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CONFORMED COPY

CREDIT NUMBER 4601-MOZ

Financing Agreement

(Mozambique eGovernment and Communications Infrastructure Project)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 17, 2009

CREDIT NUMBER 4601-MOZ

FINANCING AGREEMENT

AGREEMENT dated July 17, 2009, 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) 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 or in the Appendix to this Agreement.

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 twenty million nine hundred thousand Special Drawing Rights (SDR 20,900,000) (variously, “Credit” and “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 payable by the Recipient on the Unwithdrawn Financing 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 April 15 and October 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 Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project through the MCT in accordance with the provisions of Article IV of the General Conditions.
- 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 — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consists of the following:
 - (a) the Recipient has appointed a Project coordinator, a procurement manager, a financial management specialist, and an advisor at the MTC, all with qualifications, experience and terms of reference satisfactory to the Association; and
 - (b) the Recipient has adopted a Project Implementation Manual, including an administrative, financial and accounting procedures manual, a procurement manual and a monitoring and evaluation manual, in form and substance satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.03. 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 years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is the Minister of Planning and Development.

5.02. The Recipient's Address is:

Ministry of Planning and Development
Avenue Ahmed S. Toure, 21
Maputo, Mozambique

Facsimile:

(258) 21 490-146

5.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI)

1-202-477-6391

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

REPUBLIC OF MOZAMBIQUE

By /s/ Aiuba Cuereneia

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Luiz Claudio Martins Tavares

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient's efforts to contribute to lower prices for international capacity and extend the geographic reach of broadband networks, and to contribute to improved efficiency and transparency through eGovernment applications.

The Project constitutes the third phase of the Program, and consists of the following parts:

Part A: Enabling Environment

1. Building the capacity of MCT, MTC, INCM, UTICT and other key agencies involved in the ICT sector for monitoring and evaluation and implementation of the Project activities to improve the overall competitive environment for the ICT sector including provision of technical advisory services and training for, *inter alia*, development or revision of relevant legislation, regulations, policies and standards, supporting the launch of a third mobile operator, implementing open access to infrastructure sharing regulations, and developing cost models for backbone infrastructure.
2. Supporting the capacity for: (i) implementation of recommendations for the ESMF and RPF; (ii) implementation of monitoring and evaluation framework and systems; and (ii) development and implementation of a communications strategy and establishing channels of communication.
3. Provision of technical advisory services for capacity building activities for development of ICT.

Part B: Connectivity

1. Establishing a national internet exchange point, or strengthening the existing one with the necessary technology infrastructure and institutional capacity to provide services to the internet service providers, including carrying out a study to develop a viable business model.
2. Purchasing Telecom Services on the National Backbone and on international networks for targeted users, including identifying participating institutions and design capacity purchase contracts, through the provision of technical advisory services.
3. Supporting the extension of GovNet to institutions at central and provincial levels, and introducing district level institutions to the network, through the acquisition of equipment.

4. Supporting the connection of national research and higher education institutions to a high speed network, including: (a) strengthening of Network Operating Centre to effectively manage bandwidths and traffic, purchase routing, switching, connectivity and server infrastructures; and (b) building the capacity and institutional support for the establishment of Mozambique Research and Education Network.
5. Supporting connectivity infrastructure and improving access to information and services for the rural communities including: (a) developing the operating principles and financial modeling for operating a community multimedia centre; (b) establishing up to twenty new community multimedia centers, or upgrading existing community multimedia centers; (c) building the human resource and technical capacity to run the community centers program; and (d) developing knowledge management facilities and content.
6. Supporting innovative demand stimulation programs, including the development of an ICT incubator in Maputo.

Part C: eGovernment Applications

1. Supporting the Recipient's government cross-cutting activities for operation of common hardware, software and communications, including: (a) defining and establishing appropriate technical standards, data models and procedural schemes to enable seamless interoperability of the eGovernment applications platforms; (b) establishing a web-based portal platform and user interface of the eGovernment services; (c) establishing common desktop standards for hardware, software and applications/licenses and local support services; (d) establishing a government Enterprise Service Bus to support messaging and transfer of data between applications and lower levels of computing; (e) supporting the design and planning for operating an eGovernment services operations center; and (f) building the capacity for eGovernment services and platforms.
2. (a) Supporting targeted eGovernment applications including: (i) carrying out a concept and strategy for the establishment of a civil identity registry system and a needs assessment for the overall design; (ii) preparing bidding documents to facilitate private sector participation; and (iii) developing a civil identity registry.

(b) Supporting the land information management system including: (i) building the human resource and institutional capacity for use of the land information management systems and graphical information system; (ii) strengthening the capacity for technical Project management skills for the rollout of the system; and (iii) integrating the system into the eGovernment platform and associated equipment.

Part D: Project Management

Strengthening the Capacity of MCT, MTC and UTICT for management and coordination of the Project activities including, recruitment of the Project Coordinator, an advisor at the MTC, a lead information technology architect, at least a procurement manager, a financial management specialist, a monitoring and evaluation specialist, a communications specialist, and environmental consultants as may be required, through the provision of technical advisory services, and acquisition of goods and equipment.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. MCT and support for Project Implementation

- (a) The Recipient shall ensure that the MCT, and specifically the Department of Infrastructure and Information Systems is maintained at all times during the implementation of the Project with mandate, staffing and resources satisfactory to the Association for the purpose of ensuring the prompt and efficient overall coordination, monitoring, reporting, evaluation and communication of Project activities.
- (b) Without limitation to sub-paragraph (a) of this paragraph, the Recipient shall maintain an implementation team to support MCT, MTC, INCM, and UTICT, consisting of a Project coordinator, a procurement manager, a financial management specialist, an advisor and a lead information technology architect, all with qualifications, experience and terms of reference satisfactory to the Association, with the responsibility for day-to-day management of the Project, including procurement, financial management, consolidating the Annual Work Plans and Budgets, and monitoring and evaluation of the Project activities.

2. Project Steering Committee

- (a) Without limitation upon the provisions of paragraph A.1 of this Section, the Recipient shall establish and thereafter maintain at all times until the completion of the Project, the Project Steering Committee with a composition, mandate and resources satisfactory to the Association.
- (b) Without limitation to sub-paragraph (a) of this paragraph, the Project Steering Committee shall be responsible for, *inter alia*: (i) policy guidance; (ii) reviewing progress made towards achieving the Project's objectives, and making recommendations for removal of any obstacles to the timely implementation of the Project; (iii) reviewing and approving consolidated Annual Work Plans and Budgets, and consolidated reports on implementation of the Project; and (iv) providing comments on reports and reviews prepared by MCT for the benefit of the Recipient and the Association.

3. **Implementing Agencies**

Without limitation upon the provisions of Parts A.1 and A.2 of this Section, the Recipient shall ensure that MTC, INCM and UTICT are maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the Association, for the purpose of ensuring the prompt and efficient specialized support to MCT.

B. Implementation Arrangements

1. **Project Implementation Manual**

The Recipient shall:

- (a) adopt:
 - (i) a Project Implementation Manual, in form and substance satisfactory to the Association; and
 - (ii) a Grants Manual for Part B.5(d) of the Project in form and substance satisfactory to the Association;
- (b) thereafter carry out the Project in accordance with the Project Implementation Manual and Grants Manual (provided, however, that in case of any conflict between the Project Implementation Manual or Grants Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree in writing, shall not amend, abrogate or waive any provision of the Project Implementation Manual or Grants Manual without prior written approval of the Association if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

2. **Annual Work Plans and Budgets**

- (a) The Recipient shall prepare and furnish to the Association for its approval, not later than September 30 of each year during the implementation of the Project, or such later date as the Association may agree, the Annual Work Plans and Budgets containing all proposed activities to be carried out in the following Fiscal Year, modified in a manner satisfactory to the Association, taking into account the Association's comments and views on the matter.

- (b) The Recipient shall cause MCT to implement, monitor and evaluate such activity in accordance with the provisions set forth in this Agreement and in more detail in the Project Implementation Manual, and shall not make or allow to be made any material change to any activity included in the approved Annual Work Plans and Budgets without prior consultation with and written approval of the Association.

C. Anti-Corruption

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

D. Environmental and Social Safeguards

1. The Recipient shall carry out the Project in accordance with the environmental, social and resettlement guidelines, rules and procedures defined in the Environmental and Social Management Framework, and the Resettlement Policy Framework. To this end, in cases of any activity requiring the adoption of an EMP and RAP, the Recipient shall:
 - (a) prepare, disclose and implement EMPs in accordance with the ESMF and in form and substance acceptable to the Association, defining (i) the measures to be taken during the implementation of such activity to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels, and (ii) the actions needed to implement these measures; and
 - (b) prepare, disclose and implement Resettlement Action Plans in accordance with the RPF and in form and substance acceptable to the Association, defining a program of actions, measures and policies for compensation and resettlement of Affected Persons, including the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the RAPs.
2. The Recipient shall not amend or waive, or permit to be waived, the ESMF, RPF, RAPs, the EMPs, or any provision of any one thereof, without the prior written consent of the Association.
3. The Recipient shall ensure that all measures for carrying out the recommendations of the ESMF, RPF, RAPs, EMPs are taken in a timely manner.

4. Without limitation upon its other reporting obligations under this agreement and under Section 4.08 of the General Conditions, the Recipient shall:
 - (a) include in the Project Reports referred to in Section II.A of this Schedule adequate information on monitoring the measures defined in the ESMF, EMPs, RPF and RAPs, giving details of:
 - (i) measures taken in furtherance of such ESMF, EMPs, RPF and RAPs;
 - (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, EMPs, RPFs and RAPs;
 - (iii) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such ESMF, EMPs, RPF and RAPs; and
 - (b) afford the Association a reasonable opportunity to exchange views with the Recipient on such reports.
5. Each such report shall be furnished to the Association not later than one month after the end of the six months covered by such report.

E. Grants for Demand Driven Initiatives for Connectivity under Part B.5(d) of the Project

1. (a) **General**

Without limitation upon the provisions of Section 1.A of this Schedule, the Recipient shall appraise, approve and monitor proposals for demand-driven programs for public or private sector participants for development of content under Part B.5(d) of the Project, and administer the Grants in accordance with the provisions and procedures set forth or referred to in this Section E and to be established in more detail in the Grants Manual.

(b) **Eligibility Criteria for Demand Driven Initiative Programs**

No proposal for a demand-driven connectivity initiative shall be eligible for financing under a Grant out of the proceeds of the Financing unless the Recipient, through the MCT, has determined, on the basis of an appraisal conducted in accordance with this sub-paragraph and the guidelines to be established in the Grants Manual, that the proposal satisfies the eligibility criteria specified below and set forth or referred to in more detail in the Grants Manual, which shall include, *inter alia*, the following:

- (i) the proposal shall fall within the innovative areas for content development, described under Part B.5(d) of the Project in Schedule 1 to this Agreement, and to be described more specifically in the Grants Manual, and shall exclude any activities and expenditures specified as ineligible in the Grants Manual;
- (ii) the proposal shall be initiated by an agency which has met the eligibility criteria to be specified in the Grants Manual;
- (iii) the agency making the proposal has adequate technical, financial management and procurement capacity to implement the proposal in compliance with the guidelines set forth in the Grants Manual; and
- (iv) the agency making the proposal shall be eligible to receive subsequent Grants if it has completed the preceding initiative for content development to the satisfaction of the MCT, in accordance with the terms and conditions to be established in the Grants Manual.

(c) **Approval of Grants**

Based on the appraisal and recommendation of the MCT, in accordance with sub-paragraph (b) of this paragraph, the proposal shall be approved in accordance with the thresholds to be specified in the Grants Manual.

(d) **Terms and Conditions of Grants**

A proposal for a demand-driven content development initiative shall be carried out pursuant to the terms and conditions to be described in more detail in the Grants Manual.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

- 1. (a) 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 the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of six calendar months, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

- (i) volume of international traffic (using proxy international internet bandwidth);
 - (ii) volume of national traffic (using 2 proxies: internet user penetration and total teledensity (fixed and mobile));
 - (iii) average price of international communications (using the proxy price of wholesale international E1 capacity link);
 - (iv) satisfaction of users with electronic delivery of government services; and
 - (v) volume of electronic records/events processed with the eGovernment applications.
2. For the purpose of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than the date 30 months after the Effective Date.

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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association, not later than 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 under the Project Preparation Advance was made. 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 and Works.** All goods and works 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. **Non-consulting Services.** All services that are not of intellectual or advisory nature, and which are not consultants' services. Non-consulting services under this Project will include, telecom service packages to enhance the broadband capacity, connectivity, leased lines services and networks. Non-consulting services required for the Project shall be procured in accordance with the corresponding method described in the Procurement Guidelines for procurement of works and goods, and referred to in Paragraph A.1 of this Section.
4. **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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding (ICB).
2. **Other Methods of Procurement of Goods and Works.** The following methods of procurement, other than International Competitive Bidding, may be used for goods and works under the circumstances specified in the Procurement Plan for each such method: (a) National Competitive Bidding may be used subject to the provisions set forth in paragraph B.3 of this Section; (b) Shopping; (c) Direct contracting; and (d) Established Private or Commercial Practices which have been found acceptable to the Association.
3. **Exceptions for the use of National Competitive Bidding referred to in paragraph B.2(a) of this Section.**
 - (a) National Competitive Bidding for Goods and Works, in accordance with the Mozambican Procurement Regulations, as per Decree Number 54/2005 may apply subject to the following additional provisions:
 - (i) Eligibility. No bidder, foreign or domestic, shall be precluded from participating in the bidding process for reasons unrelated to their eligibility or capability to perform the contract. Examples of reasons that may not be used to preclude a bidder from so participating include the following: proof that the bidder is not under bankruptcy proceedings in the territory of the Recipient; appointment by the bidder of a local

representative in the territory of the Recipient; prior registration by the bidder in the territory of the Recipient; or license or agreement allowing the bidder to operate in the territory of Recipient.

- (ii) Qualification. Bidders shall be post-qualified unless the Procurement Plan explicitly provides otherwise. Irrespective of whether post qualification or prequalification is used, both national and foreign bidders who meet the qualification requirements stated in the bidding documents shall be allowed to participate in the bidding process.
- (iii) Bidding Documents. Bidders shall use standard bidding documents for the procurement of goods, works and services, consistent with the provisions of the Procurement Guidelines.
- (iv) Preferences. No preference for domestically manufactured goods or for domestic contractors shall be allowed.
- (v) Bid evaluation. The 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. Evaluation of bids shall be made in strict adherence to the criteria set forth in the bidding documents; criteria other than price should be quantified in monetary terms. A contract shall be awarded to the qualified bidder offering the lowest technically responsive evaluated bid. Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.
- (vi) Rejection of All Bids and Re-bidding. In cases where the Recipient rejects all bids and solicits new bids for a contract, it shall, as soon as possible, notify the Association of such decision.
- (vii) Complaints by Bidders. Complaints by bidders shall be handled by the Recipient, who shall inform the Association of any such complaint.
- (viii) Right to Inspect/Audit. Each bidding document and contract financed out of the proceeds of the Financing shall provide that the bidder, supplier or contractor, and any subcontractor, shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have these accounts and records audited by auditors appointed by the Association. An act by the bidder, supplier, contractor or subcontractor intended to materially impede the Association's exercise of its inspection and audit right constitutes an Obstructive Practice.

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 of procurement, other than Quality- and Cost-based Selection, may be used for consultants' services under the circumstances specified in the Procurement Plan for each such method: (a) Quality Based Selection; (b) Least Cost Selection; (c) Selection Based on Consultants' Qualifications; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (e) Single Source Selection; (f) Sole Source Procedures for the Selection of Individual Consultants; and (g) Established Private or Commercial Practices which have been found acceptable to the Association.

D. Review by the Association of Procurement Decisions

1. The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review.
2. 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.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, Consultants' services, Training and Operating Costs for Parts A, B, C and D of the Project, and Non-consulting Services for Part B of the Project, except for Telecom Services on the National Backbone	17,600,000	100%
(2) Grants for content development initiatives under Part B.5(d) of the Project	100,000	100%
(3) Telecom Services on the National Backbone under Part B.2 of the Project	2,700,000	100%
(4) Refund of Preparation Advance	500,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	20,900,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A.1 of this Section no withdrawal shall be made:

- (a) for payments made prior to the date of this Agreement; or
- (b) for Eligible Expenditures for any Grant under Category (2), unless the Recipient has prepared and submitted to the Association a Grants Manual; or

- (c) for Eligible expenditures under Category (3), unless the parameters and expenditures for purchase of capacity on national networks have been defined and approved by the Association.
2. The Closing Date is February 28, 2015.

Section V. Other Undertakings

A. Appointment of Financial Auditors

- 1. The Recipient shall not later than three months after the Effective Date, appoint the independent auditors referred to in Section 4.09 (b) of the General Conditions, in accordance with the provisions of Section III of this Schedule.

B. Project Steering Committee

- 1. The Recipient shall not later than three months after the Effective Date, establish the Project Steering Committee.

C. Project Implementation Strategy

- 1. The Recipient shall not later than three months after the Effective Date, submit to the Association a Project implementation strategy in form and substance satisfactory to the Association.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
commencing October 15, 2019 to and including April 15, 2029	1%
commencing October 15, 2029 to and including April 15, 2049	2%

* 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

Definitions

1. “Affected Persons” means persons who, on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected.
2. “Annual Work Plan and Budget” means the work plan and budget for the Project prepared annually by the MCT, MTC, INCM and UTICT, and consolidated by the MCT in accordance with Section I.B.2 of Schedule 2 to this Agreement.
3. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
6. “eGovernment” means use of ICT to enhance the delivery of services by government units, departments and ministries and to improve communication within government.
7. “Environmental and Social Management Framework” or “ESMF” means the document of the Recipient dated April 2009 as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association, setting forth the modalities for environmental screening and procedures for the preparation and implementation of environmental assessments and management plans under the Project pursuant to Section I.D.1 of Schedule 2 to this Agreement, and such term includes all schedules and annexes to the ESMF.
8. “Environmental Management Plan” or “EMP” means an environmental management plan, acceptable to the Association and consistent with the ESMF, adopted for the purposes of an activity, and giving details of the magnitude of the environmental impacts, as well as the specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF under the activity, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to

implement such actions, measures and policies, and such EMP may be amended from time to time with the prior written agreement of the Association.

9. "Enterprise Service Bus" means a middleware software which enables messaging and transfer of data between systems to ensure seamless interoperability across enterprise divisions or units and their information technology systems.
10. "Fiscal Year" means the Recipient's fiscal year commencing January 1 and ending December 31 of each year.
11. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 1, 2005 (as amended through October 15, 2006).
12. "GovNet" means the Recipient's government electronic network which is an ICT based platform used to interconnect government entities.
13. "Grant" means funds allocated or proposed to be allocated out of the proceeds of the Financing to a public, or a private sector participant, for the purpose of financing a demand driven content development initiative or eGovernment initiative in accordance with the provisions of Section I.E.5 of Schedule 2 to this Agreement.
14. "Grants Manual" means the Recipient's manual for Part B.5(d) of the Project, in form and substance satisfactory to the Association, and containing or referring to detailed arrangements and procedures for the implementation of Part B.5(d) of the Project, including: (i) institutional administration, coordination and day-to-day execution of activities of Part B.5(d) of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) procedures for defining eligibility criteria and approval, disbursement, administration and monitoring and evaluation arrangements for proposals, together with a model form grant agreement formats for Part B.5(d) of the Project; as such manual may be amended and supplemented from time to time, with the prior written approval of the Association, and such term includes all schedules and annexes to said manual.
15. "ICT" means Information and Communication Technology.
16. "INCM" means *Instituto Nacional de Comunicações de Moçambique*, the Recipient's National Institute of Communications, the Recipient's agency responsible for regulation of communications, or any successors thereto.
17. "MCT" means *Ministério da Ciência e Tecnologia*, the Recipient's Ministry of Science and Technology, or any successors thereto.

18. “Mozambique Research and Education Network” means the Recipient’s network providing high bandwidth connectivity services for higher education and research institutions for ensuring interconnection and access to internet.
19. “MTC” means *Ministério dos Transportes e Comunicações*, the Recipient’s Ministry of Transport and Communications, or any successors thereto.
20. “Network Operating Centre” means a center which monitors, controls and aggregates traffic of a specific telecommunication network.
21. “Operating Costs” means the incremental costs incurred by the MCT, MTC, INCM and UTIC in the course of the implementation of the Project, and on the basis of approved Annual Work Plan and Budget for the Project, on account of operation and maintenance costs for Project vehicles, office supplies, cost of communications including, faxes, internet and related services, consumables, travel costs and per diems, and accommodation, but excluding salaries of the Recipient’s civil servants.
22. “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 July 22, 2008, and on behalf of the Recipient on August 28, 2008.
23. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
24. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 7, 2009, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
25. “Project Implementation Manual” means the Recipient’s manual, in form and substance satisfactory to the Association, referred to in Section 5.01(b) of this Agreement, including an administrative, financial and accounting procedures manual, and containing or referring to detailed arrangements and procedures for the implementation of the Project, including: (i) institutional administration, coordination and day-to-day execution of activities of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, and reporting; and (v) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as such manual may be amended and supplemented from time to time, with the prior written approval of the Association, and such term includes all schedules and annexes to said manual.
26. “Project Steering Committee” means the committee referred to in Section 1.A.2 of Schedule 2 to this Agreement.

27. “Program” means the program designed to support the Recipient’s information communications technology and to facilitate connectivity to support the development of regional communications links with coastal landing stations of the submarine fiber-optic cables under the Regional Communications Infrastructure Program.
28. “Resettlement Action Plan” or “RAP” means the plan referred to in Section I.D.1 (b) of Schedule 2 to this Agreement; and “RAPs” means, collectively, each such RAP.
29. “Resettlement Policy Framework” or “RPF” means the Resettlement Policy Framework of the Recipient dated April 2009 as the said framework may be amended and/or supplemented from time to time with the prior concurrence of the Association, setting forth the modalities for resettlement and compensation of Affected Persons under the Project and referred to in Section I.D.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Association.
30. “Telecom Services on the National Backbone” means the program for purchase of capacity for connectivity under Part B.2 of the Project.
31. “Training” means the costs associated with the training and workshops, and study tours based on Annual Work Plan and Budget approved by the Association pursuant to Section III.D.1 of Schedule 2 to this Agreement, including travel and subsistence costs for training and workshops participants, costs associated with securing the services of trainers, rental of training facilities, preparation, reproduction, and acquisition of training materials, and other costs directly related to course preparation and implementation.
32. “UTICT” means *Unidade Técnica para a Implementação da Política de Informática*, the Recipient’s ICT Policy Implementation Technical Unit, or any successor thereto.