Financing Agreement
(Dar es Salaam Maritime Gateway Project)

between

UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 2, 2017
FINANCING AGREEMENT

AGREEMENT dated October 2, 2017, entered into between UNITED REPUBLIC OF TANZANIA ("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 or in the Appendix to this Agreement.

ARTICLE II — CREDIT

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in the amount of three hundred and forty-five million United States Dollars ($345,000,000) ("Credit"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Credit in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Recipient shall be equal to one quarter of one percent (¼ of 1%) of the Credit amount.

2.04. The Commitment Charge payable by the Recipient shall be one-quarter of one percent (¼ of 1%) per annum on the Unwithdrawn Credit Balance.

2.05. The Interest Charge payable by the Recipient for each Interest Period shall be at a rate equal to four per cent and fiftieth of one percent (4.50%) per annum; provided, however, that the Interest Charge payable shall in no event be less than three quarters of one percent (¾ of 1%) per annum.

2.06. The Payment Dates are June 1 and December 1 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause TPA to carry out the Project in accordance with the provisions of Article IV of the General Conditions and the Project 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) The TPA Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of TPA to perform any of its obligations under the Project Agreement.

(b) At any time after the date of this Agreement and before the Closing Date, in approving and/or carrying out investment projects in the maritime port and inland lake port sector, the Borrower has not, in the opinion of the Bank, applied principles, standards and measures consistent with those in the Letter of Sector Development Policy for the Dar es Salaam Maritime Gateway Project.

4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in paragraphs (a) and (b) of Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Subsidiary Agreement acceptable to the Association has been executed on behalf of the Recipient and TPA.

(b) The Recipient has caused TPA to adopt the Project Implementation Plan, acceptable to the Association.

(c) The TCFG Grant Agreement between the Recipient and the Association, acting as administrator of the Transport Corridors for Growth (TCFG) Multi-Donor Trust Fund, providing an amount equivalent to $12,000,000 to assist in financing the Project 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.

5.02. The Additional Legal Matter consists of the following, namely that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and TPA and is legally binding upon the Recipient and TPA 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 responsible for finance and planning.

6.02. The Recipient’s Address is:

   Ministry of Finance and Planning
   1 Madaraka Street
   PO Box 9111
   11468 Dar es Salaam, Tanzania

   Facsimile:
   (255) 222 11 77 90

6.03. 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
AGREED at Dar es Salaam, United Republic of Tanzania, as of the day and year first above written.

UNITED REPUBLIC OF TANZANIA

By

[Signature]
Authorized Representative
Name: Dato Mgosa Jimmy
Title: Permanent Secretary

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative
Name: Belka Bird
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to improve the effectiveness and efficiency of the Port of Dar es Salaam for the benefit of public and private stakeholders.

The Project consists of the following parts:

Part 1: Improving the Physical Infrastructure

(a) Deepening and strengthening the infrastructure of existing berths 1-7 and construction of a new multipurpose berth at Gerezani Creek.

(b) Deepening and widening entrance channel and turning basin to the end of berth 11.

(c) Improving rail linkages and platforms in the Port of Dar es Salaam.

(d) Deepening and strengthening the infrastructure of existing berths 8-11.

Part 2: Institutional Strengthening and Implementation Assistance

Carrying out a program to strengthen the institutional capacity of TPA, including, *inter alia:*

(a) Provision of technical assistance to TPA to support the restructuring of TPA to reflect the twin objectives of corporatization of functional business units within TPA, and enhancing TPA’s capacity to act as a landlord, develop, manage and operate ports and assess future private sector participation.

(b) Provision of capacity building and training to TPA staff to: (i) enable them to take on the new responsibilities set forth in paragraph (a) above, following corporate restructuring, including, *inter alia,* necessary support for procurement of management information systems as needed, the implementation of the Environmental and Social Strengthening Plan (ESSP); and (ii) build capacity and awareness of climate resilience.

Provision of Project implementation support to TPA in the following areas:

(i) supervision of construction and dredging civil works and of technical assistance, including related to Project cost accounting;
(ii) provision of technical assistance to facilitate Project implementation including implementation of the Environmental and Social Strengthening Plan;

(iii) independent technical auditing; and

(iv) updating the National Port Master Plan to guide the strategic development of the Borrower's maritime sector.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to TPA under a subsidiary agreement between the Recipient and TPA, under terms and conditions approved by the Association ("Subsidiary Agreement"), which shall include, inter alia, that:

   (a) The principal amount of the Financing shall be made available under the Subsidiary Agreement on the same terms as the Credit.

   (b) TPA shall adhere to its legal obligations as set out in this Agreement and the Project Agreement.

2. The Recipient shall exercise its rights, and carry out its obligations, 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 Loan Agreement or any of its provisions.

B. Anti-Corruption

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

C. Safeguards

   The Recipient shall ensure that the Project is carried out in accordance with the provisions set out in the Safeguards Instruments.

D. Project Implementation

   1. The Recipient shall: (i) by September 30, 2017, submit to the Association a draft company restructuring plan for TPA for comment; and (ii) by June 30, 2018, complete the implementation of said restructuring plan.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall cause TPA to 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 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 forty-five (45) days 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 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall cause TPA to prepare and furnish to the Bank 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 cause TPA to have the Financial Statements of the Project 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. The audited Financial Statements for 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 Credit 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 Credit 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 Competitive Bidding.

2. Other Methods of Procurement of Goods, Works, and Non-consulting Services. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works, and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)      National Competitive Bidding (subject to the additional procedures set out in Paragraph 3 below)</td>
</tr>
<tr>
<td>(b)      Shopping</td>
</tr>
<tr>
<td>(c)      Direct Contracting</td>
</tr>
</tbody>
</table>

3. Additional Procedures for the use of National Competitive Bidding

The following additional procedures shall apply to National Competitive Bidding:

(a) In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document for, and contract financed out of the proceeds of the Credit, shall provide that: (i) the bidders, suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Bank; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.

(b) Preferences may not be awarded to domestic suppliers or contractors.
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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Selection Based on Consultants' Qualifications</td>
</tr>
<tr>
<td>(d) Single-Source Selection of Firms</td>
</tr>
<tr>
<td>(e) Single-source procedures for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(f) Least-Cost Selection</td>
</tr>
<tr>
<td>(g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

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 Credit

A. General

1. The Recipient may withdraw the proceeds of the Credit 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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to 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 Credit ("Category"), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services, Training and Operating Costs for all Parts of the Project except Part 1(d)</td>
<td>290,837,500</td>
<td>82%</td>
</tr>
<tr>
<td>(2) Works under Part 1(d) of the Project</td>
<td>53,300,000</td>
<td>82%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>862,500</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 3.01 (a) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>345,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $40,000,000 may be made for payments made prior to this date but on or after April 1, 2017, for Eligible Expenditures under Category (1); or

   (b) under Category (2), until the Association has received satisfactory evidence showing that the Recipient has operational arrangements in place for Berths 8-11 to ensure no business interruption by maintaining the current level of operations of said container terminal during rehabilitation under Part 1 of the Project.

2. The Closing Date is June 30, 2024.
SCHEDULE 3
Amortization Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage) *</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each June 1 and December 1 commencing on December 1, 2026, to and including December 1, 2040 and on June 1, 2041, to and ending on June 1, 2047</td>
<td>2.35% / 2.45%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid.
APPENDIX

Section I. Definitions


2. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.


4. “Environmental and Social Impact Assessments” or “ESIAs” means, collectively:
   (a) ESIA document prepared by the Recipient for Parts 1(a) of the Project, disclosed at the Association’s Infoshop on February 26, 2016, and in the country on February 26, 2016, including: (i) environmental and social impact assessments for said Parts of the Project; (ii) the mitigation measures to be taken during the implementation of said Parts of the Project to eliminate or offset adverse environmental impacts, or to reduce them to acceptable levels; and related monitoring arrangements; and (iii) measures/actions to mitigate any potential social impacts under the Project, including those as a result of TPA’s corporate restructuring; and (b) ESIA document(s) to be prepared by the Recipient for other Parts of the Project in accordance with the requirements set out in Section I.C.2 of the Schedule to the Project Agreement; as such ESIAs may be amended from time to time with the prior written approval of the Association; and the term “ESIA” means any of such ESIAs.

5. “Environmental and Social Management Plans” or “ESMPs” means, collectively:
   (a) the environmental and social management plan, as a part of the ESIA prepared by the Recipient for Parts 1(a) of the Project; and (b) environmental and social management plan(s) to be prepared by the Recipient for other Parts of the Project in accordance with the procedures and requirements under Section I.C.2 of the Schedule to the Project Agreement, defining: (i) the measures to be taken during the implementation of a particular activity to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels; and (ii) the actions needed to implement these measures; as such ESMPs may be amended from time to time with the prior written approval of the Association; and “ESMP” means any of such ESMPs.

6. “Environmental and Social Strengthening Plan” means the plan prepared by TPA, dated October 20, 2015, including measures to strengthening the capacity of TPA to address the social and environmental impacts of the Project.
7. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

8. "Governance and Anti-Corruption Action Plan" means the plan agreed between the Recipient and the Association and dated May 31, 2017, including time-bound actions to improve governance in TPA through strengthening TPA's procurement and financial management systems and procedures.


10. "National Port Master Plan" means the Recipient's strategic plan, dated February 2009, for the development of the maritime and inland ports in the Recipient's country from the medium to long term.

11. "Operating Costs" means the incremental costs incurred by TPA, on account of the implementation of the Project, including the costs of renting venues for meetings and Training, purchase of materials for approved Training, operation and maintenance costs for Project vehicles, office supplies, consumables, travel costs and per diems, and accommodation, but excluding salaries of the Recipient's civil servants.

12. "PIT" means the Project implementation unit established within TPA and referred to in Section I.A of the Schedule to the Project Agreement.


14. "Procurement Plan" means the Recipient's procurement plan for the Project, dated February 23, 2017, 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.

15. "Project Implementing Entity" means the TPA (as defined hereinafter).

16. "Project Implementation Plan" or "PIP" means the implementation plan, acceptable to the Association, to be adopted under Section 5.01 (b) of this Agreement.

17. "Safeguards Instruments" means, collectively, the ESIAs and ESMPs.
18. "Subsidiary Agreement" means the agreement referred to in Section 1.A of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Credit available to TPA.

19. "Training" means the costs directly associated with the training and workshops required under the Project, including travel and subsistence costs for training and workshops participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation.

20. "TPA" means the Tanzania Ports Authority, a statutory corporation, established pursuant to the Recipient’s Ports Act (2004).


Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified, as necessary, to reflect the modifications set forth in the paragraphs below.

2. Section 2.07 (Refinancing Preparation Advance) is retitled as "Refinancing Preparation Advance; Capitalizing Front-end Fee", amended by adding a new paragraph (b), and modified to read as follows:

"Section 2.07. Refinancing Preparation Advance; Capitalizing Front-end Fee

(a) If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Bank or the Association ("Preparation Advance"), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.

(b) Except as otherwise provided in the Financing Agreement, the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after
the Effective Date and pay to itself the amount of the Front-end Fee payable pursuant to Section 3.01 (a)."

3. Section 3.01 (Commitment Charge) is retitled as "Front-end Fee; Commitment Charge", amended by adding a new paragraph (a), and modified to read as follows:

"Section 3.01. Front-end Fee; Commitment Charge

(a) The Recipient shall pay the Association a front-end fee on the Credit amount at the rate specified in the Financing Agreement (the "Front-end Fee").

(b) The Recipient shall pay the Association a commitment charge on the Unwithdrawn Credit Balance at the rate specified in the Financing Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Financing Agreement to the respective dates on which amounts are withdrawn by the Recipient from the Credit Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

4. Section 3.02 (Service Charge) is retitled as "Interest Charge" and modified to read as follows:

"Section 3.02. Interest Charge

The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest Charges shall be computed on the basis of a 360-day year of twelve 30-day months."

5. Section 3.03 (Repayment of the Credit) is modified by deleting paragraph (b) in its entirety and amending the remaining paragraph (a) to read as follows:

"Section 3.03. Repayment of the Credit

The Recipient shall repay the Withdrawn Credit Balance to the Association in installments as provided in the Financing Agreement."

6. In the Appendix, Definitions, all relevant references to Sections, numbers and paragraphs are modified, as necessary, to reflect the modifications set forth in paragraphs 1 through 5 above.

7. Paragraph 28 of the Appendix ("Financing Payment") is modified to read as follows:
“Financing Payment” means any amount payable by the Recipient to the Association pursuant to the Financing Agreement or these General Conditions, including (but not limited to) any amount of the Withdrawn Credit Balance, interest, the Front-end Fee and the Commitment Charge.”

A new paragraph 30 is inserted in the Appendix with the following definition of “Front-end Fee”, and the subsequent paragraphs are renumbered accordingly:

“30. “Front-end Fee” means the fee specified in the Financing Agreement for the purpose of Section 3.01 (a).”

A new paragraph 33 is inserted in the renumbered Appendix with the following definition of “Interest Charge”, and the subsequent paragraphs are renumbered accordingly:

“33. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02.”

Renumbered paragraph 38 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by deleting the words “Service Charges” and inserting the words “Interest Charges”.

Renumbered paragraph 51 (originally paragraph 49) of the Appendix (“Service Charge”) is deleted in its entirety, and the subsequent paragraphs are renumbered accordingly.