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

United Republic of Tanzania: Living Standards Measurement Study  
Integrated Surveys on Agriculture (LSMS ISA) Project  
(Grant No TF098164)  
Tanzania National Panel Survey

Honorable Minister:

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 the Bill and Melinda Gates Foundation under the Improving the Quality and Policy Relevance of Household-level Data on Agriculture in Sub-Saharan Africa Trust Fund (TF No. 071165), proposes to extend to the Recipient, a grant in an amount not to exceed five hundred sixty one thousand six hundred United States Dollars (U.S. $561,600) (“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 above mentioned 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 with 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 later of: (i) the date of the countersignature; or (ii) the date of the Subsidiary Agreement referred to in Section 2.02 (b) of the Annex to this Agreement.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ John Murray McIntire
John Murray McIntire
Country Director for United Republic of Tanzania
Africa Region

AGREED:

UNITED REPUBLIC OF TANZANIA

/s/ Ramadhani M. Khijjah

By: Authorized Representative

Name: Mr. Ramadhani M. Khijjah

Date: January 31, 2011

Enclosures:

(2) Disbursement Letter of even date herewith, 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 provide high-quality household-level data to the Tanzanian government and other stakeholders to monitor and understand poverty dynamics, track the progress of the Mkukuta poverty reduction strategy, and collect high-quality agricultural data integrated within a multi-topic framework.

The Project consists of the following parts related to the National Panel Survey (“NPS”):

- **Part I:** (1) Strengthening quality controls for data management;
- **Part II:** Establishing and implementing a strict protocol for tracking of households and individual members; and
- **Part III:** Expansion of Global Position System (“GPS”) data collection of plot measurement and small modification to the survey instruments.

2.02 Project Execution Generally. (a) The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its National Bureau of Statistics (NBS), in accordance with the provisions of: (i) Article II of the Standard Conditions; (ii) 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”), with the modifications set forth in Section I of the appendix to this Agreement; (iii) this Article II; and (iv) in accordance with the provisions of a subsidiary agreement between the Recipient and the NBS, as such agreement may be amended from time to time (“Subsidiary Agreement”).

(b) To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the NBS under the Subsidiary Agreement between the Recipient and NBS, under terms and conditions approved by the World Bank.
2.03 **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 below in paragraph (b) of this Section. Each Project report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.

(b) The performance indicators referred to in paragraph (a) consist of the following:

(i) Field entry and second (headquarters-based) entry of all NPS questionnaires from rounds 2 and 3.

(ii) Regular supervision visits to field teams in round two (2) of the NPS to ensure that field data checks are being systematically and properly implemented.

(iii) Tracking in the NPS:

(a) Completion and data entry of tracking forms for non-local migrant households and split-off household members;

(b) Tracking of local movers done during by field teams before they leave the enumeration area, with local being defined as within one hour of the original location;

(c) Random selection of 1,000 split-off households for tracking; and

(d) Tracking report on final re-contact rates for migrant households and final re-contact rates for split-off households, with explanation for non-contact (number of attempts, reasons for not attempting).

(iv) GPS measurement of all plots in sample households (for plots within one hour travel time from the owner household).

(v) NBS makes the anonymized the NPS data set (household, agricultural and community data) publicly available no later than twelve (12) months after the completion of each round of field work. Publicly available is defined in this case as consistent with international standards, available through an automated registration system within forty eight (48) hours of request, free of charge, from the NBS and/or LSMS websites.
(c) 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 with the World Bank not later than six months after the Closing Date.

2.04 **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, as part of the Project Report, are submitted semi-annually, not later than one month after the end of the six-month period, covering the six-month period, 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. Each such 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 World Bank not later than six months after the end of such period.

2.05 **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**

   (i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of National Competitive Bidding.

   (ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods for those contracts specified in the Procurement Plan which the Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (A) Shopping; and (B) Direct Contracting.
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. Shortlists of consultants for services in the amount of less than $200,000 may comprise entirely of national consultants.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan which the Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (A) Quality-based selection; (B) Selection based on Consultants’ Qualifications; and (C) Selection of Individual Consultants. Upon proper justification, Single Source Selection for firms or individuals may be utilized on an exceptional basis.

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) Article III of 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 (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants’ Services and Operating Costs</td>
<td>$561,600</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>$561,600</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section, the term “Operating Costs” means operating costs required for the Project including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, and travel, lodging and per diems, 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:
(a) under Category (1) for the second year of the Grant unless there is evidence satisfactory to the World Bank of the following successful deliverables:

(i) Field entry and second (headquarters-based) entry of all NPS questionnaires.

(ii) Tracking in NPS round 2: (a) Migrant households: (i) tracking forms completed for all migrant households, and (ii) tracking report on final re-contact rates for migrant households, with explanation for non-contacted migrant households (number of attempts, reasons for not attempting); and (b) Split-off households: (i) tracking forms completed for all split-off household members, (ii) sample of 1,000 split-off members to be tracked in their new location selected from the universe of all possible split-off individuals, using randomized selection techniques, and (iii) tracking report on final re-contact rates for split-off households, with explanation for non-contacted split-off households (number of attempts, reasons for not attempting)

(iii) All plots measured using GPS (for plots within one hour travel time from the owner household) in NPS round 2.

(b) under Category (1) for the third year of the Grant unless there is evidence satisfactory to the World Bank of the following successful deliverables, namely: NBS makes the anonymized round two (2) NPS data set (household, agricultural and community data) publicly available no later than twelve (12) months after the completion of field work. Publicly available is defined in this case as consistent with international standards, available through an automated registration system within forty eight (48) hours of request, free of charge, from the NBS and/or LSMS websites.

3.03 Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2013.

Article IV
Recipient’s Representative; Addresses

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

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

Ministry of Finance and Economic Affairs
P.O. Box 9111
Dar es Salaam
United Republic of Tanzania

Facsimile: +255 22 211 0326

4.03. World Bank’s Address. 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
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<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Cable:</strong></td>
<td><strong>Telex:</strong></td>
<td><strong>Facsimile:</strong></td>
</tr>
<tr>
<td>INDEVAS</td>
<td>248423 (MCI) or</td>
<td>1-202-477-6391</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>64145 (MCI)</td>
<td></td>
</tr>
</tbody>
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APPENDIX I

Modifications to the Anti-Corruption Guidelines

Section I. The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

   “...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

   “… (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and
agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”