October 6, 1999

Governor of the Central Bank
Banco de Moçambique
Departamento de Relacoes Internacionais
Avenida 25 de Setembro,
P.O. Box 423
Maputo, República de Moçambique

Dear Sir:

Re: Credit No. 3247 MOZ Development Credit Agreement (Article I, Section 1.01 (a)) (Second National Water Development Project) List of Participating Countries

Dear Sir:

We refer to the Development Credit Agreement (the Agreement) of even date herewith between the Republic of Mozambique (the Borrower) and International Development Association (the Association) and, particularly, to the definition of "Participating Countries" to be found in Section 1.01(a) thereof.

We have to inform you that, for purposes of the Agreement, the following countries are not "Participating Countries" and, therefore, not eligible to supply goods and services under the Credit:

Bahamas, Bahrain, Barbados, Brunei Darussalam, Cyprus, Qatar, Singapore, and United Arab Emirates.

This list of ineligible countries is in addition to the list of ineligible countries under paragraphs 1.6 and 1.8 of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines).

In accordance with the operational policies of the Association, the term "ineligible countries" applies both to the nationality of bidders, and to the source of goods and services provided.

Sincerely yours,

INTERNATIONAL DEVELOPMENT SSOCIATION

By /s/ Callisto Madavo
Regional Vice President
Africa

CONFIRMED:

REPUBLIC OF MOZAMBIQUE

By /s/ Marcus Namashulua
Authorized Representative