

# OFFICIAL DOCUMENTS

## The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 473-1000  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS

February 13, 2018

H.E. Adriano Maleiane  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Maputo  
Republic of Mozambique

**Republic of Mozambique:  
Mining and Gas Technical Assistance Project  
Grant No. TF016113 - Amendment**

Excellency:

We refer to the Trust Fund Grant Agreement (“Agreement”), dated January 27, 2014 for the above mentioned Project (“Project”) between the Republic of Mozambique (“Recipient”) and the International Development Association (“World Bank”) (acting as an administrator of the funds provided by the United Kingdom of Great Britain and Northern Ireland through the Department for International Development) in respect of the Mozambique Mining and Gas Technical Assistance Project Single-Donor Trust Fund (“Trust Fund”).

The Recipient and the World Bank agree to the following amendments to the Agreement:

1. Schedule 1 to the Agreement (*Project Description*) shall be deleted and replaced with the following:

“The objective of the Project is to strengthen the capacity and governance systems of key institutions to manage the mining and hydrocarbon sectors in Mozambique.

The Project consists of the Original Project, as amended hereby to read as follows:

**Part A: Mining Governance Capacity Building and Reform**

Support second generation reforms in the Recipient's mines and minerals sector to optimize sector revenues and economic benefits, including through the following:

- (i) **Mining Cadastre:** updating the cadastral procedures and integrating the mining cadastral database and GIS system with other systems and land use databases, including updating and building capacity of the central cadastre office in Maputo and provincial mining cadastre offices.
- (ii) **Mineral Assets Evaluation and Tendering:** setting up detailed procedures for mineral assets assessments and tendering procedures, including criteria for selecting appropriate targets for tendering.
- (iii) **Improving Government's to Manage Artisanal and Small Scale Mining:** increasing formalization of the ASM sector, improving Recipient's capacity to provide services to ASM, including services to improve standards and efficiency of the ASM operations.

- (iv) **Capacity Building of Technical Departments of MIREME:** reinforcing the MIREME's function of reviewing and reporting on activities by license holders and their compliance with the agreed work plans.
- (v) **Geodata Acquisition, Interpretation and Promotion:** (a) carrying out of airborne geophysical and geochemical surveys of the selected strategic mineral resource rich areas, processing and interpretation of geophysical, geochemical and geological data, geomapping, upgrading of the Recipient's mineral information system, library, seismic stations, coreshed and geological and environmental laboratories; and (b) developing a methodology and codification for assessment of mineral reserves.
- (vi) **Reinforcing State Participation in Mining Concessions:** defining EMEM's mandate and functions and building its capacity to assess and manage the risks associated with its participation in mining concessions in accordance with its mandate.
- (vii) **Transaction Advisory Services for Negotiations of Large-Scale Mining Operations and Related Infrastructure:** provision of technical and legal advice to the Recipient's representatives through the review of feasibility studies for mining and infrastructure development plans, and the drafting of mining and ancillary infrastructure development agreements.

#### Part B: Natural Gas Capacity Building and Governance Reform

Support to strengthen the capacity of the Recipient's major institutions engaged in development and governance of the gas sector to allow them to execute their mandates in a way that is conducive to investments while ensuring that safeguards and safety standards are met in accordance with international standards, including through the following:

- (i) **Strengthening MIREME's Capacity to Support Governance Reform:** (a) assisting in the formulation and implementation of policy decisions, and in the preparation for investment decisions, to support the Recipient's vision for the development of its gas sector; (b) updating gas up-, mid- and down-stream policies; and (c) building MIREME's capacity for assessing and structuring potential PPP arrangements for gas infrastructure.
- (ii) **Capacity Building and Governance Reform Support for the INP:** improving the INP's capacity to manage the core functions within its mandate, including: (a) equipping and building capacity in INP's office in the city of Pemba; (b) developing emergency procedures and a response notification system for INP; and (c) providing technical advisory services to review plans of development of gas and Liquefied Natural Gas.
- (iii) **Capacity Building and Technical Support for ENH:** enhancing performance of ENH's principal function of managing the State participation in upstream developments.
- (iv) **Transaction Advisory Services to INP and ENH for Negotiating Gas Operations and Related Infrastructure:** provision of technical, legal, economic and financial advice to the Recipient's representatives, including review of feasibility studies, productions plans, infrastructure development plans and drafting and reviewing of gas and ancillary infrastructure agreements.

Part C: Cross-cutting Mining/Natural Gas Capacity Building and Reforms

Support the Recipient's cross-cutting mining and gas reforms to: (i) strengthen the institutional and technical capacity of its agencies in revenue management, environmental and social management; and (ii) improve social accountability of its civil society organizations, including through the following:

- (i) **Legal and Regulatory Framework for Mining and Hydrocarbons:** (a) updating the mining law and related supporting mining regulations, as may be required from time to time during the implementation of the Project; (b) drafting petroleum regulations and updating petroleum legislation as may be required from time to time during the implementation of the Project; and (c) preparing sector specific health and safety and environmental regulations and guidelines.
- (ii) **Support to General Inspectorate, Health and Safety, and Regulatory Enforcement:** (a) developing operational standards and procedures for mine and petroleum projects' inspections and monitoring; (b) building staff capacity for regular monitoring and inspections using appropriate equipment; (c) strengthening the regulatory health and safety compliance enforcement mechanisms for efficient application of the mining and petroleum law and regulations; and (d) developing internal audit functions.
- (iii) **Support to National Directorate of Planning and Development of MIREME, including:** (a) developing a communications and outreach strategy; and (b) building staff capacity and providing equipment for monitoring and evaluation of implementation of mining and petroleum legislation and policies, planning of concessions and activities by MIREME and its agencies.
- (iv) **Strengthening and Establishment of Staff Positions, Capacity and Infrastructure in MIREME and its agencies, including through the:** (a) provision of transitional salary support for additional civil servants staff positions to be created in MIREME based on the outcomes of the MIREME's and INP's functional diagnosis; and (b) upgrading of IT and physical infrastructure at MIREME's central and key provincial offices including in new agencies or departments to be established within MIREME for the purpose of this subparagraph during implementation of the Project.
- (v) **Revenue Generation and Management:** implementation of the technical support plan for Ministry of Finance and the Revenue Authority.
- (vi) **Enhancing Environmental and Social Management of Mining and Natural Gas Industries through:** (a) carrying out and implementing SESA for mining and gas sectors; (b) updating relevant regulations that affect the sector, including involuntary resettlement; (c) increasing Recipient's capacity to manage EIAs and SIAs and to address disputes and grievances; (d) setting up robust monitoring systems for EIAs and SIAs; and (e) developing and implementing a gender focused strategy specific to mining.
- (vii) **Support for Implementation of the EITI and Building Capacity of Civil Society Organizations by supporting the EITI Secretariat including through the:** (a) production of reports and publications to increase transparency; (b) carrying out of training and provision of targeted technical assistance to increase civil society and



industry's understanding of the extractive industries challenges and to inform their involvement in the governance of the extractive industries sector; and (c) supporting mainstreaming of transparency and reporting activities in the extractive sector.

- (viii) **Implement Pilot Projects in Extractives affected Areas.** Carrying out Pilot Projects to mainstream MIREME's policy on corporate social responsibility in the extractive sector, support development of community based agreements in the extractive sector and implement gender and social action programs in selected communities.

#### Part D: Cross-Sectoral Reforms

Support to strengthen the Recipient's capacity in integrating the mining and gas sector into its broader economy, including through the following:

- (i) **Strengthening the Recipient's Cross Sector Platform:** provision of technical advisory services to enable it to make better informed decisions on integration of large mining and gas projects into its broader economy.
- (ii) **Strengthening Upward and Downward Economic Linkages of Mines and Gas Production:** carrying out of studies, developing policies, and provision of transaction advisory services to optimize the economic value derived from development of natural resources by creating an environment in which the industry serves as a springboard for additional economic activities.
- (iii) **Framework for oil spill preparedness and response capacity.** Support the design of preparedness plans and procedures for potential hydrocarbon spills in deep waters posing large operational and environmental risks, including building capacity of Recipient's relevant staff, coastal zone communities and civil society organizations active in the coastal areas, and provision of equipment to be in place in case of an emergency.

#### Part E: Project Management and Coordination

Support MIREME in managing and coordinating the Project and building its procurement, financial management, safeguards management, monitoring and evaluation capacity through the provision of technical advisory services, Training, acquisition of goods, and Operating Costs.”

- 2. Section IV.A.2 of Schedule 2 to the Agreement shall be deleted and replaced with the following:

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

*[remainder of page left intentionally blank]*

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in Pound Sterling)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Works, non-consulting services, Goods, Consultants' Services, Training, Workshops and Study tours, and Operating Costs under Parts A(ii), C(iii), D(i), and D(ii) of the Project	5,209,000	100%
<b>TOTAL AMOUNT</b>	<b>5,209,000</b>	

3. The Appendix to Agreement is hereby amended as follows:
- (a) The following definition is hereby added immediately after paragraph 13, which defines "ENH" and the subsequent paragraphs in the Appendix are renumbered accordingly:

““ESHS” means environmental, social, health and safety.”

- (b) The definition of "MIREM" is hereby amended to read as follows:

““MIREME” or “*Ministério dos Recursos Minerais e Energia*” means the Recipient's Ministry of Mineral Resources and Energy.”

All other provisions of the Agreement, other than the above, shall remain in full force and effect.

Each of the Recipient and the World Bank represents, by confirming its agreement below, that it is authorized to enter into this Amendment and act in accordance with these terms and conditions.

Please confirm your agreement to the foregoing by countersigning, dating, and returning to us the enclosed copy of this letter. Upon receipt by the World Bank of the copy of this letter countersigned by you, this amendment will become effective as of the date of the countersignature.

*[remainder of this page left intentionally blank]*



Sincerely,

**INTERNATIONAL DEVELOPMENT ASSOCIATION**



Mark R. Lundell  
Country Director for Mozambique  
Africa Region

CONFIRMED AND AGREED:

**REPUBLIC OF MOZAMBIQUE**

By:   
Authorized Representative

Name: Adriano Mafelane

Title: Minister

Date: 02-03-2018