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**CONFORMED COPY**

**CREDIT NUMBER 4916-MZ**

# **Financing Agreement**

**(PROIRRI Sustainable Irrigation Development Project)**

**between**

**REPUBLIC OF MOZAMBIQUE**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated September 23, 2011**

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**CREDIT NUMBER 4916-MZ**

**FINANCING AGREEMENT**

AGREEMENT dated September 23, 2011, entered into between REPUBLIC OF MOZAMBIQUE (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

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

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to forty-four million nine hundred thousand Special Drawing Rights (SDR 44,900,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section V of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are January 15 and July 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through MINAG in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV – EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Operational Manual has been issued, approved, and adopted by the Recipient in form and substance acceptable to the Association.
  - (b) The Recipient has established the PCU, at MINAG, with a structure, equipment, functions and responsibilities acceptable to the Association, including the following minimum staff: (i) a Project coordinator; (ii) a procurement officer; (iii) a financial management specialist; and (iv) one (1) Project field coordinator, all hired with qualifications, experience, and pursuant to terms of reference, satisfactory to the Association, in accordance with the provisions of paragraph C of Section IV of Schedule 2 to this Agreement.
  - (c) The Recipient has prepared and the Association has approved the terms of reference for the hiring of two (2) irrigation service providers for the Project.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

### **ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is its Minister of Planning and Development.
- 5.02. The Recipient's Address is:

Ministry of Planning and Development  
Av. Ahmed S. Toure, 21, 4<sup>th</sup> floor  
Maputo,  
Republic of Mozambique

Cable:	Telex:	Facsimile:
MOBANCO Maputo	(258) 21 492-268	(258) 21 492-625

5.03. The Association's Address is:

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

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

AGREED at District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF MOZAMBIQUE

By

/s/ Aiuba Cuereneia  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Laurence C. Clarke  
Authorized Representative

## SCHEDULE 1

### Project Description

The objective of the Project is to increase agriculture production marketed and raise farm productivity in new or improved irrigation schemes in the following Recipient's provinces: *Sofala, Manica and Zambezia*.

The Project consists of the following parts:

#### Part 1: Institutional Development and Participatory Irrigation Management

- (a) Provision of technical assistance, goods and Training to MINAG to strengthen its institutional and technical capacity for irrigation development.
- (b) Provision of technical assistance and Training to MINAG to: (i) build irrigation capacity of Project beneficiaries in the Recipient's provinces of *Sofala, Manica, and Zambezia*; and (ii) implement a participatory process for planning interventions, developing irrigated agriculture, and managing water and irrigation infrastructure.

#### Part 2: Investments in Irrigation Systems and Support Infrastructure

- (a) Provision of works, goods and services to MINAG to: (i) develop new or rehabilitate existing irrigation and drainage infrastructure for rice-based farming systems, horticulture farming systems, and outgrowers-based farming systems in the Recipient's Provinces of *Sofala, Manica and Zambezia*; and (ii) develop road connectors and electricity capacity for the sustainable operation of the irrigation and drainage infrastructure referred to in Part 2 (a) (i) of the Project.
- (b) Provision of technical assistance, works and goods to MINAG and the PCU for the carrying out of the environmental mitigation measures set forth in the ESMF, RPF, the Environmental Management Plans, the Resettlement Action Plans and the Small Dam Guidelines in connection with the implementation of Parts 2 and 3 of the Project.

Part 3: Market-Led Production and Value Chain Development

Carrying out of Agriculture Sub-projects in the Recipient's Provinces of Sofala, Manica and Zambezia for purposes of, *inter alia*:

- (i) enhancing agriculture production and value chain development;
- (ii) purchasing seeds and fertilizer start-up kits;
- (iii) purchasing farm machinery;
- (iv) constructing of greenhouses; and
- (v) enhancing the processing, storage, transport and commercialization of agricultural products.

Part 4: Project Management

Provision of support for overall Project coordination, evaluation, supervision and implementation, including, *inter alia*:

- 1. the strengthening of the capacity of MINAG to comply with its responsibilities under the Project;
- 2. the provision of Training to MINAG's staff to enhance their knowledge of the Association's procurement and financial management policies and procedures;
- 3. the carrying out of audits under paragraph B of Section III of Schedule 2 to this Agreement;
- 4. the carrying out of Project studies, including, *inter alia*, performance reviews and impact evaluations; and
- 5. the implementation of a program to monitor and evaluate the carrying out of the Project.

## SCHEDULE 2

### Project Execution

#### Section I. Institutional Arrangements

##### A. National Steering Committee

1. The Recipient shall maintain, at all times during the implementation of the Project, a national steering committee (the National Steering Committee) with a mandate, composition, and resources satisfactory to the Association.
2. Without limitation upon the provisions of paragraph 1 of this Part A, the National Steering Committee shall be chaired by the Recipient's Minister of Agriculture, and comprised by MINAG's directors for: (a) agrarian services; (b) economics; (c) promotion of agribusiness; (d) extension services; and (e) the Recipient's provinces of *Sofala, Manica, and Zambezia*.

##### B. National Technical Committee

1. The Recipient shall maintain, at all times during the implementation of the Project, a technical committee (the National Technical Committee) with a mandate, composition, and resources satisfactory to the Association.
2. Without limitation upon the provisions of paragraph 1 of this part B, the National Technical Committee shall be chaired by MINAG's director for agrarian services and comprised by: (a) a delegate from MINAG's directorate for the promotion of agribusiness; (b) a delegate from MINAG's directorate for economics; (c) a delegate from MINAG's directorate for extension services, (d) a delegate from the Recipient's ministry of environment; (e) a delegate from the Recipient's ministry of public housing and civil works; and (f) a delegate of the PCU.

##### C. Provincial Technical Committee

1. The Recipient shall maintain, at all times during the implementation of the Project, a provincial technical committee for each of the targeted Recipient's provinces (the Provincial Technical Committee) with a mandate, composition, and resources satisfactory to the Association.
2. Without limitation upon the provisions of paragraph 1 of this part C, the Provincial Technical Committee shall be chaired by MINAG's relevant provincial director and comprised by: (a) a delegate of the provincial director for environmental coordination; (b) a delegate of the relevant regional water

authority; (c) a delegate of MINAG's center for the promotion of agribusiness; and (d) a delegate of the PCU.

**D. Project Coordination Unit**

1. The Recipient shall establish and thereafter maintain, at all times during Project implementation, a project coordination unit (the PCU) at MINAG with a structure, equipment, functions and responsibilities acceptable to the Association, including, *inter alia*, the responsibility of the PCU to assist the Recipient, the National Steering Committee, the National Technical Committee, and the Provincial Technical Committees in the overall coordination, implementation, monitoring, evaluation and supervision of the Project.
2. The Recipient shall ensure that the PCU is headed by a Project coordinator and staffed with a financial management specialist, a procurement officer, a monitoring and impact evaluation officer, a communication specialist, a legal consultant, two (2) field coordinators, and professional and administrative staff, all hired with terms of reference, through competitive processes, in numbers and with qualifications and experience acceptable to the Association, and pursuant to the provisions of paragraph C of Section IV of Schedule 2 to this Agreement.
3. Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not introduce changes in the number of positions of the PCU or in the professional skills required for occupying such positions, unless said changes have been previously agreed in writing with the Association.

**Section II. Implementation Arrangements**

**A. The Operational Manual**

- (a) Without limitation upon the provisions related to Project implementation set forth in Section 4.01 of the General Conditions, the Recipient shall carry out the Project in accordance with a manual (the Operational Manual), in a form and substance satisfactory to the Association, said manual to include, *inter alia*:
  - (i) the institutional plan of MINAG for the implementation of the Project (including, *inter alia*, allocation of responsibilities among staff, yearly planning of activities and budget and time allocation for those activities);
  - (ii) financial management, accounting and procurement procedures annexes (including sections pertaining to the administration of Agriculture Sub-projects);
  - (iii) detailed arrangements for the overall carrying out of the Project

(including, *inter alia*, the environmental, resettlement and social guidelines and procedures to be followed by the Recipient, and the Agriculture Sub-project Beneficiaries during Project implementation);

- (iv) the guidelines for the preparation of the Annual Action Plans;
  - (v) internal control systems to be followed by the PCU during Project implementation;
  - (vi) the criteria and procedures for:
    - (A) the selection of Agriculture Sub-project Beneficiaries;
    - (B) the preparation, application, review, approval, administration, and implementation of Agriculture Sub-projects (including, *inter alia*, a suggested list of possible activities to be carried out under Agricultural Sub-projects and a negative list of activities that cannot be carried out under Agriculture Sub-projects);
    - (C) the procurement and contracting procedures applicable to consultant's services, goods and works to be procured under Agriculture Sub-projects; and
    - (D) Training and technical assistance, environmental assessments, resettlement assessments, social assessments, and corresponding mitigation measures;
  - (vii) the detailed procedures for the implementation of the ESMF, Environmental Management Plans, the RPF, Resettlement Action Plans, and Small Dam Guidelines in connection with the carrying out of the Project;
  - (viii) the Project performance outcome indicators;
  - (ix) the guidelines for Project management, administrative and financial matters; and
  - (x) the Model Forms.
- (b) Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Operational Manual or any provision thereof.

- (c) In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

**B. Annual Action Plans**

- (a) The Recipient shall, not later than December 1 of each year during Project implementation, or such later date as the Association may determine, starting in calendar year 2011, furnish to the Association for approval, an annual action plan (the Annual Action Plan), each said plan to include, *inter alia*: (i) the Project activities to be carried out during the twelve months immediately following the presentation of each said plan; (ii) the procurement plan, and disbursement schedule for each said twelve month period; (iii) the annual budget for Agriculture Matching Grants; (iv) the annual budget for Operating Costs; and (v) the annual budget for Training under the Project.
- (b) The Recipient shall thereafter implement each said Annual Action Plan, approved by the Association, in accordance with its terms.
- (c) The Recipient shall carry out the Annual Action Plan for the year 2011, approved by the Association prior to the date of this Agreement.

**C. Agriculture Sub-project Agreements**

- (a) Upon approval of the corresponding Annual Action Plan by the Association, the Recipient shall, through MINAG: (i) enter into separate agreements; or (ii) amend existing separate agreements (the Agriculture Sub-project Agreements), on terms and conditions satisfactory to the Association, with each Agriculture Sub-project Beneficiary, such agreements to include, *inter alia*:
  - (i) the Recipient's obligation to transfer, on a grant basis, to each Agriculture Sub-project Beneficiary the proceeds of the Financing allocated under Part 3(a) of the Project for the relevant Agriculture Sub-project Beneficiary;
  - (ii) the eligible Agriculture Sub-project Beneficiary's obligation to:
    - (A) provide or cause to be provided, in a timely manner as needed, its share of the funds, goods and/or services required for implementing Part 3(a) of the Project;
    - (B) carry out the relevant Agriculture Sub-project;
    - (C) assist the Recipient to allow full compliance with the

obligations set forth in paragraphs A, B, C, D; and E of Section II of Schedule 2 to this Agreement;

- (D) maintain records and accounts, in a manner acceptable to the Association (including any other information and/or documentation as the Association may request from time to time) regarding the relevant Agriculture Sub-project to enable the Recipient to comply with its obligations under paragraph B of Section III of Schedule 2 to this Agreement;
  - (E) provide to the Association and to the Recipient audits of the Agriculture Sub-project Beneficiary's records and accounts regarding the implementation of the Agriculture Sub-project;
  - (F) procure the goods, services and works for the Agriculture Sub-project in accordance with the requirements of this Agreement;
  - (G) abide by all applicable Project provisions laid out in this Agreement;
  - (H) follow the provisions of the ESMF, the Environmental Management Plans, the RPF, the Resettlement Action Plans, and the Small Dam Guidelines in the carrying out of the relevant Agriculture Sub-project; and
  - (I) carry out the relevant Agriculture Sub-project in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient.
- (iii) the requirements for auditing the expenditures under the relevant Agriculture Sub-project;
  - (iv) the Recipient's right to suspend disbursements for the Financing allocated to Part 3 (a) of the Project in the event of non-compliance by the Agriculture Sub-project Beneficiary with the obligations set forth in the corresponding Agriculture Sub-project Agreement, this Agreement, the Anti-Corruption Guidelines, and those of the Operational Manual;
  - (v) the schedule of disbursements of the Financing by the Recipient to the relevant Agriculture Sub-project Beneficiaries for the

- implementation of the relevant Agriculture Sub-project;
- (vi) the technical, social, financial, procurement, environmental, and resettlement requirements for the implementation of the relevant Agriculture Sub-project; and
- (b) (i) the Recipient shall exercise its rights and carry out its obligations under each Agriculture Subproject Agreement, in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing; and
- (ii) except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce any Agriculture Sub-project Agreement, or any provision thereof.
- (c) In case of any conflict between: (i) the terms of any Agriculture Sub-project Agreement; and (ii) the terms of this Agreement, the terms of this Agreement shall prevail.

**D. Anti-Corruption**

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

**E. Safeguards**

- (a) The Recipient shall carry out the Project in accordance with the environmental, social and resettlement guidelines, rules and procedures defined in the ESMF and RPF, as well as in accordance with the Small Dam Guidelines and, wherever applicable, prepare and implement, in accordance with the ESMF and RPF, appropriate EMPs and/or RAPs, in form and substance acceptable to the Association, each such EMP or RAP to define budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the EMP or RAP, and in the case of a RAP, to define a program of actions, measures and policies for compensation and resettlement of Affected Persons under the respective Project activity, including the magnitude of displacement, proposed compensation and resettlement arrangements.
- (b) The Recipient shall not amend or waive, or permit to be waived, the ESMF, the RPF, or the Small Dam Guidelines, or any provision thereof.

- (c) The Recipient shall ensure that: (i) all measures for carrying out the recommendations of the ESMF, the RPF, and the Small Dam Guidelines are taken in a timely manner; and (ii) the Project Reports referred to in paragraph A of Section III of this Schedule shall include adequate information on monitoring the measures defined in the ESMF, the RPF and the Small Dam Guidelines.
- (d) Without limitation upon the provisions of paragraphs (a) through (c) of paragraph E of Section II of Schedule 2 to this Agreement, for purposes of maintaining a safe and environmentally appropriate management of dams to be constructed or targeted under the Project, the Recipient shall:
  - (i) prior to the commencement of any works or activities pertaining to the construction and/or rehabilitation of Small Dams, provide evidence to the Association, in form and substance satisfactory to the Association, demonstrating that the Recipient has complied with the provisions of the ESMF, RPF, and Small Dam Guidelines; and
  - (ii) no later than three (3) months prior to the Closing Date, furnish to the Association for review and approval, the operational procedures with respect to each dam constructed and/or rehabilitated under the Project, including: (A) retention of written instructions for flood operations and emergency preparedness at each such dam at all times; (B) incorporation of necessary modifications to the technical criteria, including, but not limited to, the Small Dam Guidelines, for the evaluation of dam safety further to the advent of new technology or information; and (C) application of such revised criteria to such dam and any other dam built and/or rehabilitated under the Project.
- (e) No dams other than Small Dams may be constructed and/or rehabilitated under the Project.
- (f) In the event that any provision of the Safeguard Documents shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.

**F. Mid-Term Review**

- (a) No later than March 1, 2014 the Recipient shall carry out, in conjunction with the Association, a mid-term review of the Project, covering the progress achieved in the implementation of the Project.

- (b) The Recipient shall prepare, under terms of reference satisfactory to the Association, and shall furnish to the Association approximately three months prior to the beginning of such mid-term review of the Project, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date.
- (c) The Recipient shall, during the mid-term review, prepare an action program, acceptable to the Association for the further implementation of the Project having regard to the findings of the mid-term review, and thereafter implement such a program, in a form and manner acceptable to the Association.

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

**A. Project Reports**

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each fiscal quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period. The Recipient shall disclose the audited

Financial Statements in a manner acceptable to the Association. The Recipient agrees that upon receipt of the Financial Statements, the Association shall make them available to the public in accordance with the Bank's policy on access to information.

4. In order to ensure the timely carrying out of the audits referred to in paragraph B.3 of this Section, the Recipient shall hire auditors for the purpose not later than six (6) months after the Effective Date, with qualifications, experience, and pursuant to terms of reference satisfactory to the Association, in accordance with the provisions of paragraph C of Section IV of Schedule 2 to this Agreement.

#### **Section IV. Procurement**

##### **A. General**

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

##### **B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding. Domestic preference will apply when included in bidding documents.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

**Procurement Method**

- (a) National Competitive Bidding, subject to the following additional provisions:
- (i) Eligibility. No bidder, foreign or domestic, shall be precluded from participating in the bidding process for reasons unrelated to their eligibility or capability to perform the contract. Examples of reasons that may not be used to preclude a bidder from so participating include the following: proof that the bidder is not under bankruptcy proceedings in the territory of the Recipient; appointment by the bidder of a local representative in the territory of the Recipient; prior registration by the bidder in the territory of the Recipient; or license or agreement allowing the bidder to operate in the territory of Recipient.
  - (ii) Qualification. Bidders shall be post-qualified unless the Procurement Plan explicitly provides otherwise. Irrespective of whether post qualification or prequalification is used, both national and foreign bidders who meet the qualification requirements stated in the bidding documents shall be allowed to participate in the bidding process.
  - (iii) Bidding Documents. Bidders shall use standard bidding documents for the procurement of goods, works and services, consistent with the provisions of the Procurement Guidelines.
  - (iv) Preferences. No preference for domestically manufactured goods or for domestic contractors shall be allowed.
  - (v) Bid evaluation. The qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such criteria so specified shall be used to determine whether a bidder is qualified; the evaluation of the bidder's qualifications should be conducted separately from the technical and commercial evaluation of the bid. Evaluation of bids shall be made in strict adherence to the criteria set forth in the bidding documents; criteria other than price should be quantified in monetary terms. A contract shall be awarded to the qualified bidder offering the lowest technically responsive evaluated bid. Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

(vi)	<u>Rejection of All Bids and Re-bidding.</u> In cases where the Recipient rejects all bids and solicits new bids for a contract, it shall, as soon as possible, notify the Association of such decision.
(vii)	<u>Complaints by Bidders.</u> Complaints by bidders shall be handled by the Recipient, who shall inform the Association of any such complaint.
(viii)	<u>Right to Inspect/Audit.</u> Each bidding document and contract financed out of the proceeds of the Financing shall provide that the bidder, supplier or contractor, and any subcontractor, shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have these accounts and records audited by auditors appointed by the Association. An act by the bidder, supplier, contractor or subcontractor intended to materially impede the Association's exercise of its inspection and audit right constitutes an Obstructive Practice.
(b)	Shopping
(c)	Direct Contracting
(d)	Community Participation

**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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Methods</b>	
(a)	Quality Based Selection
(b)	Selection Based on the Consultants' Qualifications
(c)	Least Cost Selection
(d)	Single Source Selection
(e)	Selection of Individual Consultants

**D. Review by the Association of Procurement Decisions**

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

**Section V. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to: (a) repay the Preparation Advance in accordance with the provisions of Section 2.07 of the General Conditions; and (b) finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Goods, works (except as covered by Categories 2 and 3 below), Training, Operating Costs, and consultants' services (including audits)	14,810,000	100%
(2) Works for Part 2 (a) of the Project	25,320,000	100% of the works financed by MINAG
(3) Goods, works, and consultants' services for Agriculture Sub-projects	3,080,000	100% of the portion of the investment financed by MINAG under each Agriculture Matching Grant
(4) Refund of Preparation Advance	1,040,000	Amount payable pursuant to Section 2.07 of the General Conditions
(5) Unallocated	650,000	
<b>TOTAL AMOUNT</b>	<b>44,900,000</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, 2017.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each July 15 and January 15:	
Commencing on July 15, 2021, to and including January 15, 2031	1%
commencing July 15, 2031, to and including January 15, 2051	2%

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.

## APPENDIX

### Definitions

1. “Affected Persons” means persons who, on account of an involuntary taking of land under the Project, had or would have their: (a) standard of living adversely affected; or (b) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently; and “Affected Person” means any of the Affected Persons.
2. “Agriculture Matching Grant” means the portion of the investment financed under Part 3 of the Project and made available to an Agriculture Sub-project Beneficiary (as hereinafter defined), through an Agriculture Sub-project Agreement (as hereinafter defined), on a non refundable basis for the carrying out of an Agriculture Sub-project (as hereinafter defined).
3. “Agriculture Sub-project Agreement” means any of the agreements referred to in paragraph C of Section II of Schedule 2 to this Agreement; as the same may be amended from time to time.
4. “Agriculture Sub-project Beneficiary” means a farmer, micro and/or small agricultural enterprise doing business in the Recipient’s provinces of *Sofala, Manica or Zambezia*, selected according to the eligibility criteria set forth in the Operational Manual (as hereinafter defined), and empowered to carry out Agriculture Sub-projects (as hereinafter defined).
5. “Agriculture Sub-project” means a set of investments to be carried out by an Agriculture Sub-project Beneficiary under an Agriculture Sub-project Agreement and included in Part 3 of the Project.
6. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011.
7. “Annual Action Plan” means any of the plans referred to in paragraph B of Section II of Schedule 2 to this Agreement.
8. “Bank Safeguard Policies” means the Association’s operational policies and procedures set forth in the Association’s Operational Manual under operational policies and bank procedures numbers: 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60, as said manual is published under [www.WorldBank.org/opmanual](http://www.WorldBank.org/opmanual).

9. “Category” means a category set forth in the table in paragraph A.2 of Section V of Schedule 2 to this Agreement.
10. “Corrupt Practice” means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official of the Recipient, including, without limiting the generality of the foregoing, any official of any organ of executive, legislative or judicial power or function of the Recipient.
11. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
12. “Environmental and Social Management Framework” and the acronym “ESMF” mean the plans of action, satisfactory to the Association, prepared by MINAG, dated November 15, 2010, and published on that same date, which set out the objectives, policies, monitoring procedures, time schedules and other environmental protection provisions to:(a) prevent and mitigate potential environmental effects; (b) prevent and mitigate potential adverse effects to natural habitats; (c) prevent and mitigate potential adverse effects to cultural property; (d) provide pest management procedures; (e) prevent and mitigate potential adverse effects to forests; and (f) control safety of dams, in the carrying out of Parts 2 and 3 of the Project, as the same may be amended from time to time with the agreement of the Association.
13. “Environmental Management Plan” and the acronym “EMP” mean each plan to be prepared and adopted by the Recipient pursuant to the ESMF, as may be required, setting out the measures to be taken for the avoidance, minimization, mitigation and offsetting of potential adverse environmental and social impacts of the activities to be implemented under the Project, as each said plan may be amended and/or supplemented from time to time with the prior written concurrence of the Association.
14. “Fraudulent Practice” means a misrepresentation of facts in order to influence a process, the execution of a contract, or the provision of funds, including, without limiting the generality of the foregoing to influence: (a) the assessment of any application for Agriculture Sub-project; and (b) the approval for payment of any Agriculture Matching Grant, in any case to the detriment of the Recipient or the Association, as the case may be.
15. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
16. “MINAG” means the Recipient’s Ministry of Agriculture.

17. “Model Forms” means the set of model draft agreements satisfactory to the Association, including standard drafts of Agriculture Sub-project Agreements, set forth in the Operational Manual (as hereinafter defined).
18. “National Steering Committee” means the committee referred to in paragraph A of Section I of Schedule 2 to this Agreement.
19. “National Technical Committee” means the committee referred to in paragraph B of Section I of Schedule 2 to this Agreement.
20. “Operating Costs” means reasonable recurrent Project expenditures, based on an annual budget previously approved by the Association, that would not have been incurred by the Recipient absent the Project, on the account of: (a) office utilities and reasonable communications expenses (including Project’s web-site hosting fees); (b) office rental expenses; (c) Project’s vehicles maintenance costs, fuel and spare parts; (d) travel expenses and per diems for official Project staff (excluding salaries of Recipient’s civil servants); (e) operation and maintenance of office equipment; (f) insurance costs; (g) routine translation of Project related documentation; and (h) local advertising costs pertaining to Project related matters.
21. “Operational Manual” means the manual referred to in paragraph A of Section II of Schedule 2 to this Agreement.
22. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the legal agreement signed on behalf of the Association on September 4, 2009, and on behalf of the Recipient on September 15, 2009.
23. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 and May 2010.
24. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 9, 2010, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
25. “Project Coordination Unit” and the acronym “PCU” means the coordination unit referred to in paragraph D of Section I of Schedule 2 to this Agreement.
26. “Provincial Technical Committee” means the committees referred to in paragraph C of Section I of Schedule 2 to this Agreement.
27. “Resettlement Action Plan” and the acronym “RAP” mean each plan to be prepared pursuant to the RPF (as hereinafter defined) as may be required, setting

out the principles, procedures, the time schedule governing acquisition of rights to land, resettlement and compensation, as well as reporting and monitoring arrangements to ensure compliance with said plan.

28. “Resettlement Policy Framework” and the acronym “RPF” mean the resettlement policy framework, prepared by MINAG, dated November 15, 2010 and published on that same date, satisfactory to the Association, in connection with the carrying out of Parts 2 and 3 of the Project, setting forth the guidelines and procedures for preparation of Resettlement Action Plans, in the likely event of acquisition of rights of land, resettlement procedures and compensation of Affected Persons, institutional arrangements, including valuation procedures, budget, public consultation and participation, monitoring and evaluation, and disclosure, as the same may be amended from time to time with the agreement of the Association.
29. “Safeguard Documents” means, collectively, the ESMF, EMP, RPF, RAP and Small Dam Guidelines (as hereinafter defined) and any other document which the Recipient is required to prepare with respect to the implementation of the Project in order to comply with the Bank Safeguard Policies, and “Safeguard Document” means, individually, one of such documents which the Recipient is required to prepare with respect to the implementation of a specific activity in order to comply with the Bank Safeguard Policies triggered by such activity.
30. “Small Dam” means any earth or concrete dam less than 15 meters in height, and with low to moderate hazard potential. This category includes farm ponds, weirs, check dams, silt retention dams, earth reservoirs (night storage), and low embankment tanks.
31. “Small Dam Guidelines” means the guidelines for small earth dams as detailed in the Recipient’s decree number: 47/2009, dated October 7, 2009, approved by the Recipient’s Council of Ministers on August 11, 2009 and published in the Recipient’s Official Gazette number: I/40, dated October 7, 2009; and complemented with the 2010 guidelines of the Manual for Small Earth Dams of the United Nations Food and Agriculture Organization.
32. “Training” means reasonable expenditures, based on an annual budget previously approved by the Association, (other than those for consultants’ services) incurred by the Recipient, to finance transportation costs and per diem of trainers and trainees, workshops, rental of training facilities and acquisition of training equipment and material needed for the implementation and supervision of the Project.