

Public Disclosure Authorized

OFFICIAL DOCUMENTS

Additional Financing: GRANT NUMBER D239-MZ
Amendment: Credit No. 5199-MZ

Financing Agreement

and

Amendment to the Original Financing Agreement

(Additional Financing for the Mining and Gas Technical Assistance Project)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *December 15*, 2017

**Additional Financing: GRANT NUMBER D239-MZ
Amendment: Credit No. 5199-MZ**

FINANCING AGREEMENT

AGREEMENT dated December 28, 2017, entered into between REPUBLIC OF MOZAMBIQUE (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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) apply to and form 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 grant, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to nineteen million nine hundred thousand Special Drawing Rights (SDR 19,900,000) (“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 is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Payment Dates are May 15 and November 15 in each year.
- 2.05. 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, through *Ministério dos Recursos Minerais e Energia* (“MIREME”), shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
- (a) as a result of an act or omission in the management or operations of the Recipient's mining or hydrocarbon sectors, there has been, in the opinion of the Association, a failure on the part of the Recipient, or any of its agencies or other competent authorities located in the Recipient's territory, to: (i) apply sound social and environmental standards and practices; or (ii) uphold appropriate standards of good governance applicable to the sector, including accountability mechanisms and anticorruption principles and practices prevalent at the local or national levels of said sector; and
 - (b) the Recipient or other agency or competent authority, as the case may be, has failed, within a sixty (60) day period after notice thereof has been given to it by the Association, to remedy such failure or take appropriate corrective measures.
- 4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreement is July 31, 2018.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following:
- With respect to Part C(vi)(a) of the Project, the Recipient shall carry out a Strategic Environmental and Social Assessment (“SESA”) of the Recipient’s mining and gas sector under terms of reference satisfactory to the Association, and, on the basis of said assessment, the Recipient shall prepare, disclose and adopt an action plan in accordance with terms of reference satisfactory to the Association, which *inter alia*, shall identify such regulatory instruments, agreed with the Association, as necessary for management of the Recipient's mining and gas sector on environmentally and socially sustainable bases (“Action Plan”).
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.03. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its minister at the time responsible for economy and finance or any successor thereto.

6.02. For purposes of Section 11.01 of the General Conditions,

(a) the Recipient's Address is:

Ministry of Economy and Finance
Praça da Marinha Popular
Av. 10 de Novembro n° 929
Maputo, Caixa Postal 272
Republic of Mozambique; and

(b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
+258 21313747	benedita.banze@mef.gov.mz

6.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association's Address is:

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

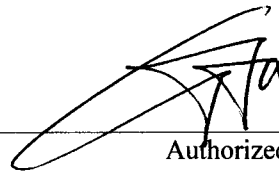
(b) the Association's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423 (MCI)	1-202-477-6391	mlundell@worldbank.org

AGREED as of Signature Date.

REPUBLIC OF MOZAMBIQUE

By



Authorized Representative

Name: Adriano Maleiane

Title: Minister of Econ. & Finance

Date: 15.12.2017

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: MARK R. LUNDELL

Title: COUNTRY DIRECTOR

Date: 11-27-2017

SCHEDULE 1

Project Description

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 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, production 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.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Project Steering Committee

The Recipient shall maintain at all times during the implementation of the Project the Project Steering Committee with composition, mandate and resources satisfactory to the Association, for the purpose of ensuring Project oversight and timely decision making, including responsibility for strategic guidance of Project implementation and coordination of the Project's led initiatives and reforms.

B. Project Management Unit

The Recipient shall ensure that the Project Management Unit, established within MIREME, is maintained at all times during the implementation of the Project, with composition, mandate and resources satisfactory to the Association, for the purpose of ensuring prompt and efficient overall coordination, implementation and communication of Project activities, including being responsible for: (1) technical and fiduciary (financial management and procurement) elements of Project implementation; (2) ensuring compliance with environmental and social safeguards; (3) preparing and circulating periodic progress reports; and (4) monitoring and evaluation of Project activities.

C. Project Implementation Manual.

1. The Recipient shall carry out the Project in accordance with a project implementation manual ("Project Implementation Manual") in form and substance satisfactory to the Association, providing details of arrangements and procedures for the implementation of the Project, including: (a) capacity building activities for sustained achievement of the Project's objective; (b) disbursement and financial management; (c) institutional administration, coordination and day-to-day execution of Project activities; (d) monitoring, evaluation, reporting (including mechanisms and formats for the preparation of Annual Work Plans and Budgets), information, and communication; (e) procurement; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; provided, however, that in case of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, this Agreement shall prevail.
2. Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Project Implementation Manual if, in the

opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.

D. Pilot Projects Manual

The Recipient shall prepare and adopt and thereafter, carry out Part C(viii) of the Project in accordance with, a manual ("Pilot Project Manual"), in form and substance satisfactory to the Association, providing details of arrangements and procedures for the implementation of said part of the Project, including, *inter alia*: (a) roles and responsibilities of government agencies, companies, communities and civil society organizations in management and administration of the Pilot Projects; (b) selection criteria and procedures for selection of Pilot Projects; (c) procurement and financial management of the pilot projects; (d) monitoring and evaluation and reporting; (e) environmental and social screening; and (f) communications strategy and procedures.

E. Annual Work Plan and Budget

1. The Recipient shall prepare and furnish to the Association for review and approval, not later than March 31 in each Fiscal Year during the implementation of the Project, a proposed annual work plan and budget covering all activities proposed to be carried out under the Project in the forthcoming Fiscal Year.
2. Each such proposed annual work plan and budget shall specify among the activities, any training activities that may be required under the Project, including: (a) the type of training; (b) the purpose of the training; (c) the personnel to be trained; (d) the institution or individual who will conduct the training; (e) the location and duration of the training; (f) the cost of the training; and (g) the expected outcome and impact of the training.
3. The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed annual work plan and budget, and thereafter to implement the Project or cause it to be implemented with due diligence in accordance with such annual work plan and budget as shall have been approved by the Association.

F. Safeguards

1. The Recipient adopt, and thereafter shall carry out Part C(vi)(a) of the Project in accordance with, the SESA, including the Action Plan.
2. The Recipient shall ensure that the Project Reports referred to in Part A of Section II of this Schedule include adequate information on the status of preparation and implementation of the instruments referred to in paragraph 1 above.

3. The Recipient shall ensure that all terms of reference for any technical assistance, studies, and analytical work under the Project are consistent with the Association's environmental and social safeguards.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the calendar quarter.

Section III. Procurement

A. General

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

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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods shall be used: (a) National Competitive Bidding, subject to provisions of paragraph 3 of this Part B; (b) Direct Contracting; and (c) Shopping.

3. **Additional Procedures for National Competitive Bidding (“NCB”):**

(a) **General**

The procedures to be followed for NCB shall be those set forth in the Decree 5/2016 of March 8, 2016, with the modifications described in the following paragraphs.

(b) **Eligibility**

No restriction based on nationality of bidders and/or origin of goods shall apply. Foreign bidders shall be allowed to participate in NCB without restriction and shall not be subject to any unjustified requirement which will affect their ability to participate in the bidding process such as, but not limited to, the proof that they are not under bankruptcy proceedings in the Recipient's territory; have a local representative; have an attorney resident and domiciled in the Recipient's territory; form a joint venture with a local firm. In cases of joint ventures, they shall confirm joint and several liability.

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

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

(c) **Bidding Documents**

Standard bidding documents acceptable to the Association shall be used for any procurement process under NCB.

(d) **Preferences**

No domestic preference shall be given for domestic bidders and/or for domestically manufactured goods.

(e) **Applicable Procurement Method Under Decree 5/2016 of March 8, 2016**

Subject to these NCB exceptions, procurement under NCB shall be carried out in accordance with Decree 5/2016 of March 8, 2016 public competition (“*Concurso Público*”) method.

(f) **Bid Preparation Time**

Bidders shall be given at least twenty-eight (28) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids.

(g) **Bid Opening**

Bids shall be opened in public, immediately after the deadline for their submission in accordance with the procedures stated in the bidding documents.

(h) **Bid Evaluation**

(i) Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such criteria so specified shall be used to determine whether a bidder is qualified; the evaluation of the bidder's qualifications should be conducted separately from the technical and commercial evaluation of the bid. Qualification criteria shall be applied on a pass or fail basis.

(ii) Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents; criteria other than price shall be quantified in monetary terms.

(iii) A contract shall be awarded to the qualified bidder offering the lowest-evaluated and substantially responsive bid.

(iv) Bidders shall not be eliminated on the basis of minor, no substantial deviations.

(i) **Rejection of All Bids and Re-bidding**

All bids shall not be rejected and new bids solicited without the Association's prior concurrence.

(j) **Complaints by Bidders and Handling of Complaints**

The Recipient shall establish an effective and independent complaint mechanism allowing bidders to complain and to have their complaint handled in a timely manner.

(k) **Right to Inspect/Audit**

In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed from the proceeds of the

Financing shall provide that: (i) the bidders, suppliers, and contractors and their subcontractors, agents, personnel, consultants, service providers or suppliers, shall permit the Association, at its request, to inspect their accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.

(l) **Fraud and Corruption**

Each bidding document and contract financed from the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of the Procurement Guidelines. The Association may sanction a firm or individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded an Association-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier or service provider of an otherwise eligible firm being awarded an Association-financed contract.

(m) **Debarment under National System**

The Association may recognize, if requested by the Recipient, exclusion from participation as a result of debarment under the national system, provided that the debarment is for offenses involving fraud, corruption or similar misconduct, and further provided that the Association confirms that the particular debarment procedure afforded due process and the debarment decision is final.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used: (a) Selection based on Consultants' Qualifications; (b) Least-Cost Selection; (c) Single-source Selection of consulting firms; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant

Guidelines for the Selection of Individual Consultants; and (e) Single-source procedures for the 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 IV. Withdrawal of the Proceeds of the Financing

A. General

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures, in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Works, non-consulting services, Goods, Consultants' Services, Training, Workshops and Study Tours, and Operating Costs under Parts A(i), A(iii), A(iv), A(v), A(vi), A(vii), B, C(i), C(ii), C(iv)(b), C(v), C(vi), C(vii) D(iii), and E of the Project	19,473,000	67%
(2) Pilot Projects under Part C(viii) of the Project	427,000	100%
TOTAL AMOUNT	19,900,000	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement; and
 - (b) for payments under Category (2) unless the Recipient has submitted evidence, satisfactory to the Association, that the Pilot Projects Manual has been prepared and adopted in a manner satisfactory to the Association pursuant to Section I.D of this Schedule.
3. The Closing Date is December 31, 2021.

Section V. Other Undertakings

- A. The Recipient undertakes to carry out the Project in accordance with internationally recognized standards and guidelines for extractive industries transparency, including those of the EITI.
- B. The Recipient and the Association hereby agree to amend the Original Financing Agreement to read as follows:
 1. Schedule 1 to the Original Financing Agreement is hereby amended and replaced in its entirety to read as set out in Schedule 1 to this Agreement.
 2. The Appendix to the Original Financing 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.”
 3. Section IV.A.2 of the Original Financing Agreement is hereby amended and replaced in its entirety to read as follows:

“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 (inclusive of Taxes)
(1) Works, non-consulting services, Goods, Consultants' Services, Training, Workshops and Study Tours, and Operating Costs under Parts A(i), A(iii), A(iv), A(v), A(vi), A(vii), B, C(i), C(ii), C(iv)(b), C(v), C(vi), C(vii), D(iii), and E of the Project	31,527,892	33%
(2) Salary support under Part C (iv)(a) of the Project	802,000	100%
(3) Refund of Preparation Advance	270,108	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	32,600,000	

4. The Closing Date in Section IV.B.2 of Schedule 2 to the Original Financing Agreement is hereby amended to December 31, 2021.
- C. All other provisions of the Original Financing Agreement, other than the ones referred to in Section V.B of Schedule 2 to this Agreement, shall remain in full force and effect.

APPENDIX

Section I. Definitions

1. "Action Plan" means the action plan to be prepared pursuant to Section 5.01 of this Agreement.
2. "Annual Work Plan and Budget" means the annual work plan and budget referred to in Section I.D of Schedule 2 to this Agreement.
3. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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.
4. "ASM" means artisanal and small scale mining.
5. "Category" means a category set forth in the table in Section IV.1 of Schedule 2 to this Agreement.
6. "Co-financier" means Department for International Development of the United Kingdom of Great Britain and Northern Ireland ("Dfid").
7. "Co-financing" means, for purposes of paragraph 11 of the Appendix to the General Conditions, an additional amount of eight hundred thousand Sterling (GBP 800,000) to be provided by the Co-financier to assist in financing the Project.
8. "Co-financing Agreement" means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing.
9. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
10. "EIAs" means environmental impact assessments.
11. "EITI" means the Extractive Industries Transparency Initiative.
12. "EMEM" or "*Empresa Moçambicana de Exploração Mineira*" means the Mozambican Mining and Exploration Company established further to Decree No. 29/2009 dated June 29, 2009, and published in the Official Gazette on June 29, 2009.
13. "ENH" or "*Empresa Nacional de Hidrocarbonetos*" means the Recipient's national petroleum company established further to Decree No. 39/97 dated November 12, 1997, and published in the Official Gazette on November 12, 1997.

14. “ESHS” means environmental, social, health and safety.
15. “Fiscal Year” means the fiscal year of the Recipient commencing on January 1 and ending on December 31 of the same year.
16. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated July 14, 2017, with the modifications set forth in Section II of this Appendix.
17. “GIS” means geographical information system.
18. “INP” or “*Instituto Nacional de Petróleos*” means the Recipient's national regulator for the petroleum sector established pursuant to Decree Ng 25/2004 dated August 20, 2004, and published in the Official Gazette on August 20, 2004.
19. “MIREME” or “*Ministério dos Recursos Minerais e Energia*” means the Recipient's Ministry of Mineral Resources and Energy.
20. “Operating Costs” means the incremental expenses, which would not exist in the absence of the Project, incurred on account of Project implementation and based on the Annual Work Plan and Budget approved by the Association pursuant to Section I.E of Schedule 2 to this Agreement, on account of office, salaries for . incremental office support staff during Project implementation period, equipment and supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, banking charges, advertising expenses, travel and per diem, but excluding the salaries of the Recipient's civil servants other than those provided under Part C(iv)(a) of the Project described in Schedule I to this Agreement.
21. “Original Financing Agreement” means the financing agreement for the Original Project between the Recipient and the Association, dated April 19, 2013, as amended to the date of this Agreement (Credit No. 5199-MZ).
22. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.
23. “Pilot Project Manual” means the manual referred to in Section I.D of Schedule 2 to this Agreement.
24. “PPP” means public private partnership.
25. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants and Grants by the World Bank Borrowers” dated January 2011 (revised July 2014).

26. “Project Implementation Manual” means the manual dated September 8, 2017, referred to in Section I. C of Schedule 2 to this Agreement.
27. “Project Management Unit” means the term referred to in Section I.B. of Schedule 2 to this Agreement.
28. “Project Steering Committee” means the term referred to in Section I.A. of Schedule 2 to this Agreement.
29. “SESA” or “Strategic Environmental and Social Assessment” mean the assessment carried out by the Recipient under Part C(iv) (a) of the Project in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.
30. “SIAs” means social impact assessments.
31. “Signature Date” means the latest of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
32. “Training, Workshops and Study Tours” means the costs associated with the training, workshop and study tour participation of personnel involved in Project activities, as specified in the Annual Work Plan and Budget approved by the Association pursuant to Section I.C of Schedule 2 to this Agreement, for reasonable expenditures (other than expenditures for consultants' services), including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course, workshop or study tour preparation and implementation.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 5.13 (*Procurement*) is deleted in its entirety and the remaining section in Article V is renumbered accordingly.
2. Paragraphs 86 (*Procurement Plan*) and 87 (*Procurement Regulations*) in the Appendix are deleted in their entirety and the subsequent paragraphs are renumbered accordingly.