



**AGREEMENT**

**BETWEEN THE**

**GOVERNMENT OF THE KINGDOM OF**  
**BELGIUM**

**AND THE**

**GOVERNMENT OF THE REPUBLIC OF**  
**MOZAMBIQUE**

**ON THE**

**Debt-for-Climate Swap 2023-2029**

*Philippe*

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The Government of the Kingdom of Belgium, hereinafter referred to as "Belgium", and the Government of the Republic of Mozambique, hereinafter referred to as "Mozambique", hereinafter jointly referred to as the "Parties",

**AGREE AS FOLLOWS:**

**Article 1  
Subject of the Agreement**

- 1.1 By the present Agreement, a framework is provided for the implementation of a debt-for-climate swap, pursuing the following general and specific objectives.
- 1.2 The general objective is: support and institutionally strengthen Mozambique so that the transition to a climate-resilient and low-carbon economy can be achieved in an inclusive way with consideration of vulnerable communities in both rural and urban areas.
- 1.3 The specific objective is: Mozambican authorities and communities, including women, youth, and other vulnerable groups, are strengthened to actively engage together in a - cross sectoral coordination - specifically focusing on improved climate proofed public services, enabling policies and initiatives for energy transition.
- 1.4 The intervention is specified in Annex 1, which forms an integral part of the Agreement.

**Article 2  
Responsible Entities of the Parties**

- 2.1 Mozambique designates the "Direcção Nacional de Gestão da Dívida", hereinafter referred to as "DNGDP", as the entity responsible to supervise the objectives referred to in Article 1.
- 2.2 Belgium designates the "Department of International and European Financial Affairs of the Federal Public Service Finance", hereinafter referred to as "MINFIN", as the entity responsible to supervise the financial transactions involved in the debt-for-climate swap.
- 2.3 Belgium designates the "Directorate-General for Development Cooperation and Humanitarian Aid of the Federal Public Service for Foreign Affairs, Foreign Trade and Development Cooperation", hereinafter referred to as "DGD", as the entity responsible to supervise the objectives referred to in Article 1.
- 2.4 Belgium is represented in Mozambique by the "Diplomatic Office of Belgium in Maputo".

### **Article 3 Implicated Debt**

- 3.1 The provisions of this Agreement relate to the amounts owed by Mozambique to Belgium on maturities between December 15, 2023, and December 31, 2028, included, under the loan agreements relating to the State to State loan between Mozambique and Belgium signed on 10 June, 2002; 23 August, 2002; 28 July, 2004; 6 July, 2006; 31 March, 2008, and 20 July, 2009. The total amount of these maturities is 2.423.317,34 Euro. A chart with the details of the debt claims subject to this debt-for-climate swap is attached to this Agreement (Annex 2).
- 3.2 Any other present or future debt of Mozambique towards Belgium that is not included in this chart is excluded from the scope of this Agreement.

### **Article 4 Modalities of the Debt-for-Climate Swap**

- 4.1 In application of this Agreement, Mozambique will pay on each intended maturity date of the loans referred to in Article 3, according to the schedule attached, a corresponding amount in the local currency meticaís, on a bank account entitled "Conversão da Dívida" opened by the Belgian Development Agency Enabel.
- 4.2 The payment of the corresponding amounts in meticaís releases Mozambique from its obligations towards Belgium for the maturities concerned.
- 4.3 The exchange rate to be used for the conversion of the amounts from euro into meticaís will be the "EUR buy rate" as published by the Banco de Moçambique on the day of signature of this Agreement. A detailed chart of the amounts due in meticaís will be exchanged between the Parties.
- 4.4 Any exchange rate losses or gains that may arise from payments during the implementation of the project will be reported as direct costs.

### **Article 5 Conditions for Implementation**

- 5.1 The implementation of the projects funded by the debt-for-climate swap is under the responsibility of the Belgian Development Agency Enabel, through Belgium. Its Resident Representative in Maputo represents Enabel in Mozambique. The coordination with the National Institute for Disaster Management is performed in conformity with article 5.2.
- 5.2 The intervention funded by the debt-for-climate swap will complement the Cooperation Programme 2023-2028, signed between the Parties on June 20

2023. The implementation modalities will be agreed for separately, which shall apply unless stated otherwise in this Agreement.

## **Article 6 Obligations of the Parties**

- 6.1 The Parties agree to take all institutional, administrative and budgetary measures required to guarantee the achievement of the objectives referred to in Article 1, and the modalities of the debt-for-climate swap referred to in Articles 2 and 3 of this Agreement, and to transmit to the other Party all information necessary to fulfill the obligations under this Agreement.
- 6.2 The Parties recognize the importance of good governance of public affairs and the fight against corruption. They commit to transparency and accountability. No offer, payment, gift or profit of any kind that may be considered an illegal or corrupt act, can be promised, committed, sought, or accepted, directly or indirectly as an incentive or compensation related to activities in the field of this Agreement, including any procedure relating to the launching of the award or implementation of procurement contracts. The Parties shall inform each other of any incident or suspicion of a corruption incident related to the use of budgets.
- 6.3 In the event of non-compliance with these commitments, the Parties shall consult and determine appropriate actions, which may include the return of misappropriated funds and the suspension or termination of funding.

## **Article 7 Mutual Information, Control and Evaluation**

- 7.1 Each Party can at any moment control or evaluate the objectives referred to in Article 1, jointly or separately, on condition that the other Party is informed in advance. When appropriate, each Party will communicate to the other Party the conclusions of its controls and evaluations.

## **Article 8 Entry Into Force and Duration**

- 8.1 The present Agreement enters into force on the day of its signature by both Parties.
- 8.2 The duration of the execution phase, that starts on the day of reception by Enabel of the first installment, will be 66 months. Belgium will formally notify Mozambique of the effective start date.

**Article 9**  
**Suspension, Denunciation, Modifications, Extension and Disputes**

- 9.1 Either Party may suspend the implementation of the present Agreement. If one of the Parties deems that the other has failed to respect one of its fundamental obligations under the present Agreement, an obligation arising from the respect of human rights, democratic principles or the rule of law, as well as in cases of corruption, incitation to violence or any liaison to terrorist organizations, it shall notify the other Party of the relevant information required for a thorough examination of the situation, as well as of its intention to suspend the present Agreement in case of absence of an acceptable solution within three months.

The Parties shall consult and determine the appropriate actions to be taken, within three months of the receipt of the notification.

In the absence of an acceptable solution within three months of the receipt of the notification, the Party which has notified in accordance with Article 9.1 shall have the right to suspend, in whole or in part, the implementation of the present Agreement. The suspension shall take effect on the first day of the month following the receipt of the notification invoking the suspension.

- 9.2 Either Party may suspend the implementation of the present Agreement, in case of force majeure for the duration of such force majeure.

The Party invoking a case of force majeure shall notify the other Party of the relevant information required for a thorough examination of the situation in order to find an acceptable solution for the Parties. The Party shall also notify the other Party of its intention to suspend this Agreement in the absence of an acceptable solution within three months. The Parties shall consult and determine the appropriate actions to be taken.

In the absence of an acceptable solution within three months of the receipt of the notification, the Party which has notified in accordance with Article 9.2 shall have the right to suspend, in whole or in part, the implementation of this Agreement. The suspension shall take effect on the first day of the month following the receipt of the notification invoking the suspension.

- 9.3 The present Agreement may be denounced by either Party in writing. The denunciation shall take effect on the first day of the fourth month following receipt of the notification. In case of denunciation, the remaining debt will be settled according to the provisions of the original agreements of the State to State loan between the Parties.
- 9.4 The Parties may decide to terminate the present Agreement by mutual agreement at any time before the date of expiry as referred to in Article 8.
- 9.5 The present Agreement may be amended only by an Exchange of Letters between the Parties.

- 9.6 The duration of the present Agreement may exceptionally be extended by an Exchange of Letters in the event of force majeure resulting from a political, security, health crisis or natural disaster. The amendment shall be implemented in accordance with Article 9.5.
- 9.7 Any dispute arising from the implementation or interpretation of the present Agreement shall be settled by negotiation between the Parties.

### **Article 10** **Addresses for Notifications**

The notifications foreseen by the present Agreement will be sent by diplomatic way:

**For Belgium:**

Diplomatic Office in Maputo  
Kenneth Kaunda Avenue, n°762  
Maputo - Mozambique

**For Mozambique:**

Ministry of Economy and Finance  
Julius Nyerere Avenue, n° 449/469  
Maputo - Mozambique

In witness whereof the duly authorised representatives of the Parties have signed this Agreement.

Done in Maputo, the 13 December 2023, in two original copies, in the English and Portuguese language, each text being equally authentic.

The signature date will be the day this agreement is signed by the final participating party.

**For the Government of the Kingdom of Belgium:**



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Paul JANSEN  
Ambassador of the Kingdom of Belgium

**For the Government of the Republic of Mozambique:**



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Ernesto Max Elias TONELA  
Minister of Economy and Finance