

**Banco Mundial**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATIONAvenida Kenneth Kaunda, 1224  
Maputo, MozambiqueTel: (258-21) 482300  
Fax: (258-21) 492863

August 12, 2014

His Excellency Aiuba Cuereneia  
Minister  
Ministry of Planning and Development  
Maputo

***Republic of Mozambique: Second Grant Agreement for Mozambique Readiness  
Preparation Proposal Readiness Fund of the FCPF  
Grant No. TF011206  
Amendment to the Second Grant Agreement***

We refer to the Second Grant Agreement (the "Agreement") for the Mozambique Readiness Preparation Proposal Readiness Fund of the Forest Carbon Partnership Facility, dated June 26, 2013, between the Republic of Mozambique ("Recipient") and the International Bank for Reconstruction and Development ("World Bank") for the above mentioned Project (the "Project"). We also refer to our recent discussion for specific amendments to the Agreement.

Therefore, we propose to amend the Agreement in respect of the provisions below:

1. First paragraph of the Agreement is amended to read as follows:

"I wish to refer to the Grant Agreement between the Republic of Mozambique ("Recipient") and the International Bank for Reconstruction and Development ("World Bank"), acting as Trustee of the Readiness Fund of the Forest Carbon Partnership Facility ("FCPF"), dated January 25, 2012, ("Readiness Grant Agreement"), pursuant to which the World Bank agreed to provide to the Recipient a grant in the amount not to exceed US\$ 200,000 for formulating the Readiness Preparation Proposal ("R-PP") ("R-PP Formulation Installment") ("Original Grant").

2. Second paragraph of the Agreement is amended to read as follows:

The Participants Committee of the FCPF ("PC") has reviewed the R-PP submitted by the Recipient and acknowledged the extensive efforts made by the Recipient and the high quality of the R-PP. Accordingly, the PC, through its PC/11/2012/2, decided to allocate grant funding to the Recipient in the amount of up to three million six hundred thousand Dollars (US\$ 3,600,000) ("Additional Grant"), to enable it to move ahead with preparation for readiness, subject to the terms and conditions set out in said Resolution. The funds of up to two hundred thousand Dollars (US\$ 200,000) out of this US\$ 3,600,000 shall be used for the purpose of strengthening the Recipient's national feedback and grievance redress mechanism, subject to the terms and conditions set out in Resolution PC/Electronic/2012/1.

3. Third paragraph of the Agreement is amended to read as follows:

“In response to the request for financial assistance made on behalf of the Recipient and the decisions of the PC referred to above, I am pleased to inform you that the World Bank agrees to extend the Additional Grant in the amount of three million six hundred thousand United States Dollars (\$3,600,000), on the terms and conditions set forth or referred to in this letter agreement (“Second Grant Agreement”), which includes the attached Annex, to assist in the financing of the Readiness Preparation Activities described in the Annex. The total for the Additional Grant and the Original Grant is US\$3,800,000”.

4. Paragraph 3.01 of the Annex to the Agreement is amended to read as follows:

“3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table]. The 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:

“Article”

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods and consultants’	96,000	100%
(2) Training and Workshops	85,000	100%
(3) Operating Costs	19,000	100%
(4) Goods, non-consulting, consultant services, Training Workshops, and Operating Costs	3,600,000	100%
<b>TOTAL AMOUNT</b>	<b>3,800,000</b>	

Please indicate your agreement with the foregoing amendments to the Agreement on behalf of the Recipient by countersigning and dating the two original copies of this Amendment Letter. The amendments to the Agreement shall become effective as of the date of countersignature of this Amendment Letter.

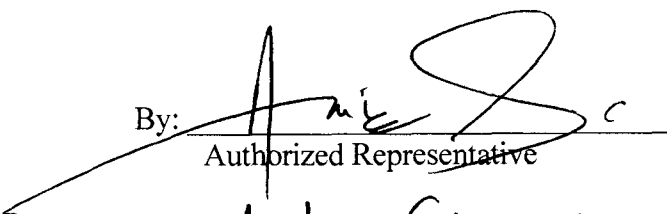
Sincerely,  
INTERNATIONAL DEVELOPMENT ASSOCIATION



Mark R. Lundell  
Country Director  
Mozambique, Comoros, Madagascar, Mauritius and Seychelles  
Africa Region

AGREED:

REPUBLIC OF MOZAMBIQUE

By:   
Authorized Representative

Name: Aiuba Cuereinea

Title: Minister

Date: August 29, 2014