

---

---

GRANT NUMBER E244-MZ

# Financing Agreement

(Second Additional Financing for the Integrated Feeder Road Development Project)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

---

---

**GRANT NUMBER E244-MZ**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF MOZAMBIQUE (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”), for the purpose of providing additional financing for activities related to the project described in the financing agreement for an Integrated Feeder Road Development Project (“Original Project”) between the Recipient and the Association, dated June 7, 2018 (“Original Financing Agreement”) and the financing agreement for the first additional financing for the Original Project, dated October 3, 2019 (“First Additional Financing Agreement”).

**WHEREAS:**

(A) under an agreement, dated May 8, 2018, between the Recipient and the Association (“Original Financing Agreement”), the Association agreed to provide the Recipient with a grant in an amount equivalent to one hundred six million two hundred thousand Special Drawing Rights (SDR 106,200,000) (“Original Financing”) to assist in financing the project described in Schedule 1 to the Original Financing Agreement (“Original Project”);

(B) under an agreement dated October 3, 2019, between the Recipient and the Association (“First Additional Financing Agreement”), the Association agreed to provide the Recipient with an additional grant in an amount equivalent to eighty million four hundred thousand Special Drawing Rights (SDR 80,400,000) (“First Additional Financing”) to support the activities as described in Schedule 1 to this First Additional Financing Agreement; and

(C) with letter dated June 16, 2023 (“Amendment Letter”), the Association has agreed to restructure the Project revising the Project activities as described under Schedule 1 to the Amendment Letter.

NOW THEREFORE, 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, in an amount equivalent to eighteen million and eight hundred thousand Special Drawing Rights (SDR 18,800,000) (“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 objectives of the Project. To this end, the Recipient shall cause the Project Implementing Entity, under the overall guidance of the Ministry of Public Works, Housing and Water Resources, to carry out the Project in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.

## **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consist of the following:
  - (a) the Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement; and
  - (b) the Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the Project Implementing Entity of its obligations under the Project Agreement.

## **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) the Subsidiary Agreement has been amended in a manner satisfactory to the Association and executed on behalf of the Recipient and the Project Implementing Entity;

- (b) the Project Agreement has been executed between the Association and the Project Implementation Entity; and
  - (c) the Cooperation Agreement between the Project Implementing Entity and ANE has been amended and executed in a manner satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

#### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is its minister responsible for 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, Caixa Postal 272  
Republic of Mozambique; and
  - (b) the Recipient's Electronic Address is:  
Facsimile:       E-mail:  
+258 21313747    lenawache@yahoo.com
- 6.03. For purposes of Section 11.01 of the General Conditions:
- (a) the Association's address is:  
International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America; and
  - (b) the Association's Electronic Address is:  
Telex:       Facsimile:  
248423 (MCI)     1-202-477-6391  
E-mail: [ipswarayiriddiho@worldbank.org](mailto:ipswarayiriddiho@worldbank.org)

AGREED as of the Signature Date.

**REPUBLIC OF MOZAMBIQUE**

**By**

*Max Elias Tonela*

\_\_\_\_\_  
**Authorized Representative**

**Name:** Max Elias Tonela

**Title:** Minister

**Date:** 20-Nov-2023

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

*Idah Z. Pswarayi-Riddihough*

\_\_\_\_\_  
**Authorized Representative**

**Name:** Idah Z. Pswarayi-Riddihough

**Title:** Country Director for Mozambique, Madagascar, Comoros

**Date:** 07-Nov-2023

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to enhance road access in selected rural areas in support of livelihoods of local communities and to provide immediate response to an Eligible Crisis or Emergency as needed.

The Project consists of the following parts:

#### **Part 1: Rehabilitation and Maintenance of Feeder Roads**

- (a) Financing of: (i) rehabilitation and maintenance works, including bridges, culverts, drifts, graveling, surface treatment, on sections of secondary, tertiary, vicinal, and some unclassified roads to enhance mobility in selected districts in the Zambezia and Nampula Provinces, including design studies and supervision activities; and (ii) the extension of the Zambezia Area-Based Maintenance System into Nampula Province.
- (b) Design and implementation of a pilot for road routine maintenance through microenterprises in selected provinces to improve and maintain the standard of roads.

#### **Part 2: Rehabilitation of Primary Road Network**

Rehabilitation of the primary road network to enhance connectivity to roads, markets, ports and other economic and social services, including, inter alia, improvement of road safety facilities, improvement of intersections, surface rehabilitation, and rehabilitation or reconstruction of culverts and bridges.

#### **Part 3: Capacity Building and Project Administration**

Provision of support to the Recipient for: (a) knowledge development and institutional strengthening activities including: (i) improvement of road asset management at the national and subnational levels; (ii) capacity building on road safety, including education, enforcement, engineering, and emergency response; (iii) technical assistance for promoting public-private partnerships for the road sector; (iv) enhancement of climate resilience into planning and management of road infrastructure; (v) expand the existing Climate Resilience Planning Tool to cover the whole territory; (vi) capacity building and training of various stakeholders in dissemination and application of the Design Manuals; and (vii) technical assistance to develop a road network preservation strategy and action plan; and (b) improved management of Project implementation and supervision including, social and environmental safeguards, identification and mitigation of gender impacts, and citizen engagement.

**Part 4: Contingent Emergency Response**

Provision of immediate and effective response to an Eligible Crisis or Emergency, as needed.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

1. The Recipient shall establish and maintain, throughout the Project implementation period, a project steering committee (“PSC”) responsible for strategic decision-making and overall monitoring of Project implementation. The PSC will be comprised of nominees from the Ministry of Public Works, Housing and Water Resources, ANE, FE, Ministry of Economy and Finance, Ministry of Land and Environment, Ministry of Agriculture and Rural Development, Ministry of Transport and Communications, INATRO, and provincial governors of selected districts. ANE and FE will act as the secretariat of the PSC.
2. The Recipient shall ensure that, except as the Recipient and the Association may otherwise agree in writing, the Recipient will not introduce changes in the number of positions of the Project Implementing Entity required for the implementation of the Project or in the professional skills required for occupying such positions.
3. Notwithstanding the provision of Section I.A.2 above, the Recipient, through ANE, not later than thirty (30) days after the Effective Date, shall recruit and thereafter maintain throughout Project implementation: (a) one procurement specialist; (b) one senior transport engineer; and (c) an accountant, all under terms of reference acceptable to the Association and included in the Project Operations Manual.

##### **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, consisting of an amendment to the Subsidiary Agreement (as defined in the Original Financing Agreement and the First Additional Financing Agreement), between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association (“Amended Subsidiary Agreement”), which shall include (a) the principal amount of the Financing to be made available to the Project Implementing Entity on grant terms under the Amended Subsidiary Agreement; and (b) the right of the Recipient to suspend or terminate the right of the Project Implementing Entity to use said proceeds of the Financing, or to obtain a refund of all or any part of the amount of the Financing then withdrawn, upon the Project Implementing Entity’s failure to perform any of the obligations under the Amended Subsidiary Agreement.

2. The Amended 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, Safeguard 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 Amended 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 Amended Subsidiary Agreement or any of its provisions.

**C. Cooperation Agreements**

- 1. To facilitate the carrying out of the Project, and the allocation of responsibilities under the Project, the Project Implementing Entity shall amend the legally binding and enforceable Cooperation Agreements with ANE and INATRO and any of the institutional beneficiaries of the Project (“Institutional Beneficiaries”), under terms and conditions approved by the Association in accordance with this Agreement and the Project Operations Manual.
- 2. In the Cooperation Agreements, the Project Implementing Entity shall obtain rights adequate to protect the interests of the Recipient and the Association, including the right to require the Institutional Beneficiaries to:
  - (a) carry any activities under the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including, without limitation to the generality of the foregoing, in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient, the Project Operations Manual, the Procurement Regulations, and the Safeguard Instruments;

- (b) maintain policies and procedures, adequate to enable the Project Implementing Entity to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the activities carried out under the Project and the achievement of its objective;
  - (c) (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the activities carried out under the Project; and (ii) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and furnish promptly to the Recipient and the Association the financial statements as so audited; and
  - (d) enable the Recipient and the Association to inspect the activities carried out under the Project, their operation and any relevant records and documents, and prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
3. The Project Implementing Entity shall exercise its rights and carry out its obligations under each of the Cooperation Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing and except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived any of the Cooperation Agreements or any provisions therein.

**D. Microenterprises**

- 1. For purposes of carrying out Part 1(b) of the Project, the Recipient shall, and shall cause the Project Implementing Entity to establish two microenterprises in two selected provinces to carry out routine maintenance and improvement of road standards, following a criteria and terms of reference acceptable to the Association and included in the Project Operations Manual.
- 2. After having selected the two microenterprises referred to in paragraph 1 above, the Project Implementing Entity shall enter into legally binding and enforceable agreements with each of the two microenterprises under terms and conditions approved by the Association in accordance with this Agreement and the Project Operations Manual.
- 3. The Project Implementing Entity shall ensure that the two microenterprises fulfill their obligations and exercise their rights under each of the agreement in such

manner as to protect the interests of the Recipient, the Association and to accomplish the purposes of the Financing.

**E. Project Operations Manual**

1. The Recipient shall, and shall cause the Project Implementing Entity to carry out the Project in accordance with the Project Operations Manual, as updated not later than two (2) months after the Effective Date, satisfactory to the Association, which shall contain detailed guidelines, methods and procedures for the implementation of the Project, including: (a) administration and coordination; (b) performance indicators for the Project; (c) monitoring and evaluation; (d) financial, procurement and accounting procedures; (e) social and environmental safeguards; (f) corruption and fraud mitigation measures; (g) roles and responsibilities of various agencies in the implementation of the Project; and (h) procedures and criteria for selecting investments (including economic and technical feasibility, ownership and environmental and social risks and impacts on the surrounding community), and other activities to be implemented under the Project, and such other arrangements and procedures as shall be required for the effective implementation of the Project, and except as the Association shall otherwise agree in writing, not amend or waive, or permit to be amended or waived any provision of the Project Operations Manual.
2. In case of conflict between the provisions of the Project Operations Manual and this Agreement, those of this Agreement shall prevail.

**F. Annual Work Plan and Budget**

1. The Recipient shall, not later than December 31 of each calendar year, prepare and furnish to the Association, an annual program of activities proposed for implementation under the Project during the following Fiscal Year, together with a proposed budget for the purpose.
2. The Recipient shall exchange views with the Association on each such proposed Annual Work Plan and Budget, and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the Association, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association.

**G. Safeguards**

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

2. The Recipient shall amend the Safeguard Instruments from time to time as required by the Association. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the Environmental and Social Impact Assessment (ESIA), Environmental and Social Management Framework (ESMF), Environmental and Social Management Plans (ESMP), GBV/SEA/SH Action Plan, Resettlement Policy Framework (RPF), or Resettlement Action Plan (RAP) or any provision thereof without prior approval in writing by the Association, subject to the same approval requirements as applicable to the adoption of the said instruments. If any Supplemental Social and Environmental Safeguard Instrument is required under any of the Safeguard Instruments, the Recipient shall:
  - (a)
    - (i) prepare such Supplemental Social and Environmental Safeguard Instrument in accordance with the applicable Safeguard Instrument;
    - (ii) carry out consultations upon such Supplemental Social and Environmental Safeguard Instrument;
    - (iii) furnish such Supplemental Social and Environmental Safeguard Instrument to the Association for review and approval; and
    - (iv) thereafter adopt such Supplemental Social and Environmental Safeguard Instrument prior to implementation of the activities; and
  - (b) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Social and Environmental Safeguard Instrument.
3. The Recipient shall ensure that all technical assistance under the Project, to which the results of its application would have environmental or social implications, shall only be undertaken pursuant to the terms of reference reviewed and found satisfactory by the Association, such terms of reference to ensure that the technical assistance takes into account, and calls for application of the Association's environmental and social safeguards policies and the Recipient's own laws relating to the environment and social aspects.
4. If any activity under the Project would involve Affected Persons, the Recipient shall and shall cause the Project Implementing Entity to: (a) ensure that no physical or economic displacement, limitation of access to natural resources shall occur before resettlement measures under a Supplemental Social and Environmental Safeguards Instrument prepared in accordance with the RPF, including, in the case of either physical or economic displacement, full payment to Affected Persons of fair compensation at replacement value and of other assistance required for relocation and livelihoods restoration, have been implemented; and (b) provide from its own resources, any Financing required for any measures under subparagraph (a) above including but not limited to any costs associated with land acquisition required for the Project.

5. Without limitation upon its other reporting obligations under Section II.A of this Schedule 2, the Recipient shall take all measures necessary to regularly collect and compile, and submit to the Association, as part of the Project Reports, and promptly in a separate report whenever the circumstances warrant, information on the status of compliance with the Safeguard Instruments, providing details of:
  - (a) measures taken in furtherance of the Safeguard Instruments including the Supplemental Social and Environmental Safeguard Instruments;
  - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Instruments including the Supplemental Social and Environmental Safeguard Instruments; and
  - (c) remedial measures taken or required to be taken to address such conditions including but not limited to the implementation of a grievance redress mechanism.

#### **H. Contingent Emergency Response**

1. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project (“Emergency Response Part”), the Recipient shall:
  - (a) prepare and furnish to the Association for its review and approval, an Emergency Response Manual (“ERM”) which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any special 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 ERM;
  - (c) promptly adopt the ERM for the Emergency Response Part as accepted by the Association;

- (d) ensure that the Emergency Response Part is carried out in accordance with the ERM; provided, however, that in the event of any inconsistency between the provisions of the ERM and this Agreement, the provisions of this Agreement shall prevail; and
  - (e) not amend, suspend, abrogate, repeal or waive any provision of the ERM without the prior written approval by the Association.
2. The Recipient shall, throughout the implementation of the Emergency Response Part, maintain the institutional structures and arrangements established in accordance with the ERM, 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 ERM, 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 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:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, non-consulting services, consulting services, Operating Costs and Training for Parts 1, 2 and 3 of the Project	6,016,000	100%
(2) Emergency Expenditures under Part 4 of the Project	0	100%
(3) Works for Parts 1 and 2 of the Project	12,784,000	100%
<b>TOTAL AMOUNT</b>	18,800,000	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date.
  - (b) under Category (2) for Emergency Expenditures under Part 4 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:
    - (i) 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;
    - (ii) the Recipient has prepared and disclosed all Safeguards Instruments required for said activities, and the Recipient has implemented any actions which are required to be taken under said instruments, all in accordance with the provisions of Section I.H of Schedule 2 to this Agreement;

- (iii) the Recipient's Coordinating Authority has adequate staff and resources, in accordance with the provisions of Section I.H of this Schedule 2 to this Agreement, for the purposes of said activities; and
- (iv) the Recipient has adopted an Emergency Response Manual in form, substance and manner acceptable to the Association and the provisions of the Emergency Response Manual remain, or have been updated in accordance with the provisions of Section I.H of this Schedule 2 so as to be, appropriate for the inclusion and implementation of said activities under the Emergency Response Part.
  - (i) (c) under Category (3), unless and until the Association is satisfied, and has notified the Recipient of its satisfaction, that all of the following conditions have been: the Recipient, through ANE, has recruited: (A) two GBV specialists for Nampula and Zambezia; (B) two social development specialists for Nampula and Zambezia; (C) an environmental and social safeguard auditor; and (D) a GBV Service Provider; all under terms of reference, experience and qualifications acceptable to the Association as included in the Project Operations Manual;
  - (ii) the payment of all salary arrears for contractors' employees under Part 1 of the Project has been received and settled; and
  - (iii) the Recipient has implemented all the actions indicated in the SCAPs, in a manner acceptable to the Association.

2. The Closing Date is December 31, 2025.

#### **Section IV – Other Undertakings**

- A. The Recipient shall, no later than three (3) months after the Effective Date amend, and cause the Project Implementing Entity to execute and thereafter maintain during the implementation of the Project, the Cooperation Agreement between the Project Implementing Entity and INATRO in form and substance satisfactory to the Association.
- B. The Recipient has provided, no later than three (3) months after the Effective Date, all relevant contractual information in STEP to enable the Association to conduct the post procurement review or independent procurement review for the Project.
- C. The Recipient has identified not later than four (4) months after the Effective Date acceptable alternative solutions for the water and electricity infrastructures along

some of segments of the primary roads under Part 2 of the Project; all in form and substance satisfactory to the Association.

- D. The Recipient has confirmed not later than four (4) months after the Effective Date, that the physical progress for the civil works under Part 2 of the Project has reached at least 60 (sixty) percent.

## APPENDIX

### **Section 1. Definitions**

1. “First Additional Financing Agreement” means the financing agreement for the Original Project between the Recipient and the Association, dated October 3, 2019, as amended to the date of this Agreement (Grant No. D5180-MZ)
2. “Affected Person” means a person who as a result of: (a) the involuntary taking of land under the Project is affected in any of the following ways: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood; and “Affected Persons” means more than one Affected Person.
3. “Amended Subsidiary Agreement” means the Subsidiary Agreement (as defined in the Original Financing Agreement) as amended pursuant to Section I.B of Schedule 2 to this Agreement.
4. “ANE, IP” or “ANE” means the *Administração Nacional de Estradas, Instituto Publico* the Recipient’s national road administration, an administrative autonomous public institution established pursuant to the Recipient’s Decree number 65/2019, dated July 30, 2019.
5. “Annual Work Plan and Budget” or “AWPB” means the annual work plans and budgets for the activities under the Project approved by the Association in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.
6. “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.
7. “GBV/SEA/SH Action Plan” means the plan prepared and adopted by the Recipient dated, disclosed in-country, and on the Bank’s website on November 8, 2017 setting out details of the specific actions, measures and policies designed to prevent gender-based violence, sexual exploitation and abuse, and sexual harassment under the Project, along with the procedural and institutional measures needed to implement such actions, measures and policies, including any schedules to such plans, and as such plan may be amended by the Recipient from time to time, with the prior written approval of the Association.
8. “GBV Service Provider” means an entity hired competitively to assist the Recipient, *inter alia*, with conducting the GBV/SEA/SH risk assessment, mapping

and assessment of GBV/SEA/SH services to strengthen the systems and processes for GBV/SEA/SH prevention, mitigation, and management as further detailed in the POM.

9. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
10. “Climate Resilience Planning Tool” means the web-based tool created for the purposes of identifying vulnerable areas and protect road assets by designing resilient interventions to manage the resources in a more predictable and systematic way, allowing consideration of economic losses from extreme flooding and rainfall and the benefits of climate resilience in the assessment and prioritization.
11. “Cooperation Agreements” means the agreements referred to in Section I.C of Schedule 2 to this Agreement, as amended.
12. “Coordinating Authority” means the entity or entities designated by the Recipient in the Emergency Response Manual and approved by the Association pursuant to Section I.H of Schedule 2 to this Agreement, to be responsible for coordinating the Emergency Response Part of the Project.
13. “Design Manuals” means any of the nine comprehensive climate resilient manuals developed under the Roads and Bridges Maintenance Management Project financed by the Association, including: Geometric Design Manual (GDM), Site Investigations Manual (SIM), Pavement Design Manual (PDM), Rehabilitation Design Manual (RDM), Hydrology and Drainage Design Manual (HDDM), Specification for bridge loads (SBL), Standard Specifications for Roads and Bridge Works (SSRBW), Standard Details for Roads and Bridges (SDRB), and Guidelines for Performance Specifications (GPS).
14. “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.
15. “Emergency Expenditure” means any of the Eligible Expenditures set forth in the Emergency Response Manual in accordance with the provisions of Section I.H of Schedule 2 to this Agreement and required for the activities included in the Emergency Response Part of the Project.
16. “Emergency Response Manual” or “ERM” means the manual referred to in Section I.H of Schedule 2 to this Agreement, to be adopted by the Recipient for the Emergency Response Part of the Project in accordance with the provisions of said Section.

17. “Environmental and Social Impact Assessment” or “ESIA” means the plan prepared and adopted by the Recipient dated, disclosed in-country, and in the Bank’s website on October 3, 2017, setting out details of potential environmental, physical and cultural property and social risks and adverse impacts associated with any Project activities, together with an environmental and social management plan defining measures to manage such risks and impacts, including any schedules to such assessment, and as such assessment may be amended by the Recipient from time to time, with the prior written approval of the Association.
18. “Environmental and Social Management Framework” or “ESMF” means the plan prepared and adopted by the Recipient dated, disclosed in-country, and on the Bank’s website on October 2, 2017, as updated and disclosed in-country, and in the Bank’s website on September 9, 2019, setting out the modalities to be followed in assessing the potential adverse environmental and social impacts of Project activities (including impacts on natural habitat, forests, and physical cultural resources, as well as pest management measures) and the measures to be taken to offset, reduce or mitigate such adverse impacts; as well as for the preparation of environmental and social management plans, as such framework may be amended by the Recipient from time to time, with the prior written agreement of the Association.
19. “Environmental and Social Management Plans” or “ESMPs” means the plan prepared and adopted by the Recipient dated, disclosed in-country, and on the Bank’s website on October 2, 2017, setting out details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the respective ESIA’s under the Project, along with the procedural and institutional measures needed to implement such actions, measures and policies, including any schedules to such plans, and as such plan may be amended by the Recipient from time to time, with the prior written approval of the Association.
20. “FE” means the *Fundo de Estradas, Fundo Publico* Recipient’s road fund responsible for road sector finance and monitoring, established pursuant to the Recipient’s Decree number 61/2019, dated July 9, 2019 as amended, or any successor thereto.
21. “Fiscal Year” means each fiscal year of the Recipient commencing on January 1 and ending on December 31.
22. “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).
23. “INATRO” means the *Instituto Nacional dos Transportes Rodoviários*, the Recipient’s national terrestrial transportation institute, established pursuant to the Recipient’s Decree number 47/2021, dated July 5, 2021, or any successor thereto.

24. “INGD” means the *Instituto Nacional de Gestão e Redução do Risco de Desastres*, the Recipient’s national institute for disaster risk management, established pursuant to the Recipient’s Presidential Decree number 41/2020, dated December 28, 2020, or any successor thereto.
25. “Operating Costs” means the reasonable incremental expenses incurred, based on annual budgets approved by the Association, by the Recipient and the Project Implementing Entity on account of Project implementation, management, and monitoring, including office supplies and consumables; communication costs; operation and maintenance of office vehicles and equipment; *per diem* and national and international travel costs and accommodations for Project staff; reasonable bank charges; and salaries of the Project’s contractual staff (but excluding the salaries of the Recipient’s civil/public servants or salaries of regular staff of the Project Implementing Entity).
26. “Original Financing Agreement” means the financing agreement for the Original Project between the Recipient and the Association, dated May 8, 2018, as amended to the date of this Agreement (Grant No. D2490-MZ).
27. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.
28. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
29. “Project Agreement” means the agreement signed on this date between the Project Implementing Entity and the Association.
30. “Project Implementing Entity” means FE.
31. “Project Implementing Entity’s Legislation” means the legislation establishing and governing FE, or any other legislation relating to FE.
32. “Project Operations Manual” means the manual acceptable to the Association and adopted by the Recipient and referred to in Section I.E of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior agreement of the Association.
33. “Resettlement Action Plan” or “RAP” means the document in form and substance acceptable to the Association prepared and adopted by the Recipient dated, disclosed in-country, and on the Bank’s website on October 3, 2017, as revised and disclosed in country, and on the Bank’s website on September 9, 2019, which outlines the policies and procedures to be implemented under the Project that have potentially negative impacts on the livelihoods, assets and land of the Affected

Persons, as the said plan may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.

34. “Resettlement Policy Framework” or “RPF” means the document in form and substance acceptable to the Association prepared and adopted by the Recipient dated, disclosed in-country, and on the Bank’s website on October 2, 2017, as revised and disclosed in-country and on the Bank’s website on September 9, 2019, which outlines the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of the affected population, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.
35. “Safeguard Instruments” means the ESIA, the ESMF, the ESMP, the GBV/SEA/SH Action Plan, the RPF, the RAP and any Supplemental Social and Environmental Safeguard Instruments.
36. “SCAP” and together “SCAPs” means the four safeguard corrective action plans elaborated in relation to incidents that occurred between December 2021 and November 2022; all in form and substance acceptable to the Association prepared and adopted by the Recipient as one of the Supplemental Social and Environmental Safeguard Instruments, which outline the corrective actions to be adopted and implemented by the Recipient with respect to road safety-related incidents, including incidents with fatalities.
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. “STEP” means the Association’s Systematic Tracking of Exchanges in Procurement platform.
39. “Supplemental Social and Environmental Safeguard Instruments” means any site-specific or sub-project specific environmental and social management plan, resettlement action plan, pest management plan, or other supplemental social and environmental safeguards instruments as required under the terms of the ESIA, ESMP, RPF, and/ or RAP.
40. “Training” means the reasonable costs of training under the Project, based on the Annual Work Plan and Budget as approved by the Association, and attributable to national and international seminars, workshops, and study tours, along with national and international travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and

reproduction of training materials, and other activities directly related to course preparation and implementation.

**Section II. AMENDMENT TO THE ORIGINAL FINANCING AGREEMENT  
AND THE FIRST ADDITIONAL FINANCING AGREEMENT**

The Original Financing Agreement is amended as set forth in this Section II.

1. All references to “Counterpart Funding” are deleted throughout the Original Financing Agreement and the First Additional Financing Agreement.