Project Agreement

(Additional Financing for Housing Finance Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

BANK OF TANZANIA

Dated March 12, 2015
CREDIT NUMBER 5590-TZ

PROJECT AGREEMENT

AGREEMENT dated March 12, 2015, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and BANK OF TANZANIA ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement of same date between the United Republic of Tanzania ("Recipient") and the Association (the "Financing Agreement"). 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 the Project 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 otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

2.03. (a) For the purposes of carrying out of Part (1) of the Project, the Project Implementing Entity shall lend to TMRC the proceeds of the Credit allocated to Category (1) of the table set forth in Section IV of Schedule 2 to the Financing Agreement, under a Sub-financing Agreement with terms and conditions satisfactory to the Association.

(b) The Project Implementing Entity undertakes that for the purpose of providing sub-financing to TMRC under the Sub-financing Agreement, all Mortgage Loans to be refinanced and prefinanced shall be made in accordance with the procedures acceptable to the Association and TMRC, and under the terms and conditions set out in the Participation Agreements.
(c) The Project Implementing Entity shall cause TMRC to exercise its rights under the Participation Agreements in such manner as to: (i) protect the interests of the Association and of the Project Implementing Entity; (ii) comply with its obligations under this Agreement and the Subsidiary Agreement; and (iii) achieve the purposes of the Project.

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 Project Implementing Entity’s Representative is the Governor of BOT.

4.02. The Association’s Address is:

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

Cable: Telex: Facsimile:
INDEVAS 248423(MCI) or 1-202-477-6391
Washington, D.C. 64145(MCI)

4.03. The Project Implementing Entity’s Address is:

Bank of Tanzania
10 Miramichi Street
P.O. Box 2939
11884 Dar es Salaam
Tanzania

Cable: Swift Code: Facsimile:
BENKUU TANZTZTX (255) 22 2112671
AGREED at Dar es Salaam, The United Republic of Tanzania, as of the day, month and year first above written

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: PHILIP DOUGLAS
Title: COUNTRY DIRECTOR

BANK OF TANZANIA

By

Authorized Representative

Name: BENNO J. NDLUE
Title: GOVERNOR
SCHEDULE

Execution of the Project

Section I. Institutional and Other Arrangements

All the provisions of Section I of the Schedule to the Original Project Agreement shall apply under this Agreement, with paragraph D of said Section I as restated immediately below and a paragraph F added immediately after paragraph E under said Section I.

D. Anti-Corruption

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

F. Implementation of Part 2(a) of the Project

1. The Project Implementing Entity shall cause the HMFF to make Housing Finance Loans to PFIs in accordance with eligibility criteria and procedures set out in the Operations Manual.

2. The Project Implementing Entity shall cause the HMFF to make each Housing Finance Loan under a Participating Agreement with the respective PFI on terms and conditions approved by the Association, which shall include the following:

(a) The Housing Finance Loan shall be denominated and repayable in Tanzania Shillings; and charged interest on the principal amount withdrawn and outstanding from time to time at a reasonable rate as determined according to the methodologies and principles set out in the Operations Manual.

(b) Project Implementing Entity shall cause HMFF to obtain rights adequate to protect its interests and those of the Association, including the right to:

(i) suspend or terminate the right of the PFI to use the proceeds of the Housing Finance Loan, declare to be immediately due and payable, or make a refund of all or any part of the amount of the Housing Finance Loan then withdrawn, upon the PFI's failure to perform any of its obligations under the Participating Agreement; and

(ii) require each PFI to:
(A) manage its Housing Finance Loans with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;

(B) provide, promptly as needed, the resources required for the purpose;

(C) procure the goods and services to be financed out of the Housing Finance Loan in accordance with the provisions of Section III of the Schedule to this Agreement;

(D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the activities under the Project and the achievement of its objectives;

(E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the activities under the Project; and (2) at the Association’s, the Recipient’s, or HMFF’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient, the Association, or HMFF;

(F) enable the Recipient, the Association and HMFF to inspect the activities under the Project, its operation and any relevant records and documents;

(G) prepare and furnish to the Recipient, the Association, or HMFF all such information as the Recipient, the Association, or HMFF shall reasonably request relating to the foregoing; and

(H) not assign, amend, abrogate or waive any of the Participation Agreements, or any provision thereof,
without the prior written approval of HMFF, the Project Implementing Entity, and the Association.

3. The Project Implementing Entity shall cause HMFF to exercise its rights under each Participation Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

4. The first seven proposed Housing Finance Loans to be made by HMFF to PFIs shall be subject to prior review by the Project Implementing Entity and the Association.

Section II. Project Monitoring, Reporting, and Evaluation

The provisions of Section II A. B. and C of the Schedule to the Original Project Agreement shall apply under this Agreement, except for the provisions in Section II.A. as amended and restated immediately below:

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(b) of the General Conditions and on the basis of indicators acceptable to the Association. Each such Project Report shall cover the period of six (6) months, and shall be furnished to the Recipient not later than forty-five (45) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association as part of the overall Project Report.

Section III. Procurement

All goods, non-consulting services, and consulting 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.