Mr. Ramadhani M. Khijjah
Permanent Secretary
Ministry of Finance and Economic Affairs
Dar es Salaam
United Republic of Tanzania

Mr. Khijjah:

Re: EITI Grant No. TF096777 Tanzania
Implementation of the Extractive Industries Transparency Initiative Project

In response to the request for financial assistance made on behalf of the United Republic of Tanzania ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by Australia, Belgium, Canada, the European Union represented by the European Commission, Finland, France, Germany, the Netherlands, Norway, Spain, the United Kingdom, and the United States of America (the "Donors") to the Extractive Industries Transparency Initiative ("EITI") Implementation Support Facility, proposes to extend from the Multi Donor Trust Fund for EITI Implementation Support ("TF053509") to the Recipient, a grant in an amount not to exceed four hundred twenty five thousand United States Dollars (U.S.$425,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project"). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ John McIntire
John McIntire
Country Director for Tanzania
Africa Region

AGREED:

UNITED REPUBLIC OF TANZANIA

By /s/ R.M. Khijjah
Authorized Representative

Name _______________________
Title ______________
Date: __July 3, 2010____________

Enclosures:

(2) Disbursement Letter dated ____ , together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I

Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II

Project Execution

2.01. Project Objectives and Description. The objective of the Project is to support the Recipient in the implementation of the Tanzania Extractive Industries Transparency Initiative (“TEITI”), aiming at creating an enabling environment to develop and implement the disclosure and publication of payments and revenues in the mining industry.

The Project consists of the following parts:

(a) Support Data Collection and TEITI Report Preparation and Production

Supporting activities to facilitate data collection and reconciliation, including: (i) conducting a scoping and analysis of revenue collection and data systems and preparation of templates for data reporting; (ii) hiring of a reconciliation/audit firm to prepare the TEITI report; (iii) support to assist the reconciliation process for the report; and (iv) publication of the TEITI report, including recommendations of the reconciliation/audit firm.

(b) Capacity Building and Training

Carrying out of capacity building activities for the participating stakeholders on all matters related to the extractive industry revenue, transparency, and TEITI reporting and documentation, including: (i) targeted training/awareness raising workshops for members of parliament and community leaders around key mines to sensitize them to TEITI; and (ii) training to government and companies on TEITI reporting templates.

(c) Dissemination and Awareness Campaigns

Dissemination and awareness raising around TEITI, including (i) design and implementation of a TEITI communications and outreach strategy; (ii) establishment of a TEITI web site, including recruitment of a web designer,
securing a host server, and maintenance of the site; (iii) TV, radio, and newspaper spots and articles on TEITI, and circulation of flyers and posters; (iv) publication of a TEITI handbook; and (v) printing, translation, and dissemination of the TEITI report.

(d) **Operational Support to TEITI Secretariat**

Provision of operational support to the TEITI Secretariat, including purchase of office equipment and financing of selected Operating Costs.

(e) **Technical Support to Validation Process and Audits**

Provide assistance in drafting of the terms of reference for the consultant to do the validation, disseminating a validation report, and carrying out of the audits of the Grant.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Energy and Minerals (“MEM”) in coordination with the: (a) TEITI Secretariat (“TEITI Secretariat – established within MEM”) responsible for inter alia, the day to day implementation of the Project activities, including, carrying out financial management and reporting, preparation of annual work plans, monitoring and evaluation, and progress reporting; and (b) Procurement Management Unit of the MEM, responsible for procurement aspects of the Grant, all in accordance with the provisions of: (a) Article II of the Standard Conditions, (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”), and (c) this Article II.

2.03. **Institutional and Other Arrangements.** (a) The Recipient shall maintain until the end of the Project the TEITI Secretariat and Procurement Management Unit of the MEM with staffing, resources and operation satisfactory to the World Bank.

(b) The Recipient shall not use the proceeds of the Grant for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import, to the Recipient’s knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions.

(c) The Recipient shall ensure that counterpart funds are provided at timely intervals to meet expenditures made or to be made in respect of the reasonable cost of goods and services for the Project in addition to those financed from the proceeds of the Grant.

2.04. **Donor Visibility.** The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

2.05. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth in the Attachment to this Annex. Each Project Report shall cover the period of six months, and shall be
furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.06. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 45 days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. Procurement

(a) General. All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”), in the case of goods;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.
(c) **Particular Methods of Procurement of Goods**

Goods and non-consultants’ services shall be procured under contracts awarded on the basis of Shopping.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Selection based on Consultants’ Qualifications; (B) Fixed Budget Selection; (C) Quality Based Section; (D) Single-source Selection; and (E) Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

### Article III

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants’ Services, Training and Workshops, and Operating Costs for implementation of the Project</td>
<td>425,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>425,000</td>
<td></td>
</tr>
</tbody>
</table>
For purposes of this paragraph, the terms:

(a) “Training and Workshops” means the reasonable cost of: (i) training materials and rental of training facilities and equipment; (ii) tuition fees, travel, accommodation and *per diem* of trainers and trainees; and (iii) any other expenses related to training (including study tours and workshops) to be carried out under the Project; and

(b) “Operating Costs” means the incremental expenditures incurred by the TEITI Permanent Secretariat on account of Project implementation including, *inter alia*, office supplies, communication expenses, rental and utilities fees for maintaining the office for the TEITI Secretariat, local transportation costs, insurance, publications, reasonable bank charges related to the operation of the designated account, and salaries of locally contracted employees, but excluding salaries of officials of the Recipient’s civil service.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 31, 2012.

---

**Article IV**

**Recipient’s Representative; Addresses**

4.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister at the time responsible for finance.

4.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Minister of Finance and Economic Affairs  
Ministry of Finance and Economic Affairs  
Dar es Salaam  
United Republic of Tanzania

Cable: TREASURY  
Telex: 41329  
Facsimile: (222) 110326  
Dar es Salaam

4.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:  
Telex:  
Facsimile:
### Key Performance Indicators

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Indicative Date of Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTABLISH EITI SECRETARIAT and SET-UP EITI -- and OPERATIONAL SUPPORT TO SECRETRIAT</td>
<td>By August 31, 2010</td>
</tr>
<tr>
<td>Web site established</td>
<td>By August 31, 2010</td>
</tr>
<tr>
<td>Completion of scoping/analysis of data systems, etc. for EITI</td>
<td>By June 30, 2010</td>
</tr>
<tr>
<td><strong>CAPACITY BUILDING &amp; TRAINING</strong></td>
<td></td>
</tr>
<tr>
<td>Delivery of training to government (MPs)</td>
<td>By December 31, 2010</td>
</tr>
<tr>
<td>Delivery of training to community leaders around key mines (3)</td>
<td>April 2010 – February 2011</td>
</tr>
<tr>
<td>Design and delivery of Communications Strategy</td>
<td>By June 30, 2010</td>
</tr>
<tr>
<td><strong>EITI REPORT PREPARATION AND PRODUCTION</strong></td>
<td></td>
</tr>
<tr>
<td>Design completed of EITI reporting template</td>
<td>By June 30, 2010</td>
</tr>
<tr>
<td>TOR for reconciliation firm completed</td>
<td>By May 31, 2010</td>
</tr>
<tr>
<td>EITI Report completed</td>
<td>By December 31, 2010</td>
</tr>
<tr>
<td>Disseminate EITI Report findings widely using various media (under Communications Plan)</td>
<td>From January 1, 2011</td>
</tr>
<tr>
<td><strong>VALIDATION AND EITI FOLLOW-UP</strong></td>
<td></td>
</tr>
<tr>
<td>Design TOR for validation</td>
<td>By December 15, 2010</td>
</tr>
</tbody>
</table>