Project Agreement
(Additional Financing for the Zanzibar Urban Services Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

THE REVOLUTIONARY GOVERNMENT OF ZANZIBAR

Dated August 29, 2016
PROJECT AGREEMENT

AGREEMENT dated August 29, 2016, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and REVOLUTIONARY GOVERNMENT OF ZANZIBAR ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between the UNITED REPUBLIC OF TANZANIA ("Recipient") and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. For purposes of Section 8.05(c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Revolutionary Government of Zanzibar's Representative is the Principal Secretary, MOFP.

4.02. The Association's Address is:

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

Telex: 248423(MCI) Facsimile: 1-202-477-6391

4.03. The Revolutionary Government of Zanzibar address is:

Ministry of Finance and Planning
VUGA-ZANZIBAR
P. O. Box 874
Zanzibar
The United Republic of Tanzania

Facsimile:

+255-24-2233178
AGREED at Dar es Salaam, The United Republic of Tanzania, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: Bella Bird
Title: COUNTRY DIRECTOR

THE REVOLUTIONARY GOVERNMENT OF ZANZIBAR

By

[Signature]
Authorized Representative

Name: KHAMIS M. OMAAR
Title: PRINCIPAL SECRETARY
MIN. OF FINANCE & PLANNING
SCHEDULE

Execution of the Project

Section 1. Implementation Arrangements

A. Institutional and Implementation Arrangements

1. Project Implementation Manual (PIM)

(a) The Project Implementing Entity shall: (i) update the PIM, in form and substance acceptable to the Association, giving details of administrative, financial, technical, environmental and social safeguards practices, organizational arrangements and procedures as shall be required for the Project; and (ii) carry out the Project in accordance with the PIM as it shall have been agreed with the Association.

(b) The Project Implementing Entity shall not, except as the Association and the Recipient shall otherwise agree, amend, abrogate or waive any provision of the PIM, without the prior agreement of the Recipient and the Association.

(c) In case of any conflict between the terms of the PIM and this Agreement or the Financing Agreement, the terms of this Agreement and the Financing Agreement shall prevail.

2. Project Administration and Implementation

The Project Implementing Entity shall maintain, at all times until the completion of the Project, a Project Management Team (PMT), with staffing of such composition, and with such mandate and resources as shall be satisfactory to the Association, and with the responsibility for financial management, disbursement, environmental and social safeguards management, and procurement under the Project. To this end, the PMT shall: (i) manage accounts for the Project and procurement processing; and (ii) prepare and furnish periodic implementation progress reports.

3. Project Coordination Committee

(a) The Project Implementing Entity shall maintain, at all times until the completion of the Project, a Project Coordination Committee (PCC) chaired by Principal Secretary of MOFP with composition, mandate and resources satisfactory to the Association.
(b) The PCC shall be responsible for, inter alia: (i) reviewing progress made towards achieving the Project's objectives; and (ii) coordinating the implementation of Project activities, and making recommendations for removal of any obstacles to the implementation of the Project.

4. **Work Plans and Budgets**

(a) The Project Implementing Entity shall prepare and furnish to the Association for its review and approval, not later than April 1 in each year during the implementation of the Project, a proposed annual work plan and related budget containing all activities proposed to be carried out under the Project in the following fiscal year.

(b) The Project Implementing Entity shall ensure the implementation, monitoring and evaluation of each annual work plan and budgets as approved by the Association, in accordance with the provisions set forth in this Agreement and in more detail in the PIM.

(c) The Project Implementing Entity shall include in each annual work plan and budgets the contemplated support to Town Councils on Pemba Island for small scale investment Sub-projects.

5. **Sub-projects under Part 2.1 of the Project**

(a) The Project Implementing Entity shall ensure that each Sub-project is appraised, approved, and monitored either by the Chake Chake, the Mkoani or the Wete Town Council, and each proposed Sub-project shall be administered in accordance with the provisions and procedures set forth or referred to in this paragraph 5 and in more detail in the PIM.

(b) The Project Implementing Entity shall ensure that no proposed Sub-project shall be eligible for financing out of the proceeds of the Financing unless the Project Implementing Entity, together with the Chake Chake, the Mkoani or the Wete Town Council(s), have determined, on the basis of an appraisal conducted in accordance with this sub-paragraph and the guidelines set forth in the PIM, that the proposed Sub-project satisfies the eligibility criteria specified below and set forth or referred to in more detail in the PIM, which shall include, inter alia, the following:

(i) The proposed Sub-project activities which shall fall within the areas described in the PIM, and shall exclude any activities and expenditures specified as ineligible in the PIM.
(ii) The proposed Sub-project shall be demand driven, reflecting the priorities of residents and fully implemented within a maximum of three years.

(iii) The proposed Sub-project shall have measurable impact based on agreed indicators as set out in the PIM.

(iv) The proposed Sub-project shall have minor environment impacts and shall be guided by ESMP(s) and/or RAP(s), as may be applicable.

(v) The proposed Sub-project shall be implemented in compliance with the guidelines set forth in the PIM and the provisions of the Anti-Corruption Guidelines.

B. Anti-Corruption

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

C. Environmental and Social Safeguards

1. The Project Implementing Entity shall carry out the Project in accordance with the provisions of the Safeguard Documents.

2. Without limitation on the provisions of paragraph 1 immediately above, the Project Implementing Entity shall take the following measures:

(a) If any Project activity would, pursuant to the ESMF, require the preparation of an EMP, no such activity shall be implemented unless such EMP has been: (i) prepared in accordance with such ESMF and furnished to the Association; (ii) disclosed locally as required by the ESMF; and (iii) approved by the Association and publicly disclosed.

(b) If any Project activity would, pursuant to the RPF, require the preparation of a RAP, no such activity shall be implemented, unless:

(i) a RAP for such activity has been: (A) prepared in accordance with the requirements of the RPF and furnished to the Association; (B) disclosed as required by the RPF; and (C) approved by the Association and publicly disclosed; and

(ii) (A) all measures required to be taken under said RAP prior to the initiation of said activity have been taken, including, without limitation to the above, providing funds for resettlement compensation when and if required under a RAP; (B) a report, in
form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP has been prepared and furnished to the Association; and (C) the Association has confirmed that the implementation of said activity may be commenced.

3. The Project Implementing Entity shall not amend or waive, or permit to be waived, any Safeguard Documents or any provision of any one thereof, without the prior written approval of the Association.

4. The Project Implementing Entity shall ensure that all measures for carrying out the recommendations of the Safeguard Documents are taken in a timely manner.

5. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall:
   (a) include in the Project Reports referred to in Section II.A of this Schedule adequate information on monitoring the measures defined in the Safeguard Documents, giving details of:
      (i) measures taken in furtherance of such Safeguard Documents;
      (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Documents;
      (iii) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such Safeguard Documents; and
   (b) afford the Association a reasonable opportunity to exchange views with the Project Implementing Entity on such reports.

6. Each such report referred to in paragraph 5 immediately above shall be furnished to the Association not later than one (1) month after the end of the six (6) month period covered by such report and the first such report shall be furnished to the Association not later than one (1) month after the end of the six (6) month period in which the activities of the Project commenced.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Project Implementing Entity 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 the indicators set out in the PIM. Each such Project Report shall cover the period of one calendar semester, and shall
be furnished to the Association not later two weeks after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, in a manner adequate to reflect the operations, resources and expenditures related to the Project.

2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be furnished to the Recipient and the Association not later than six months after the end of the period.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.