

CONFORMED COPY

CREDIT NUMBER 2628 MOZ
(Amendment)

Agreement Amending
Development Credit Agreement

(Second Economic Recovery Credit)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 31, 1996

CREDIT NUMBER 2628 MOZ
(Amendment)

AGREEMENT AMENDING
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 31, 1996, between REPUBLIC OF MOZAMBIQUE (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower and the Association have entered into a Development Credit Agreement (Second Economic Recovery Credit) dated June 17, 1994 (the Development Credit Agreement), for the purpose of assisting the Borrower in the financing of its structural adjustment program as described in recital (A) of the Development Credit Agreement (the Program);

(B) the Borrower and the Association wish to simplify the procedures for the disbursement of the proceeds of the credit provided for in the Development Credit Agreement (the Credit) and for the purpose to amend the Development Credit Agreement as herein provided; and

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Amendments of the Development Credit Agreement

Section 1.01. Paragraphs (a), (b), and (c) of Section 1.01 of the Development Credit Agreement are deleted in their entirety and the

following paragraphs are substituted therefor:

"(a) Section 2.01, paragraph 9, is modified to read:

" 'Project' means the program referred to in the Preamble to the Development Credit Agreement in support of which the Credit is made.";

(b) The last sentence of Section 3.02 is deleted;

(c) Section 4.01 is modified to read:

"Except as the Association and the Borrower shall otherwise agree, withdrawals from the Credit Account shall be made in the currency of the deposit account specified in Section 2.02 (b) of the Development Credit Agreement.";

(d) Section 5.01 is modified to read:

"The Borrower shall be entitled to withdraw the proceeds of the Credit from the Credit Account in accordance with the provisions of the Development Credit Agreement and of these General Conditions. Except as the Association and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services provided from, any such territory; or (b) for the purpose of any payment to persons or entities, or any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.";

(e) The last sentence of Section 5.03 is deleted;

(f) Section 9.04 is deleted, and Sections 9.05, 9.06, 9.07 and 9.08 are renumbered, respectively, Sections 9.04, 9.05, 9.06 and 9.07; and

(g) Section 9.05 (c), as so renumbered, is modified to read:

"(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, the Borrower shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the Program referred to in the Preamble to the Development Credit Agreement, the performance by the Borrower and the Association of their respective obligations under the Development Credit Agreement and the accomplishment of the purposes of the Credit.".

Section 1.02. Section 1.02 of the Development Credit Agreement is amended by deleting the word "and" at the end of paragraph (h) the following new paragraph (j) is added:

"and; (j) "Amending Agreement" means the Agreement Amending the Development Credit Agreement".

Section 1.03. Section 2.02 of the Development Credit Agreement is modified to read:

"(a) Subject to the provisions of paragraphs (b) and (c) of this Section, the Borrower shall be entitled to withdraw the proceeds of the Credit from the Credit Account in support of the Program.

(b) The Borrower shall open, prior to furnishing to the Association the first request for withdrawal from the Credit Account, and thereafter maintain, a deposit account in dollars on terms and conditions satisfactory to the Association. All withdrawals from the Credit Account shall be deposited by the Association into such deposit account.

(c) The Borrower undertakes that the proceeds of the Credit shall not be used to finance expenditures excluded pursuant to the provisions of Schedule 1 to this Agreement. If the Association shall have determined at any time that any proceeds of the Credit shall have been used to make a payment for an expenditure excluded pursuant to the provisions of said Schedule 1, the Borrower shall, promptly upon notice from the Association: (i) deposit into the deposit account referred to in paragraph (b) of this Section an amount equal to the amount of said payment; or (ii) if the Association shall so request, refund such amount to the Association. Amounts refunded to the Association upon such request shall be credited to the Credit Account for cancellation."

Section 1.04. Paragraph (a) of Section 3.01 of the Development Credit Agreement is amended by substituting the words "Schedules 3 and 4" by the words "Schedules 2 and 3".

Section 1.05. Section 3.03 of the Development Credit Agreement is modified to read:

"Section 3.03. Upon the request of the Association, the Borrower shall:

(a) have the deposit account referred to in Section 2.02 (b) of this Agreement audited in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(b) furnish to the Association as soon as possible but in any case not later than four months after the date of the Association's request for such audit, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(c) furnish to the Association such other information concerning said deposit account and the audit thereof as the Association shall have reasonably requested".

Section 1.06. Paragraph (b) of Section 3.03 of the Development Credit Agreement is amended by deleting the words "including those of the Special Account" after the word "Section".

Section 1.07. Paragraph (c) of Section 3.03 of the Development Credit Agreement is deleted in its entirety.

Section 1.08. Paragraphs 1, 2 and 3 of Schedule 1 to the Development Credit Agreement are modified to read:

"For purposes of Section 2.02 (c) of this Agreement, the proceeds of the Credit shall not be used to finance any of the following expenditures:

(a) expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;

(b) expenditures for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association shall have financed or agreed to finance, or which the Bank or the Association shall have financed or agreed to finance under another credit or a loan;

(c) expenditures for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev. 3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or sub-groups under future revisions to the SITC, as designated by the Bank by notice to the Borrower:

Group	Sub-group	Description of Items
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured, tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semi-precious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728.43	-	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	-	Gold, non-monetary (excluding gold ores and concentrates);

(d) expenditures for goods intended for a military or para-military purpose or for luxury consumption;

(e) expenditures for Environmentally Hazardous Goods; and

(f) in furtherance of the purposes of Section 5.01 of the General Conditions, expenditures: (i) in the territories of any country which is not a member of the Bank or for goods procured in, or services supplied from, such territories; or (ii) on account of any payment to persons or entities, or any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations".

Section 1.09. Paragraph 4 of the Development Credit Agreement shall be amended to read paragraph "2" and the words "Schedule 3" and "Schedule 4" respectively in (A) (iii) and (B) (iii) shall be amended to read "Schedule 2" and "Schedule 3" respectively.

Section 1.10. Schedule 2 to the Development Credit Agreement, is deleted in its entirety and Schedule 3 is renumbered as Schedule 2.

Section 1.11. Schedule 5 of the Development Credit Agreement is deleted in its entirety.

ARTICLE II

Effective Date; Termination

Section 2.01. This Amending Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Borrower notice of its acceptance of the evidence required by Section 2.01 of this Amending Agreement.

Section 2.02. If this Amending Agreement shall not have come into force and effect by a date ninety (90) days after the date of this Amending Agreement, this Amending Agreement and all obligations of the parties hereunder shall terminate, unless the Association establishes

a later date for the purposes of this Section. If this Amending Agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this Amending Agreement had not been executed.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amending Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF MOZAMBIQUE

By /s/ Geraldo Namashulua

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Phyllis R. Pomerantz

Acting Regional Vice President
Africa

