H.E. Adriano Afonso Maleiane  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Rua da Marginal 929  
Maputo, Republic of Mozambique

Mr. Gilberto Sibumbi  
Chief Executive Officer  
Electricidade de Moçambique, EP  
Avenida Agostinho Neto, 70  
Maputo, Republic of Mozambique

Ms. Miquelina Menezes  
Chairperson of the Board  
Fundo de Energia  
Rua da Imprensa 256  
6th Floor, No. 607-610  
P.O. Box 2289  
Maputo, Republic of Mozambique

Excellencies:

REPUBLIC OF MOZAMBIQUE:  
(Energy Development and Access Project 2)  
(Credit No. 4681-MZ)  
Amendment No. 1 to the Financing Agreement and Project Agreements

We refer to the following agreements for the abovementioned Project ("Project"): (i) the Financing Agreement ("Financing Agreement") between the Republic of Mozambique ("Recipient") and the International Development Association ("Association"); (ii) the Project Agreement ("EdM Project Agreement") between the Association and the Electricidade de Moçambique, EP ("EdM"); and (iii) the Project Agreement ("FUNAE Project Agreement") between the Association and the Fundo de Energia ("FUNAE") all dated June 23, 2010 (collectively the Agreements). We also refer to the letter dated December 30, 2014 from the Minister of Planning and Development requesting certain changes to the Project based on recommendations done by the implementation support mission for the Project conducted from October 27 to November 11, 2014.

Therefore, the Association agrees to amend the Agreements as follows:

Financing Agreement

Schedule 1 (Description of the Project)

1. In Part 1, sub-paragraph (a) is amended, a new sub-paragraph (e) is added, and the current sub-paragraph (e) is relabeled as sub-paragraph (f) to read as follows:

"(a) Provision of technical assistance for the design, scoping and packaging, bid preparation and evaluation, procurement and supervision of the EdM investment program to be carried out under Parts 1(b), (c), (d) and (e) of the Project."
(b) Installation and operationalization of a medium voltage network transmission efficiency pilot project at Bairro 25 de Junho.

(c) Rehabilitation, reinforcement and upgrading of the existing primary networks in Maputo, Matola and Chimoio.

(d) Extension and intensification of the medium and low voltage grid in peri-urban areas in Nampula and Tete provinces to service at least 25,000 new customers.

(e) Provision of support to reinforce the existing Mocuba and Pemba substations, including the provision of four new 110/33 kV, 40 MVA power transformers and respective switchgears.

(f) Carrying out a program of activities aimed at improving the capacity of EdM for Project implementation and management, including improving the capacity of the environmental and social safeguards unit for implementation and monitoring of the environmental and social aspects of the Project, establishment of an integrated business management system and financing of operating costs.

2. In Part 2, sub-paragraph (b) is amended to read as follows:

“(b) Carrying out a program of activities aimed at promoting the use of biomass energy systems, including the distribution of improved wood fuel stoves to households and small and medium enterprise sectors.”

3. In Part 3, sub-paragraph (a) is deleted, sub-paragraph (d) is amended, sub-paragraphs (b), (c), and (d) are relabeled as sub-paragraphs (a), (b), and (c), and a new sub-paragraph (d) is added, to read as follows:

“(a) Carrying out a program of activities aimed at strengthening the Recipient’s capacity to promote and participate in the development of new energy infrastructure projects.

(b) Carrying out a program of activities aimed at strengthening the institutional capacity of CNELEC for effective discharge of its advisory/regulatory function.

(c) Carrying out a program of activities aimed at strengthening the capacity of the ME to improve its performance and governance, including the financing of operating costs.

(d) Provision of support for the installation of solar water heaters in selected hospitals.”

Schedule 2 (Project Execution)

4. In paragraph 1(a) of Section II.A, the phrase “set forth below in sub-paragraph (b) of this paragraph” is deleted and replaced with the phrase “acceptable to the Association” to read as follows:

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

Sub-paragraph (b) is deleted.
5. In paragraph 2 of Section IV.A, the disbursement table is deleted in its entirety and is replaced by the table in the Annex to this letter.

6. In paragraph 1 of Section IV.B, a new sub-paragraph (c) is added to read as follows:

   "(c) Under Category (1) unless the Recipient has revised and executed the EdM Subsidiary Agreement in a manner and substance satisfactory to the Association and subject to the provisions of Section I.B of this Schedule."

7. In paragraph 2 of Section IV.B, the date is amended to read as follows:

   "2. The Closing Date is December 31, 2016."

8. In paragraph A(1) of Section V, the date is amended and replaced by “December 31, 2015”.

Appendix (Definitions)

9. Paragraph 16 is amended to read as follows:

   "Financial Management Procedures Manuals” means a manual applicable to the Executing Agencies, as updated pursuant to Section 5.01(e) of this Agreement, setting forth financial arrangements and procedures governing the Project, including, budgeting, flows of funds, audit, financial reporting, institutional and staffing arrangements, accounting and internal control procedures, as such manual may be amended from time to time with the prior written agreement of the Association."

10. Paragraph 30 is amended to read as follows:

   "Project Implementation Manual” or “PIM” means the manual referred to in Section I.A.3(a) of Schedule 2 to this Agreement, as such manual may be amended from time to time with the prior written agreement of the Association."

EdM Project Agreement

In paragraph 1 of Section II.A of the Schedule to the EdM Project Agreement, the phrase “set forth in Section 11.1(a) of the Financing Agreement” is deleted and replaced with the phrase “acceptable to the Association” to read as follows:

   “The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than thirty (30) days after the end of the period covered by such report for incorporation in and forwarding by the Recipient to the Association of the overall Project Report.”

FUNAE Project Agreement

In paragraph 1 of Section II.A of the Schedule to the FUNAE Project Agreement, the phrase “set forth in Section II.1(a) of the Financing Agreement” is deleted and replaced with the phrase “acceptable to the Association” to read as follows:
“The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than thirty (30) days after the end of the period covered by such report for incorporation in and forwarding by the Recipient to the Association of the overall Project Report.”

All the terms and conditions of the Agreements that have not been amended hereby shall remain unchanged and in full force and effect.

Please indicate your agreement with the foregoing amendments on behalf of the Recipient and of the Project Implementing Entities by countersigning and dating six original copies of this letter and returning three countersigned originals to us. Upon receipt by the Association of the countersigned copies, these amendments shall become effective as of the date of the last countersignature.

Sincerely,

Mark Lundell
Country Director
Mozambique, Comoros, Madagascar, Mauritius, and Seychelles
Africa Region

AGREED: REPUBLIC OF MOZAMBIQUE

By: H.E. Adriano Aronso Maleiane
Minister of Economy and Finance
Date: 26/02/2015

AGREED: ELECTRICIDADE DE MOZAMBIQUE, EP

By: Mr. Gilberto Sibumbi
Chief Executive Officer
Date: 26/05/2015

AGREED: FUNDO DE ENERGIA

By: Ms. Miquelina Menezes
Chairperson of the Board
Date: 27/10/2015

EXECUTIVE BOARD MEMBER
## Annex

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)(a) Goods, works, consultants' services and Training for Part 1 of the Project, excluding Part 1 (e).</td>
<td>31,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(1)(b) Goods, works, consultants' services and Training for Part 1 (e) of the Project.</td>
<td>3,365,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, consultants' services, Training and Operating Costs for Part 2 of the Project.</td>
<td>12,547,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Part 3 of the Project:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Goods, consultants' services and Training.</td>
<td>2,232,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Operating Costs.</td>
<td>556,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>49,700,000</strong></td>
<td></td>
</tr>
</tbody>
</table>