
GRANT NUMBER E288-MZ

Financing Agreement

(Additional Financing for Maputo Urban Transformation Project)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER IDA E288-MZ

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the Republic of Mozambique (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for the Original Project described in Schedule 1 to this Agreement (“Project”). 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, which is deemed as Concessional Financing for purposes of the General Conditions, an amount equivalent to thirty-seven million six hundred thousand Special Drawing rights (SDR 37,600,000) (“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 III 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 April 15 and October 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 cause the Project Implementing Entity to carry out the Project, all in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
- (a) The Project's Implementing Entity's Legislation have been amended, suspended, abrogated, repealed or waived so as to affect the ability of *Conselho Municipal de Maputo* ("CMM") to implement the Project.
 - (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 Subsidiary Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consist of the following, namely that the Subsidiary Agreement has been updated for the purposes of this Agreement.
- 5.02. The Effectiveness Deadline is the date ninety days (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 of Economy and Finance.
- 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 n° 929
Maputo
Republic of Mozambique
 - (b) the Recipient's Electronic Address is:

Facsimile: +258 21313747
- 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: 248423 (MCI) Facsimile: 1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF MOZAMBIQUE

By

Max Elias Tonela

Authorized Representative

Name: Max Elias Tonela

Title: Minister

Date: 02-Apr-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Idah Z. Pswarayi-Riddihough

Authorized Representative

Name: Idah Z. Pswarayi-Riddihough

Title: Country Director for Mozambique, Madagascar, Co

Date: 07-Mar-2024

SCHEDULE 1

Project Description

To improve urban infrastructure and strengthen institutional capacity for sustainable urbanization in Maputo.

The Project consists of the following parts:

Part 1: Informal Settlement Upgrade

Provision of support to CMM for the implementation of the Integrated Informal Settlements Upgrading Program in the most vulnerable neighborhoods of Maputo City, including:

- (a) The rapid deployment of small scale, low-cost and scalable urban solutions to reduce the risk of COVID-19 community transmission in selected informal settlements, through: (i) the installation of COVID-19 Community Response Units, following technical guidance from the INS; (ii) deployment of small water systems for hand washing; (iii) rehabilitation of open areas, one in each neighborhood into multi-functional community spaces; (iv) rehabilitation of local pedestrian paths including public lighting; and, (v) installation of waste recycling equipment support to community recycling, reuse, and reduce community awareness.
- (b) The rehabilitation and construction of larger and more complex urban infrastructure in selected informal settlements, through: (i) the construction of: (A) macro drainage channels interconnecting with the existing drainage systems of the city to collect storm water from the micro drainage; (B) detention basins to reduce the overall discharge; and (C) micro drainage and green infrastructure (detention, discharges) to allow rain water to drain at local level; (ii) the provision of access to isolated residential areas to the existing roads network in and around the selected neighborhoods, through the pavement of local roads with lateral drainage ditches, including signage for non-motorized vehicles and pedestrian safety; (iii) the construction of sanitary modules for households without safe sanitation, households water connections, expansion of fecal sludge management and support to the community based organizations that provide removal and treatment services; and (iv) the financing of *in situ* resettlement of social and economic activities (excluding land acquisition), including the financing of the construction of residential or commercial structures for Affected People, providing access to water, sanitation and electricity.
- (c) The implementation of a socioeconomic inclusion programs targeting the most vulnerable and marginalized people in selected informal settlements, through the financing of: (i) land survey, updating municipal land cadaster, preparing detailed

spatial plans, public awareness and information on provisional claims, legal support and conflict resolution, and other costs to obtain a DUATs; and (ii) income generation and gender responsive activities, including the engagement of an NGOs to prepare local development plans through participatory processes to better understand the challenges and opportunities facing the most vulnerable population.

- (d) The provision of incentives to scale up land regularization targeting in order to enhance land tenure security for the families without formal land use rights titles (DUATs) in the selected informal settlements.

Part 2: Maputo City Center Rehabilitation

Provision of support to CMM to implement Maputo's city center revitalization program, including:

- (a) The rehabilitation and expansion the of the drainage system of the city center downtown, through: (i) the construction of new rainwater collectors; (ii) construction of retention ponds/green infrastructure to reduce the volume of water destined for the Maputo bay, while also improving the quality of the outflow water, with the retention of solid particles; (iii) rehabilitation of a section of the combined drainage-sanitation network; (iv) expansion of the stormwater conveyance lines and design; and (v) installation of a rainfall, water level and discharge monitoring system for the city.
- (b) The implementation of a socioeconomic inclusion program targeting the most vulnerable people living and working in the city center, through: (i) the development of a Municipal Social Cadaster System; (ii) the carry out of socioeconomic surveys; (iii) the engagement of an NGOs to prepare local development plans through participatory processes to better understand the challenges and opportunities facing the most vulnerable population living and/or working in the city center; (iv) implementation of the most impactful actions from the local development plans, including retraining of municipal police and public servants to better assist the most vulnerable population; (v) support CMM to mobilize private sector finance to maximize resources for revitalization of the city center; (vi) the establishment of the necessary regulations on land value capture and undertake feasibility studies of specific urban operations in the city center financed through land value capture; and (vii) the re-assessment of property tax and update of the fiscal cadaster.
- (c) The provision of incentives to undertake regulatory reforms and institutional changes needed to improve property tax revenue capacity, including: (i) operationalization of an electronic property tax payment system; (ii) adoption of an urban property tax that better captures the real market value, and introduces a progressive valuation index for disincentivizing non-productive use of land; and, (iii) consolidation of property tax, solid waste tariff, and the new drainage tariff

collection in one single bill, which includes also information about how the revenue collected will be expended by the municipality.

Part 3: Sustainable Urban Growth

Provision of support to CMM for the promotion of a more sustainable urban development in Maputo City, including:

- (a) The implementation of guided land development schemes in the *KaTembe* Municipal District, through: (i) revision of the KaTembe general urban plan; (ii) preparation of partial plans for the most suitable guided land development schemes; (iii) implementation of land demarcation of the rights-of-way of about 31 km of roads, 50km² of protected area and public equipment, and boundaries of about 1.500 plots for low income families; (iv) construction of the secondary roads to access these areas, as well as tertiary roads; and, (v) construction of a pilot sites-and-services to benefit about 100 low income families currently leaving on high flooding risk area in *KaTembe*.
- (b) The implementation of the first sanitary landfill -for safe disposal of solid waste, and the closure and environmental recovery of the *Hulene* dumpsite in the *Katembe* Municipal District, though: (i) the preparation of feasibility study, detailed engineering design and safeguards instruments required; (ii) the construction of the new landfill; (iii) design and construction of paved access road and drainage to connect the new landfill; and (iv) the second phase of the decommission the *Hulene* dumpsite.
- (c) The carrying out of key analytics and studies to support the sustainable urban growth of the city, including: (i) an urban spatial plan and climate smart capital investment plan; (ii) update of the city drainage master plan and drainage studies for *KaTembe* and *Hulene*; (iii) a Light Detection and Ranging (LiDAR) survey to produce a digital terrain model for the city, updated aerial photographs and a basemap to support urban planning, infrastructure and drainage design; and (iv) financial models and studies to support drainage operations and maintenance.
- (d) The implementation of incentives to strengthen key aspects of the SWM system in order to improve financial, environmental and social sustainability, including: (i) improvement in overall cost-recovery ratio of municipal SWM services; (ii) increase in the volume of recycled or reutilized waste; and (iii) support formalization and reintegration of informal waster to resource their subsistence.

Part 4: Project Implementation and Institutional Support

Provision of support to CMM to manage Project implementation, including Operating Costs, financial audits, hiring of the IVA, and acquisition of office equipment, goods and vehicles needed for Project implementation; and provide institutional strengthening in the

areas of urban management reforms and urban infrastructure, as well as on-the-job and formal training of key municipal staff in the areas of municipal finance management, urban planning and land management, drainage and sanitation, solid waste management, socioeconomic inclusion, gender issues, human resource management, accountability/transparency/participation, and administrative modernization.

Part 5: Contingency Emergency Response

Support the Recipient in case of a potential disaster-recovery need by providing immediate response to an Eligible Crisis or Emergency.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall cause CMM to maintain, throughout the Project implementation period, a Project multi stakeholder consultative committee (“PMSCC”) responsible for facilitating overall monitoring of Project implementation, inter-institutional coordination and synergies. The PMSCC will be comprised of nominees from CMM, relevant ministries and public utilities involved in urban infrastructure and municipal services, as well as representatives from development partners, private sector and civil society organizations. CMM will act as the Secretariat of the PMSCC.
2. the Recipient shall cause CMM to maintain throughout Project implementation, a unit (PIU) under the oversight of GDEI, responsible for overseeing day-to-day implementation of Project activities, including fiduciary management, monitoring and evaluation, reporting as well as the compiling of all data, information and evidence of achieving the PBCs, all under terms of reference, staffing with qualifications, experience, resources and terms of reference satisfactory to the Association, including a Project coordinator, a monitoring and evaluation specialist, a financial management specialist, a procurement specialist, a social safeguards specialist, an environmental safeguards specialist, and an accountant.
3. The Recipient shall cause CMM to maintain the following teams: (a) a Technical Urban Team, composed of technical experts on urban planning and land management, solid waste management, water and sanitation, architecture and social inclusion and gender, responsible for the undertaking of all necessary data gathering, studies, urban infrastructure planning, as well as supervision of works contracts financed under the Project; and (b) a Policy Reforms and Institutional Team, staffed with senior advisors allocated to the relevant municipal departments to support CMM undertaking the policy reforms and institutional changes subscribed under the Project.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project by the Project Implementing Entity, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under a subsidiary agreement between the Recipient and CMM (“Subsidiary Agreement”), under terms and conditions approved by the Association, which shall include: (a) the principal amount of the Financing to be made available to CMM on grant terms under the Subsidiary Agreement; (b)

the right of the Recipient to suspend or terminate the right of CMM 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 CMM 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 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)(i) procure all goods, works and services required under the Project and to be financed out of the proceeds of the Financing in accordance with the Procurement Regulations; and (ii) ensure that all such goods, works and services are used exclusively for the purposes of the Project; (c) ensure that all facilities relevant to the Project 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 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; (ii) furnish such records and information as may be requested by the Recipient or the Association; and (iii) retain all records evidencing expenditures under 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 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 Project and to achieve its objective, each such report to cover a calendar quarter; (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 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 the Project; (ii) avail the records 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 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 Implementation Manual

1. Not later than one (1) month after Effective Date, the Recipient shall cause CMM to amend the existing Project Implementation Manual (“PIM”) and ensure that the Project is implemented in accordance with the provisions of the PIM, which shall include: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) environmental and social safeguard guidelines; (e) monitoring, evaluation, reporting and communication; (f) the verification protocol, i.e., the detailed criteria for the achievement of PBCs and the means by which the same will be verified under the Project; and (g) such other administrative, financial, technical, and organizational arrangements and procedures as shall be required for the Project.
2. Except as the Association shall otherwise agree, the Recipient or CMM shall not amend, abrogate or waive any provision of the PIM and in case of any conflict between the arrangements and procedures set out in the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail.

D. Annual Work Plans and Budget

The Recipient shall cause CMM to prepare and furnish to the Association for its approval, not later than November 30 of each year during the implementation of the Project, or such later date as the Association may agree, the Annual Work Plans and Budget containing all 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.

E. Environmental and Social Standards

1. The Recipient shall and shall cause CMM to ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall cause CMM to ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall cause CMM to ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP.
 - (c) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and
 - (d) the ESCP or any provision thereof, is not amended, revised or waived, except as the Association shall otherwise agree in writing and the Recipient has, thereafter, disclosed the revised ESCP.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. Without limitation upon the provisions of paragraph 2 above, if 60 days prior to the Closing Date, the Association determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall: (a) not later than 30 days before the Closing Date, prepare and present to the Bank, an action plan satisfactory to the Bank on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Bank
5. The Recipient shall cause CMM to:
 - (a) take all measures necessary on its part to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the management tools and instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if

any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

(b) promptly notify the Association of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including without limitation any potential Project-related occupational health and safety accidents and incidents or Project-related allegations of gender-based violence or Project-related child labor, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.

6. The Recipient shall cause CMM to maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.
7. The Recipient shall cause CMM ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, and subcontractors; and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

F. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project (“Emergency Response Part”), the Recipient, shall: (a) prepare and furnish to the Association for its review and approval, a Contingency Emergency Response Manual (“CER Manual”) which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any additional institutional structures or arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for the Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management arrangements and instruments the Emergency Response Part; and (vii) any other arrangements

necessary to ensure proper coordination and implementation of the Emergency Response Part; (b) afford the Association a reasonable opportunity to review the proposed CER Manual; (c) promptly adopt the CER Manual for the Emergency Response Part as accepted by the Association; (d) ensure that the Emergency Response Part is carried out in accordance with the CER Manual; provided, however, that in the event of any inconsistency between the provisions of the CER Manual and this Agreement, the provisions of this Agreement shall prevail; and (e) not amend, suspend, abrogate, repeal or waive any provision of the CER Manual without the prior written approval by the Association.

2. The Recipient throughout the implementation of the Emergency Response Part, maintain the institutional structures and arrangements established in accordance with the CER Manual, with adequate staff and resources satisfactory to the Association.
3. The Recipient shall undertake no activities under the Emergency Response Part unless and until the following conditions have been met in respect of said activities:
 - (a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (b) the Recipient has ensured the preparation and disclosure of all safeguard instruments as may be required for said activities in accordance with the CER Manual, the Association has approved all said instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.

Section II. Project Monitoring, Reporting and Evaluation

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

Section III. Withdrawal of the Proceeds of the Financing

A. General

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 finance Eligible

Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Financing Allocated (expressed in SDRs)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, Non-consulting Services, Consultant Services, Training, and Operating Costs under Part 1 (except Part 1(d)) of the Project, Part 2 (except Part 2(d)) of the Project, Part 3 (except Part 3(c)) of the Project and Part 4 of the Project.	37,600,000	100%
(2) Goods, works, Non-consulting Services, Consultant Services, Training, and Operating Costs for PBCs under Parts 1(d), 2(c) and 3(c) of the Project.	0	100%
(3) Refund for Preparation Advance	0	Amount payable pursuant to Section 2.07(a) of the General Conditions
(4) Emergency Expenditures under Part 5 of the Project	0	100%
TOTAL AMOUNT	37,600,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for:
 - (a) payments made prior to the Signature Date, or

- (b) withdrawals under Category (4), for Emergency Expenditures under Part 5 of the Project, unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said activities:
 - (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include the proposed activities in the Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;
 - (ii) the Recipient has ensured that all safeguard instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.F. of this Schedule;
 - (iii) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.F of this Schedule, for the purposes of said activities; and
 - (iv) the Recipient has adopted the CER Manual, in form and substance acceptable to the Association, and the provisions of the CER Manual remain or have been updated in accordance with the provisions of Section I.F of this Schedule so as to be - appropriate for the inclusion and implementation of the Emergency Response Part.
- 2. With respect to the PBCs related to Category (2), the Recipient (through CMM) may request withdrawals of the Financing when the relevant expenditures have been incurred, but prior to the PBCs having been met, provided that the Recipient shall: (a) meet such PBCs no later than the Closing Date; and (b) submit to the Association evidence satisfactory to the Association of such PBCs having been met no later than the Disbursement Deadline Date.
- 3. Notwithstanding the foregoing, if the Association determines in its sole discretion that one or all of the PBCs set forth in Schedule 3 to this Agreement has/have not been achieved, or were no longer achievable, by the respective PBC deadline and/or the Closing Date, the Association may, at any time, by notice to the Recipient, decide, at its sole discretion, to:
 - (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Allocated Amounts for such PBC which, in the opinion of

the Association, corresponds to the extent of achievement of said PBC, provided that the same be scalable, in accordance with the formulae set out with respect to such PBC in Schedule 3 to this Agreement; and/or

- (b) withhold all or a portion of the proceeds of the Financing corresponding to the Allocated Amounts for the unmet PBCs until such PBCs is/are, in the opinion of the Association, satisfactorily achieved; and/or
- (c) cancel all or a portion of the proceeds of the Financing corresponding to the Allocated Amounts then allocated to unmet PBCs.

4. The Closing Date is April 30, 2028.

SCHEDULE 3

Performance-Based Conditions and Allocated Amounts under Parts 1(d), 2(c) and 3(c) of the Project

Performance-Based Conditions	*2022	*2023	*2024	*2025
1. Land Tenure Regularization	Proportional to 3,500 DUATs delivered to beneficiaries	Proportional to 4,500 DUATs delivered to beneficiaries	Proportional to 5,500 DUATs delivered to beneficiaries	Proportional to 6,500 DUATs delivered to beneficiaries
<i>Allocated Amounts (Expressed in SDRs)</i>	620,375	797,625	974,875	1,152,125
2. Property Tax Reform	Electronic property tax payment system adopted	Property tax that captures real market value and introduces a progressive valuation index for non-productive use of land adopted	Electronic property tax billing and payment system that includes the solid waste tariff and the new drainage tariff adopted	

Performance-Based Conditions	*2022	*2023	*2024	*2025
<i>Allocated Amounts (Expressed in SDRs)</i>	1,063,500	1,418,000	354,500	-0-
3. Strengthening the Solid Waste Management Sector in Maputo		Proportional to improvement in cost recovery ratio	Proportional to number of informal waste pickers whose livelihoods were restored	Proportional to volume of waste reused or recycled improved
<i>Allocated Amounts (Expressed in SDRs)</i>	-0-	1,063,500	1,063,500	709,000

**Unless the context of the respective PBC otherwise require, these dates are provided for indicative verification purposes. Whenever feasible and in accordance with their terms, the PBCs can be met in advance or carried forward and met later.*

SCHEDULE 4

Amendments to the Original Financing Agreement

The Recipient and the Association hereby agree to amend the Original Financing Agreement as follows:

1. Schedule 1 is hereby amended as set forth in Schedule 1 to this Agreement.
2. Sections III.B.4 of Schedule 2 is hereby amended to read in its entirety as follows:

“4. The Closing Date is April 30, 2028.”

APPENDIX

Definitions

1. “Allocated Amounts” means the amount allocated to each individual PBC, or determined for each PBC pursuant to the respective formula set forth in Schedule 3 to this Agreement, as such amount might be increased, reallocated and/or cancelled (whether partially or in its entirety) by the Association, from time to time as the case may be, in accordance with the provisions of Section III.B.2 of Schedule 2 to this Agreement.
2. “Annual Plans and Budgets” means the plans and budgets of the Project, containing all activities to be carried out in each fiscal year, as referred to in Section I.D of Schedule 2 to this Agreement.
3. “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 and as of July 1, 2016.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “Contingency Emergency Response Manual” and the acronym “CER Manual” means the manual referred to in Section I.F.1(a) of Schedule 2 to this Agreement, to be adopted by the Recipient for the Emergency Response Part, in accordance with the provisions of said Section.
6. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
7. “Disbursement Deadline Date” means the final date, established by the Association, for the receipt by the Association of applications for withdrawal and supporting documentation; according to the Disbursement Guidelines, this date may be the same as the Closing Date, or up to four months after the Closing Date.
8. “DUAT” means *Direitos de Uso e Aproveitamento da Terra*, (Rights to use and benefit from the land), a statutory recognition given to citizens and local communities of their rights to use and benefit from the land they occupy based on customary and good faith occupation, as set forth in the Recipient’s 1997 Land Law, as amended, and the 2004 Constitution.
9. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient,

associated with a natural or man-made crisis or disaster, including a disease outbreak.

10. “Emergency Expenditure” means any of the eligible expenditures set forth in the Emergency Response Manual in accordance with the provisions of Section I.F. of Schedule 2 to this Agreement and required for the Emergency Response Part.
11. “Emergency Response Part” means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part I.F. of the Project.
12. “Environmental and Social Commitment Plan” or “ESCP” means the Recipient’s environmental and social commitment plan, acceptable to the Association, dated December 13, 2023, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Association, and such term includes any annexes or schedules to such plan.
13. “Environmental and Social Impact Assessment or ESIA” means the assessment to be prepared by the Recipient, acceptable to the Association, following the World Bank’s Environmental and Social Standards, ESS1, Assessment and Management of Environmental and Social Risks and Impacts.
14. “Environmental and Social Management Framework or ESMF” means the Recipient’s framework, acceptable to the Association, including the LMP, SEA/GBV action plan, security assessment and management framework, OHS framework (including COVID-19 response) and emergency response plan prepared, adopted and disclosed by MCC, describing, *inter alia*, the modalities to be followed in screening Project activities, including the measures to be taken to offset, reduce, or mitigate adverse environmental and social impact, and procedures to ensure protection, maintenance, and rehabilitation of natural habitats, as the same may be amended from time to time with the prior written agreement of the Association.
15. “Environmental and Social Standards” or “ESSs” means, collectively:
 - (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”;
 - (ii) “Environmental and Social Standard 2: Labor and Working Conditions”;
 - (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”;
 - (iv) “Environmental and Social Standard 4: Community Health and Safety”;
 - (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”;
 - (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural

Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.

16. “GDEI” means CMM’s Strategic Acceleration Unit (*Gabinete de Desenvolvimento Estratégico e Institucional*), or any successor thereto acceptable to the Association.
17. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
18. “GBV” means gender-based violence.
19. “GBV Action Plan” means the plan prepared by the Recipient including the GBV service provider mapping and an accountability and response framework, following the World Bank directives and national GBV legislation, including codes of conduct and GBV prevention.
20. “HSG” means the Health, Safety and Environmental plan to be prepared by the Recipient in line with the World Bank Environment, Health and Safety Guidelines for construction activities – ESS2.
21. “INS” means *Instituto Nacional de Saúde*, the Recipient’s national institute of health.
22. “Independent Verification Agency” or “IVA” means the agency or agencies in charge of verifying the achievement of the PBCs under Parts 1(d), 2(c) and 3(c) of the Project, as referred to in Section I.D of Schedule 2 to the Original Agreement.
23. “LMP” means the Recipient’s labor management procedures developed by the Recipient to manage risks under the Project, setting forth the procedures for: (i) responding to the specific health and safety issues posed by COVID-19, and (ii) protecting workers’ rights as set out in the national requirement as well as in the Bank’s Environmental and Social Standards - ESS2: Labor and Working Conditions
24. “NGO” means non-governmental organization.
25. “MEF” means the Recipient’s Ministry of Economy and Finance.
26. “Operating Costs” means incremental costs incurred under the Project on account of: (i) salaries and local travel expenditures for temporary staff (excluding civil

servants); (ii) local travel expenditures, including *per-diem*, for regular staff; (iii) office rental, maintenance and utility charges, communication costs, office supplies and consumables, vehicle rental, insurance, maintenance and fuel; (iv) operation and maintenance of office and IT equipment, bank charges, translation services; (v) expenses related to Project management, including consultant recruitment for technical support, fiduciary and M&E management, Project audits and expenses required for mid-term and end-Project reviews; (vi) fees charged by the IVA; (vii) costs of conducting meetings and workshops; and (viii) other miscellaneous costs directly associated with the Project implementation all based on the costs included in the Annual Plans.

27. “Original Financing Agreement” means the financing agreement for the Maputo Urban Transformation Project between the Recipient and the Bank, dated December 25, 2020, as amended to the date of this Agreement (Grant No. D749-MZ).
28. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.
29. “PBC” means performance-based condition referred to in Schedule 3 to this Agreement with respect to Parts 1(d), 2(c) and 3(c) of the Project.
30. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
31. “Project Implementing Entity” and the acronym “CMM” means the Maputo City Council.
32. “Project’s Implementing Entity’s Legislation” means Recipient’s: (a) Law number: 2/97 published in its Official Gazette on February 18, 1997; (b) Law number: 8/97; and Law number: 9/97; all published in its Official Gazette on 31 May 1997; and (c) Law number 1/2008, published in its Official Gazette. on January 16, 2008; all of which govern CMM, the Project Implementing Entity.
33. “Project Implementation Manual” means the manual dated January 27, 2021, and referred to in Section I.C1. of Schedule 2 to this Agreement, as the same may be amended from time to time by agreement between the Recipient and the Association.
34. “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 February 28, 2020.

35. “Resettlement Action Plan” and “RAP” means the plan to be prepared by the Recipient following the World Bank’s Environmental and Social Standards - ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement.
36. “Resource Efficiency & Pollution Prevention and Management Plan” means the plan prepared by the Recipient addressing SWM issues relevant for the implementation of the new landfill (co-generation of renewable energy, collection and burning of gas also in *Hulene*, GHG issues, among others); as well as to promote sustainable use of resources (energy, water and raw materials), caused by pollution from projects activities, and include these measures in the ESMPs to be prepared in accordance with the ESMF, in a manner acceptable to the Association.
37. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
38. “Subsidiary Agreement” means the agreement between of the Recipient and CMM dated February 5, 2021 and referred to in Section I.B. 1 of Schedule 2 to this Agreement, to be updated for the purposes of this Agreement.
39. “SWM” means Solid Waste Management.
40. “Training” means the costs associated with the training, workshops and study tour participation of personnel involved in Project activities, as specified in the Annual Work Plan and Budget approved by the Association for reasonable expenditures (other than expenditures for consultants’ services), including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course, workshop or study tour preparation and implementation.
41. “Verification Protocol” means the PBCs verification protocol agreed between the Recipient and the Association and included in the PIM, for purposes of: (i) defining the PBC terms and requirements; (ii) listing the documentary evidence to be provided in support thereof; and (iii) providing the verification procedures and responsibilities to certify compliance with/achievement of each PBC, as such verification protocol may be revised, updated or supplemented from time to time with the mutual agreement of the Recipient and the Association.