Financing Agreement
(Power Efficiency and Reliability Improvement Project)

between

REPUBLIC OF MOZAMBIQUE

and

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

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, a grant, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to one hundred six million six hundred thousand Special Drawing Rights (SDR 106,600,000) ("Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

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

2.04. The Payment Dates are May 15 and November 15 in each year.

2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall: (i) carry out Part 3(a) of the Project through MIREME, and (b) cause the Project Implementing Entity to carry out Parts 1, 2 and 3(b) of the Project in accordance with the provisions of Article IV of the General Conditions, the Schedule 2 to this Agreement and the Project Agreement.
ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) the Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement; and

(b) the Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the Project Implementing Entity of its obligations under the Project Agreement.

4.02. The Additional Events of Acceleration consist of the following:

(a) the event specified in paragraph (a) of Section 4.01 of this Agreement occurs; and

(b) the event specified in paragraph (b) of Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) the Subsidiary Agreement has been executed on behalf of the Association and the Project Implementing Entity;

(b) the Project Agreement has been executed on behalf of the Association and the Project Implementing Entity, where the Association agrees to sign the Project Agreement on the date it signs this Agreement; and

(c) the Recipient and the Project Implementing Entity have adopted the Project Operations Manual satisfactory to the Association in accordance with Section I.C of Schedule 2 to this Agreement.

5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

5.03. For purposes of Section 10.05 (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 Signature Date.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its minister at the time responsible for economy and finance or any successor thereto.

6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient’s address is:

Ministry of Economy and Finance
Praça da Marinha Popular
Av. 10 de Novembro nº 929
Maputo, Caixa Postal 272
Republic of Mozambique; and

(b) the Recipient’s Electronic Address is:
Facsimile: E-mail:
+258 21313747 benedita.banze@mef.gov.mz

6.03. For purposes of Section 11.01 of the General Conditions: (a) The Association’s Address is:

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

(b) the Association’s Electronic Address is:
Telex: Facsimile: E-mail:
248423 (MCI) 1-202-477-6391 mlundell@worldbank.org
AGREED as of the Signature Date.

REPUBLIC OF MOZAMBIQUE

By

[Signature]

Authorized Representative

Name: Medeina Maleiane
Title: Minister of Economy and Finance
Date: 07-11-2017

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Mark Lundell
Title: Country Director
Date: October 25, 2017
SCHEDULE 1

Project Description

The objective of the Project is to improve the operational capacity of the electricity network in the project areas and the operational efficiency of EDM.

The Project consists of the following parts:

Part 1: Rehabilitation and Upgrade of Network Infrastructure

Improve security and reliability of electricity supply by EDM, through investments in the upgrade, reinforcement and rehabilitation of, *inter alia*, transmission and distribution lines, installation of additional transformers to increase capacity in substations, installation of reactive compensation equipment in the cities of Maputo, Matola, Nacala, Pemba, and Lichinga, replacement of obsolete control and protection equipment, and the upgrade of the system control and data acquisition equipment to enhance supervisory and control capabilities of the network.

Part 2: Enhancement of EDM Operational and Commercial Operations

Enhance governance, efficiency, transparency and accountability in key business areas of EDM, through:

(a) *Organizational Restructuring, Process Reengineering, and Capacity Building.* Establishment and implementation of a new organizational structure for EDM; reengineering of processes and activities in all EDM business areas with the objective to optimize efficiency, transparency, and accountability in its operations; enhancement of internal and external governance; capacity building and technical assistance to improve performance of key departments of EDM, such as finance, human resources, technical and procurement departments;

(b) *Consolidation of SIGEM.* Ensure full permanent use of the functionalities provided by the information systems supporting operations in all business areas incorporated under the SIGEM through, *inter alia*, training, incorporation of additional system functionalities, including, a geographic information system, an asset management system, and a new package to optimize management of purchases by prepaid customers;

(c) *Revenue Protection Program.* Reduction of non-technical losses by implementing a second phase of the Revenue Protection Program; and
(d) **Upgrade of Information Systems.** The upgrade and acquisition of information (hardware and software) systems.

**Part 3: Capacity Building and Implementation Support**

Provision of support to the Recipient and EDM to build capacity on key sector issues including: power sector planning, competition, tariffs, transparency and accountability, through:

(a) **Capacity building and implementation support for MIREME.** The carrying out of capacity building activities for key sector institutions in aspects related, *inter alia*, to: power sector planning, fostering competition in the power sector, methodologies and procedures to calculate electricity tariffs representative of recognized efficient costs, mechanisms to promote access and public participation in government related activities, and project management related expenses such the financing of external audit, office equipment; and

(b) **Capacity building and implementation support for EDM.** The provision of support for the financing of Project management related expenses, including the financing of external audit, oversight of implementation of the safeguards instruments, office equipment and incremental Operating Costs; consultancy services required to complement and build capacity in EDM for the effective implementation of the NESP and the Master Plan; and technical assistance in the form of two studies aimed at increasing reliability and reviewing the network protection system and the existing national grid code.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall throughout the Project implementation period: (a) implement Part 3(a) of the Project through MIREME's structure and DNE; (b) cause EDM to establish and maintain a Project Implementation Unit, headed by a Director, responsible for the day-to-day operations of Parts 1, 2 and 3(b) of the Project, including management, coordination, supervision, monitoring and evaluation of the Respective Part of the Project.

2. The Project Implementation Unit and DNE will be supported by staff with functions, experience, responsibilities and qualifications acceptable to the Association, and as described in the Project’s Operational Manual.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Respective Part of the Project by the Project Implementing Entity, the Recipient shall make the proceeds of the Financing allocated from time to time to Category 2 of the table set forth in Section IV.1 of this Schedule available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association, which shall include: (i) the principal amount of the grant made available under the Subsidiary Agreement; (ii) the right of the Recipient to suspend or terminate the right of the Project Implementing Entity to use said proceeds of the financing, or to obtain a refund of all or any part of the amount of the financing then withdrawn, upon the Project Implementing Entity failure to perform any of the obligations under the Subsidiary Agreement.

2. The Subsidiary Agreement shall further include the obligation of the Project Implementing Entity to:

   (a) implement the Respective Part of the Project with due diligence and efficiency and in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices, including the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient, Safeguards Instruments, and in accordance with the provisions of this Agreement;

   (b) procure all goods, works and services required under said Respective Part of the Project and to be financed out of the proceeds of the Financing
in accordance with the provisions of Section III of this Schedule; and (ii) ensure that all such goods, works and services are used exclusively for the purposes of said Parts;

(c) ensure that all facilities relevant to said Parts shall at all times be properly operated and maintained and that all necessary repairs and renewals of such facilities shall be made promptly as needed;

(d) with respect to records management: (i) maintain records adequate to record the progress of said Respective Parts of the Project (including its cost and the benefits to be derived from it), to identify the goods, works and services financed out of the proceeds of the Financing and disclose their use in said parts; (ii) furnish such records and information as may be requested by the Recipient or the Association; and (iii) retain all records evidencing expenditures under said Respective Part of the Project for the period of time specified in the General Conditions;

(e) with respect to monitoring and evaluation: (i) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Recipient and the Association, the progress of said Respective Part of the Project and the achievement of its objective; (ii) prepare periodic reports, in form and substance satisfactory to the Recipient and the Association, integrating the results of such monitoring and evaluation activities and setting out measures recommended to ensure the continued efficient and effective execution of the Respective Parts of the Project and to achieve its objective; (iii) furnish each such report to the Recipient and the Association within forty-five (45) days after the end of such period; and (iv) prepare, and furnish to the Recipient a final report, of such scope and in such detail as the Recipient and the Association shall reasonably request, on the execution of said Respective Part of the Project, and furnish the same to the Recipient and the Association not later than six (6) months after the end of the Project;

(f) with respect to financial management: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Recipient and the Association, both in a manner adequate to reflect its operations and financial condition, including the operations, resources and expenditures related to said Respective Part of the Project; (ii) avail the records pertaining to said parts to external and internal auditors; (iii) prepare as part of the Project Report, interim unaudited financial reports covering each quarter, and furnish them to the Recipient and the Association not later than forty-five (45) days after the end of the period covered by such reports, and provide such other information concerning such unaudited
financial statements as the Recipient or the Association may from time to
time reasonably request; and (iv) have its financial statements audited by
independent auditors and applying standards both acceptable to the
Association at least once in each fiscal year; and

(g) enable the Recipient and the Association to inspect the Respective Parts
of the Project, their operations and any relevant records and documents.

3. The Recipient shall exercise its rights under the Subsidiary 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, the Recipient shall not assign, amend, abrogate or waive the
Subsidiary Agreement or any of its provisions.

C. Project Operations Manual

1. The Recipient shall, and shall cause EDM to: (a) carry out the Project in
accordance with the Project Operations Manual, satisfactory to the Association,
which shall contain detailed guidelines, methods and procedures for the
implementation of the Project, including: (i) administration and coordination; (ii)
performance indicators for the Project; (iii) monitoring and evaluation; (iv)
financial, procurement and accounting procedures; (v) social and environmental
safeguards; (vi) corruption and fraud mitigation measures; (vii) roles and
responsibilities of various agencies in the implementation of the Project; and (viii)
procedures and criteria for selecting investments (including economic and
technical feasibility, ownership and environmental and social risks and impacts on
the surrounding community), and other activities to be implemented under the
Project, and such other arrangements and procedures as shall be required for the
effective implementation of the Project; and (b) except as the Association shall
otherwise agree in writing, not amend or waive, or permit to be amended or waived
any provision of the Project Operations Manual.

2. In case of conflict between the provisions of the Project Operations Manual and
this Agreement, those of this Agreement shall prevail.

D. Annual Work Plan and Budget

1. The Recipient shall, not later than December 31 of each year, prepare and furnish
to the Association, an annual program of activities proposed for implementation
under the Project during the following Fiscal Year, together with a proposed
budget for the purpose.

2. The Recipient shall exchange views with the Association on each such proposed
Annual Work Plan and Budget, and shall thereafter adopt, and carry out such
program of activities for such following Fiscal Year as shall have been agreed with
the Association, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association.

E. Safeguards

1. The Recipient shall carry out, and shall cause the Project Implementing Entity to carry out, the Project in accordance with the provisions of the Safeguards Instruments.

2. The Recipient shall amend the Safeguards Instruments from time to time as required by the Association. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESIs, ESMPs, RAP and RPF or any provision thereof without prior approval in writing by the Association, subject to the same approval requirements as applicable to the adoption of the said instruments. If any Supplemental Social and Environmental Safeguard Instrument is required under any of the Safeguard Instruments, the Recipient shall:

   (a) (i) prepare such Supplemental Social and Environmental Safeguard Instrument in accordance with the applicable Safeguard Instrument; (ii) carry out consultations upon such Supplemental Social and Environmental Safeguard Instrument; (iii) furnish such Supplemental Social and Environmental Safeguard Instrument to the Association for review and approval; and (iv) thereafter adopt such Supplemental Social and Environmental Safeguard Instrument prior to implementation of the activities; and

   (b) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguard Instrument.

3. The Recipient shall ensure that all technical assistance under the Project, application of whose results would have environmental or social implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association, such terms of reference to ensure that the technical assistance takes into account, and calls for application of the Association’s environmental and social safeguard policies and the Recipient’s own laws relating to the environment and social aspects.

4. If any activity under the Project would involve Affected Persons, the Recipient shall and shall cause the Project Implementing Entity to: (a) ensure that no physical or economic displacement shall occur before resettlement measures under a Supplemental Social and Environmental Safeguard Instrument prepared in accordance with the RPF and the RAP, including, in the case of either physical or economic displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been implemented; and (b) provide
from its own resources, any financing required for any measures under sub-
paragraph (a) above including any costs associated with land acquisition required
for the Project.

5. Without limitation upon its other reporting obligations under this Agreement, the
Recipient shall for each of the Safeguards Instruments including the related
Supplemental Social and Environmental Safeguard Instrument, regularly collect,
compile and furnish to the Association reports in form and substance satisfactory
to the Association, on the status of compliance with such Safeguard Instrument
including the related Supplemental Social and Environmental Safeguard
Instrument, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of the Safeguards Instruments including the
Supplemental Social and Environmental Safeguard Instruments;

(b) conditions, if any, which interfere or threaten to interfere with the smooth
implementation of the Safeguards Instruments including the Supplemental
Social and Environmental Safeguard Instruments; and

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

Section II. **Project Monitoring, Reporting and Evaluation**

The Recipient shall furnish to the Association each Project Report not later than
forty-five (45) days after the end of each calendar quarter, covering such calendar
quarter.

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 this paragraph and in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding. Domestic preferences for International Competitive Bidding shall be applicable in accordance with paragraph 2.55 of the Procurement Guidelines.

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: (a) National Competitive Bidding, subject to the provisions included in Annex 1 of Schedule 2 to this Agreement; (b) Shopping; and (c) Direct Contracting.

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) Least-Cost Selection; (b) Selection based on Consultants’ Qualifications; (c) Single-source Selection of consulting firms; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (e) Single-source procedures for the Selection of Individual Consultants.

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**

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to: (a) finance Eligible Expenditures; and (b) repay the Preparation Advance; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Training, and consultants’ services for Part 3(a) of the Project</td>
<td>1,403,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, Operating Costs, Training, and consultants’ services for Parts 1, 2, and 3(b) of the Project</td>
<td>103,757,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>1,440,000</td>
<td>Amount payable pursuant to Section 2.07 (a) of the General Conditions</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>106,600,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

2. Notwithstanding the provisions of paragraph 1 above, no withdrawal shall be made for payments made prior to the Signature Date.

3. The Closing Date is December 30, 2022.
ANNEX 1

Additional Procedures for National Competitive Bidding (“NCB”)

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

(ii) 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 liabilities.

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.

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

(iv) Preferences. No domestic preference shall be given to domestic bidders and/or to domestically manufactured goods.

(v) Applicable Procurement Method under the Mozambican Procurement Regulation. Subject to these NCB exceptions, procurement under NCB shall be carried out in accordance with the Mozambican Procurement Regulation’s on public competition (“Concurso Público”) method.

(vi) 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.

(vii) 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.

(viii) Bid Evaluation

(A) 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.

(B) 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.

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

(D) Bidders shall not be eliminated on the basis of minor, non-substantial deviations.

(ix) **Rejection of All Bids and Re-bidding.** All bids shall not be rejected and new bids solicited without the Association’s prior concurrence.

(x) **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.

(xi) **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.

(xii) **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 subcontractor, consultant, supplier or service provider of an otherwise eligible firm being awarded an Association-financed contract.

(xiii) **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.
APPENDIX

Section I. Definitions

1. “Affected Persons” means persons who on account of the execution of the Project, have 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 persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons.

2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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.

3. “Annual Work Plan and Budget” or “AWPB” means the annual work plans and budgets for the activities under the Project approved by the Association in accordance with the provisions of Sections I.D of Schedule 2 to this Agreement and the provisions of the Project Agreement.

4. “Category” means a category set forth in the table in Section IV.1 of Schedule 2 to this Agreement.


6. “DNE” means Direcção Nacional de Energia, the Department of Energy, established within MIREME.

7. “EDM” means Electricidade de Mozambique, the state-owned utility responsible for electricity generation, transmission and distribution countrywide, established in accordance with Law no. 21/97 of October 1, 1997.

8. “EDM’s Legislation” means the legislation establishing and governing EDM, or any other legislation relating to EDM.

9. “Environmental and Social Impact Assessments” or “ESIAs” means the: (i) plan prepared and adopted by the Recipient dated June 2017, disclosed in-country on July 26, 2017, and in the Bank’s website on July 30, 2017, for Maputo and Matola; and (ii) plan prepared and adopted by the Recipient dated June 2017, disclosed in-country on July 26, 2017, and in the Bank’s website on July 30, 2017, for all the cities, each, setting out details of potential environmental, physical and cultural
property and social risks and adverse impacts associated with any Project activities, together with an environmental and social management plan defining measures to manage such risks and impacts, including any schedules to such assessment, and as such assessment may be amended by the Recipient from time to time, with the prior written approval of the Association.

10. “Environmental and Social Management Plans” or “ESMPs” means: (i) the plan prepared and adopted by the Recipient dated June 2017, disclosed in-country on July 26, 2017, and in the Bank’s website on July 20, 2017, for Maputo and Matola; and (ii) the plan prepared and adopted by the Recipient dated June 2017, disclosed in-country on July 26, 2017, and in the Bank’s website on July 20, 2017, for all the cities, each setting out details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the respective ESIA under the Project, along with the procedural and institutional measures needed to implement such actions, measures and policies, including any schedules to such plans, and as such plan may be amended by the Recipient from time to time, with the prior written approval of the Association.

11. “Fiscal Year” means each fiscal year of the Recipient commencing on January 1 and ending on December 31.


13. “Master Plan” means the power sector master plan (2018-2043) addressing required investments on power generation, transmission and distribution at least-cost to meet the domestic demand growth for the next twenty-five (25) years, starting in 2018.


16. “NESP” means the national electrification strategy and plan developed to evaluate the Recipient’s current model for electrification, and propose a new business model to achieve universal access by 2030.

17. “Operating Costs” means the reasonable incremental expenses incurred, based on annual budgets approved by the Association, by the Recipient on account of Project implementation, management, and monitoring, including office supplies and consumables; communication costs; operation and maintenance of office vehicles and equipment; per diem and national and international travel costs and accommodations for Project staff; reasonable bank charges; and allowances and
salaries of the Project's contractual staff (but excluding the salaries of the Recipient's civil/public servants).

18. "Preparation Advance" means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on May 16, 2016, and on behalf of the Recipient on May 19, 2016.


20. "Procurement Plan" means the Recipient's procurement plan for the Project, dated August 22, 2017, 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.

21. "Project Agreement" means the agreement signed on this date between EDM and the Association.

22. "Project Implementation Unit" means the unit referred to in Section I.A.1(b) of Schedule 2 to this Agreement.

23. "Project Implementing Entity" means EDM.

24. "Project Operations Manual" means the manual acceptable to the Association and adopted by the Recipient and referred to in Section I.C of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior agreement of the Association.

25. "Resettlement Action Plan" or RAP means the document in form and substance acceptable to the Association prepared and adopted by the Recipient dated June 2017, disclosed in-country on August 1, 2017, and in the Bank’s website on August 1, 2017, which outlines the policies and procedures to be implemented under the Project in Maputo and Matola that have potentially negative impacts on the livelihoods, assets and land of the affected population, as the said plan may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.

26. "Resettlement Policy Framework" or "RPF" means the document in form and substance acceptable to the Association prepared and adopted by the Recipient dated June 2017, disclosed in-country on August 1, 2017, and in the Bank’s website on August 1, 2017, which outlines the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of the affected
population, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.

27. “Revenue Protection Program” means the program aimed to eliminate commercial (non-technical losses) in electricity supply to EDM’s largest customers through remote monitoring of consumption using automated meter reading infrastructure.

28. “Safeguards Instruments” means the ESIA, ESMP, RPF, RAP and any Supplemental Social and Environmental Safeguards Instruments.

29. “SIGEM” means Sistema Integrado de Gestão, the Recipient’s Integrated Management System aimed at designing and implementing a management information system and other tools to improve efficiency, transparency, and accountability in operations of EDM and enhance corporate governance.

30. “Signature Date” means the latest of the two dates on which the Recipient and the Association signed this Agreement and such definition applied to all references to “the date of the Financing Agreement” in the General Conditions.

31. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entity.

32. “Supplemental Social and Environmental Safeguards Instruments” means any site-specific or sub-project specific environmental and social management plan, resettlement action plan, pest management plan, or other supplemental social and environmental safeguards instruments as required under the terms of the ESIA, ESMP, RPF and/or RAP.

33. “Training” means the reasonable costs of training under the Project, based on the Annual Work Plan and Budget referred to in Section I.C of Schedule 2 to this Agreement as approved by the Association, and attributable to national and international seminars, workshops, and study tours, along with national and international travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 5.13 (Procurement) is deleted in its entirety and the remaining section in Article V is renumbered accordingly.
2. Paragraphs 86 (Procurement Plan) and 87 (Procurement Regulations) in the Appendix are deleted in their entirety and the subsequent paragraphs are renumbered accordingly.