Financing Agreement

(Greater Maputo Water Supply Expansion Project)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 31, 2014
FINANCING AGREEMENT

AGREEMENT dated 3 June 2014, entered into between the
REPUBLIC OF MOZAMBIQUE ("Recipient") and the 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.

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 one
hundred eighteen million eight hundred thousand Special Drawing Rights
(SDR 118,800,000) ("Credit" or "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 Credit 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 Credit 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance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 May 15 and November 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 the Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall: (i) pursuant to the FIPAG Subsidiary Agreement, cause Parts A, B and C of the Project to be carried out by FIPAG; and (ii) pursuant to the CRA Subsidiary Agreement, cause Part D of the Project to be carried out by CRA all in accordance with the provisions of Article IV of the General Conditions and, as applicable, the FIPAG Project Agreement and the CRA 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 Events of Suspension consist of the following, namely, FIPAG's Legislation or CRA's Legislation, as the case may be, has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of FIPAG or CRA, as the case may be, to perform any of its obligations, respectively, under the FIPAG Project Agreement or the CRA Project Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely, any event specified in Section 4.01 of this Agreement occurs.

ARTICLE V— EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) Each Subsidiary Agreement has been executed on behalf of the Recipient and of the Project Implementing Entity which is a party to such agreement, in accordance with the provisions of Section 1.B of Schedule 2 to this Agreement.

(b) The Recipient has adopted the Project Implementation Manual, in form and substance satisfactory to the Association.

5.02. The Additional Legal Matter is that each Subsidiary Agreement, referred to in Section 5.01(a) of this Agreement, has been duly authorized or ratified by the Recipient and a Project Implementing Entity which is a party to such agreement, and is legally binding upon the Recipient and the respective 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.

5.04. For purposes of Section 8.05(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 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: MOBANCO  
Telex: (258) 21 492-268  
Facsimile: (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: INDEVAS  
Telex: 248423 (MCI)  
Facsimile: (1) 202-477-6391
AGREED at Maputo, Republic of Mozambique, as of the day and year first above written.

REPUBLIC OF MOZAMBIQUE

By

[Signature]

Authorized Representative

Name: Muthana Cunene

Title: Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Thomas Biddle

Title: Acting Country Director
SCHEDULE 1

Project Description

The objective of the Project is to increase access to clean water for residents in the Greater Maputo Area.

The Project consists of the following parts:

Part A: Investment in Water Supply Network System

Expansion and extension of water supply system capacity in the Greater Maputo Area through the construction of an abstraction point and transmission pipeline from the Corumana Dam, a water treatment plant, and a transmission pipeline to the Machava distribution center.

Part B: Investment in Water Supply Distribution System

Expansion and extension of water distribution system in Greater Maputo Area through installation of approximately 300 kilometers of water supply distribution network and 100,000 new connections, including associated water meters.

Part C: Technical Assistance to FIPAG

Support to FIPAG, through the provision of goods, consultants' services, and Training for the purpose of: (i) supervision of works as well as implementation of Resettlement Action Plan and other Safeguard Documents under the Project; (ii) preparation of the second phase of the program to increase the amount of water available to Greater Maputo Area to meet residential household demand by 2025, including technical assistance for engineering, dam safety, safeguards and economic analyses; (iii) preparation of a follow-on project to cover other select cities of the Recipient; (iv) Project implementation including support to the transition of the operator of Greater Maputo Area in 2014; (v) carrying out of financial and technical audits; and (vi) carrying out of training and capacity building for FIPAG and the operator of Greater Maputo Area staff.

Part D: Capacity Building and Operational Support to CRA

Support to CRA to enhance its capacity to discharge its regulatory role in the territory of the Recipient including: (i) expanding the scope of CRA's regulatory framework and oversight capabilities, particularly in relation to peri-urban areas; and (ii) reviewing the financial means - and the structure and form of subsidies for low-income customers - to extend water and sanitation services to the urban poor, all of the above through provision of goods, technical assistance, Training and Operating Costs required for the purpose.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain, at all times during Project implementation, FIPAG and CRA as the Project Implementing Entities with the responsibility for the implementation of the Project as outlined in Article III, Section 3.01 of this Agreement and further detailed in the Project Implementation Manual.

B. Subsidiary Agreements

1. To facilitate the carrying out of the Project, the Recipient shall make part of the proceeds of the Financing ("Subsidiary Financing") available to each Project Implementing Entity under subsidiary agreements ("Subsidiary Agreements") between the Recipient and each Project Implementing Entity, under terms and conditions approved by the Association, which shall include the following:

   (a) (i) the principal amount of the Financing allocated to FIPAG shall be made available to FIPAG as the Metical equivalent in terms of SDR of the amount withdrawn under this Agreement (with exchange rate used for conversion determined as of the date(s) of withdrawal of Credit proceeds from the Financing Account) and such principal amount shall be repayable on the same terms and conditions specified in this Agreement for the repayment of the Credit; and

   (ii) the proceeds of the Financing allocated to CRA shall be made available to CRA on a non-reimbursable grant basis.

   (b) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:

   (i) suspend or terminate the right of the Project Implementing Entity to use the proceeds of the Subsidiary Financing, or declare to be immediately due and payable or obtain a refund of all or any part of the amount of the Subsidiary Financing then withdrawn, upon the Project Implementing Entity’s failure to perform any of its obligations under the Subsidiary Agreement; and

   (ii) require each Project Implementing Entity to: (A) carry out its Respective Part of the Project with due diligence and efficiency
and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of this Agreement; (B) provide, promptly as needed, the resources required for the purpose; (C) ensure that any works, goods and services to be financed out of the Subsidiary Financing are procured in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with the Monitoring and Evaluation Indicators, the progress of its Respective Parts of the Project and the achievement of the objective of the Project; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the respective Project Implementing Entity and to register separately the operations, resources and expenditures of the respective Project Implementing Entity, related to the Project; and (2) if so required under respective Project Agreement, have such financial statements audited annually by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association, but in any event not later than six (6) months after the end of each Fiscal Year; (F) enable the Recipient and the Association to inspect the Project Implementing Entity’s Respective Parts of the Project, its operation and any relevant records and documents; (G) permit the Association to make the Subsidiary Agreement and all financial statements and entity financial statements audited pursuant to sub-paragraph (E) above available to the public in accordance with the Association’s policies on access to information; and (H) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

2. The Recipient shall exercise its rights under each Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. The Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreements or any of their provisions without the prior written agreement of the Association.
C. **Project Implementation Manual**

1. The Recipient shall prepare and adopt - and cause the Project Implementing Entities to adopt - a Project implementation manual in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Project including *inter alia*: (a) delineation of roles and responsibilities of various entities, institutions and agencies involved in Project implementation; (b) disbursement, procurement and financial management including financial audit of the Project; (c) environmental and social safeguards arrangements and procedures; (d) Monitoring and Evaluation Indicators; and (e) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall: (a) furnish to and exchange views with the Association on such manual promptly upon its preparation; and (b) thereafter adopt such manual as shall have been approved by the Association (Project Implementation Manual or PIM).

3. The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the PIM (provided, however, that in case of any conflict between the arrangements and procedures set out in the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the PIM or any of its provisions without prior approval in writing by the Association.

D. **Anti-Corruption**

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

E. **Environmental and Social Safeguards**

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the ESIA, the ESMF, the RAP and any other Safeguard Document prepared or to be prepared by the Recipient in accordance with sub-paragraph 2 below.

2. Whenever a Safeguard Document shall be required for any proposed Project activity in accordance with the provisions of the ESIA or the ESMF the Recipient shall:

   (a) prior to the commencement of such activity, proceed to have such Safeguard Document: (i) prepared in accordance with the provisions of the ESIA or the ESMF; (ii) furnished to the Association for review and
approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association; and

(b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Document; and

(c) in the case of any resettlement activity under the Project involving Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures consistent with the relevant RAP have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.

3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESIA, the ESMF, the RAP and any Safeguard Document adopted or to be adopted in accordance with the provisions of paragraph 2 of this Part E, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association each calendar semester (or at such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESIA, the ESMF, the RAP and the Safeguard Documents, as applicable, giving details of: (a) measures taken in furtherance of the said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.

5. The Recipient shall ensure that: (i) the Dam Safety Panel of Experts is maintained throughout the implementation of the Project with at least two (2) visits per year until six (6) months from the date of impoundment of the Corumana Dam; and (ii) the Association is provided with a copy of each report and all technical documents prepared by the said Panel.

F. Covenants related to FIPAG

1 No later than twenty-four (24) months after the Effective Date, the Recipient shall ensure that the tariffs for the water systems under the direct and indirect responsibility of FIPAG shall reflect the principles of full cost recovery and be sufficient to cover operating expenses, depreciation, and cost of capital in a
reasonable time horizon for all said water systems. The tariffs will be assessed annually.

2. The Recipient shall cause FIPAG to maintain at all times during the life of the Project service contract(s) with utility operator(s) to operate the water supply assets supported under the Project.

3. The Recipient shall ensure that: (a) the utility operator(s) selected to operate the water supply assets supported under the Project has (have) been incorporated as a Corporation under Mozambican law; and (b) the contract(s) between FIPAG and the utility operator(s) address the financial obligations undertaken by FIPAG under various loans and credits extended to FIPAG and the sustainability of the future investments in the water supply system, through defining clearly the parties’ respective contractual obligations including lease fee charges payable to FIPAG and the tariffs payable to utility operator(s).

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports and Mid-term Review

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

2. The Recipient shall:

   (a) no later than thirty six (36) months after Effective Date (or such later date as may be agreed upon by the Recipient and the Association), carry out a comprehensive mid-term review of the Project during which it shall exchange views with the Association generally on all matters relating to the progress of the Project, the performance by the Recipient of its obligations under this Agreement and the performance by the Project Implementing Entities of their respective obligations under the Project Agreements, having regard to the Monitoring and Evaluation Indicators;

   (b) not later than forty-five (45) days prior to the review date referred to in paragraph A.2(a) above, prepare under the terms of reference satisfactory to the Association and furnish to the Association, for comments, a report, on the progress of the Project, and giving details of the various matters to be discussed at such review; and
following such review, act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project and to implement such other measures – and within such timeframe (not exceeding twelve months) - as may have been agreed upon with the Association in furtherance of the objectives of the Project.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall cause each Project Implementing Entity to prepare and furnish to the Association as part of the Project Report 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. (a) The Recipient shall cause CRA to prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the CRA and to register separately the operations, resources and expenditures of CRA related to the Project.

(b) The Recipient shall cause CRA 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. 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. (a) The Recipient shall cause FIPAG to prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of FIPAG and to register separately the operations, resources and expenditures of FIPAG related to the Project.

(b) The Recipient shall cause FIPAG 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. 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.
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 for those contracts specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding (subject to the additional provisions set forth in paragraph 3 of this Section III.B)</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
</tbody>
</table>
3. Additional Procedures for National Competitive Bidding (NCB):

(a) General

The procedures to be followed for NCB shall be those set forth in the “Regulamento de Contratação de Empreitada de Obras Públicas, Fornecimento de Bens e Prestação de Serviços ao Estado” of the Republic of Mozambique of May 24, 2010, (“the Regulation”), as per Decree No. 15/2010, 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 the Regulation

Subject to these NCB exceptions, procurement under NCB shall be carried out in accordance with the Regulation’s 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, non-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 for those contracts which are specified in the Procurement Plan.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(d) Single Source Selection for Firms</td>
</tr>
<tr>
<td>(e) Selection of Individual Consultants</td>
</tr>
<tr>
<td>(f) Single-source Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

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 the table in paragraph 2 below.
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, goods, non-consulting services, consultants' services, and</td>
<td>115,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training under Parts A, B, and C of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Goods, consultants' services, Operating Costs and Training</td>
<td>3,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>under Part D of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>118,800,000</td>
<td></td>
</tr>
</tbody>
</table>

**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 September 30, 2019.
### SCHEDULE 3

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15:</td>
<td></td>
</tr>
<tr>
<td>commencing November 15, 2023, to and including May 15, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing November 15, 2033, to and including May 15, 2053</td>
<td>2%</td>
</tr>
</tbody>
</table>

* 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. "Affected Persons" means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction or access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.


3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. "Corporation" means sociedade anonima, a form of incorporation under articles 331-457 of Recipient's commercial code (codigo comercial Mocambicano) approved through the Recipient's Decree Law 2/2005 published in the Recipient's Official Gazette on December 27, 2005 as such instrument may be amended from time to time.

6. "Corumana Dam" means the Recipient's existing forty-five (45) meters high inclined core rock fill dam with a crest length of 3,050 meters, constructed between 1983 and 1989 and located in the Sabie River.

7. "CRA" means Conselho de Regulacao de Aguas, the council for regulation of water supply established by the Recipient and operating pursuant to CRA Legislation and the term includes any successor thereto.

8. "CRA Legislation" means, collectively, the laws, any implementation decree, resolutions and/or decisions of the Recipient that have been adopted and approved for the purposes of creating, registering and making the CRA operational, including the Recipient's Decrees 74/98 and 23/11 respectively published in the Recipient's Official Gazette on December 28, 1998, and on June 8, 2011, as such instruments may be amended from time to time.
9. "CRA Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make a portion of the proceeds of the Financing available to the CRA for the purposes of carrying out Part D of the Project.

10. "Dam Safety Panel of Experts" means the panel appointed by the Recipient, under terms of reference, mandate and structure acceptable to the Association, in charge of, inter alia, providing expert advice in the various technical fields relevant to the dam safety aspects and operation in relation to the national water resources development project supported by the Association through the credit number 5011-MZ.

11. "Environmental and Social Impact Assessment" or "ESIA" means the environmental and social impact assessment document dated March 1, 2013, prepared by the Recipient pursuant to Section I.E of Schedule 2 to this Agreement and published on World Bank’s infoshop on March 12, 2013.


13. "Environmental and Social Management Plan" or "ESMP" means, for a given Project activity, an environmental and social management plan prepared by the Recipient in accordance with the ESIA pursuant to Section I.E of Schedule 2 to this Agreement; and the term "ESMPs" means, collectively, all such plans.

14. "Environmental Management Plan" or "EMP" means, for a given Project activity, any plan required to be prepared - pursuant to the ESMF - setting forth details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of the Project activities; and the term "EMPs" or "Environmental Management Plans" means, collectively, all such plans.

15. "FIPAG" means the Fundo de Investimento e Patrimonio do Abastecimento de Agua, an asset holding company established by the Recipient and operating pursuant to FIPAG Legislation and the term includes any successor thereto.

16. "FIPAG Legislation" means collectively, the laws, any implementation decree, resolutions and/or decisions of the Recipient that have been adopted and approved for the purposes of creating, registering and making the FIPAG operational, including the Recipient’s Decree number: 73/98 of December 23, 1998, published in the Recipient’s Official Gazette dated December 28, 1998; and Recipient’s Decree 48/12, published in the Recipient’s Official Gazette on December 28, 2012; as such decree may be amended from time to time.
17. “FIPAG Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make a portion of the proceeds of the Financing available to FIPAG for the purposes of carrying out Part 2.A.1 of the Project.

18. “Fiscal Year” means the Recipient’s fiscal year commencing January 1 and ending December 31 in each year.


20. “Greater Maputo Area” comprises the municipalities of Maputo and Matola and the districts of Boane, Marracuene and Moamba in the Recipient’s territory.

21. “IBNET” means the international benchmarking network for water and sanitation utilities, a database designed to facilitate comparison of performance of water and sanitation utilities worldwide.

22. “Metical” or “MZM” means the Recipient’s currency.

23. “Ministry of Planning and Development” means the Recipient’s ministry responsible for planning, investment and economic cooperation or any successor thereto.

24. “Monitoring and Evaluation Indicators” means the agreed monitoring and evaluation indicators referred to in Section II.A.1 of Schedule 2 to the Agreement and set forth in the Project Implementation Manual (as hereinafter defined) to be utilized by the Recipient, the CRA and the FIPAG to measure the progress in the implementation of the Project and the degree to which the objectives thereof are being achieved.

25. “Operating Costs” means the reasonable costs of goods and services required for the day-to-day implementation of the Project including maintenance of vehicles and equipment, fuel, office supplies, utilities, consumables, office rental and maintenance, bank charges, advertising expenses, travel, per diems, accommodation, and salaries of selected support staff, but excluding salaries of consultants and salaries of officials of the Recipient’s civil service.


27. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 26, 2013, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
28. "Project Agreements" means any of the FIPAG Project Agreement and CRA Project Agreement; and "Project Agreements" means collectively all such agreements.

29. "Project Implementation Manual" or "PIM" means the manual referred to in Section I.C.2 of Schedule 2 to this Agreement as the same may be amended from time to time with the prior written agreement of the Association.

30. "Project Implementing Entity" means the CRA or the FIPAG, as the case may be, and the term “Project Implementing Entities” means, collectively, all such entities.

31. "Specific Resettlement Action Plan" or "SRAP" means each resettlement action plan required pursuant to the ESMF for activities included under the Project, and containing, inter alia, a program of actions, measures and policies for compensation and resettlement of persons affected by such activities; and the term “SRAPs” or “Specific Resettlement Action Plans” means, collectively, all such plans.

32. "RAP" means the resettlement action plan dated January 1, 2013, setting forth the modalities for the compensation, resettlement and rehabilitation of Affected Persons, acceptable to the Association, and such term includes any schedules and/or annexes to said plan.

33. "Safeguard Documents" means collectively or individually the EMPs, the ESMPs and the SRAPs prepared in connection with the Project, if any.

34. "Subsidiary Agreement" means each of the agreements referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to each Project Implementing Entity, as the same may be amended from time to time with the prior written consent of the Association, and such term includes all schedules to such Subsidiary Agreement.

35. "Training" means the reasonable costs of goods and services required for the participation of personnel involved in training activities, workshops and study tours under the Project, 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, but excluding salaries of consultants.