F.ROT. /AID 15/003/00

FINANCIAL AGREEMENT

between

Ministry of the Economy and Finance of the Republic of Mozambique

and

Cassa depositi e prestiti S.p.A.

EURO 35.000.000,00

"Support to the reform of technical-professional education – Pretep Plus"

The Ministry of the Economy and Finance of the Republic of Mozambique (hereinafter referred to as the "Borrower"), designated by the Government of the Republic of Mozambique,

on one side,

and

Cassa depositi e prestiti S.p.A., share capital Euro 4.051.143.264,00 with registered office in Rome, Via Goito 4, registered with the Companies Register n. 80199230584, Tax Code VAT n. 07756511007 (hereinafter referred to as "**CDP**"), as administrator, on behalf of the Ministry of the Economy and Finance of the Italian Republic, of the Revolving Fund for Development Cooperation established by the Government of Italy pursuant to Article 26 of Italian Law no. 227 of May 24, 1977, and further referred to Article 8 of Italian Law no. 125 of August 11 2014, as amended from time to time, represented by Mr. Bernardo Bini Smaghi, Head of International Development Cooperation Department

on the other side.

(CDP and the Borrower together hereinafter referred to as the "Parties")

Whereas

A. Pursuant to the agreement known as "Technical Agreement" (hereinafter referred to as "**TA**"), signed in Maputo on February, 28th 2016 between the Government of the Italian Republic, represented by the Ministry of Foreign Affairs and International Cooperation of the Italian Republic, and the Government of the Republic of Mozambique, represented by the Ministry of Foreign Affairs and Cooperation of the Republic of Mozambique, the Government of the Italian Republic has undertaken to finance the Project (as defined herein below), through a soft loan up to a maximum amount of Euro 35,000,000.00 (thirty-five million/00);

B. the Ministry of the Economy and Finance of the Government of the Italian Republic, by decree n.11140 dated February 03rd, 2016 (hereinafter referred to as the "**Decree**") authorised CDP to grant to the Borrower a soft loan on the terms and conditions set forth in Article 2 of this Financial Agreement (hereinafter referred to as the "**Agreement**") for the purpose of financing the Project;

C. pursuant to this Agreement, the Parties intend to set out the contractual provision and the financial terms relating to the soft loan as contemplated in Article 9 of the TA and in the Decree,

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the Parties have decided to enter into this

FINANCIAL AGREEMENT

Article 1

Definitions

In the Agreement and in the Annexes thereto, the following terms shall have the following meanings:

- **"Acknowledgement of Indebtedness"**: means the statement, referred to under Article 11, by means of which the Borrower undertakes, in favour of CDP, to reimburse the principal due with respect to the Soft Loan;
- **"AICS"**: means the Italian Agency for Development Cooperation;
- **"CDP account"**: means the account held by CDP having the following details (IBAN IT06Z0760203200000000000122 - Bic/Swift CADPITRRXXX) where the reimbursement of the Soft Loan will be credited by the Borrower in favor of CDP;
- **"Grace Period"**: means the period, lasting 336 (threehundredthirtysix) months, beginning on the date of the first disbursement;
- **"Italian Competent Authorities"**: means the Ministry of the Economy and Finance, and/or the Ministry of Foreign Affairs and International Cooperation of the Italian Republic and/or AICS and/or any other competent entity of the Government of the Italian Republic, nominated for the purpose of this Agreement;
- **"MAECI-DGCS"**: means the Ministry of Foreign Affairs and International Cooperation of the Italian Republic – Directorate General for Development Cooperation;
- **"MEF"**: means the Ministry of the Economy and Finance of the Italian Republic;
- **"Monitoring Financial Company"**: means the company selected by the Borrower, approved by the AICS and entrusted with the task of auditing the financial and administrative documents and procedures in relation to the Project, as specified in the Article 4;
- **"Monitoring Report"**: means the financial and technical reports issued by the Monitoring Financial Company;
- **"OECD"**: means the Organisation for Economic Cooperation and Development;

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- **"Project"**: means the Project denominated "Support to the reform of technical-professional education – Pretep Plus", to be financed through the Soft Loan in accordance with the TA and this Agreement;
- "**Request of Disbursement**": means a request made by the Borrower for a disbursement of the Soft Loan, substantially in the form of Annex A) (Form of Request of Disbursement) and in compliance with this Agreement;
- **"Request for Financing of the Supply Contract"**: means a request made by the Borrower for the financing of the Supply Contract, substantially in the form of Annex B) (*Form of Request for Financing of the Supply Contract*) and in compliance with this Agreement;
- "**Request of Payment**": means a request made by the Supplier for a disbursement of the Soft Loan, substantially in the form of Annex C (Form of Request of Payment) and in compliance with this Agreement;
- **"Soft Loan"**: means the financing that CDP, on the basis of the Decree, will grant on the terms and the conditions provided for in the Article 2 of this Agreement;
- "**Special Account":** means the Special Account in Euro opened by the Borrower at the Banco de Mocambique, on which the maximum amount of Euro 10.325.000,00 (tenmillionthreehundredtwentyfivethousand/00), shall be credited in two instalments, in accordance with the procedure set forth in Article 6;
- **"Supply Contract/s"**: means the contract(s) relating to the supply of goods and/or services connected to the realisation of the Project.

Article 2

Soft Loan

2.1 CDP grants to the Borrower, and the Borrower hereby accepts, the Soft Loan on the following conditions:

- *Maximum amount*: Euro 35.000.000,00 (thirtyfivemillion/00);
- *Duration*: 38 (thirty) years;
- *Grace period*: 336 (threehundrethirtysix) months beginning on the date of the first disbursement;
- *Repayment*: 20 (twenty) consecutive equal deferred semi-annual principal instalments the first of which falling 336 (threehundrethirtysix) months after date of the first disbursement;
- *Interest Rate*: 0.00% p.a. (zero point zero p.a.);
- *Credit Purpose*: "Support to the reform of technical-professional education – Pretep Plus".

2.2 The Soft Loan, in accordance with the terms and conditions set forth in the TA, shall be used for covering costs originating from Italy for technical assistance. Costs

originating locally or from other neighboring developing countries or OECD countries for goods, equipment and services, up to a quota not less than 84.72% (eightyfourpointseventytwo per cent) of the total amount of the Soft Loan.
Supply contracts shall be denominated in Euro.

2.3 The Soft Loan cannot be used to finance:

- non income/non-profit taxes (including VAT), local taxes and import duties;
- voluptuary or luxury goods (e.g. perfumes, cosmetics, art objects, spirits, sports goods, etc.);
- goods, services and civil works directly or indirectly connected to police or military activities;
- provisions for outstanding debts and future losses of the beneficiary or the final users;
- interests owed by the beneficiary or the final users to any third party.

2.4 The Soft Loan shall be available in accordance with the terms and conditions set forth in this Agreement.

2.5 The Soft Loan shall be disbursed as follows:

1) Euro 10.325.000,00 (tenmillionthreehundredtwentyfivethousand/00) aimed at providing funds directly managed by the Government of Mozambique, shall be disbursed in accordance with the procedure set forth in Article 6;
2) Euro 24.675.000,00 (twentyfourmillionsixhundredseventyfivethousand/00), aimed at financing costs for technical assistance, supply of equipment and realization of infrastructures for rehabilitation/civil construction, shall be disbursed in accordance with the procedure set forth in Article 9.

2.6 The interests accrued on money held in the Special Account, if any, shall be recorded in financial statements, and used for the same purpose and with the same modalities for the financing of the Project.

Article 3

Coming into effect of this Agreement

3.1 This Agreement shall come into effect upon CDP having received the following documents:

a) from the Borrower:

i) a statement by the competent authority of the Government of the Republic of Mozambique, evidencing the powers and authority of the Borrower to sign, in the name and on behalf of the Government of the Republic of Mozambique, this Agreement by a duly authorised person pursuant to the laws and regulations in full force and effect in Mozambique, and to undertake the obligations arising out of this Agreement;

ii) the appointment in writing by the competent authority of the Borrower (verified by the Italian Embassy in Mozambique) of the person or persons duly authorised to sign this Agreement, the Request of Disbursement, the Request for Financing of the Supply Contract and the Acknowledgement of Indebtedness, referred to under Articles 6, 8 and 11 below. Such designation shall specify the name and the office of such person/s and contain the up to date "specimen form" of the signatures thereof. Any modifications thereof (if any) shall be transmitted in a timely manner by the Borrower to CDP;

iii) the communication from the Borrower, through AICS, about the selection of the Monitoring Financial Company;

iv) a statement that certifies the opening of the Special Account and its details.

b) from AICS:

v) a statement by AICS acknowledging without any objection the appointment of the Monitoring Financial Company selected by the Borrower.

3.2 Upon receipt and full satisfaction of the aforementioned documents, CDP shall notify the Borrower, and in copy the AICS, by letter or fax to be subsequently confirmed by letter, of the date on which this Agreement shall have come into effect.

Article 4

Monitoring Financial Company

4.1 In accordance with the terms and conditions of the TA, the Borrower shall entrust a Monitoring Financial Company, as per Article 4.2 hereunder, with the task to carry out the auditing of the operations related to the Soft Loan.

4.2 The agreement between the Borrower and the Monitoring Financial Company shall be submitted for approval to AICS before its signature. AICS shall confirm in writing to CDP the signature of the agreement between the Borrower and the Monitoring Financial Company.

4.3 The Monitoring Financial Company shall define a standard format of the Monitoring Report that has to be approved by AICS, Borrower and CDP on the basis of the activities regulated in the TA and in this Agreement. The Borrower shall send this format to AICS and CDP for their approval.

4.4 The Monitoring Report shall be sent by the Borrower to CDP and AICS and shall: (i) concern the financial and technical reports and (ii) certify the regularity and compliance with the conditions set in this Agreement in respect of every financial transaction relating to the Soft Loan.

4.5 The Monitoring Report shall produce a Final Monitoring Report, in accordance with Article 6.7, to be approved by AICS and CDP (hereinafter referred to as "**Final Monitoring Report**").

Article 5

Disbursement period of the Soft Loan

5.1 The disbursement period of the Soft Loan will be 36 (thirty-six) months from the date of signature of this Agreement. The disbursement period of the Soft Loan may be extended only after the request of the Borrower sent to CDP and for knowledge to MAECI-DGCS and AICS. No extension may be made in the event that MAECI-DGCS or AICS opposes it by notifying CDP in writing within 30 (thirty) days from the expiration date of the disbursement period.

5.2 In the event that the disbursement period has expired and is not extendable pursuant to Article 5.1 above, CDP, after having consulted with the Italian Competent Authorities, shall inform the Borrower of the cancellation of CDP's commitment relating to the unused funds.

Article 6

Conditions and modalities for the disbursement of the Soft Loan up to the maximum amount of Euro 10.325.000,00

6.1 Subject to the entry into force of this Agreement, the Borrower is entitled to deliver to CDP a duly completed Request of Disbursement, in accordance to the provisions specified herein.

6.2 Without prejudice for Articles 6.10, 6.11, 6.12 and 16, CDP will execute the payment requested under each Request of Disbursement within 30 (thirty) days starting from the date of receipt by it of the relevant Request of Disbursement.

6.3 The amount of Euro 10.325.000 (tenmillionthreehundredtwentyfivethousand/00) shall be disbursed in two instalments. The amount of each instalment shall be proportioned to the corrispetive amount of the activities included in the operative and procurement plans set forth and approved in accordance with the terms and conditions of TA.
AICS shall confirm to CDP that each operative and procurement plan has been approved in accordance with the provisions of the TA.

6.4 The first Request of Disbursement delivered by the Borrower shall be transmitted in accordance with Annex A), after the fulfilment of the condition mentioned under Article 6.3.

6.5 *The second Request of Disbursement*, transmitted by the Borrower in accordance with Annex A) shall be credited subject to the following conditions having occurred in form and substance satisfactory for CDP:

(i) the fulfilment of the condition mentioned under Article 6.3 above;

(i) CDP having received evidence that the first disbursement of the Soft Loan has been spent in accordance with this Agreement and the TA, for an amount at least equal to 50% (fifty per cent) and committed for an amount equal to 75% (seventy five per cent) of the first instalment; and

(ii) AICS and CDP having verified and approved the Monitoring Report received by the Borrower. Such Monitoring Report shall cover expenses for at least 50% (fifty per cent) and committment for an amount equal to 75% (seventy five per cent) of the amount of the first disbursement. AICS and CDP shall inform the Borrower about the results of the verification within 20 (twenty) calendar days from the receipt date of the Monitoring Report. In case the Monitoring Financial Company identifies any irregularity, CDP, in agreement with AICS, will suspend the disbursement of the Soft Loan. Only after AICS confirm to CDP to have received from the Monitoring Financial Company and the Borrower satisfactory explanations about the positive solution of such irregularities, CDP will execute the payment of the amounts requested under the relevant Request of Disbursement.

Should some of the expenditures included in the Monitoring Report not be approved by AICS and/or by CDP, the Borrower irrevocably undertakes to retransfer to the Special Account the amounts equal to such expenditures within 15 (fifteen) calendar days from the CDP request.

6.6 Upon the occurrence of the event described under Article 6.5 above, the second disbursement shall be executed only after the Special Account has been replenished by the Borrower with an amount equal to the amount of the expenditures that have not been approved. Alternatively, the second disbursement shall be performed with a deduction of the amount related to the expenditures not approved under the first disbursement.

6.7 Within 24 (twenty-four) months from the last disbursement of the Soft Loan, the Borrower shall deliver the Final Monitoring Report. Such Final Monitoring Report, shall cover all the expenses related to the total disbursement of the Soft Loan, and shall be approved by AICS and CDP within 20 (twenty) calendar days from the date of its receipt by CDP. Should some of the expenditures included in the Final Monitoring Report not be approved by AICS and/or by CDP, the

Borrower irrevocably undertakes to return to CDP the amounts equal to such expenditures within 15 (fifteen) calendar days from the CDP request.

6.8 If any amount disbursed to the Borrower by CDP is not utilised within 24 (twenty-four) months from the date of the last disbursement of the Soft Loan, that amount shall be returned to CDP by the Borrower within 15 (fifteen) calendar days after the communication by CDP to the Borrower.

6.9 After each disbursement of the Soft Loan on the Special Account, CDP shall deliver by letter to the Borrower, the repayment schedule of the amounts disbursed, indicating the maturity dates of the repayment instalments. Each and every repayment schedule, completed in accordance with the conditions set forth in Article 10 below, shall be accepted by the Borrower in writing. If the Borrower within 60 (sixty) days from the date of the relevant CDP letter does not accept in writing the repayment schedule, the latter shall be considered irrevocably accepted by the Borrower.
For each repayment, the Borrower shall indicate to CDP the Agreement number and the total amount of the Soft Loan, and shall detail for each due date the amounts paid.

6.10 CDP will only make payments under any Request of Disbursement in the event that the corresponding amounts have been made available by the Italian Competent Authorities.

6.11 CDP will not make payments under any Request of Disbursement when it is or becomes unlawful or contrary to any rules or regulations for CDP to (i) perform any of its obligations as contemplated by this Agreement or to (ii) maintain its participation to the Soft Loan. In such circumstance CDP, after having consulted with the Italian Competent Authorities, shall inform the Borrower of the cancellation of CDP's outstanding commitment relating to the Soft loan and the Borrower shall immediately prepay all or any portion of the principal of, and accrued interest on, the Soft Loan (together with any other amounts accrued or payable under this Agreement and under the TA).

6.12 CDP is not liable vis-à-vis the Borrower in case the disbursement of the Soft Loan does not occur or is delayed for reasons not attributable to CDP, including in the event described in Articles 6.10 and 6.11.

Article 7

Conditions and modalities for the disbursement of the Soft Loan up to the maximum amount of Euro 24.675.000,00

7.1 Without prejudice for Article 9.6, 9.7, 9.8 and 16 below, the Soft Loan may be utilised by the Borrower upon satisfaction of the following conditions:

i) authorisation issued by AICS to allocate the Supply Contract/s to the Soft Loan;

ii) successful result of the inquiry made by CDP according to Article 7.2, ii) below;

iii) CDP's receipt of the Request for Financing of the Supply Contract provided for by Article 8.1 below.

7.2 Upon receipt of the authorisation mentioned under Article 7.1, i) above, CDP shall promptly:

i) notify the Borrower the issuance of the authorisation under Article 7.1, i) above;

ii) carry out the controls, on the basis of the requirements provided for by the Italian Competent Authorities and CDP internal policies, over the supplier, the Italian individuals/companies (if any) involved with the local organisation and the Supply Contract/s. CDP shall request to the supplier some documents in order to perform the controls (i.e. anti-mafia controls, money laundering controls, registration at the Chamber of Commerce, etc.). With respect of the Supply Contract/s, CDP shall verify that it/they is/are in compliance with the terms and conditions of the Soft Loan and that it/they is/are sufficiently detailed with regard to breakdown of costs/prices, in order to permit the inquires provided for under Article 9.2 below.

7.3 The successful result of the inquiry made by CDP as per Article 7.2, (ii) above will determine the allocation of the Supply Contract/s to the Soft Loan. The documents requested by CDP to the supplier shall be received in a timely manner and, in any case, no later than 6 (six) months from the date of the request by CDP provided for under Article 7.2, ii) above or the different term (if any) provided for in the Supply Contract/s. Upon the expiration of the above-mentioned period, CDP shall consider, after consultation with the Italian Competent Authorities, the rejection of the Supply Contract/s authorised as per Article 7.1, i) above.

7.4 CDP shall (i) notify, by letter or fax, the Borrower and the supplier the allocation of the Supply Contract/s and (ii) require the Borrower to deliver the Request for Financing of the Supply Contract provided for under Article 7.1.

Article 8

Request for Financing of the Supply Contract for the disbursement of the Soft Loan up to the maximum amount of Euro 24.675.000,00

8.1 After the notification of the successful result of the inquiry according to Article 7.2, ii), the Borrower shall transmit to CDP a Request for Financing of the Supply Contract in the form of Annex B), necessary for the payments provided for in

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each Supply Contract. By means of such request, the Borrower acknowledges that the Supply Contract is eligible to be financed, instructs CDP to disburse the Soft Loan directly to the supplier subject to the terms and conditions of this Agreement and the Supply Contract, and undertakes to reimburse CDP the disbursed amounts.

8.2 The Request for Financing of the Supply Contract provided for under Article 7.1 above shall be received in a timely manner and in, any case, no later than 6 (six) months from the date of the notice by CDP provided for under Article 7.4 above or the different term (if any) provided for in the Supply Contract. Upon the expiration of the above-mentioned period, CDP shall consider, after consultation with the Italian Competent Authorities, the potential rejection of the Supply Contract/s allocated to the Soft Loan.

Article 9

Disbursement of the Soft Loan up to the maximum amount of Euro 24.675.000,00

9.1 The supplier shall deliver to CDP a duly completed Request of Payment in the form of Annex C) accompanied by an original copy of the Contractual Documentation. The disbursement will be performed within 30 (thirty) calendar days from the date of receipt of the Request of Payment or of the clarifications or documents as per Article 9.3 hereinafter, if applicable.

9.2 Following the receipt of each Request of Payment, CDP shall review the relevant Contractual Documentation. Such review shall include compliance of the Contractual Documentation with the relevant Supply Contract.

9.3 Should CDP require clarifications and/or encounter any discrepancy between the Contractual Documentation and the Supply Contract, it shall promptly inform thereof the supplier. The supplier shall deliver the requested clarifications or the correct Contractual Documentation within 15 (fifteen) calendar days from the request of CDP.

9.4 Upon the positive review as per Articles 9.2 and 9.3, CDP shall send to the Borrower the original copy of the Contractual Documentation and the notice of the potential value date of the disbursement, within which the Borrower can deny the disbursement.

9.5 CDP shall make the payments in favour of the supplier and shall obtain from it the Discharge Receipt in the form of Annex D) in two originals, one of which shall be delivered to the Borrower.

After each disbursement of the Soft Loan, CDP shall deliver, by letter or e-mail to the Borrower, the communication of disbursement and the repayment schedule of the disbursed amount, indicating the maturity dates of the repayment instalments.

Each and every repayment schedule, completed in accordance with the conditions set forth in Article 10 below, shall be accepted by the Borrower in writing. If the Borrower within 60 (sixty) days from the date of the relevant CDP letter does not accept in writing the repayment schedule, the latter shall be considered irrevocably accepted by the Borrower.

For each repayment the Borrower shall indicate to CDP the Agreement number and the total amount of the Soft Loan, and shall detail for each maturity date the amounts paid.

9.6 CDP will only make payments under any Request of Payment in the event that the corresponding amounts have been made available by the Italian Competent Authorities.

9.7 CDP will not make payments under any Request of Payment when it is or becomes unlawful or contrary to any rules or regulations for CDP to (i) perform any of its obligations as contemplated by this Agreement or to (ii) maintain its participation to the Soft Loan. In such circumstance CDP, after having consulted with the Italian Competent Authorities, shall inform the Borrower of the cancellation of CDP's outstanding commitment relating to the Soft Loan and the Borrower shall immediately prepay all or any portion of the principal of, and accrued interest on, the Soft Loan, together with any other amounts accrued or payable under this Agreement and under the TA.

9.8 CDP is not liable *vis-à-vis* the Borrower in case the disbursement of the Soft Loan does not occur or is delayed for reasons not attributable to CDP, including in the event described in Articles 9.6 and 9.7.

Article 10

Repayment of the Soft Loan

10.1 The total amount of the Soft Loan credited by CDP in the Special Account shall be repaid according to the repayment schedule in 20 (twenty) consecutive, equal semi-annual instalments (hereinafter referred to as the "**Principal Instalments**"), the first of which falling due 336 (three hundred thirty-six) months from the date of the first disbursement of the Soft Loan. CDP shall send to the Borrower such repayment schedule in compliance with Articles 6.9 and 9.5 above.

10.2 Upon the disbursement of the Soft Loan, interests shall accrue thereon, to be calculated at a nominal annual rate of 0.00% (zero point zero percent).

10.3 The Borrower undertakes to make all repayments and payments due under this Agreement as well as under the Acknowledgement of Indebtedness on the actual due date, for the corresponding amount in Euro, in favour of CDP on the CDP

Account. Such amounts shall be credited in immediately available funds, free and clear of and without any deduction or withholding. The Borrower may receive by CDP a notice before the due payment date. If the Borrower, because of whatever reason, does not receive the above-mentioned notice, it will undertake anyway to make all payments and repayments according to the repayment schedule without delay.

Article 11

Delivery of the Acknowledgement of Indebtedness

11.1 Within 60 (sixty) calendar days from the last Soft Loan disbursement expiry date set forth in Article 5.1, the Borrower shall deliver to CDP the Acknowledgement of Indebtedness in the form of Annex E) duly signed and initialled by the Borrower on each page, according to which it unconditionally and irrevocably declares to be debtor of CDP.

11.2 The repayment schedule set forth in the Acknowledgement of Indebtedness shall consolidate all Principal Instalments and interests due at the date of delivery of the Acknowledgement of Indebtedness in accordance with the provisions of Articles 6.9 and 9.5.

11.3 CDP shall deposit the Acknowledgement of Indebtedness for record and administration thereof and shall from time to time register on the Acknowledgement of Indebtedness any payment of principal and interest and, as soon as all payments indicated in the Acknowledgement of Indebtedness shall have been made, it shall return the same to the Borrower duly signed for receipt.

Article 12

Borrower's commitment

The Borrower's commitment to pay the sums due under this Agreement and the Acknowledgement of Indebtedness relating thereto is independent, absolute, unconditional and irrevocable.

Article 13

Events of Default

Each of the following events and occurrences shall constitute an event of default under this Agreement (further referred to as "**Event of Default**"):

13.1 The Borrower fails to repay any principal of, or interest on, the Soft Loan as per the requirements of this Agreement.

13.2 Any document contemplated in this Agreement or in the TA or any representation or warranty made or confirmed by any party or their official representatives to this Agreement or to the TA results being untrue, incomplete or misleading.

13.3 Any action is taken or event occurs that prevents or is likely to prevent the Borrower or its officers from carrying out their business or operations or a substantial part thereof.

13.4 The occurrence of any act, event, circumstance, or the enactment of any legislation or administrative regulation that affects the implementation of the Project as envisaged in this Agreement or in the TA.

13.5 The Borrower becomes, or is owned or controlled by or acting on behalf of an entity or person that becomes a target of any economic or trade sanctions or restrictive measures administered by the Office of Foreign Assets Control of the US Department of Treasury (OFAC) or any equivalent European Union, United Kingdom or United Nations measure, including sanctions imposed against certain states, organizations and individuals under the European Union's Common Foreign and Security Policy ("**Sanctions Target**"). The proceeds of the Soft Loan have been, directly or indirectly, lent, invested, contributed or otherwise made available to or for the benefit of any Sanctions Target."

Article 14

Consequences of Default

If an Event of Default occurs and is continuing, then CDP may – subject to instructions of the Italian Competent Authorities which will act at their discretion - by notice to the Borrower, declare all or any portion of the principal of, and accrued interest on, the Soft Loan together with any other amounts accrued or payable under this Agreement and under the TA to be, and the same shall thereupon become (anything in this Agreement or in the TA to the contrary notwithstanding), immediately due and payable without any further notice, demand or contestation of any kind, which are hereby expressly waived by the Borrower.

Article 15

No liability and force majeure

15.1 In case of impediments to the implementation of the Project due to causes of force majeure (such as war, flood, fire, typhoon, earthquake, labour conflicts and strikes, acts of any government, unexpected transportation difficulties or other causes), the provisions specified by the Article 12 of the TA shall apply. CDP shall follow the instructions by the Italian Competent Authorities related to the Project activities.

15.2 CDP will not be liable for any delay (or any related consequences) in crediting the account indicated in the Request of Disbursement with the amount to be paid by CDP in accordance with the requirements of this Agreement.

Article 16

Disbursement Suspension

During the Soft Loan's disbursement period, CDP reserves the right to suspend the Request of Disbursement and Request of Payment under Articles 6 and 9, in case of (i) any Events of Default; (ii) a default vis-à-vis CDP under this Agreement and/or under any other soft loans granted by the Government of the Italian Republic to the Government or the Central Bank or to the State Agencies of the Republic of Mozambique, pursuant to Article 8 of Italian Law no. 125 of August 11th, 2014 of the Italian Republic as amended from time to time and (iii) any other country suspends the disbursement of loans of a similar nature to the Government or to the Central Bank or to State Agencies of the Republic of Mozambique (including but not limited to for reasons linked to the creditworthiness of such Government, Central Bank or State Agency, as the case may be). CDP shall timely inform the Borrower of such suspension.

Article 17

Default Interest

17.1 If for any reason whatsoever CDP does not receive any amount payable to it within the maturity date, the Borrower shall pay default interest on the overdue amount from the maturity date up to the date of actual payment in favour of CDP

17.2 Such default interest shall be calculated by applying the simple interest formula. Default interest shall not be calculated for the period of 35 (thirty-five) days immediately subsequent to the original due date and, thereafter, at the rate of 0.10% (zero point ten per cent) up to the date of actual crediting in favour of CDP. The latter default interest shall be periodically updated by the Italian Competent Authorities.

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Article 18

Taxes

18.1 Any present or future tax which may be due in Mozambique for any reason whatsoever related to this Agreement and to the Acknowledgement of Indebtedness, shall be exclusively borne by the Borrower.

18.2 Any tax due in Italy related to this Agreement shall not be borne by the Borrower.

18.3 CDP declares that it will avail itself of the tax status provided for under Article 5, point 24, of the Decree Law n. 269 of September 30, 2003, as amended from time to time.

Article 19

Governing Law

This Agreement shall be governed and construed in accordance with Italian law.

Article 20

Settlement of disputes

20.1 The Parties hereto shall endeavour to settle amicably any dispute arising from the interpretation and/or execution of this Agreement.

20.2 If these efforts should not lead to a settlement of the dispute within a reasonable period of time and in any event within three months, the dispute shall be settled at a governmental level.

20.3 Should also the effort under Article 20.2 fail or (if the attempt is made) it does achieve a satisfactory result within three months, all disputes arising from or in connection with this Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce, Paris, France, by an Arbitration Tribunal of three Arbitrators:

- one arbitrator appointed by the Borrower;
- one arbitrator appointed by CDP;
- the third arbitrator to be appointed jointly by the abovementioned Arbitrators or, in case of their disagreement, by the Chairman of the International Chamber of Commerce, Paris.

20.4 If the Borrower or CDP does not appoint its arbitrator within 30 (thirty) days from the request of the other Party, this arbitrator shall be appointed by the Chairman of the International Chamber of Commerce, Paris.

20.5 The decision of the Arbitration Tribunal, who shall decide according to the law of the Italian Republic, shall be final and unconditionally binding on both Parties without any possibility of appeal.

20.6 No disagreement nor dispute which may arise between the Parties hereto shall suspend the obligation of the Borrower to pay, on the agreed due dates, all the amounts due under this Agreement and in particular all the amounts resulting from the repayment schedules set forth in Articles 6 and 9 above and from the Acknowledgement of Indebtedness.

Article 21

Notices

Notices to be given pursuant to this Agreement shall be addressed as follows:

- Address: Ministry of the Economy and Finance
  Praça da Marinha Popular 929 AV. 10 de Novembro
  Maputo - Moçambique
  Tel: (+258) 21315015/21315040
  Fax: (+258) 21315043
  To the attention of: Minister of the Economy and Finance

- Cassa depositi e prestiti S.p.A. – International Development Cooperation Department, Via Goito n. 4 – 00185 Rome, Italy e-mail: fondorotativocs@cdp.it.

Article 22

Original texts of the Agreement

This Agreement is signed in three originals in English. CDP keeps two originals and the Borrower one original.

Article 23

Final Clause

The provisions of the TA are deemed to be expressly restated under this Agreement and will apply in favor of CDP, unless otherwise provided under this Agreement.

Cassa depositi e prestiti S.p.A.	The Ministry of the Economy and Finance of the Republic of Mozambique
Signed in ROME on 07.09.2017	Signed in .... on .... Maputo, 31.07.2017

Annex A)

(Form of Request of Disbursement)

from: .... (Borrower)

to: Cassa depositi e prestiti S.p.A.

Financial Agreement of Euro ...(...) signed by us in ... on .... and by Cassa depositi e prestiti S.p.A. in .... on ... (hereinafter, the "**Agreement**")

Terms defined in the Agreement have the same meaning in herein.

Pursuant to Article 6 of the above mentioned Agreement we hereby request You to borrow and therefore that you credit in our favour within 30 (thirty) days, to the Special Account n. "[•]" and opened with Bank ...., the amount of EURO .... We acknowledge that you will credit the requested amount, subject to the relevant amount having been made available to you by the Italian Competent Authorities.

The amount credited by you on the Special Account shall be utilised for the implementation of Project.

We hereby unconditionally and irrevocably undertake to repay the said amount of EURO ...., credited by You in the Special Account, according to the terms and conditions set forth in the Agreement.

Within 60 (sixty) days from the disbursement of the Soft Loan requested hereunder, we undertake to deliver to CDP an Acknowledgement of Indebtedness for all the amounts disbursed under the Agreement.

Yours faithfully,

Date .....

____

(Borrower's signature)

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Annex B)

(Form of Request for Financing of the Supply Contract)

From: .... (Borrower)
To: Cassa depositi e prestiti S.p.A.

Financial Agreement of Euro .... (.............) signed by us in .... on .... and by Cassa depositi e prestiti S.p.A. in .... on .... (hereinafter, the "**Agreement**")

Terms defined in the Agreement have the same meaning herein.

Pursuant to Article 7 of the Agreement, we would like to inform You that the Supply Contract herewith enclosed, no. ...... dated .... between .... and .... in connection with .... Project, is eligible for financing.

As a result, we request You to disburse directly to .... (supplier) the relevant amount of Euro .... (.........) in accordance with the terms of the Supply Contract, which corresponds to the payments due by us under such , Supply Contract.

For such purpose, we acknowledge that the payments that You shall make in favour of the supplier indicated by us shall be subordinated to (i) the delivery, by the supplier, of the Contractual Documentation (including, without limitations, invoices, bill of lading, packing list, work in progress), (ii) the successful review of the Contractual Documentation pursuant to Article 7.2 of the Agreement and (ii) the delivery of a Discharge Receipt in two originals. We further acknowledge that you will credit the requested amount, subject to the relevant amount having been made available to you by the Italian Competent Authorities.

In this respect, we ask You to deliver to us the original of the Contractual Documentation as well as one of the two original of such Discharge Receipt.

We hereby confirm that the Government of the .... undertakes unconditionally and irrevocably to repay each amount credited by You to the supplier's account according to the terms and conditions provided for under the Agreement.

Within 60 (sixty) days from the disbursement of the Soft Loan requested hereunder, we undertake to deliver an Acknowledgement of Indebtedness for all the amounts disbursed under the Agreement.

Yours faithfully.

Date ...

....
(Borrower's signature)

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Annex C)

(Form of Request of Payment)

From: .... (supplier)
To: Cassa depositi e prestiti S.p.A.
[Copy to the Borrower]

Financial Agreement of Euro .... (.............) signed by ………… [the Borrower] in .... on .... and by Cassa depositi e prestiti S.p.A. in .... on .... (hereinafter, the "**Agreement**")

Terms defined in the Agreement have the same meaning herein.

Dear Sirs,

With reference to the Supply Contract no. ...... dated .... between us and .... [for the amount of Euro .... (….)] executed in connection with .... [Project], we send You the following Contractual Documentation:

- ....
- ....
- ....

We hereby ask You to disburse to us an amount equal to Euro [•] within 30 (thirty) days from the date of receipt of this Request of Disbursement on the following bank account (*Supplier's Bank)*:

IBAN ………., opened in the name of ………. [supplier], bank ………, telephone ……., branch office ………, fax …………

Yours faithfully,

Date, ….   **(Supplier's signature)**

We herein confirm the genuineness of the signature.

…………………………………………………………..
(Supplier's Bank)

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Annex D)

(Form of Discharge Receipt)

From: ……………… (supplier)

to: ………… (Borrower)

to: Cassa depositi e prestiti S.p.A.

DISCHARGE RECEIPT

With reference to the Supply Contract no. …………… signed on ………….. between our company and …………… for the supply of …….., we hereby confirm to have received the amount of EURO ……….. (…………….) as partial/total payment of such Supply Contract.

Such amount is related to the Soft Loan of Euro ……… (…………..), granted by Cassa depositi e prestiti S.p.A. to the Government of the ..., pursuant to Article 8 of Italian Law n. 125 of August 11, 2014 as subsequently amended from time to time, by means of the Financial Agreement signed in ………… on …………… and in … on …………

We, therefore, hereby confirm to have been paid in full for the partial/total amount due under the Soft Loan as payment of the amount of EURO ………. (…………………….) and that the Borrower and CDP are not liable for any and all charges and responsibility relating the amount received.

(Suppliers' Signature)

We herein confirm the genuineness of the signature.

…………………………………………………………..

(Supplier's Bank)

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Annex E)

(Form of Acknowledgement of Indebtedness)

THE .... (BORROWER)

N. ....

Place and date of issue:
Financial Agreement

Terms defined in the Agreement have the same meaning herein.

With regard to the Technical Agreement between ...... and the Government of the Italian Republic signed in ..... on ..... and the Financial Agreement of Euro .... between .... (hereinafter, the "**Borrower**") and Cassa depositi e prestiti S.p.A. (hereinafter, "**CDP**"), signed in .... on .... (hereinafter, the "**Agreement**"), the Borrower acknowledges receipt of the following amounts from CDP (credited directly in favour of the supplier):

EURO .... on ....

EURO .... on ....

....

Therefore, the Borrower hereby unconditionally and irrevocably declares to be a debtor of CDP, as manager, on behalf of the Ministry of the Economy and Finance of the Italian Republic, of the Revolving Fund for Development Cooperation with registered office in Rome (Italy), Via Goito 4, for the principal amount of EURO .... (...............) which it undertakes to repay in ... (...) equal consecutive [semi-annual] instalments, the first of which falling due on .... and the last on ...., according to the repayment schedule set forth herein below.

The Borrower shall repay the Principal Instalments (as defined in the Agreement) provided for in this Acknowledgement of Indebtedness, by crediting the relevant amounts in Euro, on the agreed due dates, in favour of CDP, or of the person/s entitled thereto, to the ...., in immediately available funds, free and clear of and without any deduction or withholding.

Annex E)

If CDP, for any reason whatsoever, including reasons beyond the Borrower's control, does not receive any amount payable to it within the due date, the Borrower shall pay default interest on the overdue amount from the maturity date up to the date of actual payment in favour of CDP.

Such default interest shall be calculated and updated from time to time by the Italian Competent Authorities in accordance with Article 17 of the Agreement.

CDP shall from time to time annotate on this Acknowledgement of Indebtedness any payment received in respect of principal and/or interest.

This Acknowledgement of Indebtedness is issued pursuant to the Soft Loan of Euro .... (............), granted pursuant to Article 8 of Italian Law n. 125 of August 11, 2014.

REPAYMENT SCHEDULE

Maturity Date	**Principal Instalment**	**Annotation [Paid/unpaid]**	**Total**

....

(Borrower's signature)