAC and comprising representatives from MITUR, MICOA, MINAG, MPescas, BIOFUND, the private sector, and civil society organizations.

2. MozBio Unit

   (a) Without limitation to the provisions of paragraph A.1 of this Section, the Recipient shall maintain, at all times until the completion of the Project, the MozBio Unit within MITUR, led by a Project coordinator and including a financial specialist, a procurement specialist, and an environmental safeguards specialist and a social safeguards specialist and with a mandate and resources satisfactory to the World Bank.

   (b) Without limitation to sub-paragraph (a) of this paragraph, the MozBio Unit shall have the overall responsibility for, inter alia: (i) ensuring timely implementation of Part D (iii) of the Project in accordance with the Project Implementation Manual (PIM); (ii) preparing Annual Work Plans and Budgets and annual procurement plans; (iii) overseeing Project activities under its direct responsibility and of those under the responsibility of other agencies involved in Project implementation; (iv) managing Project finances; (v) maintaining consolidated Project accounts; (vi) ensuring adherence to the Safeguard Documents of all agencies involved in the implementation of the Project; and (vii) developing and maintaining a system of monitoring the Project key performance indicators.

3. Subsidiary Agreement

   (a) To facilitate the carrying out of Part A(ii)(a) of the Project, the Recipient shall make part of the proceeds of the Grant available to BIOFUND under a subsidiary agreement between the Recipient and BIOFUND (the Subsidiary Agreement), under terms and conditions approved by the World Bank, whereby, inter alia:
(i) the Recipient agrees to make available to BIOFUND, on a grant basis, part of the proceeds of the Grant to finance BIOFUND’s activities described under Part A(ii)(a) of the Project; (ii) to this end, the Recipient shall instruct the World Bank to, on the Recipient’s behalf and pursuant to a withdrawal request validly submitted to the World Bank, deposit the amount allocated under Category (1) of the disbursement table in Section IV of this Schedule directly into the Endowment Fund (Designated Account C) for the purpose of implementation of Part A(ii)(a) of the Project; (iii) BIOFUND agrees to cooperate with the Recipient in the carrying out of the activities under Part A(ii)(a) of the Project including exchanging information, holding reviews and providing reports on the progress of activities under its responsibility in accordance with the terms and conditions set forth in this Agreement, including the Anti-Corruption Guidelines and BIOFUND Operational Manual; and (iv) the Recipient agrees to take all action necessary to permit BIOFUND to implement Part A(ii)(a) of the Project including the responsibilities provided under Section I.D and II of this Schedule II.

(b) 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.

B. Implementation Arrangements

1. Project Implementation Manual

(a) Without limitation of the provisions of Section 3.01 of this Agreement, the Recipient shall carry out Part D(iii) of the Project in accordance with the Project Implementation Manual (PIM).

(b) Except as the World Bank shall otherwise agree, the Recipient shall not amend, waive or fail to enforce the PIM, or any provision thereof. In case of any conflict between the provisions of this Agreement and those of the PIM, the provisions of this Agreement shall prevail.
2. **Annual Work Plans and Budgets**

The Recipient shall prepare and furnish to the World Bank for its approval, not later than February 15 of each year during the implementation of the Project, or such later date as the World Bank may agree, the Annual Work Plan and Budget containing all activities to be carried out in the following Fiscal Year, modified in a manner satisfactory to the World Bank, taking into account the World Bank's comments and views on the matter.

C. **Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of 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").

D. **Endowment Fund**

1. With respect to Part A(ii)(a) of the Project, the Recipient shall arrange for the deposit within the Endowment Fund of all proceeds of the Grant made available to it under Category (1) of the table under Section IV.A.2 of Schedule 2 to this Agreement, all in accordance with the provisions of Section I.A.3(a)(ii) of this Schedule. Once so deposited, said proceeds shall constitute part of the Endowment Fund's capital, which shall be kept segregated from funds deposited by other donors into such fund, and shall be invested by BIOFUND so as to contribute to cover the Operating Costs associated with the operation and maintenance of Conservation Areas.

   (a) The Recipient shall cause the Endowment Fund's capital to be invested by BIOFUND through an internationally recognized financial asset manager (the Manager) employed in compliance with procedures acceptable to the World Bank, acting under an asset management contract (the Contract), satisfactory to the World Bank, between BIOFUND and said Manager, which contract shall require said Manager to:

      (i) invest the Endowment Fund capital in accordance with the instructions issued by BIOFUND and set forth in the Investment Policy and Guidelines;

      (ii) for each year of Project implementation, only release to BIOFUND investment income derived from the Endowment Fund's investments returns;
(iii) not later than one month after the end of each semester in the relevant year of Project implementation, provide to BIOFUND and the World Bank semi-annual reports regarding management performance, capital value, asset allocation, and investment income (including investment returns) with respect to the Endowment Fund; and

(iv) provide BIOFUND with information required by BIOFUND to comply with its obligations under Article IV of this Agreement in respect of the Endowment Fund.

(b) The Recipient shall cause BIOFUND to exercise its rights and carry out its obligations under the Contract in such a manner so as to protect the interests of the World Bank and the Recipient and to accomplish the purposes of the Grant. Except as the World Bank may otherwise agree, BIOFUND shall not amend, waive or fail to enforce any provision of the Contract. In case of any conflict between the terms of the Contract and those of this Agreement, the terms of this Agreement shall prevail.

(c) The Recipient shall cause BIOFUND to provide the Recipient and the World Bank with plans for the use of the proceeds of the Endowment Fund (including a description of the procurement requirements for such use) for each year of Project implementation. The Recipient and the World Bank shall monitor the use of proceeds of the Endowment Fund.

2. The Recipient shall cause BIOFUND to issue a manual (BIOFUND Operational Manual), satisfactory to the World Bank, setting forth specific rules and procedures for the operation of the Endowment Fund including, inter alia:

(a) the Endowment Fund’s governance structure;

(b) the financial structure of the Endowment Fund and the Manager’s role;

(c) mechanisms to finance Operating Costs of Conservation Areas out of the Endowment Fund;

(d) the disbursement, procurement, financial reporting requirements, including those set forth in Sections I.E and II of this Schedule;

(e) the criteria for eligibility of Conservation Areas; and

(f) monitoring and evaluation requirements.
In case of any conflict between the terms of this Agreement and those of the BIOFUND Operational Manual, the terms of this Agreement shall prevail.

3. (a) The Recipient shall ensure that amounts released by the Manager to BIOFUND under paragraph 1 above shall be used for financing the Operating Costs of Conservation Areas, all as prescribed, inter alia, in this Agreement, the BIOFUND Operational Manual and each relevant Annual Work Program.

(b) The Recipient shall ensure that no portion of the Endowment Fund’s capital nor the income derived therefrom shall be used to pay any BIOFUND’s creditors or other parties for other than Project implementation purposes allowed by this Agreement (to this end, the Recipient shall cause BIOFUND to maintain in effect contracts in writing with its present and future suppliers, contractors or other potential creditors, stipulating that such parties shall not have any claim to the Endowment Fund’s assets as a means of resolving any actual or potential disputes between such parties and BIOFUND).

E. Safeguards

1. The Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Management Framework (ESMF), the Pest Management Plan (PMP) and the Process Framework (PF), and, except as the World Bank shall otherwise agree in writing, shall not amend or waive any provision of the aforementioned documents.

2. Where required in terms of the PF or ESMF, as the case may be, for the purposes of any Part of the Project, the Recipient shall proceed to have a PFAP or EMP, as the case may be:

(a) prepared in accordance with the PF or the ESMF, as the case may be;

(b) submitted to the World Bank for review and approval, and for public consultations as required, and

(c) thereafter adopted on a timely basis for the purposes of implementation of the corresponding Part of the Project.

3. Without limitation to its other reporting obligations under this Agreement, the Recipient shall submit to the World Bank on a quarterly basis reports on the status of compliance with the ESMF, the EMP, the PF and the PFAP and giving details of:

(a) measures taken in furtherance of such ESMF, EMP, PFAP and PMP;
(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, EMP, PFAP and PMP; and

(c) remedial measures taken or required to be taken to address such conditions.

4. The Recipient shall ensure or caused to be ensured, that the terms of reference for any consultancy in respect of any Project activity shall be satisfactory to the World Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the World Bank Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of Part D(iii) of the Project and prepare Project Reports and shall cause BIOFUND to monitor and evaluate the progress of Part A(ii)(a) of the Project and prepare Project Reports, all in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report for the Project 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. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank and in accordance with the provisions of Section III of this Schedule.

B. Financial Management; Financial Reports; Audits

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

2. The Recipient shall ensure that interim unaudited financial reports for Part D(iii) of the Project are prepared, and shall cause BIOFUND to prepare interim unaudited financial reports for Part A(ii)(a) of the Project, such reports, together with those for Part D(iii) of the Project, to be 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.
3. The Recipient shall have its Financial Statements for the Project, and that of BIOFUND, 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 commencing with the fiscal year in which the first withdrawal was made. 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.

Section III. Procurement

A. General

1. **Goods and Non-consulting Services.** All goods and non-consulting services required for Part D(iii) of 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 under Parts A(ii)(a) and D(iii) of 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 and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; and (c) Direct Contracting.
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 World Bank 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 World Bank’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 Grant shall provide that: (i) the bidders, suppliers, and contractors and their subcontractors, agents, personnel, consultants, service providers or suppliers, as applicable, shall permit the World Bank, 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 World Bank; 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 Grant shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of the Procurement Guidelines. The World Bank may sanction a firm or individual, at any time, in accordance with prevailing World Bank sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a World Bank-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier or service provider, as applicable, of an otherwise eligible firm being awarded an World Bank-financed contract.

(m) Debarment under National System
The World Bank 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 World Bank 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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least-Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank; (g) Selection of UN Agencies; (h) Selection of Individual Consultants; and (i) Single-source procedures for the 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 Recipients (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>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Capitalization of the Endowment Fund</td>
<td>3,196,347</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consultants’ services, and Operating Costs under Part D(iii) of the Project</td>
<td>3,123,288</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>6,319,635</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:

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

(b) in respect of Category (1) for any payment for Taxes levied by or in the territory of the Republic of Mozambique.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is November 30, 2018.
APPENDIX

Section I. Definitions


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


4. “BIOFUND” or “Fundacao para a Conservacao da Biodiversidade” means foundation for the conservation of biodiversity, a private non-for-profit entity established under Council of Ministers’ Resolution No. 69/2011 dated August 9, 2011, published in the Official Gazette No. 52 on December 29, 2011, and registered in the Recipient’s Legal Entities Registrar by public notary under the Ministry of Justice on November 12, 2013, endowed with legal and financial autonomy, and the right to own and manage its assets, for purposes of supporting the conservation of aquatic and terrestrial biodiversity and the sustainable use of natural resources, including the consolidation of the national system of conservation areas.

5. “BIOFUND Operational Manual” means the BIOFUND Operational Manual for the operation of the Endowment Fund referred to in Section I.D.2 of Schedule 2 to this Agreement, as the same may be amended from time to time by agreement between the World Bank and BIOFUND.

6. “BIOFUND Statutes and Basic Legislation” means: (i) BIOFUND Articles of Incorporation adopted by its Board of Directors and Oversight Council further to public deed dated November 12, 2013, found satisfactory to the Association; (ii) Resolution No. 69/2011 (above mentioned); (iii) Resolution No. 8/2012 published in the Official Gazette No. 15 dated April 13 2012; and (iii) Certidao (Certificate) issued by public notary on November 12, 2013.

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


10. “Co-financing” means an amount of twenty six million four hundred thousand Special Drawing Rights (SDR 26,400,000) to be provided by the Co-financier to assist in financing the Project.

11. “Co-financing Agreement” means the agreement of same date hereof between the Republic of Mozambique and IDA providing for the Co-financing.

12. “Conservation Areas” means the following national areas with protection due to their recognized natural, ecological and cultural values under the Recipient's administration and any other area or areas agreed between the Recipient and the Association: Maputo Special Reserve, Ponta do Ouro Partial Marine Reserve, Quirimbas National Park, Bazaruto National Park, Pomene National Reserve, Limpopo National Park, Marromeu National Reserve and surrounding four Coutadas 10, 11, 12 and 14, Zinave National Park, Bhanhine National Park, Chimanimani National Reserve, Gile National Reserve and Malhazine National Reserve.


15. “Coutadas” means a public sustainable use conservation areaunder the Conservation Areas Law established for the protection of species and ecosystems which allows hunting under a concession provided by the Recipient.

16. “Endowment Fund” means the endowment fund to be created with financing from the proceeds of the Grant and other public and private donors to finance the costs associated with the maintenance and operation of the Conservation Areas which fund shall be managed by BIOFUND.

17. “Environment Management Plan” or “EMP” means an environmental management plan, acceptable to the Association and deemed consistent with the ESMF, and adopted for the purposes of a specific Part of the Project, giving details of specific actions and measures required to give effect to the ESMF, along with the procedural and institutional measures needed to implement such actions and measures, as such EMP may be amended from time to time, with the prior written consent of the Association.
18. "Environment and Social Management Framework" or "ESMF" means the Recipient’s framework dated August 10, 2014, and published on August 10, 2014, that includes the set of mitigation, enhancement, monitoring, and institutional measures, to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts, as such framework may be amended from time to time with the prior written consent of the Association.


21. "MICOA" means the Recipient’s Ministry for Coordination of Environmental Affairs.

22. "MINAG" means the Recipient’s Ministry of Agriculture.

23. "MPescas" means the Recipient’s Ministry of Fisheries.

24. "MITUR" means the Recipient’s Ministry of Tourism.

25. "MozBio Unit" means the coordinating unit for the Project established within MITUR with composition and responsibilities provided under Section I.A.2 of Schedule 2 to this Agreement.

26. "Operating Costs" means the incremental expenses, which would not exist absent the Project, incurred on account of Project implementation and based on the Annual Work Plan and Budget approved by the Association pursuant to Section I.D of Schedule 2 to this Agreement, on account of office utilities, salaries for incremental office support staff during Project implementation period, equipment and supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, banking charges, advertising expenses, travel and per diem, but excluding the salaries of the Recipient’s civil servants.
27. "Pest Management Plan" or "PMP" means the Recipient's plan dated August 10, 2014, acceptable to the Association that contains the criteria to define the adequate use of allowed pesticides in the Conservation Areas.

28. "Process Framework" means the Project's process framework acceptable to the Association dated August 10, 2014, and published on August 14, 2014, which defines the restrictions on access to natural resources in the Conservation Areas, identifies and quantifies the impacts of those restrictions, proposes specific measures to compensate for the loss of assets and associated income, and puts in place grievance resolution mechanisms in order to resolve the issues that may arise during the implementation of the Project, as said framework may be amended from time to time with the prior written consent of the Association.

29. "Process Framework Action Plan" or "PFAP" means a process framework action plan acceptable to the Association and deemed consistent with the PF, and adopted for the purposes of a specific Part of the Project, giving details of specific actions and measures required to give effect to the PF, along with the relevant procedural and institutional measures applicable, as such PFAP may be amended from time to time, with the prior written consent of the Association.


31. "Procurement Plan" means the Recipient's procurement plan for the Project, dated September 30, 2014, 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.

32. "Project Implementation Manual" or "PIM" means the Recipient's manual, adopted pursuant to Section I.B.1 of Schedule 2 to this Agreement, containing or referring to detailed arrangements and procedures for implementation of the Project, including in relation to: (i) day-to-day execution of the of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, and reporting; (v) procedures, measures and guidelines for environmental management and implementation of the ESMF the EMP, the PFAP and the PMP; (vi) procedures to select and manage Subprojects, including sample of a Subproject Grant Agreement referred to in Section I.D.1 of Schedule 2 of this Agreement; (vii) the Annual Work Plan and Budget for the first year of Project implementation; (viii) procedures for implementation of Part A(ii)(b) by BIOFUND; and (ix) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as such manual may be amended by the Recipient from time to time with the prior agreement of the Association.

34. “Safeguard Documents” means the ESMF, the EMP, the PF, the PFAP and the PMP.


36. “Subsidiary Agreement” means the agreement referred to in Section I.A.3 of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Grant available to BIOFUND for implementation of Part A(ii)(a) of the Project.

37. “Training” means the costs associated with the training, workshops 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 I.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.