

---

---

GRANT NUMBER H996-MZ

# Financing Agreement

(Conservation Areas for Biodiversity and  
Development Project-MozBio 1)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 5, 2014

---

---

**GRANT NUMBER H996-MZ**

**FINANCING AGREEMENT**

AGREEMENT dated December 5, 2014, entered into between REPUBLIC OF MOZAMBIQUE (“Recipient”) and 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, in the Appendix to this Agreement or in the Co-financing 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 in an amount equivalent to twenty six million four hundred thousand Special Drawing Rights (SDR 26,400,000) (“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 payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 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 shall carry out Parts A(i) and (iii), B, C, D and E of the Project, and shall cause BIOFUND to carry out Part A (ii) of the Project, all in accordance with the provisions of Article IV of the General Conditions and the Subsidiary 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:
- (a) BIOFUND's Statutes and Basic Legislation have been amended, suspended, abrogated, repealed or waived so as to affect, in the sole opinion of the Association, the ability of BIOFUND to implement Part A(ii)(b) of the Project.
  - (b) BIOFUND has failed to perform any obligation under the Subsidiary Agreement.
  - (c) The Association has declared BIOFUND ineligible to be awarded a contract financed by the Association.
  - (d) Decree No. 11/2011, pursuant to which ANAC has been established, has been amended, suspended, abrogated, repealed or waived so as to cause the dissolution of ANAC or to affect, in the sole opinion of the Association, ANAC's ability to implement Part A(i) of the Project.
  - (e) The Conservation Law has been modified in a manner that, in the sole opinion of the Association, shall make it improbable that the Project will be carried out.
  - (f) (i) As a result of the Recipient's failure to apply sound social, environmental and ecological standards and practices in relation to any of the Conservation Areas, a situation has arisen which interferes with the sustainable management and operation of any one of the Conservation Areas, raises major reputational risks or otherwise compromises the likelihood of success in the achievement of the objective of the Project; and (ii) the Recipient has failed, within a 30-day period after notice thereof has been given to it by the Association, to remedy such failure.

#### **ARTICLE V —EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to

make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

- (b) The Subsidiary Agreement has been executed on behalf of the Recipient and BIOFUND in accordance with terms and conditions satisfactory to the Association.
  - (c) The Project Implementation Manual has been adopted by the Recipient in a manner satisfactory to the Association.
- 5.02. The Additional Legal Matter consists of the following, namely that the Subsidiary Agreement have been duly authorized or ratified by the Recipient and BIOFUND, and is legally binding upon the Recipient and BIOFUND 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 at the time responsible for 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:	Telex:	Facsimile:
MOBANCO	(258) 21 492-268	(258) 21 492-625

6.03. The Association's Address is:

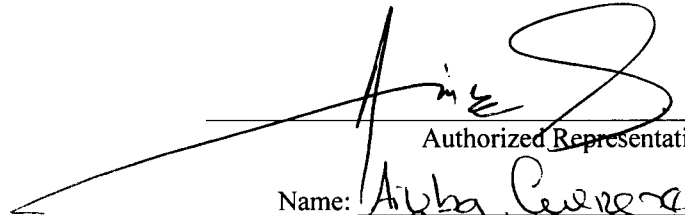
International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Maputo, Republic of Mozambique, as of the day and year first above written.


REPUBLIC OF MOZAMBIQUE

By

  
\_\_\_\_\_  
Authorized Representative  
Name: Alpha Cervercia  
Title: Ministria

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

  
\_\_\_\_\_  
Authorized Representative  
Name: MARK LUNDELL  
Title: COUNTRY DIRECTOR

## SCHEDULE 1

### Project Description

The objectives of the Project are to increase the effective management of the Conservation Areas and enhance the living conditions of communities in and around the Conservation Areas.

The Project consists of the following parts:

#### **Part A: Strengthening Institutions for Conservation Areas' Management**

Improve the capacity of ANAC, BIOFUND and MICOA to develop and influence conservation and tourism policies and regulations, strengthen coordination and management of the Conservation Areas system and critically endangered species conservation, increase the financial sustainability of Conservation Areas and tourism revenues, improve monitoring and evaluation systems and support communication strategies, including through the following:

- (i) **Strengthening of ANAC:** Provision of equipment, technical assistance and Training required within ANAC to improve the management of Conservation Areas and nature-based tourism development.
- (ii) **Strengthening of BIOFUND:** Support the consolidation of BIOFUND through, *inter alia*, the: (a) capitalization of the Endowment Fund; and (b) operationalization of BIOFUND through the provision of equipment, financing of Operating Costs and technical assistance including the design and implementation of a fundraising strategy involving innovative funding sources.
- (iii) **Strengthening national CITES authority:** Support proper implementation of the CITES Convention requirements to improve wildlife management through the provision of technical assistance and Training to the CITES authority within MICOA.

#### **Part B: Promotion of Tourism in Conservation Areas**

Support to ANAC and selected public-private institutions to address several barriers to nature-based tourism development, to better manage sports hunting administration and improve revenues generation in the Republic of Mozambique, through:

- (i) **Tourism Development in Conservations Areas:** provision of Training and technical assistance, including the development of a business plan and strategy, advisory services for the establishment of a management system

for revenues collected by the Conservation Areas and for tourism statistics, marketing and promotion activities, creating incentives to reducing greenhouse gas emissions in the tourism sector, carrying out analytical studies for purposes of informing tourism planning at national and destination level, development of tourism master plans, organization of public-private fora to manage and coordinate tourism and sport hunting.

- (ii) Sport Hunting Administration: provision of Training and technical assistance, including advisory services for the establishment of a management system for revenues collected from sport hunting, improve the statistics and collection of sport hunting activities, development of sport hunting plans and carrying out of land availability studies.

#### **Part C: Improving Conservation Areas' Management**

Strengthening the management of key Conservation Areas, and carrying out wildlife surveys and monitoring through:

- (i) Conservation Area Management: provision of Training, equipment including hardware and software, carrying out of works including housing and road repairs and maintenance, technical assistance including for the development of business and management plans and financing of Operating Costs to improve park management and tourism development.
- (ii) Monitoring and Survey: carrying out wildlife surveys to assess the status of wildlife populations in-terrestrial and marine environment, including: (a) a national aerial survey of elephant range; (b) a national survey of key marine environment; (c) a survey to establish national status and distribution of lions and leopards; and (d) a survey to establish national status and distribution of hippos and crocodiles.

#### **Part D: Piloting Support to Sustainable Livelihoods of Communities within and around Conservation Areas**

Improving and strengthening natural resource-based livelihoods of communities living in and surrounding the Conservation Areas through the following:

- (i) **Supporting the enabling conditions for sustainable management of natural resources by local communities** through the provision of technical advisory services and equipment to conduct community land zoning, natural resource mappings, carrying out of Training and capacity building of local community members and leaders and community-based organizations on decision-making, accountability, transparency, local governance, business planning and management, use and management of

funds, partnerships with the private sector and use of information technology, including the carrying out of capacity building programs for the design and implementation of Subprojects.

- (ii) **Promoting sustainable livelihoods within and around Conservation Areas**, through the design and implementation of Subprojects, including activities relating to tourism, fisheries, conservation agriculture and sustainable forestry.
- (iii) **Promoting sustainable forest management within and around selected Conservation Areas** through the provision of technical advisory services, equipment and the payment of Operating Costs to:
  - (a) Reduce deforestation within and around the Quirimbas National Park and Gile National Reserve Conservation Areas through the carrying out of activities related to agroforestry, conservation agriculture, promotion of non-timber forest products and environmental education.
  - (b) Promoting energy efficient charcoal making kilns in a Conservation Area.

#### **Part E: Project Management, Monitoring and Evaluation**

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



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

##### 1. Project Steering Committee

The Recipient shall maintain during implementation of the Project the Project Steering Committee (PSC) chaired by the General Director of ANAC and comprising representatives from MITUR, MICOA, MINAG, *MPescas*, BIOFUND, the private sector, and civil society organizations.

##### 2. MozBio Unit

(a) Without limitation to the provisions of paragraph A.1 of this Section, the Recipient shall maintain, at all times until the completion of the Project, the MozBio Unit within MITUR, led by a Project coordinator and including a financial specialist, a procurement specialist, an environmental safeguards specialist and a social safeguards specialist, and with a mandate and resources satisfactory to the Association.

(b) Without limitation to sub-paragraph (a) of this paragraph, the MozBio Unit shall have the overall responsibility for, *inter alia*: (i) ensuring timely implementation of Parts A(i), (ii)(b) and (iii), B, C, D and E of the Project in accordance with the Project Implementation Manual (PIM); (ii) preparing Annual Work Plans and Budgets and annual procurement plans; (iii) overseeing Project activities under its direct responsibility and those under the responsibility of other agencies involved in Project implementation; (iv) managing Project finances; (v) maintaining consolidated Project accounts; (vi) ensuring adherence to the Safeguard Documents of all agencies involved in the implementation of the Project; and (vii) developing and maintaining a system of monitoring the Project key performance indicators.

##### 3. Subsidiary Agreement

(a) To facilitate the carrying out of Part A(ii) (b) of the Project, the Recipient shall make part of the proceeds of the Financing available to BIOFUND under a subsidiary agreement between the Recipient and BIOFUND (the Subsidiary Agreement), under terms and conditions approved by the Association, whereby, *inter alia*: (i) the Recipient agrees to make available to BIOFUND, on a grant basis, part of the proceeds of the

Grant to finance BIOFUND's activities described under Part A(ii)(b) of the Project; (ii) to this end, the Recipient shall instruct the Association to, on the Recipient's behalf and pursuant to a withdrawal request validly submitted to the Association, deposit the amount allocated under Category (2) of the disbursement table in Section IV of this Schedule directly into the Designated Account B for the purpose of implementation of Part A(ii)(b) of the Project; (iii) BIOFUND agrees to cooperate with the Recipient in the carrying out of the activities under Part A(ii)(b) of the Project including exchanging information, holding reviews and providing reports on the progress of activities under its responsibility in accordance with the terms and conditions set forth in this Agreement, including the Anti-Corruption Guidelines, Project Implementation Manual and Safeguards Documents; and (iv) the Recipient agrees to take all action necessary to permit BIOFUND to implement Part A(ii)(b) of the Project.

- (b) The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

**B. Implementation Arrangements**

1. Project Implementation Manual

- (a) Without limitation of the provisions of Section 3.01 of this Agreement, the Recipient shall carry out Parts A(i) and (iii), B, C, D and E of the Project and shall cause BIOFUND to carry out Part A(ii)(b) of the Project in accordance with the Project Implementation Manual (PIM).
- (b) Except as the Association shall otherwise agree, the Recipient shall not amend, waive or fail to enforce the PIM, or any provision thereof. In case of any conflict between the provisions of this Agreement and those of the PIM, the provisions of this Agreement shall prevail.

2. Annual Work Plans and Budgets

The Recipient shall prepare and furnish to the Association for its approval, not later than February 15 of each year during the implementation of the Project, or such later date as the Association may agree, the Annual Work Plans and Budgets containing all activities to be carried out in the following Fiscal Year, modified in a manner satisfactory to the Association, taking into account the Association's comments and views on the matter.

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.
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: (a) National Competitive Bidding; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures which have been found acceptable to the Association.
3. **Additional Procedures for National Competitive Bidding (NCB):**
  - (a) **General**

The procedures to be followed for NCB shall be those set forth in the Regulation 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

**C. Anti-Corruption**

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

**D. Subprojects**

1. With respect to Part D(ii) of the Project, the Recipient shall enter into an agreement (“Subproject Grant Agreement”) with a Subproject Service Provider on behalf of each Subproject Beneficiary who will be carrying out a Subproject, under terms and conditions, satisfactory to the Association, which agreement shall include the terms and conditions set forth in the Project Implementation Manual.
2. The Recipient shall exercise its rights and carry out its obligations under each Subproject Grant Agreement in such manner as to protect the interests of the Association and the Recipient and to accomplish the purposes of the Grant; and except as the Association shall otherwise agree, the Subproject Service Provider shall not assign, amend, abrogate, terminate, waive or fail to enforce any Subproject Grant Agreement or any provision thereof. In case of any conflict between the terms of any Subproject Grant Agreement and those of this Agreement, the terms of this Agreement shall prevail.

**E. Safeguards**

1. The Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Management Framework (ESMF), the Pest Management Plan (PMP) and the Process Framework (PF), and, except as the Association shall otherwise agree in writing, shall not amend or waive any provision of the aforementioned documents.
2. Where required in terms of the PF or ESMF, as the case may be, for the purposes of any Part of the Project, the Recipient shall proceed to have a PFAP or EMP, as the case may be:
  - (a) prepared in accordance with the PF or the ESMF, as the case may be;
  - (b) submitted to the Association for review and approval, and for public consultations as required, and
  - (c) thereafter adopted on a timely basis for the purposes of implementation of the corresponding Part of the Project.
3. Without limitation to its other reporting obligations under this Agreement, the Recipient shall submit to the Association on a quarterly basis reports on the

status of compliance with the ESMF, the PMP, the PF, the PFAP and the EMP; and giving details of:

- (a) measures taken in furtherance of such ESMF, PMP, PF, PFAP and EMP;
  - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, PMP, PF, PFAP and EMP; and
  - (c) remedial measures taken or required to be taken to address such conditions.
4. The Recipient shall ensure, or caused to be ensured, that the terms of reference for any consultancy in respect of any Project activity shall be satisfactory to the Association following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Project Reports**

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. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

### **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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association 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. The Recipient shall 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 fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for

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: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least-Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association; (g) Selection of UN Agencies; (h) Selection of Individual Consultants; and (i) 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. 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: (a) repay the Preparation



Advance in accordance with Section 2.07 of the General Conditions; and (b) finance Eligible Expenditures as set forth in the table in paragraph 2 below.

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 Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consultants’ services, Training and Operating Costs for the Project, except for Parts A(ii)(b) and D (ii)	20,200,000	100%
(2) Goods, works, non-consulting services, consultants’ services, Training and Operating Costs for Part A(ii)(b) of the Project	1,200,000	100%
(3) Goods, works, non-consulting services, consultants’ services, Training and Operating Costs financed through Subprojects under Part D(ii) of the Project	3,800,000	100%
(4) Refund of Preparation Advance	1,200,000	Amount payable pursuant to Section 2.07 of the General Conditions
<b>TOTAL AMOUNT</b>	<b>26,400,000</b>	

**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 November 30, 2018.

## APPENDIX

### Section I. Definitions

1. “ANAC” means *Administração Nacional de Áreas de Conservação*, the Recipient’s National Administration of Conservation Areas established under Decree No.11/2011 dated May 25, 2011, and published in the Official Gazette Nr. 21/2011.
2. “Annual Work Plan and Budget” means the work plan and budget prepared annually for the Project, in accordance with Section I.B.2 of Schedule 2 to this Agreement.
3. “Anti-Corruption Guidelines” means 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. “BIOFUND” or “*Fundacao para a Conservacao da Biodiversidade*” means foundation for the conservation of biodiversity, a private non-for-profit entity established under Council of Ministers’ Resolution No. 69/2011 dated August 9, 2011, published in the Official Gazette No. 52 on December 29, 2011, and registered in the Recipient’s Legal Entities Registrar by public notary under the Ministry of Justice on November 12, 2013, endowed with legal and financial autonomy, and the right to own and manage its assets, for purposes of supporting the conservation of aquatic and terrestrial biodiversity and the sustainable use of natural resources, including the consolidation of the national system of conservation areas.
5. “BIOFUND Statutes and Basic Legislation” means: (i) BIOFUND Articles of Incorporation adopted by its Board of Directors and Oversight Council further to public deed dated November 12, 2013, found satisfactory to the Association; (ii) Resolution No. 69/2011 (above mentioned); (iii) Resolution No. 8/2012 published in the Official Gazette No. 15 dated April 13, 2012; and (iii) *Certidao* (Certificate) issued by public notary on November 12, 2013.
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “CITES” means Convention on International Trade in Endangered Species of Wild Fauna and Flora dated on March 3, 1973.
8. “Co-financier” means the Global Environment Facility or GEF.
9. “Co-financing” means, for purposes of paragraph 11 of the Appendix to the General Conditions, an amount of six million three hundred thousand Dollars

(USD 6,300,000) to be provided by the Co-financier to assist in financing the Project.

10. “Co-financing Agreement” means the agreement of same date hereof between the Recipient and the World Bank, acting as Implementing Agency of the GEF, providing for the Co-financing.
11. “Conservation Areas” means the following national areas with protection due to their recognized natural, ecological and cultural values under the Recipient’s administration and any other area or areas agreed between the Recipient and the Association: Maputo Special Reserve, Ponta do Ouro Partial Marine Reserve, Quirimbas National Park, Bazaruto National Park, Pomene National Reserve, Limpopo National Park, Marromeu National Reserve and surrounding four *Coutadas* 10, 11, 12 and 14 , Zinave National Park, Banhine National Park, Chimanimani National Reserve, Gile National Reserve and Malhazine National Reserve.
12. “Conservation Areas Law” means Law No. 16/2014 published in the Official Gazette No. 050 on June 20, 2014, of the Recipient’s legislation.
13. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Recipients” dated January 2011 and revised in July 2014.
14. “*Coutadas*” means a public sustainable use conservation area under the Conservation Areas Law established for the protection of species and ecosystems which allows hunting under a concession provided by the Recipient.
15. “Designated Account B” is the account into which the Association may, at the request of the Recipient, deposit the amounts withdrawn from Category (2) from the Grant Account as advances for purposes of implementation of Part A (ii)(b) of the Project.
16. “Environment Management Plan” or “EMP” means an environmental management plan, acceptable to the Association and deemed consistent with the ESMF, and adopted for the purposes of a specific Part of the Project, giving details of specific actions and measures required to give effect to the ESMF, along with the procedural and institutional measures needed to implement such actions and measures, as such EMP may be amended from time to time, with the prior written consent of the Association.
17. “Environment and Social Management Framework” or “ESMF” means the Recipient’s framework dated August 10, 2014, and published on August 10, 2014 that includes the set of mitigation, enhancement, monitoring, and institutional measures, to be taken during implementation of the Project to eliminate any

adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts, as such framework may be amended from time to time with the prior written consent of the Association.

18. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010.
19. "MICOA" means the Recipient's Ministry for Coordination of Environmental Affairs.
20. "MINAG" means the Recipient's Ministry of Agriculture.
21. "MPescas" means the Recipient's Ministry of Fisheries.
22. "MITUR" means the Recipient's Ministry of Tourism.
23. "MozBio Unit" means the coordinating unit for the Project established within MITUR with composition and responsibilities provided under Section I.A.2 of Schedule 2 to this Agreement.
24. "Operating Costs" means the incremental expenses, which would not exist absent 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.D of Schedule 2 to this Agreement, on account of office utilities, 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.
25. "Pest Management Plan" or "PMP" means the Recipient's plan dated August 10, 2014, acceptable to the Association that contains the criteria to define the adequate use of allowed pesticides in the Conservation Areas.
26. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association and on behalf of the Recipient on April 12, 2013.
27. "Process Framework" means the Project's process framework acceptable to the Association dated August 10, 2014, and published on August 14, 2014, which defines the restrictions on access to natural resources in the Conservation Areas, identifies and quantifies the impacts of those restrictions, proposes specific measures to compensate for the loss of assets and associated income, and puts in place grievance resolution mechanisms in order to resolve the issues that may

arise during the implementation of the Project, as said framework may be amended from time to time with the prior written consent of the Association.

28. “Process Framework Action Plan” or “PFAP” means a process framework action plan acceptable to the Association and deemed consistent with the PF, and adopted for the purposes of a specific Part of the Project, giving details of specific actions and measures required to give effect to the PF, along with the relevant procedural and institutional measures applicable, as such PFAP may be amended from time to time, with the prior written consent of the Association.
29. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Recipients” dated January 2011 and revised in July 2014.
30. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated September 30, 2014, 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.
31. “Project Implementation Manual” or “PIM” means the Recipient’s manual, adopted pursuant to Section I.B.1 of Schedule 2 to this Agreement, containing or referring to detailed arrangements and procedures for implementation of the Project, including in relation to: (i) day-to-day execution of the of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation, and reporting; (v) procedures, measures and guidelines for environmental management and implementation of the ESMF the EMP, the PFAP and the PMP; (vi) procedures to select and manage Subprojects, including sample of a Subproject Grant Agreement referred to in Section I.D.1 of Schedule 2 of this Agreement; (vii) the Annual Work Plan and Budget for the first year of Project implementation; (viii) procedures for implementation of Part A(ii)(b) by BIOFUND; and (ix) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as such manual may be amended by the Recipient from time to time with the prior agreement of the Association.
32. “Regulation” means “*Regulamento de Contratação de Empreitada de Obras Públicas, Fornecimento de Bens e Prestação de Serviços ao Estado*” of the Republic of Mozambique dated May 24, 2010, as per Decree No. 15/2010.
33. “Safeguard Documents” means the ESMF, the EMP, the PF, the PFAP and the PMP.
34. “Safeguard Policies” means the World Bank’s operational policies and procedures set forth in the World Bank’s operational manual published under

[www.WorldBank.org/opmanual](http://www.WorldBank.org/opmanual) and duly incorporated in the Project Implementation Manual.

35. “Subproject” means a set of activities carried out under Part D (ii) of the Project, which is selected, approved and implemented in accordance with the requirements of the Project Implementation Manual.
36. “Subproject Beneficiary” means any community and/or land user residing or operating in and around a Conservation Area who meets the criteria set forth in the Project Implementation Manual as a Subproject Beneficiary under Part D (ii) of the Project.
37. “Subproject Service Provider” means an entity legally established and validly existing under the laws of the Republic of Mozambique to enter into a Subproject Grant Agreement on behalf of a Subproject Beneficiary for the carrying out of a Subproject, as provided under Section I.D.1 of Schedule 2 to this Agreement.
38. “Subproject Grant” means a grant made or proposed to be made by the Recipient out of the proceeds of the Grant for the financing of a Subproject pursuant to the terms of the Project Implementation Manual.
39. “Subproject Grant Agreement” means an agreement referred to in Section I.D.1 of Schedule 2 to this Agreement.
40. “Subsidiary Agreement” means the agreement referred to in Section I.A.3 of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to BIOFUND for implementation of Part A(ii)(b) of the Project.
41. “Training” means the costs associated with the training, workshops 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.B.2 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.