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SCF-FIP LOAN NUMBER TF0A4201

*Strategic Climate Fund*  
*Forest Investment Program*  
**Loan Agreement**

(Mozambique Forest Investment Project)

between

THE REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION  
(acting as an implementing entity of the Forest Investment Program  
under the Strategic Climate Fund)

Dated May 11, 2017

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SCF-FIP LOAN NUMBER TF0A4201-MZ

**STRATEGIC CLIMATE FUND  
FOREST INVESTMENT PROGRAM LOAN AGREEMENT**

AGREEMENT dated May 11, 2017, entered into between the REPUBLIC OF MOZAMBIQUE (“Borrower”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting not in its individual capacity but solely in its capacity as an implementing entity of the Forest Investment Program (“FIP”) under the Strategic Climate Fund (“SCF”).

(A) WHEREAS the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to this Agreement (“Project”), has requested the World Bank to assist in financing the Project;

(B) WHEREAS by agreement of even date herewith (the IDA Financing Agreement), the Association has agreed to extend to the Borrower a credit in the amount of eleven million and two hundred thousand Special Drawing Rights (SDR 11,200,000) (the IDA Financing) to assist the Borrower in financing the Project;

(C) WHEREAS by agreement of even date herewith (the FIP Grant Agreement), the World Bank, acting as administrator of the Forest Investment Program under the Strategic Climate Fund (FIP-SCF), has agreed to extend to the Borrower a grant in the amount of eight million eight hundred thousand Dollars (\$8,800,000) (the FIP Grant) to assist the Borrower in financing the Project; and

(D) WHEREAS the Borrower has also requested the Association, acting as administrator of the Integrated Landscape and Forest Management Multi-Donor Trust Fund (MDTF TF), to provide additional financial assistance towards the financing of the Project, and by an agreement of even date herewith between the Borrower and the Association, acting as administrator of the MDTF (the MDTF Grant Agreement), the Association has agreed to extend to the Borrower a grant in the amount of three million Dollars (\$3,000,000) (the MDTF Trust Fund Grant) to assist in the financing of the Project;

The Borrower and the World Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The Standard Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in the Appendix to this Agreement, and/or the Appendix of the IDA Financing Agreement.



**Article II  
Loan**

- 2.01. The World Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of thirteen million two hundred thousand United States Dollars (\$13,200,000) ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Loan is funded out of the resources made available to the World Bank as an implementing entity of the SCF. In accordance with Section 3.02 of the Standard Conditions (as defined in the Appendix to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it from the SCF trust fund, and the Borrower's right to withdraw the Loan proceeds is subject to the availability of such funds.
- 2.04. The Service Charge payable by the Borrower on the Withdrawn Loan Balance shall be equal to one-fourths of one percent (1/4 of 1%) per annum.
- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is USD.

**Article III  
The Project**

- 3.01. The Borrower declares its commitment to the objectives of the Project, to this end, the Borrower shall cause FNDS, through the Subsidiary Agreement, to carry out the Project, in collaboration with DINAF, DINAT, DINOTER, MASA, FUNAE AQUA and ANAC, all in accordance with the provisions of Article II of the Standard Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the World Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.



**Article IV  
Additional Remedies**

- 4.01. The Additional Event of Suspension consists of the following, namely that the IDA Financing Agreement has become due and payable prior to its agreed maturity.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty days notice of the pertinent event has been given by the World Bank to the Borrower.

**Article V  
Effectiveness; Termination**

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that the IDA Financing Agreement, the FIP Grant Agreement and the MDTF Grant Agreement have been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date ninety days (90) days after the date of this Agreement.

**Article VI  
Borrower's Representative; Addresses**

- 6.01. The Borrower's Representative referred to in Section 10.02 of the Standard Conditions is its minister in charge of economy and finance or any successor thereto.
- 6.02. The Borrower's Address referred to in Section 10.01 of the Standard Conditions is:

Ministry of Economy and Finance  
*Praça da Marinha Popular*  
Av. 10 de Novembro n° 929  
Maputo  
Republic of Mozambique

Facsimile:

+258 21313747



6.03. The World Bank's Address referred to in Section 10.01 of the Standard Conditions is:


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

Cable:	Telex:	Facsimile:
INTBAFRAD INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

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


REPUBLIC OF MOZAMBIQUE

By

  
\_\_\_\_\_  
Authorized Representative  
Name: Adriano Materane  
Title: \_\_\_\_\_

INTERNATIONAL DEVELOPMENT ASSOCIATION  
(acting as an implementing entity of the Forest  
Investment Program under the Strategic Climate Fund)

By

  
\_\_\_\_\_  
Authorized Representative  
Name: MARK R. LUNDELL  
Title: COUNTRY DIRECTOR

## SCHEDULE 1

### Project Description

The objective of the Project is to improve the practices and enabling environment for forest and land management in Targeted Landscapes.

#### Part A: Promoting Integrated Landscape Management

1. Strengthening land tenure security of local communities and small and medium landholders and enhancing their capacity to plan the use of natural resources over which they have rights, and to enhance the capacity of local actors on land use planning, through:
  - (i) the provision of support for the land delimitation of communities, including the issuance of community delimitation certificates, the preparation of community-level land use plans and the strengthening of community based organizations, including CGRNs;
  - (ii) the issuance of DUATs to small and medium landholders engaged in planted forests and agro-forestry;
  - (iii) the provision of institutional support to the provincial land administration service in the *Cabo Delgado* province through infrastructure rehabilitation, office equipment, and maintenance of the land management system;
  - (iv) the strengthening of MSLFs in the Targeted Landscapes to facilitate multi-stakeholder coordination and dialogue, and landscape-level monitoring; and
  - (v) the promotion of the use of geo-spatial tools at the provincial and district levels within the Targeted Landscapes to improve land use planning through equipment acquisition and operational costs.
2. Promoting multi-purpose planted forests, agroforestry systems and sustainable charcoal production, through:
  - (i) the implementation of a Planted Forests Grant Scheme for small and medium landholders and local communities for the establishment of multi-purpose plantations;
  - (ii) the provision of technical assistance to participants of the Grant Scheme through a Service Provider under the supervision of the FNDS.



- (iii) the establishment of agroforestry systems through the provision of technical assistance and agro-forestry inputs (i.e. quality seeds, fertilizers, tree seedlings) to beneficiaries; and
- (iv) the promotion of sustainable charcoal production, through the provision of support for: (a) the preparation of forest management plans for charcoal production; (b) the use of alternative sources of wood for charcoal production; and (c) the provision of training and assistance in the use of more efficient charcoal-making kilns to charcoal producer organizations and/or individual producers.

Part B: Strengthening Enabling Conditions for Sustainable Forest Management

1. Providing support for the development of a national land use plan to promote more sustainable and long-term land use decisions.
2. Strengthening of the Borrower's forest governance, through:
  - (i) The strengthening of forest sector patrolling and inspection, prevention and detection through support to the Borrower's forest law enforcement institutions, including: (i) training and technical assistance on planning and monitoring for AQUA, including to strengthen coordination with other institutions involved in law enforcement; (ii) provision of capacity strengthening to forest rangers at AQUA and ANAC; (iii) provision of support for the establishment of AQUA's provincial delegations in the Targeted Landscapes; (iv) strengthening of the management of conservation areas in the Targeted Landscapes (*Gile National Reserve* and *Quirimbas National Park*).
  - (ii) The design and implementation of a forest information system, including the financing of equipment, data collection and capacity building.
  - (iii) The provision of support for citizen engagement in a national forest forum, as well as the carrying out of regular and participatory evaluations of the forest sector.
3. Strengthening natural forest management to ensure sustainable use of forest resources, to increase benefits to local communities, and to add value to forest products, through:
  - (i) The provision of training to forest operators, committed to sustainable forest management, in obtaining forest certification and in adding value to forest products; and to the forest administration, particularly at the provincial level, on different aspects of forest management, including



forest management plan implementation and piloting new forest concession allocation systems.

- (ii) The provision of support for sustainable small-scale forest business, such as community enterprises, micro, small and medium enterprises and the community private sector partnerships, to add value to forest products.

Part C: Project Coordination and Management

The Project will finance the incremental costs of FNDS related to the Project management, including the costs of the Landscape Coordination Units (LCUs). This includes support for project coordination and management, including fiduciary and safeguards management, monitoring and evaluation (M&E), and communications.





## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

##### 1. Subsidiary Agreement

- (a) To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to FNDS under a subsidiary agreement between the Borrower and FNDS, under terms and conditions approved by the World Bank (“Subsidiary Agreement”).
- (b) The Borrower shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the World Bank and to accomplish the purposes of the Loan. Except as the World Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

##### 2. Steering Committee

The Borrower shall maintain a Steering Committee (the Steering Committee), at all times during Project implementation, with a structure, functions and responsibilities acceptable to the World Bank, which shall be responsible for overall Project oversight and guidance. The Steering Committee shall be chaired by the Borrower’s Ministry of Land, Environment and Rural Development (“MITADER”) and shall include as members’ representatives from FNDS, DINAF, AQUA, UEM, MASA, MIREME as well as representatives of the private sector, NGOs development partners, and a representative of the steering committee of the DGM. The UGFI shall serve as the Steering Committee’s Secretariat.

##### 3. Unit for Management of International Funds (UGFI)

- (a) The Borrower shall maintain the UGFI within the FNDS at MITADER, with a structure, equipment, functions and responsibilities acceptable to the World Bank, including, *inter alia*, the responsibility of the UGFI to assist the Borrower in the day-to-day management of all Projects activities, including technical supervision and coordination, overall Project planning, quality oversight, communication, reporting, procurement, financial management, safeguards management, and monitoring of Project activities.
- (b) The Borrower shall ensure that the UGFI is headed by a Project coordinator and staffed, at a minimum, with a financial management



specialist, a procurement specialist, an accountant, a safeguards specialist, a monitoring and evaluation officer, a communications specialist and technical specialists for coordination of the following areas of expertise: land, forestry, agriculture, biomass energy, community development, and administrative staff, all hired with terms of reference, through competitive processes, in numbers and with qualifications and experience acceptable to the World Bank.

4. Landscape Coordination Units (LCUs)

- (a) The Borrower shall maintain LCUs in each Province with structure, equipment, functions and responsibilities acceptable to the World Bank, including *inter alia*, the responsibility of each LCU to coordinate and monitor Project implementation at the provincial level.
- (b) The Borrower shall ensure that each LCU is headed by a Provincial Project field coordinator and staffed with technical specialists to carry out their responsibilities under the Project at the provincial level.

5. Provincial Multi-Stakeholder Landscape Forums (MSLFs)

The Borrower shall maintain its cooperation with MSLFs in each Province, with the responsibility to coordinate and integrate landscape management at the provincial level.

6. Grievance Redress Mechanism

The Borrower shall, not later than six months after the Effective Date, develop and adopt, in form and substance acceptable to the Association and following the guidelines set forth in the Project Implementation Manual, a grievance redress mechanism that encompasses transparent, timely and fair procedures that will allow people potentially affected by the Project to peacefully settle any possible grievance and will ensure that all complaints received from beneficiaries and other interested stakeholders related to any activity under the Project, are properly and timely addressed.

**B. Project Implementation Manual**

- 1. The Borrower shall ensure that the Project is implemented in accordance with the provisions of a manual satisfactory to the World Bank (“Project Implementation Manual”), which shall include the following provisions: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) monitoring, evaluation, reporting and communication of Project activities; (e) eligibility criteria and procedures for the provision of Planted Forests Grants; and (f) such



other administrative, financial, technical, and organizational arrangements and procedures as shall be required for the Project.

2. The Borrower shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual without the prior written agreement of the Bank; provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

**C. Annual Work Plan and Budget**

1. The Borrower shall, not later than November 1 of each year of Project implementation, prepare and furnish to the World Bank, an annual work plan and budget ("Annual Work Plan and Budget") containing all activities proposed to be included in the Project and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing.
2. The Borrower shall afford the World Bank a reasonable opportunity to exchange views with the Borrower on such proposed Annual Work Plan and Budget and thereafter ensure that the Project is implemented in accordance with such Annual Work Plan and Budget as shall have been approved by the World Bank.

**D. Planted Forest Grant Scheme under Part A.2 (i) of the Project**

1. Eligibility Criteria and Procedures for Provision of Planted Forests Grants

The Borrower shall provide Planted Forests Grants to PFG Beneficiaries for purposes of undertaking Planted Forests Grants Investments, in accordance with eligibility criteria and procedures acceptable to the World Bank and further elaborated in the Project Implementation Manual, which shall include the following:

- (a) A proposed Beneficiary shall be eligible to receive a Planted Forests Grant provided said Beneficiary:
  - (i) is a small or medium landholder, or a local community participating individually or associated with other landholders; and
  - (ii) has prepared a satisfactory Planted Forest Grant business plan, including financing plan and budget, and a satisfactory forest management plan for the proposed Planted Forest Grant investment.



- (b) No proposed Planted Forest business plan shall be eligible for financing under a Planted Forests Grant unless the Borrower shall have determined, on the basis of an appraisal carried out in accordance with guidelines acceptable to the World Bank and elaborated in the Project Implementation Manual, that the proposed Planted Forest business plan:
  - (i) is technically feasible and economically and financially viable; and
  - (ii) has fulfilled the requirements of any applicable Safeguard Instrument.
- (c) Without limitation on the provisions of sub-paragraph (b)(ii) immediately above, if, pursuant to the ESMF, one or more Safeguard Instruments for the Planted Forest Grant Investment are required, such proposed Planted Forest Investment shall not be eligible for financing under a Planted Forests Grant until such Safeguard Instruments have been prepared in accordance with the provisions of paragraph (d) of this Section F, and all measures required to be carried out in accordance with Section I.F of this Schedule prior to commencement of the activities covered by the Safeguard Instruments have been carried out.
- (d) The first five (5) Planted Forests Grant for a Planted Forest Investment requiring a Safeguard Instrument shall be subject to the World Bank's prior written approval and shall only be eligible for financing under the Financing if and to the extent approved by World Bank.

2. Terms and Conditions for Planted Forests Grants

The Borrower shall provide each Planted Forests Grant to a Beneficiary under a Planted Forests Grant Agreement to be entered among the Borrower, the respective Beneficiary and a Service Provider, on terms and conditions approved by the World Bank, and consistent with the model form of the Planted Forests Grant Agreement included in the Project Implementation Manual, which shall include, *inter alia*, the following:

- (a) The Borrower shall obtain rights adequate to protect its interests and those of the World Bank, including the right to:
  - (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Planted Forests Grant or obtain a refund of all or any part of the amount of the Planted Forests Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Planted Forests Grant Agreement; and



(ii) require each Beneficiary and Service Provider, as the case may be, to:

(A) carry out the Planted Forests Grant Investment with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with: (1) the provisions of the Anti-Corruption Guidelines applicable to Borrowers of loan proceeds other than the Borrower; and (2) the Safeguard Instruments;

(B) enable the Borrower and the World Bank to inspect the Planted Forests Investment, its operation and any relevant records and documents, in order to monitor and evaluate the progress and achievement of the objectives of said Investments, all in accordance with the Project Operational Manual; and

(C) prepare and furnish to the Borrower and the World Bank all such information as the Borrower or the World Bank shall reasonably request relating to the foregoing.

(b) The Borrower shall exercise its rights under each Planted Forests Grant Agreement in such manner as to protect the interests of the Borrower and the World Bank and to accomplish the purposes of the Financing. Except as the World Bank shall otherwise agree in writing, the Borrower shall not assign, amend, abrogate or waive any Planted Forests Grant Agreement or any of its provisions.

**E. Anti-Corruption**

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

**F. Safeguards**

1. The Borrower shall carry out the Project in accordance with the Safeguard Instruments, including guidelines, rules and procedures defined in the said Safeguard Instruments.

2. To this end, the Borrower shall take, or cause to be taken, the following measures in a manner acceptable to the World Bank:



- (a) Project activities shall be screened in accordance with the ESMF and/or the PF, as the case may be, to determine if any ESMP or CDAP is needed.
  - (b) Whenever an ESMP or a CDAP would be required on the basis of the ESMF or the PF: (i) each such ESMP or CDAP shall be prepared in accordance with the requirements of the ESMF or the PF, as the case may be, adopted and disclosed by the Borrower, and subject to prior approval by the World Bank; and (ii) the Borrower shall refrain from financing any civil works contract during Project implementation unless and until such ESMP and or CDAP has been prepared in accordance with the ESMF and/or PF as the case may be, adopted and disclosed by the Borrower, and approved by the World Bank.
3. The Borrower shall take all measures necessary for carrying out the requirements of the Safeguard Instruments in a timely manner.
4. Without limitation to paragraph 1(b) of Section IV.B of this Schedule, no works shall be eligible for financing unless prior to the commencement of such works an ESMP was prepared, adopted and disclosed by the Borrower, and approved by the Association.
5. Without limitation to its other reporting obligations under this Agreement and under Section 4.08 of the General Conditions, the Borrower shall include in the Project Reports referred to in Section II.A of this Schedule adequate information on the implementation of the Safeguard Instruments, giving details of:
- (a) measures taken in furtherance of such Safeguard Instruments;
  - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments; and
  - (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such Safeguard Instruments.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports; Completion Report**

The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.



**B. Financial Management; Financial Reports; Audits**

1. The Borrower shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the World Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the World Bank.
3. The Borrower shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.



2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Direct Contracting; (b) Shopping; (c) Community Participation procedures acceptable to the World Bank; (d) Procurement from UN Agencies; and (e) National Competitive Bidding (“NCB”), subject to the following additional provisions:

- (i) **General.** The procedures to be followed for NCB shall be those set forth in the Regulation, with the modifications described in the following paragraphs.
- (ii) **Eligibility.** No restriction based on nationality of bidders and/or origin of goods shall apply. Foreign bidders shall be allowed to participate in NCB without restriction and shall not be subject to any unjustified requirement which will affect their ability to participate in the bidding process such as, but not limited to, the proof that they are not under bankruptcy proceedings in the Borrower’s territory; have a local representative; have an attorney resident and domiciled in the Borrower’s territory; form a joint venture with a local firm. In cases of joint ventures, they shall confirm joint and several liability.

Prior registration, obtaining a license or agreement shall not be a requirement for any bidder to participate in the bidding process.

Borrower’s government-owned enterprises or institutions shall be eligible to participate in the bidding process only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Borrower.

- (iii) **Bidding Documents.** Standard bidding documents acceptable to the World Bank shall be used for any procurement process under NCB.
- (iv) **Preferences.** No domestic preference shall be given to domestic bidders and/or to domestically manufactured goods.
- (v) **Applicable Procurement Method under the Regulation.** Subject to these NCB exceptions, procurement under NCB shall be carried out in accordance with the Regulation’s public competition (“*Concurso Público*”) method.
- (vi) **Bid Preparation Time.** Bidders shall be given at least twenty-eight (28) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids.





- (vii) **Bid Opening.** Bids shall be opened in public, immediately after the deadline for their submission in accordance with the procedures stated in the bidding documents.
- (viii) **Bid Evaluation**
  - (A) Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such criteria so specified shall be used to determine whether a bidder is qualified; the evaluation of the bidder's qualifications should be conducted separately from the technical and commercial evaluation of the bid. Qualification criteria shall be applied on a pass or fail basis.
  - (B) Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents; criteria other than price shall be quantified in monetary terms.
  - (C) A contract shall be awarded to the qualified bidder offering the lowest-evaluated and substantially responsive bid.
  - (D) Bidders shall not be eliminated on the basis of minor, non-substantial deviations.
- (ix) **Rejection of All Bids and Re-bidding.** All bids shall not be rejected and new bids solicited without the World Bank's prior concurrence.
- (x) **Complaints by Bidders and Handling of Complaints.** The Borrower shall establish an effective and independent complaint mechanism allowing bidders to complain and to have their complaint handled in a timely manner.
- (xi) **Right to Inspect/Audit.** In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed from the proceeds of the Financing shall provide that: (i) the bidders, suppliers, and contractors and their subcontractors, agents, personnel, consultants, service providers or suppliers, shall permit the World Bank, at its request, to inspect their accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the World Bank; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.
- (xii) **Fraud and Corruption.** Each bidding document and contract financed from the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of the



Procurement Guidelines. The World Bank may sanction a firm or individual, at any time, in accordance with prevailing World Bank sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded an World Bank-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier or service provider of an otherwise eligible firm being awarded an World Bank-financed contract.

- (xiii) **Debarment under National System.** The World Bank may recognize, if requested by the Borrower, exclusion from participation as a result of debarment under the national system, provided that the debarment is for offenses involving fraud, corruption or similar misconduct, and further provided that the World Bank confirms that the particular debarment procedure afforded due process and the debarment decision is final.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-Based Selection; (b) Selection under a Fixed Budget; (c) Least-Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (g) Single-source procedures for the Selection of Individual Consultants; and (h) selection of UN Agencies.

**D. Review by the World Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article III of the Standard Conditions, this Section and such additional instructions as the World Bank may specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May



2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocations of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
Goods, works, non-consulting services, Operating Costs, Planted Forests Grants, Training and consultants' services for the Project	13,200,000	100%
<b>TOTAL AMOUNT</b>	<b>13,200,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is June 30, 2022.



**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Loan repayable (expressed as a percentage)</b>
On each February 15 and August 15:	
commencing on August 15, 2027, to and including February 15, 2037	1%
commencing on August 15, 2037, to and including February 15, 2057	2%



## **APPENDIX**

### **Section I. Definitions**

1. "FIP Design Document" is the design document for the Forest Investment Program, approved by the Strategic Climate Fund Trust Fund Committee and issued on July 7, 2009, and as said design may be amended from time to time in accordance with its terms.
2. "Forest Investment Program" or "FIP" means the program established under the Strategic Climate Fund in accordance with the Governance Framework for the Strategic Climate Fund for the purposes set forth in the FIP Design Document.
3. "Standard Conditions" means the Standard Conditions for Loans Made by the World Bank Out of the Climate Investment Funds, dated February 18, 2014.

