CONFORMED COPY

June 6, 2011

Honorable Mustafa Haidi Mkulo
Minister for Finance and Economic Affairs
Ministry of Finance and Economic Affairs
The United Republic of Tanzania
Dar es Salaam

Dear Honorable Minister,

Re: TANZANIA: Marine and Coastal Environment Management Project
(IDA Credit No. 4106 TA and GEF Trust Fund Grant No. TF 55580 TA)
Reallocation and Amendment to the Development Credit Agreement and Grant Agreement

We refer to the: (a) Development Credit Agreement (DCA), dated August 25, 2005, between the United Republic of Tanzania (the Borrower) and the International Development Association (the Association); (b) GEF Trust Fund Grant Agreement (GEF Grant Agreement), dated August 25, 2005, between the International Bank for Reconstruction and Development (the Bank) (acting as the implementing agency for the Global Environment Facility (GEF) for the above mentioned Project.

We also refer to your letter dated May 22, 2007, requesting amendment to the DCA and the GEF Grant Agreement in order to Reallocate the Credit and Grant Proceeds and Amend the Agreements’ Closing Date and Performance Monitoring Indicators.

We are pleased to inform you that the Association and Bank agree to your request and proposes to amend the DCA and GEF Grant Agreement as follows:

Development Credit Agreement

1. Article II, Section 2.03 is amended to read as follows:

“The Closing Date shall be August 31, 2012, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.”

RCA 248423. WUI 64145 FAX (202) 477-6391
2. Schedule 1, Withdrawal of the Proceeds of the Credit to DCA Cr. 4104-TA is hereby deleted in its entirety and is replaced with a new Schedule as set forth in Attachment I to this Amendment Letter.

3. Schedule 5, Performance Monitoring Indicators to Agreement Cr. 4104-TA is hereby deleted in its entirety and is replaced with a new Schedule as set forth in Attachment II to this Amendment Letter.

**GEF Trust Fund Grant Agreement**

1. Article II, Section 2.03 is amended to read as follows:

   “The Closing Date shall be August 31, 2012, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.”

2. Schedule 1, Withdrawal of the Proceeds of the GEF Trust Fund Grant No. TF 55580-TA is hereby deleted in its entirety and is replaced with a new Schedule as set forth in Attachment III to this Amendment Letter.

3. Schedule 5, Performance Monitoring Indicators to Agreement Cr. 4104-TA is hereby deleted in its entirety and is replaced with a new Schedule as set forth in Attachment IV to this Amendment Letter.

All other provisions of the DCA and the GEF Grant Agreement, except amended herein, shall remain in full force and effect.

Please confirm your agreement to the foregoing amendments by signing and dating the two (2) originals of this Amendment Letter and returning one fully signed original to us.

The provisions set forth in this Amendment Letter will become effective upon receipt by the Bank and the Association of one (1) fully executed original of this Amendment Letter.
Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION AND
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(Acting as an implementing agency of the Global Environment Facility)

/s/ John Murray McIntire

John Murray McIntire
Country Director for Tanzania, Uganda and Burundi
Africa Region

AGREED:
UNITED REPUBLIC OF TANZANIA

/s/ Ramadhani M. Khijjah

By: Authorized Representative

Name: __________________________

Date: June 9, 2011
Cc: Mr. Ramadhani Mussa Khijjah
    Permanent Secretary
    Ministry of Finance
    Dar es Salaam

Dr. Charles Nyamurunda
    Permanent Secretary
    Ministry of Livestock and Fisheries Development
    Dar es Salaam

Mr. Hosea Gonza Mbilinyi
    Director of Fisheries Development
    Ministry of Livestock and Fisheries Development
    Dar es Salaam

Mr. Robert Sululu
    MACEMP Project Manager
    Fisheries Division
    Ministry of Livestock and Fisheries Development
    Dar es Salaam

Mr. Yusuf Kombo
    MACEMP Project Manager
    Fisheries Division
    Zanzibar

Mr. Ngosha S. Magonya
    Commissioner – External Finance
    Ministry of Finance
    Dar es Salaam

Mr. Jerome J. Buretta
    Assistant Commissioner – External Finance
    Ministry of Finance
    Dar es Salaam

Mr. John S. Mavura
    Economist – World Bank Desk Officer
    Ministry of Finance
    Dar es Salaam

Mr. Patrick W. Pima
    Economist – World Bank Desk Officer
    Ministry of Finance
    Dar es Salaam
Bcc:  I. Pswarayi-Riddihough,  P. Kristensen, Maria Isabel J. Braga, A. J. Glauber, J. Kwengwere, L. Niyonahabonye (AFTEN); M. Kariuki (AFTUW); M. Sabai, B. Diallo, (AFTFM); K. Funk, S. Stallmeister, S. Hye, (AFCTZ);  G. Kinyero (AFTPC); J. Owino (CTRDM); P. Beauregard (LEGAF); G. Sindano, L. Mukuta, A. Jacob, M.Mwakangale, F. Matumbo, F. Chande (AFCE1); WBDocs.
SCHEDULE 1

Withdrawal of the Proceeds of the Credit

A. General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) Mainland Tanzania</td>
<td>2,568,873</td>
<td></td>
</tr>
<tr>
<td>(b) Zanzibar</td>
<td>1,532,531</td>
<td></td>
</tr>
<tr>
<td>(2) Works</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) Mainland Tanzania</td>
<td>3,637,305</td>
<td></td>
</tr>
<tr>
<td>(b) Zanzibar</td>
<td>3,274,033</td>
<td></td>
</tr>
<tr>
<td>(3) Consultants’ Services</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) Mainland Tanzania</td>
<td>903,409</td>
<td></td>
</tr>
<tr>
<td>(b) Zanzibar</td>
<td>595,620</td>
<td></td>
</tr>
<tr>
<td>(4) Training</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) Mainland Tanzania</td>
<td>1,534,125</td>
<td></td>
</tr>
<tr>
<td>(b) Zanzibar</td>
<td>1,196,484</td>
<td></td>
</tr>
</tbody>
</table>
### Attachment I

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(5) Operating Costs</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) Mainland Tanzania</td>
<td>8,168,279</td>
<td></td>
</tr>
<tr>
<td>(b) Zanzibar</td>
<td>4,204,412</td>
<td></td>
</tr>
<tr>
<td>(6) Subprojects</td>
<td></td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(a) Mainland Tanzania</td>
<td>3,256,644</td>
<td></td>
</tr>
<tr>
<td>(b) Zanzibar</td>
<td>2,576,008</td>
<td></td>
</tr>
<tr>
<td>(7) Refunding of Project Preparation Advance</td>
<td>452,277</td>
<td>Amount due pursuant to Section 2.02 (b) of this Agreement</td>
</tr>
<tr>
<td>(8) Unallocated</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>33,900,000</td>
<td></td>
</tr>
</tbody>
</table>

2. For the purposes of this Schedule, the term “Operating Costs” means the incremental operating costs on account of Project coordination, implementation and monitoring carried out, as the case may be, by the MNRT and MANREC MMTs, the EEZ Governance Facilitation Team, the Coastal Districts and the Project Steering Committee, Technical Committee, and CCAF Technical Committee, including office supplies, operation and maintenance costs for vehicles and equipment, utilities, salaries of the EGFT, daily subsistence allowances, communication charges, the organizational expenses associated with Project Steering Committee, Technical Committee, and CCAF Technical Committee meetings, and workshop expenses, but excluding salaries of the Borrower’s civil servants.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement; and (b) expenditures incurred for Subprojects under Category 6 of the Project until the Association has declared the Second Social Action Fund Project effective.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods; (b) works; (c) services of individual consultants; (d) services of consulting firms; (e) training; (f) Operating Costs; and (g) Subprojects, all under such terms and conditions as the Association shall specify by notice to the Borrower. After the first year of Project implementation, the Association shall carry out a statement of expenditure audit as a basis for determining whether the use of statements of expenditure should be limited for subsequent contracts under the Project.
Attachment I

5. The Borrower may request withdrawals from the Credit Account to be made on the basis of reports to be submitted to the Association in form and substance satisfactory to the Association, such reports to include the FMR and any other information as the Association shall specify by notice to the Borrower (Report-based Disbursements). In the case of the first such request submitted to the Association before any withdrawal has been made from the Credit Account, the Borrower shall submit to the Association only a statement with the projected sources and applications of funds for the Project for the quarter following the date of such request.

B. Special Accounts

1. The Borrower may open and maintain in Dollars the MNRT Special Account and the MANREC Special Account in a commercial bank acceptable to the Association, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment.

2. After the Association has received evidence satisfactory to it that the Special Accounts are open, withdrawals from the Credit Account of amounts to be deposited into the Special Accounts shall be made as follows:

   (a) if the Borrower is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

   (b) if the Borrower is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Accounts shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of the Special Accounts, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Association shall not be required to make further deposits into any Special Account:

   (a) if the Association, at any time, is not satisfied that the reports referred to in Part A.5 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

   (b) if the Association determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Borrower directly from the Credit Account; or

   (c) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of: (A) the records and accounts for the Special Accounts; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.
5. The Association shall not be required to make further deposits into the Special Accounts in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into the Special Accounts may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

6. (a) If the Association determines at any time that any payment out of any Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or deposit into the respective Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment. Unless the Association shall otherwise agree, no further deposit by the Association into any Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association determines at any time that any amount outstanding in any Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Accounts.

(d) Refunds to the Association made pursuant to subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of this Agreement.
Attachment II

SCHEDULE 5

Performance Monitoring Indicators

1. Annual URT Revenue generation to EEZ Authority from offshore fishery. (US$/yr)

2. Annual operational costs of MMA system covered by own- revenues (%)

3. Proportion of households perceiving an improvement in their welfare and economic status

4. Number of key studies completed and legislation implemented.
## SCHEDULE 1
Withdrawal of the Proceeds of the GEF Trust Fund Grant

### A. General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the GEF Trust Fund Grant, the allocation of the amounts of the GEF Trust Fund Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the GEF Trust Fund Grant Allocated (Expressed in Dollars)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) Mainland Tanzania</td>
<td>1,500,000</td>
<td></td>
</tr>
<tr>
<td>(b) Zanzibar</td>
<td>1,200,000</td>
<td></td>
</tr>
<tr>
<td>(2) Works</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) Mainland Tanzania</td>
<td>416,000</td>
<td></td>
</tr>
<tr>
<td>(b) Zanzibar</td>
<td>618,450</td>
<td></td>
</tr>
<tr>
<td>(3) Consultant Services</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) Mainland Tanzania</td>
<td>600,000</td>
<td></td>
</tr>
<tr>
<td>(b) Zanzibar</td>
<td>900,000</td>
<td></td>
</tr>
<tr>
<td>(4) Training</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) Mainland Tanzania</td>
<td>509,000</td>
<td></td>
</tr>
<tr>
<td>(b) Zanzibar</td>
<td>604,250</td>
<td></td>
</tr>
<tr>
<td>(5) Operating Costs</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) Mainland Tanzania</td>
<td>1,850,000</td>
<td></td>
</tr>
<tr>
<td>(b) Zanzibar</td>
<td>1,552,300</td>
<td></td>
</tr>
<tr>
<td>(6) Marine Legacy Fund</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>under Part A.1 (b) of the Project</td>
<td>Amount of amounts disbursed</td>
<td></td>
</tr>
<tr>
<td>(a) Mainland Tanzania</td>
<td>125,000</td>
<td></td>
</tr>
<tr>
<td>(b) Zanzibar</td>
<td>125,000</td>
<td></td>
</tr>
</tbody>
</table>
(7) Unallocated

0

TOTAL

10,000,000

========

2. For the purposes of this Schedule, the term “Operating Costs” means the incremental operating costs on account of Project coordination, implementation and monitoring carried out, as the case may be, by the MNRT and MANREC MMTs, the EEZ Governance Facilitation Team, and the Coastal Districts including office supplies, EGFT salaries, daily subsistence allowances, operation and maintenance costs for vehicles and equipment, utilities, communication charges, and workshop expenses, but excluding salaries of the Recipient’s civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement; and (b) the MLF under Category 6 of the Project until: (i) the Bank has received from the Recipient evidence of the legal establishment of the said Fund that it considers satisfactory for this purpose; (ii) the Recipient has deposited its counterpart contribution of seven hundred fifty thousand Dollars ($750,000) into the said Fund; and (iii) the Bank has approved the appointment of the Executive Director and the composition of the Board of Directors of the said Fund (or comparable organ(s)/officer(s) for the administration of the MLF).

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods; (b) works; (c) services of individual consultants; (d) services of consulting firms; (e) training; and (e) Operating Costs, all under such terms and conditions as the Bank shall specify by notice to the Recipient. After the first year of Project implementation, the Bank shall carry out a statement of expenditure audit as a basis for determining whether the use of statements of expenditure should be limited for subsequent contracts under the Project.

5. The Recipient may request withdrawals from the GEF Trust Fund Grant Account to be made on the basis of reports to be submitted to the Bank in form and substance satisfactory to the Bank, such reports to include the FMR and any other information as the Bank shall specify by notice to the Recipient (Report-based Disbursements). In the case of the first such request submitted to the Bank before any withdrawal has been made from the GEF Trust Fund Grant Account, the Recipient shall submit to the Bank only a statement with the projected sources and applications of funds for the Project for the quarter following the date of such request.

B. Special Accounts

1. The Recipient may open and maintain in Dollars the MNRT GEF Special Account and the MANREC GEF Special Account in a commercial bank acceptable to the Bank, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment.
2. After the Bank has received evidence satisfactory to it that the Special Accounts have been opened, withdrawals from the GEF Trust Fund Grant Account of amounts to be deposited into the Special Accounts shall be made as follows:

   (a) if the Recipient is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

   (b) if the Recipient is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Accounts shall be made exclusively for Eligible Expenditures. For each payment made by the Recipient out of the Special Accounts, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into any Special Account:

   (a) if the Bank, at any time, is not satisfied that the reports referred to in Part A.5 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

   (b) if the Bank determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Recipient directly from the GEF Trust Fund Grant Account; or

   (c) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of: (A) the records and accounts for the Special Accounts; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.

5. The Bank shall not be required to make further deposits into the Special Accounts in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether further deposits into the Special Accounts may be made and what procedures should be followed for making such deposits, and shall notify the Recipient of its determination.

6. (a) If the Bank determines at any time that any payment out of any Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank, provide such additional evidence as the Bank may request, or deposit into the respective Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment. Unless the Bank shall otherwise agree, no further deposit by the Bank into any Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.
(b) If the Bank determines at any time that any amount outstanding in any Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Recipient may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Accounts.

(d) Refunds to the Bank made pursuant to subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the provisions of the GEF Trust Fund Grant Agreement.
SCHEDULE 5

Performance Monitoring Indicators

1. Proportion of territorial seas under effective protection or management

2. Daily-observations of vessel catch and effort entered into URT Fisheries Management System (records/yr)