

CONFORMED COPY

CREDIT NUMBER 4811-MZ

Financing Agreement

(Maputo Municipal Development Program II)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 17, 2010

CREDIT NUMBER 4811 -MZ

FINANCING AGREEMENT

AGREEMENT dated November 17, 2010, 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 thirty-three million Special Drawing Rights (SDR 33,000,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are April 15 and October 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the provisions of the Project Agreement.
- 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 — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following:

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.
- 4.02. The Additional Event of Acceleration consists of the following:

The event specified in paragraph (a) of Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity, in form and substance satisfactory to the Association.
 - (b) The Operational Manual has been issued and adopted by the Project Implementing Entity, and approved by the Association.
- 5.02. The Additional Legal Matter consists of the following:
 - (a) The Project Agreement has been duly authorized or ratified by the Project Implementing Entity, and is legally binding upon the Project Implementing Entity in accordance with its terms.

(b) The Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its minister in charge of Planning and Development.

6.02. The Recipient's Address is:

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

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

6.03. The Association's Address is:

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

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

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

REPUBLIC OF MOZAMBIQUE

By

/s/ Aiuba Cuereneia
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Young Chul Kim
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to improve the delivery and sustainability of priority municipal services in Maputo Municipality.

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

Part A: Institutional Development

1. Organizational and Human Resource Development

- (a) Provision of technical assistance to CMM for: (i) the formulation of municipal policies and plans; (ii) the development and implementation of municipal systems; (iii) the facilitation of work processes for the improvement of staff performance; and (iv) monitoring and evaluation of municipal programs and activities.
- (b) Strengthening of the technical and administrative capacities of municipal officials, and staff, through Training in, *inter alia*: (i) communications; (ii) planning and municipal management; (iii) municipal finance; and (iv) other technical matters related to the provision of municipal services.
- (c) Rehabilitation of municipal buildings and purchase of equipment to enhance the office space for municipal staff.
- (d) Design and implementation of a networked computer system for CMM.
- (e) Provision of maintenance services for: (i) municipal vehicles; and (ii) for the networked computer system referred to in Part A.1(d) of the Project, including the acquisition of licenses and the provision of related technical services.
- (f) Development of monitoring policies and plans, provision of Training, and communication support for municipal staff and their families living with HIV/AIDS.
- (g) Financing of Operating Costs for the Project.
- (h) Recruitment of qualified administrative and technical staff for priority CMM's departments.

- (i) Acquisition of passenger vehicles for official use by CMM's officials and staff.
- (j) Provision of goods and services to CMM's staff living with HIV/AIDS and to their respective families.

2. **Governance Improvement**

- (a) Carrying out of: (i) municipal surveys; (ii) governance related campaigns; and (iii) campaigns to increase citizen's access to municipal information and participation in municipal affairs.
- (b) Provision of technical assistance to CMM to enable: (i) a gradual deconcentration of selected planning, administration, and small municipal investment implementation functions; and (ii) basic service delivery to municipal districts.
- (c) Small works to improve public infrastructure and services in municipal neighborhoods.
- (d) Provision of technical assistance to CMM to promote private sector investment and public-private partnerships for purposes of enhancing the delivery of municipal services.
- (e) Dissemination of information pertaining to CMM's: (i) policies; (ii) plans and budgets; and (iii) implementation reports, among CMM's staff, municipal stakeholders and citizens in CMM's municipal jurisdiction.

Part B: Financial Sustainability

- (a) Provision of technical assistance to CMM to support the expansion and updating of information in the municipal integrated multi-purpose cadastre.
- (b) Provision of technical assistance to CMM to update the value of properties within its municipal jurisdiction.
- (c) Provision of goods, works, technical assistance and services to CMM to improve its municipal billing and collection administration, enabling the participation of the private sector.
- (d) Carrying out of public information campaigns to increase municipal revenues.

- (e) Provision of technical assistance to CMM to: (i) develop strategies to update municipal tax regulations and procedures; and (ii) resolve tax related disputes.
- (f) Provision of technical assistance to CMM to design and implement its integrated financial management system.
- (g) Provision of technical assistance to CMM to: (i) strengthen its internal control mechanisms; and (ii) facilitate the preparation of annual audits of all municipal accounts.
- (h) Provision of technical assistance to CMM to consolidate its procurement units into a single department responsible for all municipal public procurement.

Part C: Urban Planning

- (a) Provision of technical assistance to CMM to: (i) improve its land administration procedures; (ii) formulate urban plans for land use, zoning, urbanization and environmental management; and (iii) disseminate information related to the plans referred to in Part C (a) (ii) of the Project.
- (b) Provision of technical assistance to CMM to strengthen the implementation of its municipal geographic information system.
- (c) Provision of technical assistance and services to CMM to strengthen the regularization of land tenure and land registration in periurban areas, including the development of pertinent methodologies and oversight mechanisms for plot demarcation and land registration.
- (d) Provision of technical assistance, works, and services to CMM to design and implement integrated methodologies for the improvement of informal settlements, including integrated neighborhood plans, targeted improvements to local infrastructure and services in support of the regularization of land tenure.

Part D: Urban Infrastructure Investment and Maintenance

- (a) Reconstruction of approximately 10 kilometers of Avenue Julius Nyerere in the city of Maputo.
- (b) Rehabilitation of: (i) primary and secondary road networks in the city of Maputo, including new collector roads and extensions of existing roadways; and (ii) drainage structures in the city of Maputo.

- (c) Provision of technical assistance for the design of plans and the inspection of the works referred to in Parts D (a); D (b); and D (d) of the Project.
- (d) Maintenance and repairs of: (i) unpaved roads; and (ii) local drainage structures, all in the city of Maputo.
- (e) Carrying out of environmental and resettlement assessments and corresponding environmental and resettlement action plans in connection with the carrying out of Parts A.1(c); A.2(c); B(c); C(c); C(d); D(a); D(b); D(d); E.1(b); and E.2(b) of the Project.
- (f) Compensation for Displaced Persons in connection with the implementation of Parts C and D of the Project.

Part E: Metropolitan Development

1. **Solid Waste Management**

- (a) Provision of technical assistance and goods to CMM to improve its planning, operations and monitoring of solid waste management.
- (b) Financing of solid waste collection and disposal services for CMM.
- (c) Carrying out of education campaigns, events, and associated communication services in support of improved municipal sanitation and solid waste management.
- (d) Provision of technical assistance to CMM for purposes of developing studies, plans and projects to ensure the environmental sustainability of solid waste management in the Maputo metropolitan area.

2. **Strategic Development of Metropolitan Services**

- (a) Provision of technical assistance to CMM to: (i) develop a master plan for transit and transport across the Maputo metropolitan area; and (ii) implement management improvement interventions and targeted investments in the municipality and across the Maputo metropolitan area.
- (b) Provision of goods, works and Training for the establishment and consolidation of a municipal transport and transit directorate to be located in CMM.
- (c) Strengthening the administrative and technical capacities of CMM's traffic control room, through the provision of goods.

SCHEDULE 2

Project Execution

Section I. Subsidiary Financing; Institutional and Other Arrangements

A. 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 an agreement (the Subsidiary Agreement) between the Recipient and the Project Implementing Entity, under terms and conditions satisfactory to the Association.
2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

B. Institutional Arrangements

The Recipient shall maintain CMM as the Project Implementing Entity, with the overall responsibility for the implementation, coordination and oversight of the Project.

C. Anti-Corruption

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

D. Environmental and Social Safeguards

1. The Recipient shall cause the Project Implementing Entity, prior to initiating the implementation of each of Parts A.1(c); A.2(c); B(c); C(c); C(d); D(a); D(b); D(d); E.1(b); and E.2(b), of the Project, to 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 and RPF, with respect to each such Part of the Project
2. Without limitation upon the provisions of paragraph D.1 of this Section, the Recipient shall cause the Project Implementing Entity to prepare and implement Resettlement Action Plans in accordance with the RPF, in form and substance acceptable to the Association, defining a program of actions, measures and policies for compensation and resettlement of Displaced Persons, as a result of

the carrying out of the Project, including the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with said Resettlement Action Plans.

3. Without limitation upon the provisions of paragraph D.1 of this Section, the Recipient shall cause the Project Implementing Entity to prepare and implement Environmental Management Plans in accordance with the ESMF, in form and substance acceptable to the Association, defining a program of actions, measures and policies to avoid, minimize, mitigate, and offset potential adverse environmental and social impacts, as a result of the carrying out of the Project, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with said Environmental Management Plans.
4. Except as the Recipient and the Association may otherwise agree in writing, the Recipient and/or the Project Implementing Entity shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the provisions of the ESMF, the RPF, the Resettlement Action Plans, and/or the Environmental Management Plans.
5. In case of any conflict between the terms of the ESMF, the RPF, Resettlement Action Plans, the Environmental Management Plans and those of this Agreement, the terms of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and cause the Project Implementing Entity to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions, and on the basis of the indicators set forth in the Operational Manual for the Project, acceptable to the Association. Each Project report shall cover the period of three (3) months, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than June 30, 2015.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall cause the Project Implementing Entity to maintain 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 cause the Project Implementing Entity to prepare and furnish to the Association as part of the Project Reports, 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 Association.
3. The Recipient shall cause the Project Implementing Entity to 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 (1) fiscal year of the Recipient. 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.
4. The Recipient shall cause the Project Implementing Entity to audit its non Project specific accounts by independent auditors acceptable to the Association, under terms of reference acceptable to the Association, in accordance with consistently applied accounting standards, acceptable to the Association. Each such audit shall cover the period of one (1) calendar year during Project implementation. The audited statements shall be furnished to the Association, not later than six (6) months after the end of such period. In the case of qualified audit reports, the Project Implementing Entity shall produce an action plan, in a form and substance acceptable to the Association, to remedy said qualification in a period of time, also acceptable to the Association.

Section III. Procurement

A. General

1. **Goods, Works and Services (other than consultants' services).** All goods, works and services (other than 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 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, Works and Services (other than consultants' services)**
1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works; and services (other than consultants' services) shall be procured under contracts awarded on the basis of International Competitive Bidding. Domestic preference for locally manufactured goods shall be applied without limitation to the nationality of the good's manufacturer.
 2. **Other Methods of Procurement of Goods, Works and Services (other than Consultants' Services).** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and services (other than consultants' services). 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: <ol style="list-style-type: none">(i) Eligibility. No bidder, foreign or domestic, shall be precluded from participating in the bidding process for reasons unrelated to their eligibility or capability to perform the contract. Examples of reasons that may not be used to preclude a bidder from so participating include the following: proof that the bidder is not under bankruptcy proceedings in the territory of the Recipient; appointment by the bidder of a local representative in the territory of the Recipient; prior registration by the bidder in the territory of the Recipient; or license or agreement allowing the bidder to operate in the territory of Recipient.(ii) Qualification. Bidders shall be post-qualified unless the Procurement Plan explicitly provides otherwise. Irrespective of whether post qualification or prequalification is used, both national and foreign bidders who meet the qualification requirements stated in the bidding documents shall be allowed to participate in the bidding process.

- (iii) Bidding Documents. Bidders shall use standard bidding documents for the procurement of goods, works and services, consistent with the provisions of the Procurement Guidelines.
- (iv) Preferences. No preference for domestically manufactured goods or for domestic contractors shall be allowed.
- (v) Bid evaluation. The qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such criteria so specified shall be used to determine whether a bidder is qualified; the evaluation of the bidder's qualifications should be conducted separately from the technical and commercial evaluation of the bid. Evaluation of bids shall be made in strict adherence to the criteria set forth in the bidding documents; criteria other than price should be quantified in monetary terms. A contract shall be awarded to the qualified bidder offering the lowest technically responsive evaluated bid. Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.
- (vi) Rejection of All Bids and Re-bidding. In cases where the Recipient rejects all bids and solicits new bids for a contract, it shall, as soon as possible, notify the Association of such decision.
- (vii) Complaints by Bidders. Complaints by bidders shall be handled by the Recipient, who shall inform the Association of any such complaint.
- (viii) Right to Inspect/Audit. Each bidding document and contract financed out of the proceeds of the Financing shall provide that the bidder, supplier or contractor, and any subcontractor, shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have these accounts and records audited by auditors appointed by the Association. An act by the bidder, supplier, contractor or subcontractor intended to materially impede the Association's exercise of its inspection and audit right constitutes an Obstructive Practice, thus, the following provision shall be added in the bidding documents: "obstructive practice" is:
 - (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing

	or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
(b)	acts intended to materially impede the exercise of the Bank's inspection and audit rights.
(b)	Shopping
(c)	Direct Contracting

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.

Procurement Method	
(a)	Selection based on Consultants' Qualifications
(b)	Least Cost Selection
(c)	Single-Source Selection
(d)	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 IV. Withdrawal of the Proceeds of the Financing

A. General

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

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Works under Parts A.1(c); A.2 (c); B (c); C (d) D (a); D (b); D (d); and E.2 (b) of the Project	10,000,000	100%
(2) Goods, except for Parts A.1(i) of the Project	1,700,000	100%
(3) Consultants’ services	10,400,000	100%
(4) Training	920,000	100%
(5) Services (other than consultants’ services) for:		
(a) Part A.1 (e) of the Project	220,000	80% in FY2011 60% in FY2012 40% in FY2013 20% in FY2014 0% in FY2015
(b) Part E.1 (b) of the Project	3,100,000	65% in FY2011 50% in FY2012 40% in FY2013 65% in FY2014 55% in FY2015
(c) Parts B (c); C (c); and C (d) of the Project	930,000	100%
(6) Operating Costs, except for Parts A.1 (h); and A.2 (e) of the Project	480,000	100%
(7) Compensation for Displaced People to be financed by CMM	0	0%

(8) Unallocated	5,250,000	
TOTAL AMOUNT	33,000,000	

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 December 31, 2015.

Section V. Other Undertakings

1. Without limitation to the provisions of Sections 3.01 of this Agreement and 4.03 of the General Conditions, the Recipient shall include in each proposed annual budget to its legislature, and make available each year of Project implementation, promptly as needed, in Dollars, the equivalent of the following minimum amounts as counterpart funds for the Project:
 - (a) 700,000 equivalent for FY2011;
 - (b) 750,000 equivalent for FY2012;
 - (c) 3,500,000 equivalent for FY2013;
 - (d) 6,300,000 equivalent for FY2014; and
 - (e) 3,750,000 equivalent for FY2015.
2. Not later than six (6) months after the Effective Date, the Recipient has approved a decree regulating property assessment in the Recipient's territory, in form and substance satisfactory to the Association.
3. Not later than three (3) months after the Effective Date, the Recipient shall cause the Project Implementing Entity to hire external auditors for the Project, under terms of reference satisfactory to the Association, and pursuant to the provisions of paragraph C of Section III of Schedule 2 to this Agreement.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
commencing on October 15, 2020 to and including April 15, 2030	1%
commencing October 15, 2030 to and including April 15, 2050	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

Section I. Definitions

1. “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, with the modifications set forth in Section II of this Appendix.
2. “Category” means a category set forth in paragraph A.2 of Section IV of Schedule 2 to this Agreement.
3. “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.
4. “Displaced Persons” means persons who, on account of an involuntary taking of land under the Project, 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 “Displaced Person” means any of the Displaced Persons. Displaced Persons do not include private parties displaced by other private parties as a result of a dispute between them resolved by the relevant Recipient’s land titling authorities, through the relevant Recipient’s land titling process.
5. “Environmental Management Plan” means each plan to be prepared and adopted by the Recipient pursuant to the ESMF (as hereinafter defined), 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.
6. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s document, dated May 11, 2010, disclosed on that same day in the Recipient’s territory, referred to in paragraph D of Section I of Schedule 2 to this Agreement, setting forth, *inter alia*, guidelines, procedures, timetable and other specifications designed to offset adverse environmental and social impacts related to Project activities, or to reduce them to acceptable levels, or to enhance positive impacts, 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.

7. “FY” means the Recipient’s fiscal year commencing on January 1 and ending on December 31.
8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
9. “HIV/AIDS” means human immune deficiency virus/acquired immune deficiency syndrome.
10. “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 supplies; (b) operation and maintenance costs for vehicles and equipment; (c) organization of information campaigns; (d) logistical and administrative costs pertaining to fieldwork to disseminate CMM’s policies and regulations; (e) travel expenses and per diems for official Project staff (excluding Training costs and salaries for civil servants); and (f) travel and subsistence, all needed for the implementation of the Project.
11. “Operational Manual” means the manual adopted by the Project Implementing Entity and referred to in paragraph A.2 of Section I of the Schedule to the Project Agreement, setting forth all procedures and arrangements governing the implementation of the Project, such as procurement and disbursement procedures, as the same may be amended from time to time, and such term shall include any schedules, tables and annexes to the Operations Manual, as well as the Project performance indicators.
12. “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.
13. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated August 26, 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.
14. “Program” means the two phase program set forth or referred to in the letter dated November 24, 2006, from the Recipient to the Association.
15. “Project Implementing Entity” and the acronym “CMM” mean City Council of Maputo.

16. “Project Implementing Entity’s Legislation” means Recipient’s: (a) Law number: 2/97 published in its Official Gazette on February 18, 1997; (b) Law number: 8/97; and Law number: 9/97; all published in its Official Gazette on 31 May 1997; and (c) Law number 1/2008, published in its Official Gazette on January 16, 2008; all of which govern the Project Implementation Entity.
17. “Resettlement Action Plan” means 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 (to be financed by the Recipient), as well as reporting and monitoring arrangements to ensure compliance with said plan, as each said plan may be amended and/or supplemented from time to time with the prior written consent of the Association.
18. “Resettlement Policy Framework” or “RPF” means the Recipient's policy framework dated May 11, 2010, disclosed on that same date in the Recipient’s territory, referred to in paragraph D of Section I of Schedule 2 to this Agreement, setting forth, *inter alia*, guidelines, procedures, timetable and other specifications of the resettlement/compensation to be made under the Project to Displaced Persons, 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.
19. “Solid Waste Fee” means municipal revenues collected from household and non-household waste producers, as defined in the Municipal Assembly Resolutions Numbers 86/AM, 87/AM/, 88/AM; and 89/AM, all dated May 22, 2008.
20. “Subsidiary Agreement” means the agreement referred to in paragraph A of Section I of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.
21. “Training” includes workshops and 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, and rental of training facilities needed for the implementation of the Project.

Section II. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and

government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”