Financing Agreement

(Amended and Restated Financing Agreement)

(Integrated Growth Poles Project)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 27, 2013

As amended and restated on July 25, 2017
FINANCING AGREEMENT

AGREEMENT dated May 23, 2013, as amended and restated on
July 25, 2017 entered into between the REPUBLIC OF
MOZAMBIQUE ("Recipient") and the 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.

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
sixty six million one hundred thousand Special Drawing Rights (SDR 66,100,000)
("Credit" or "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 Credit 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 Credit 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance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 February 15 and August 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 the Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall: (i) carry out all Parts of the Project – other than Parts 1.A.1, 2.A.1 and 2.A.2 – through the Ministry of Economy and Finance; (ii) pursuant to the FIPAG Subsidiary Agreement, cause Part 2.A.1 of the Project to be carried out by FIPAG; and (iii) pursuant to the Road Fund Subsidiary Agreement, cause Parts 1.A.1 and 2.A.2 of the Project to be carried out by Road Fund, all in accordance with the provisions of Article IV of the General Conditions and, as applicable, the FIPAG Project Agreement and the Road Fund Project Agreement.

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 Events of Suspension consist of the following, namely, FIPAG’s Legislation or Road Fund’s Legislation, as the case may be, has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of FIPAG or Road Fund, as the case may be, to perform any of its obligations, respectively, under the FIPAG Project Agreement or the Road Fund Project Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely, any event specified in Section 4.01 of this Agreement occurs.

ARTICLE V— EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:
Each Subsidiary Agreement has been executed on behalf of the Recipient and of the Project Implementing Entity which is a party to such agreement, in accordance with the provisions of Section 1.B of Schedule 2 to this Agreement.

The Recipient shall have established the Project Coordination Unit under terms of reference and with staff in numbers and with qualifications and experience satisfactory to the Association, including the following key staff: (i) the Project coordinator; (ii) a senior financial management specialist; and (iii) a senior procurement specialist.

The Recipient has adopted the Project Implementation Manual, in form and substance satisfactory to the Association.

The Additional Legal Matter is that each Subsidiary Agreement, referred to in Section 5.01 (a) of this Agreement, has been duly authorized or ratified by the Recipient and a Project Implementing Entity which is a party to such agreement, and is legally binding upon the Recipient and the respective Project Implementing Entity in accordance with its terms.

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

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

The Recipient’s Representative is its Minister of Economy and Finance.

The Recipient’s Address is:

Ministry of Economy and Finance
Praca da Marinha Popular, Maputo
Republic of Mozambique

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

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 Maputo, Republic of Mozambique as of the day and year first above written.

REPUBLIC OF MOZAMBIQUE

By

[Signature]

Authorized Representative

Name: Adriano Malheiro
Title: Minister of Economy and Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

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

Project Description

The objective of the Project is to improve the performance of enterprises and smallholders in the Zambezi Valley and Nacala Corridor, focusing on identified high growth potential zones (growth poles).

The Project consists of the following parts:

Part 1: Support for the Tete agribusiness growth pole in the Zambezi Valley

A. Upgrading of local infrastructure

1. Rehabilitation, upgrading and maintenance of market access roads linking the agricultural producers in the districts of Angonia, Tsangano and Macanga to markets, including carrying out of spot improvements in grade, alignment, pavement condition and drainage of such roads and provision of training and technical support for local maintenance teams to conduct periodic and emergency maintenance of select roads over a period of four years.

2. Rehabilitation of office buildings to house Tete business center.

B. Innovation and Demonstration Catalytic Fund investments in the Zambezi Valley

Provision of Innovation and Demonstration Catalytic Fund (IDCF) Grants to finance Subprojects in Zambezi Valley seeking to catalyze and support: (a) business linkages between smallholder producers – individually or through their associations – to agribusiness value chains, and thereby improve the ability of such smallholder producers to access markets; and (b) partnerships among private and public service providers and MSMEs to access existing and new market opportunities emerging from the large investments in Recipient’s territory, particularly in natural resources.

Part 2: Support for the Nacala Special Economic Zone (SEZ)

A. Upgrading of Nacala SEZ physical infrastructure

1. Expansion and extension of approximately 110 kilometers of water supply networks and distribution systems in Nacala including drilling of about six boreholes, construction of transmission lines, rehabilitation and construction of distribution centers, and installation of connections to approximately 26,000 new households, all through provision of works, goods, services and technical assistance required for the purpose.
2. Rehabilitation of the Nacala Porto – Nacala-a-Velha link road, encompassing spot road rehabilitation and replacement and reconstruction of bridges.

3. Carrying out of a set of small civil works, including site demarcation and fencing of industrial plots for the Nacala SEZ and rehabilitation of office buildings including those of the Nacala Municipality, as well as upgrading of electricity, water, information and communication technology and sanitation facilities for the rehabilitated buildings.

B. Innovation and Demonstration Catalytic Fund investments in the Nacala Corridor

Provision of IDCF Grants to finance Subprojects in the Nacala Corridor seeking to catalyze and support: (a) business linkages between smallholder producers – individually or through their associations – to agribusiness value chains, and thereby improve the ability of such smallholder producers to access markets; and (b) partnerships among private and public service providers and MSMEs to access existing and new market opportunities emerging from the large investments in Recipient’s territory, particularly in natural resources.

Part 3: Institutional development and capacity building

Carrying out of a multi-year support program of the Recipient’s key public agencies involved in Project implementation to strengthen their capacity to plan, coordinate and implement public and multilateral investment programs, both at national and provincial level, entailing the provisions of consultants’ services, Training and goods required for the following:

A. Strengthening of the capacity of the Ministry of Economy and Finance for planning, coordination, implementation and monitoring and evaluation of public investment programs and support for the Ministry of Industry and Commerce.

1. Strengthening of the capacity of the Ministry of Economy and Finance in the areas of: investment planning, project appraisal, independent review of appraisal, project selection and budgeting, and completion review and evaluation.

2. Strengthening the capacity of the Ministry of Industry and Commerce in designing and implementing the Investment Climate Program.

B. Strengthening of the capacity of the Zambezi Valley Development Agency (ZVDA) and the provincial authorities in the Zambezi Valley

Strengthening of the technical capacity of the ZVDA and the relevant provincial authorities in planning, coordination, investment promotion and facilitation, governance, monitoring and impact evaluation and strategic communications.
C. Strengthening of the capacity of the Special Economic Zones Authority within the Agency for Investment and Export Promotion (APIEX), UCODIN and the provincial authorities in the Nacala Corridor.

1. Strengthening of the technical capacity of the Special Economic Zones Authority and the Nacala Municipality to plan, regulate and administer the Nacala SEZ including safeguards management, investment promotion and facilitation and public-private dialogue, trade facilitation, establishing a model one stop shop for the SEZ with the aim to provide investor services and identification of a private developer/operator for the SEZ.

2. Strengthening of the technical capacity of UCODIN to exercise its mandate to coordinate integrated development in Nampula.

Part 4: Project implementation

Provision of comprehensive support for Project implementation, including as required the provision of consultants' services, goods, Training and the financing of Operating Costs for the Project Coordination Unit, the ZVDA head office in Tete and the Special Economic Zones Authority office in Nacala, to enable them to carry out, manage, coordinate and implement the Project including carrying out monitoring and impact evaluation, the preparation, implementation, and monitoring of environmental and social instruments, the carrying out of studies and recruitment of the IDCF Manager and its management costs including the preparation of Subprojects to be financed under the IDCF.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. **Project Steering Committee.** The Recipient shall maintain a Project Steering Committee with a mandate, composition and resources satisfactory to the Association for the purpose of providing strategic oversight of the Project.

2. **Project Coordination Unit.** (a) The Recipient shall maintain, throughout the implementation of the Project, a coordination unit at the Ministry of Economy and Finance with functions, staffing and resources satisfactory to the Association; and (b) Without limitation to the provisions of sub-paragraph (a) of this Part A.1, the Project Coordination Unit assist the Recipient and the Project Steering Committee in the coordination, implementation, monitoring, evaluation and supervision of the Project.

3. **Project Implementing Entities.** The Recipient shall maintain, at all times during Project implementation, FIPAG and Road Fund as the Project Implementing Entities with the responsibility for the implementation of the Project as outlined in Article III, Section 3.01 of this Agreement and further detailed in the Project Implementation Manual.

4. **MDAs**
   
   (a) The Recipient shall ensure that ANE maintains within its structure, throughout the implementation of the Project, a Project implementation structure tasked with implementing ANE’s functions under the Project, with functions, status, staffing and resources satisfactory to the Association.

   (b) Without limitation to the provisions of paragraph 2 (a) above, ANE shall be responsible for, inter alia managing the implementation of Parts 1.A.1 and 2.A.2 of the Project in collaboration with the Road Fund. Accordingly, ANE and the Road Fund shall enter into, and comply with, collaborative arrangements, for implementation of the said Parts of the Project.

   (c) The Recipient shall ensure that all the MDAs (including ZVDA, Special Economic Zones Authority within APIEX as well as the provincial authorities of Nampula and Tete) maintain within their respective structures, throughout the implementation of the Project, a Project implementation structure each with functions, staffing and resources satisfactory to the Association and with overall responsibility for implementing its respective functions under the Project as further detailed in the Project Implementation Manual (PIM).
5. **Investment Committees.** The Recipient shall establish, and thereafter maintain, two investment committees (each for Zambezi Valley and Nacala Corridor) with terms of reference, composition and resources satisfactory to the Association for the purpose of reviewing and approving proposal for IDCF investments, all in accordance with the IDCF Procedures Manual.

B. **Subsidiary Agreements**

1. To facilitate the carrying out of the Project, the Recipient shall make a portion of the proceeds of the Financing available to each Project Implementing Entity under a subsidiary agreement between the Recipient and each Project Implementing Entity, under terms and conditions approved by the Association ("Subsidiary Agreement"), which shall include, *inter alia*:

   (a) (i) the principal amount of the financing allocated to the respective Project Implementing Entity ("Subsidiary Financing") shall be the equivalent in terms of SDR of the amount withdrawn under this Agreement (in Metical, determined as of the date or dates of withdrawal from the Financing Account) with respect to such Project Implementing Entity; and (ii) such principal amount shall be repayable in Metical on the same terms and conditions specified in this Agreement for the repayment of the Credit, with an additional fee of a quarter percent (0.25%) per annum.

   (b) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:

      (i) suspend or terminate the right of the Project Implementing Entity to use the proceeds of the Subsidiary Financing, or declare to be immediately due and payable or obtain a refund of all or any part of the amount of the Subsidiary Financing then withdrawn, upon the Project Implementing Entity's failure to perform any of its obligations under the Subsidiary Agreement; and

      (ii) require each Project Implementing Entity to: (A) carry out its Respective Part of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of this Agreement, including the ESMF, RPF, relevant Safeguard Documents, the PIM, and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) ensure that any goods and services to be financed out of the Subsidiary Financing are procured in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in
accordance with indicators acceptable to the Association, the progress of its Respective Parts of the Project and the achievement of the objective of the Project; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to its Respective Parts of the Project; and (2) have such financial statements audited annually by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association, but in any event not later than six (6) months after the end of each Fiscal Year; (F) enable the Recipient and the Association to inspect the Project Implementing Entity’s Respective Parts of the Project, its operation and any relevant records and documents; (G) permit the Association to make the Subsidiary Agreement and all financial statements audited pursuant to subparagraph (E) above available to the public in accordance with the Association’s policies on access to information; and (H) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

2. The Recipient shall exercise its rights under each Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. The Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreements or any of their provisions without the prior written agreement of the Association.

C. Project Implementation Manual

1. The Recipient shall prepare and adopt a Project Implementation Manual in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Project including inter alia: (a) delineation of roles and responsibility of various entities, institutions and agencies involved in Project implementation and their coordination; (b) an institutional implementation plan of the Ministry of Economy and Finance for the management of the Project (including, inter alia, allocation of responsibilities among staff, annual planning of activities and budget and time allocation for those activities; (c) disbursement, procurement and financial management including financial audit of the Project; (d) environmental and social safeguards management including the operation of grievance redress mechanism; (e) Monitoring and Evaluation Indicators; (f) a communication plan; (g) Governance and Accountability Plan; and (h) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
2. The Recipient shall: (a) furnish to and exchange views with the Association on such manual promptly upon its preparation; and (b) thereafter adopt such manual as shall have been approved by the Association (Project Implementation Manual).

3. The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the PIM (provided, however, that in case of any conflict between the arrangements and procedures set out in the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the PIM or any of its provisions without prior approval in writing by the Association.

D. Fiduciary Safeguards

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

2. Governance and Accountability Plan. The Recipient shall carry out the Project in accordance with the Governance and Accountability Plan and shall not make or allow to be made any change to the Governance and Accountability Plan without prior approval in writing by the Association.

E. Environmental and Socials Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the ESMF, the RPF and any other Safeguard Document prepared or to be prepared by the Recipient in accordance with sub-paragraph 2 below.

2. Whenever a Safeguard Document shall be required for any proposed Project activity in accordance with the provisions of the ESMF and/or the RPF, the Recipient shall:

(a) prior to the commencement of such activity, proceed to have such Safeguard Document: (i) prepared in accordance with the provisions of the ESMF and the RPF, as the case may be; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association; and

(b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Document; and
(c) in the case of any resettlement activity under the Project involving Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures consistent with the relevant RAP have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.

3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF, the RPF and any Safeguard Document adopted or to be adopted in accordance with the provisions of paragraph 2 of this Part E, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association each calendar quarter (or at such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESMF, RPF, and the Safeguard Documents, as applicable, giving details of: (a) measures taken in furtherance of the said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.

F. Annual Work Plans and Budgets

1. The Recipient, through the Ministry of Economy and Finance, shall prepare and furnish to the Association not later than November 1 of each year during the implementation of the Project (or such later date as the Association may agree) for the Association’s approval, a consolidated annual work plan and budget containing all eligible Project activities and expenditures proposed to be included in the Project for the following Fiscal Year, including: (a) environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Part E of this Schedule; and (b) the amount, allocation and schedule of disbursement of Recipient’s counterpart funds required for the Project.

2. The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets approved by the Association for the respective Fiscal Year, and shall ensure that the Recipient’s counterpart funds required for the Project and specified in the Annual Work Plans and Budgets are duly committed and promptly paid as and when required for the purposes of the Project; provided, however, that in case of any conflict between the Annual Work Plans and Budgets and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The Recipient shall not make or allow to be made any change to the Annual Work Plans and Budgets without prior approval in writing by the Association.

G. **Innovation and Demonstration Catalytic Fund (IDCF)**

1. **IDCF Grants**

   (a) The Recipient shall make IDCF Grants to IDCF Participants in accordance with eligibility criteria and other procedures acceptable to the Association, which shall include the following terms and conditions set forth in this Section LG, as further elaborated in the IDCF Procedures Manual.

   (b) Each IDCF Grant shall be provided on grant basis and in an amount that the Association and the Recipient agree should be provided to the IDCF Participant, which in any case shall not exceed the amount of USD 1,500,000 equivalent.

   (c) The Recipient shall ensure that each IDCF Grant is used by the IDCF Participant for its intended purpose.

   (d) Each proposal for IDCF Grant shall be appraised.

2. **IDCF Procedures Manual; Eligible investments and expenditures**

   (a) The Recipient shall adopt the IDCF Procedures Manual in a manner and substance satisfactory to the Association.

   (b) The IDCF Procedures Manual shall contain provisions guiding the operation of the IDCF Grants scheme that will, as a minimum, address the following: (i) the eligibility criteria for potential IDCF Participants; (ii) the procedures of identifying, screening, appraising, selecting and approving proposals requesting IDCF Grants, including lists of activities, investments and expenditures ineligible for funding using the proceeds of the IDCF Grants; (iii) institutional arrangements including the description of the roles and responsibilities of, among others, the IDCF Manager, Investment Committees, Ministry of Economy and Finance, ZVDA, the PCU, and IDCF Participants; (iv) mechanism for disbursement of the proposed IDCF Grants, procurement arrangements as well as financial management and audit arrangements; (v) implementation arrangements including environmental and social safeguards requirements and operation of grievance redress mechanism; (vi) the monitoring and evaluation system; and (vii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the effective operation of the IDCF Grant scheme.
(c) Without limitation to the provision of paragraph 2(b)ii above of this Section I.G, the list of ineligible activities and investments set forth in the IDCF Procedures Manual shall include, among others, the following: (i) purely commercial activities without a proven public good benefit; (ii) investments in feed lots; and (iii) security services and similar services and investments outside the mandate of the Association.

(d) Without limitation to the provision of paragraph 2(c)ii above of this Section I.G, the list of ineligible expenditures set forth in the IDCF Procedures Manual shall include among others, the following: (i) regular operating expenses not directly associated with the IDCF Grant scheme; (ii) salaries of civil servants and other public employees; (iii) land acquisition; (iv) large civil works; (v) retroactive payments for expenditures incurred prior to the date on which any of the IDCF Agreement is signed; and (vi) financial participation in equity of IDCF Participant.

3. IDCF Participants. No proposed IDCF Grant to IDCF Participant for a Subproject shall be eligible for financing under this Financing unless:

(a) such IDCF Participant: (i) has legal personality in accordance with the Recipient's relevant legislation; (ii) has demonstrated on the basis of an appraisal carried out in accordance with the IDCF Procedures Manual that (aa) the IDCF Participant has the organization, management and financial and human resources necessary to carry out the Subproject; and (bb) the Subproject is technically sound and economically and financially justified; and (iii) if required pursuant to the ESMF or RPF, has prepared and adopted the ESMP and/ or RAP in accordance with the provisions of Section I.E.2 of this Schedule.

(b) the proposal for IDCF Grant has been reviewed by Investment Committee referred to in Section I.A.5 of this Schedule 2, in accordance with eligibility criteria and other procedures set forth in the IDCF Procedures Manual.

(c) the Association has provided its no-objection.

4. IDCF Manager.

(a) The Recipient shall recruit an IDCF Manager in accordance with provision of Section III of Schedule 2 to this Agreement to be responsible for managing the IDCF including handling the following responsibilities as further elaborated in the IDCF Procedures Manual: (i) carrying out technical, economic and financial appraisal of proposals; (ii) identifying and resolving potential conflict of interest issues and fiduciary risks in the contractual agreements with the IDCF Participants; and (iii) exercising oversight, control, verification and other fiduciary management responsibilities with respect to IDCF Grants.
(b) The IDCF Manager shall enter into an agreement with Recipient which among other things shall require the IDCF Manager to: (i) manage the use of the IDCF Grants in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (ii) ensure that the goods, works and services to be financed out of the IDCF Grant are procured in accordance with the provisions of Section III of this Schedule 2; (iii) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress in the use of IDCF Grants and accomplishment of the purposes of the relevant Parts of the Project; (iv) enable the Recipient and the Association to inspect its operations, including those related to the IDCF, and to examine and make copies of all records and documents relating thereto; and (v) prepare and furnish to the Recipient and the Association all such further information as the Recipient or the Association shall reasonably request relating to the foregoing.

(c) Before its first receipt of funds for the payment of IDCF Grants, the IDCF Manager shall open and thereafter maintain for a term equal to the term of the Service Contract, a separate designated account (the IDCF Account) for the exclusive purpose of depositing funds for IDCF Grants and disbursing funds for IDCF Grants in accordance with the provisions of the Service Contract and the IDCF Procedures Manual. The IDCF Account shall be opened in a commercial bank acceptable to the Association, upon terms and conditions satisfactory to the Association.

5. IDCF Subprojects. The Recipient shall ensure that each IDCF Grant which meets the eligibility criteria referred to in Section I.G.1 above shall be made under a IDCF Agreement, concluded among the Recipient, the Fund Manager, and IDCF Participant on terms and conditions approved by the Association, which shall include the following (as elaborated in the IDCF Procedures Manual):

(a) The Recipient shall ensure that each IDCF Agreement is: (i) submitted to the Association for its review and approval prior to its signature between the Recipient and the IDCF Participant; and (ii) signed and effective before any proceeds of the IDCF Grant are transferred to the IDCF Participant.

(b) The Recipient shall obtain rights adequate to protect the interests of the Association and those of the Recipient including the right to:

(i) suspend or terminate the right of the IDCF Participant to use the proceeds of the IDCF Grant or obtain a refund of all or any part of the amount of the IDCF Grant then withdrawn, upon the IDCF Participant’s failure to perform any of its obligations under the IDCF Grant Agreement;
(ii) require each IDCF Participant to: (A) carry out its Association with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient and (if required pursuant to the ESMF or RPF) the ESMP, RAP and/or PMP referred to Section I.D.2 of this Schedule; (B) provide, promptly as needed, the resources required for the purpose including providing, in a timely manner as needed, its share of the funds required for implementing the relevant Subproject; (C) procure the goods, works and services to be financed out of the IDCF Grant in accordance with the provisions of Section III of this Schedule 2; (D) 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; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Subproject; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect the Subproject, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

(c) The Recipient shall exercise its rights under the Service Contract and each IDCF Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive any IDCF Agreement, the Service Contract or any of their respective provisions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports and Mid-term Review

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 (Monitoring and Evaluation Indicators). Each Project Report shall cover the
period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall:

   (a) no later than July 26, 2016 (or such later date as may be agreed upon by the Recipient and the Association), carry out a comprehensive mid-term review of the Project during which it shall exchange views with the Association generally on all matters relating to the progress of the Project, the performance by the Recipient of its obligations under this Agreement, the performance by the Project Implementing Entities of their respective obligations under the Project Agreements, having regard to the Monitoring and Evaluation Indicators;

   (b) not later than forty five (45) days prior to the review date referred to in paragraph A.2(a) above, prepare under the terms of reference satisfactory to the Association and furnish to the Association, for comments, a report, on the progress of the Project, and giving details of the various matters to be discussed at such review; and

   (c) following such review, act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project and to implement such other measures as may have been agreed upon with the Association in furtherance of the objectives of the Project.

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. The Recipient shall prepare and furnish to the Association not later than forty five (45) 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 of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

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

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

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Limited International Bidding</td>
</tr>
<tr>
<td>(b) National Competitive Bidding (subject to the additional provisions set forth in paragraph 3 of this Section III.B)</td>
</tr>
<tr>
<td>(c) Framework Agreements</td>
</tr>
<tr>
<td>(d) Shopping</td>
</tr>
<tr>
<td>(e) Community Participation procedures</td>
</tr>
<tr>
<td>(f) Direct Contracting</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 “Regulamento de Contratação de Empreitada de Obras Públicas, Fornecimento de Bens e Prestação de Serviços ao Estado” of the Republic of Mozambique of May 24, 2010 (“the Regulation”), as per Decree No. 15/2010, with the modifications described in the following paragraphs.

(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
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.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Selection Based on Consultants' Qualifications</td>
</tr>
<tr>
<td>(d) Single Source Selection for Firms</td>
</tr>
<tr>
<td>(e) Selection of Individual Consultants</td>
</tr>
<tr>
<td>(f) Single-source Selection of Individual Consultants</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.

<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>(1a) Goods, works, non-consulting services, Training, Operating Costs and consultants’ services (excluding IDCF Management Costs) under Parts 1.A.2, 2.A.3, 3 and 4 of the Project</td>
<td>10,160,000</td>
<td>100%</td>
</tr>
<tr>
<td>(1b) IDCF Management Costs under Part 4 of the Project</td>
<td>3,390,000</td>
<td></td>
</tr>
<tr>
<td>(2) Works, goods and consultants’ services under Part 2.A.1.of the Project</td>
<td>16,190,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Works, goods and consultants’ services under Part 1.A.1.of the Project</td>
<td>14,210,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Works, goods and consultants’ services under Part 2.A.2 of the Project</td>
<td>4,290,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) IDCF Grants for goods, works, non-consulting services, Operating Costs, and consultants' services under Parts 1.B.1 and 2.B.1 of the Project</td>
<td>15,860,000</td>
<td>100% of amount disbursed</td>
</tr>
<tr>
<td>(6) Refund of Preparation Advance</td>
<td>2,000,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Financing Allocated (expressed in SDR)</td>
<td>Percentage of Expenditures to be financed (inclusive of Taxes)</td>
</tr>
<tr>
<td>------------------</td>
<td>-----------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>66,100,000</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:

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

   (b) for any payments under Categories (1b) and (5) unless: (i) the Recipient has prepared and adopted the IDCF Procedures Manual in the form and substance satisfactory to the Association; and (ii) the Recipient has recruited the IDCF Manager under Section III of this Schedule under the terms of reference satisfactory to Association and executed a Service Contract with such IDCF Manager satisfactory to the Association.

2. The Closing Date is October 31, 2019.

Section V. Other Undertakings

A. Covenants related to FIPAG.

1. Twenty four (24) months after the Effective Date, the Recipient shall ensure that the tariffs for the water systems under the responsibility of FIPAG shall reflect the principles of full cost recovery and be sufficient to cover operating expenses, depreciation, and cost of capital in a reasonable time horizon for all said water systems. The tariffs will be assessed during the mid-term review to be carried out pursuant to the provisions of Section II.A.2 of this Schedule.

2. No later than June 12, 2016, the Recipient shall transfer the water concession and assets of the water system in Nacala Velha to FIPAG.
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 February 15 and August 15:</td>
<td></td>
</tr>
<tr>
<td>commencing August 15, 2023 to and including February 15, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing August 15, 2033 to and including February 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. "Affected Persons" means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction or access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

2. "ANE" means the Recipient’s national road administration, a financial and administrative autonomous public institution established and operating pursuant to the Recipient’s Decree number 13, dated May 30, 2007.

3. "Annual Work Plan and Budget" means each annual work plan, together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I.F of Schedule 2 to this Agreement.


5. "APIEX" means the Agency for Investment and Export Promotion, operating pursuant to the Recipient’s Decree No. 60/2016, dated December 12, 2016.

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


8. "ESIA" or "Environmental and Social Impact Assessment" means an environmental and social impact assessment prepared by the Recipient in accordance with the ESMF pursuant to Section I.E of Schedule 2 to this Agreement, and the term "ESIAs" means, collectively, all such assessments.

9. "ESMF" means the Recipient’s environmental and social management framework document dated February 2013, setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental and social assessments and management plans under the Project, and such term includes any schedule and/or annex to said framework.

10. "ESMP" means, for a given Project activity, an environmental and social management plan prepared by the Recipient in accordance with the ESMF...
pursuant to Section I.E of Schedule 2 to this Agreement; and the term “ESMPs” means, collectively, all such plans.

11. “FIPAG” means the Fundo de Investimento e Patrimônio do Abastecimento de Agua, an asset holding company established by the Recipient and operating pursuant to FIPAG Legislation and the term includes any successor thereto.

12. “FIPAG Legislation” means collectively, the laws, any implementation decree, resolutions and/or decisions of the Recipient that have been adopted and approved for the purposes of creating, registering and making the FIPAG operational, including the Recipient’s Decree number: 98/1998 of December 23, 1998, published in the Recipient’s Official Gazette dated December 28, 1998; and Recipient’s Decree 48/2012, published in the Recipient’s Official Gazette on December 28, 2012; as such decree may be amended from time to time.

13. “FIPAG Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make a portion of the proceeds of the Financing available to FIPAG for the purposes of carrying out Part 2.A.1 of the Project.

14. “Fiscal Year” means the Recipient’s fiscal year commencing January 1 and ending December 31 in each year.


16. “Governance and Accountability Plan” means the Recipient’s plan annexed to the Project Implementation Manual and referred to in Section I.D.2 of Schedule 2 to this Agreement.

17. “IDCF Grant” means a grant made or proposed to be made available to IDCF Participant out of the proceeds of the Financing, for purposes of carrying out Subprojects under Parts 1.B.1 and 2.B.2 of the Project, and the term “IDCF Grants” means, collectively, all said grants.

18. “IDCF Manager” means the consultant that shall assist the Recipient and the Project Coordination Unit (PCU as hereinafter defined), at all times during Project implementation, in the management, administration and provision of IDCF Grants), that shall be hired with qualifications and experience, and pursuant to terms of reference, satisfactory to the Association, in accordance with the provisions of Section III of Schedule 2 to this Agreement.

19. “IDCF Management Costs” means reasonable costs for consultants’ services to be provided by IDCF Manager as well as reasonable costs for consultants’ services procured on demand by IDCF manager for purposes of assisting in preparation of Subprojects to be financed under the IDCF.
20. "IDCF Participant" means any public or private entity including a private firm or enterprise, a cooperative, an association, and a public firm or institution, which meets the eligibility criteria specified in the IDCF Procedures Manual to receive an IDCF Grant and to which an IDCF Grant is made or proposed to be made; and the term "IDCF Participants" means, collectively, all such entities.

21. "IDCF Procedures Manual" means the manual referred to in Section I.G.2 of Schedule 2 to this Agreement as the same may be amended from time to time with the prior written agreement of the Association.

22. "Investment Climate Program" investment climate program under the Ministry of Industry and Commerce supported by the International Finance Corporation.

23. "MDA" means a ministry, department or agency of the Recipient and includes ANE, ZVDA, APIEX, MIC, UCODIN and provincial and municipal authorities; and the term MDAs means, collectively, all such ministries, departments and agencies.

24. "Metical" or "MZM" means the Recipient's currency.

25. "Ministry of Industry and Commerce" or "MIC" means the Recipient's ministry responsible for industry and commerce or any successor thereto.

26. "Ministry of Economy and Finance, formerly the "Ministry of Planning and Development," means the Recipient's ministry responsible for planning, investment and economic cooperation or any successor thereto.

27. "Monitoring and Evaluation Indicators" means the agreed monitoring and evaluation indicators referred to in Section II.A.1 of Schedule 2 to the Agreement and set forth in the Project Implementation Manual (as hereinafter defined) to be utilized by the Recipient, the Road Fund and the FIPAG to measure the progress in the implementation of the Project and the degree to which the objectives thereof are being achieved.

28. "MSMEs" means micro, small and medium sized enterprises.

29. "Nacala Corridor" consists of the Recipient's provinces of Niassa, Nampula and southern Cabo Delgado.

30. "National Directorate for Monitoring and Evaluation" means the national department formerly under the Ministry of Planning and Development, and currently under the Ministry of Economy and Finance responsible for monitoring and evaluation.

31. "Operating Costs" means the reasonable costs of goods and services required for the day-to-day implementation of the Project including maintenance of vehicles and equipment, fuel, office supplies, utilities, consumables, office rental
and maintenance, bank charges, advertising expenses, travel, per diems, accommodation, and salaries of selected support staff, but excluding salaries of consultants and salaries of officials of the Recipient's civil service.

32. “Pest Management Plan” or “PMP” means the Recipient’s pest management plan dated February 2013 as such plan may be amended by the Recipient from time to time, with the prior written agreement of the Association.

33. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on September 5, 2012 and on behalf of the Recipient on September 19, 2012.


35. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 12, 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.

36. “Project Agreements” means any of the FIPAG Project Agreement and Road Fund Project Agreement; and “Project Agreements” means collectively all such agreements.

37. “Project Implementation Manual” or “PIM” means the manual referred to in Section I.C.2 of Schedule 2 to this Agreement as the same may be amended from time to time with the prior written agreement of the Association.

38. “Project Implementing Entity” means the Road Fund or the FIPAG, as the case may be, and the term “Project Implementing Entities” means, collectively, all such entities.

39. “RAP” means the resettlement action plan, in form and substance satisfactory to the Association, prepared or to be prepared by the Recipient on the basis of the RPF, and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the RPF, along with procedural and institutional measures needed to implement such actions, measures and policies.

40. “Road Fund Legislation” means, collectively, the laws, any implementation decree, resolutions and/or decisions of the Recipient that have been adopted and approved for the purposes of creating, registering and making the Road Fund operational, including the Recipient’s Decree number: 22/2003 of May 20, 2003, published in the Recipient’s Official Gazette number 22, dated May 28, 2003; and the Recipient’s Decree number 40/2012 of November 30, 2012 published in the Recipient’s Official Gazette number 48, dated November 30, 2012 as such decrees may be amended from time to time.
41. "Road Fund Subsidiary Agreement" means the agreement referred to in Section 1.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make a portion of the proceeds of the Financing available to the Road Fund for the purposes of carrying out Parts 1.A.1 and 2.A.2 of the Project.

42. "Road Fund" or "Fundo de Estradas" means the Recipient’s entity responsible for road sector finance and monitoring established by the Recipient pursuant to Road Fund Legislation and the term includes any successor thereto.

43. "RPF" means the Recipient’s resettlement planning framework document dated November 1, 2012 setting forth the modalities for the compensation, resettlement and rehabilitation of Affected Persons, acceptable to the Association, and such term includes any schedules and/or annexes to said framework.

44. "Safeguard Documents" means collectively or individually the ESMPs, PMP, ESIAs and the RAPs prepared in connection with the Project, if any.

45. "SEZ" means Special Economic Zones and free industrial areas established in the Recipient’s territory.

46. "Special Economic Zones Authority" within APIEX means the Recipient’s entity under the Ministry of Industry and Commerce established to promote and coordinate activities related to the establishment, development and management of special economic areas and free industrial areas.

47. "Subproject" means a specific development project or activity for increased production of goods and services to be carried out or to be carried out by a IDCF Participant under parts 1.B.1 and 2.B.1 of the Project under the terms, conditions and procedures set forth in Section 1.G of Schedule 2 to this Agreement and further described in the IDCF Procedures Manual.

48. "Subsidiary Agreement" means each of the agreements referred to in Section 1.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to each Project Implementing Entity, as the same may be amended from time to time with the prior written consent of the Association, and such term includes all schedules to such Subsidiary Agreement.

49. "Training" means the reasonable costs of goods and services, based on an Annual Work Plan and Budget, previously approved by the Association required for the participation of personnel involved in training activities, workshops and study tours under the Project, 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, but excluding salaries of consultants.

50. "UCODIN" means the Recipient's unit responsible for coordination of integrated development in Nampula.

51. "Zambezi Valley Development Agency" or "ZVDA" means the Recipient's entity established under the Ministry of Economy and Finance to plan and coordinate implementation of economic development activities in the Zambezi Valley.

52. "Zambezi Valley" consists of the Recipient's provinces of Tete, Manica, Zambezia and Sofala.