Honorable William Mgimwa (MP)
Minister for Finance
Ministry of Finance
P. O. Box 9111
Dar es Salaam,
The United Republic of Tanzania

Dear Honorable Mgimwa:

Re: TANZANIA: IDA Financing 5217-TZ
Energy Sector Capacity Building Project
Amendment to the Financing Agreement

Please refer to the Financing Agreement ("the Financing Agreement") between the United Republic of Tanzania ("the Recipient") and the International Development Association ("the Association"), dated April 18, 2013 for the above-captioned Project.

We are pleased to inform you that, following our discussions with you on the subject, the Association hereby agrees to restructure the Project described in Schedule 1 to the Financing Agreement. Consequently, the Financing Agreement is hereby amended as follows:

CHAPTER I

Amendments

1. Article III, Section 3.01 of the Financing Agreement is amended to read as follows:

   3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall: (i) carry out Parts A.1, A.2(a)(b), B.1, B.2(c), B.3, B.4, D.1 and E.1 of the Project through MEM; (ii) cause Parts A.2(c), B.2(a) and (b), and E.2 of the Project to be carried out by the Energy and Water Utilities Regulatory Authority (EWURA) (Project Implementing Entity); (iii) cause Parts B.2(d), C and E.3 of the Project to be carried out by Tanzania Petroleum Development Corporation (TPDC); and (iv) cause Parts D.2 and E.4 of the Project to be carried out by Tanzania Electric Supply Company Limited (TANESCO), all in accordance with the provisions of Article IV of the General Conditions and the Project Agreement in the case of EWURA.

2. Article IV, Section 4.01, sub-sections (a) and (b) of the Financing Agreement are amended to read as follows:

   The Additional Events of Suspension consist of the following:

   (a) The Project Implementing Entity has failed to perform any of its obligations under the Subsidiary Agreement.

   (b) The Project Implementing Entity’s Legislation and/or the Memorandum and Articles of Association of TANESCO have been amended, suspended, abrogated, repealed or waived so as to materially and adversely affect the ability of the
Project Implementing Entity or TANESCO to perform any of its obligations under this Agreement or – as applicable - under the Subsidiary Agreement.

3. Article V, Section 5.01 (a) of the Financing Agreement is amended to read as follows:

(a) The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.

4. Article V, Section 5.02 of the Financing Agreement is amended to read as follows:

The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5. Sub-part E.1 of Schedule 1 to the Financing Agreement is amended to read as follows:

Support to the Project Steering Committee and Project Management Teams of the Project Implementing Entity, TANESCO and TPDC and financing of costs associated with the implementation of the Project (except under Parts A.2(c), B.2(a), (b) and (d), C, D.2, E.2, E.3 and E.4), all through the provision of technical advisory services, training, acquisition of goods and financing of Operating Costs.

6. Paragraphs 8 and 9 of Section I.A. of Schedule 2 to the Financing Agreement are amended to read as follows:

PMTs of the Project Implementing Entity, TANESCO, TPDC and Beneficiaries

8. The Recipient shall: (i) cause each of the Project Implementing Entity, TANESCO, TPDC and Beneficiaries to maintain throughout Project implementation, a Project Management Team (PMT) including a Project coordinator, an accountant, a procurement specialist, and such other staff as may be agreed with the Association, all with qualifications, experience and terms of reference satisfactory to the Association; and (ii) ensure that the PMTs have adequate resources for carrying out their responsibilities under the Project.

9. The PMTs shall be responsible for the day-to-day implementation of the activities of the Project Implementing Entity, TANESCO, TPDC and Beneficiaries under the Project.

7. The chapeau of Section I.B.1 of Schedule 2 to the Financing Agreement is amended to read as follows:

1. To facilitate the carrying out of the Project Implementing Entity’ Respective Parts of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to the respective Categories available to the Project Implementing Entity under a subsidiary agreement between the Recipient through MEM and the Project Implementing Entity (“Subsidiary Agreement”), under terms and conditions approved by the Association, which shall require the Project Implementing Entity to, inter alia:

8. Sub-paragraph (i) of Section I.B.1 of Schedule 2 to the Financing Agreement is deleted.

9. A new Section I.B.3 of Schedule 2 to the Financing Agreement is added stating as follows:
3. **The Recipient shall:** (i) cause TANESCO to maintain throughout Project implementation, the TANESCO PPP Node comprising a Project coordinator, a Project accountant, a Project procurement specialist, an electrical engineer, a civil engineer and a financial analyst and such other staff as may be agreed with the Association, all with qualifications and experience and terms of reference satisfactory to the Association; and (ii) ensure that the TANESCO PPP Node has adequate resources for carrying out their responsibilities under the Project.

10. Section II.C. of Schedule 2 to the Financing Agreement is amended to read as follows:

1. The Recipient shall, in conjunction with the Association, hold semi-annual reviews of the Project and cause the Project Implementing Entity, TANESCO and TPDC to participate in said semi-annual, to take stock of implementation progress and assess the state of financial management and procurement and formulate, jointly with the Association, and implement and cause the Project Implementing Entity, TANESCO and TPDC to implement, steps to improve Project implementation.

2. Without prejudice to the foregoing, the Recipient shall:
   (a) not later than June 30, 2015, or any other date agreed with the Association carry out jointly with the Association a Mid-Term Review and cause the Project Implementing Entity, TANESCO and TPDC to participate in said Mid-term Review to assess progress made in carrying out the Project;
   (b) not later than thirty (30) days after the completion of the Mid-Term Review, implement and cause the Project Implementing Entity, TANESCO, and TPDC to implement said review’s recommendations as agreed with the Association.

3. The Mid-Term Review shall assess, inter alia: (i) the overall progress made during the implementation of the Project; and (ii) the results of the monitoring and evaluation activities.

11. Definitions Nos. 26, 27, 28 and 29 in the Appendix to the Financing Agreement are deleted and replaced by the following:

'26. “Project Implementing Entity” and the acronym “PIE” mean EWURA.

'27. “Project Implementing Entity’s Legislation” means the Energy and Water Utilities Act, CAP 414 (R.E. 2002) of the Laws of the Recipient (as the same may be amended from time to time).’

'28. “Project Management Team” or “PMT” means any of the project implementation teams of MEM, the Project Implementing Entity, TANESCO, TPDC or the Beneficiaries and referred to in Section I.A(4) and (8) of Schedule 2 to this Agreement and “PMTs” means, all such teams collectively.’

'29. “Project Steering Committee” or “PSC” means a committee established for purposes of the Project and referred to in Section I.A(2) of Schedule 2 to this Agreement, chaired by the commissioner for energy and petroleum affairs at MEM and including representatives from the Project Implementing Entity, TANESCO, TPDC, Beneficiaries, office of the prime minister, and the natural gas sector sub-committee of the President’s office planning commission.’
CHAPTER II

Execution and Effectiveness

Please confirm your agreement with the foregoing amendment by signing and dating this letter (Amendment Letter) in the spaces provided below. Thenceforward, all other provisions of the Financing Agreement, except as amended through this Amendment Letter shall remain in full force and effect.

This Amendment Letter shall be executed in two counterparts each of which shall be an original. Upon countersignature of the Amendment Letter, please return one fully executed original to us. The provisions set forth in this Amendment Letter shall become effective as of the date of the countersignature of the letter upon receipt by the Association of one fully executed original of this Amendment Letter.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: PHILIPPE DONGIER
Title: COUNTRY DIRECTOR

AGREED:

UNITED REPUBLIC OF TANZANIA

By: William A. MIMU
Authorized Representative
Title: MINISTER OF FINANCE
Date: 10/10/2013
Honorable William Mgimwa (MP)
Minister for Finance
Ministry of Finance
P. O. Box 9111
Dar es Salaam,
The United Republic of Tanzania

Dear Honorable Mgimwa:

Re: TANZANIA: IDA Financing 5217-TZ
Energy Sector Capacity Building Project
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Please refer to the Financing Agreement ("the Financing Agreement") between the United Republic of Tanzania ("the Recipient") and the International Development Association ("the Association"), dated April 18, 2013 for the above-captioned Project.

The conditions of Credit effectiveness are defined in Article V of the Financing Agreement. The condition of effectiveness outlined in Article V, Section 5.01 (a) was discussed with the Ministry of Energy and Minerals (MEM), Government of Tanzania. Based on these discussions, the Association hereby proposes to restructure the Project and amend the Financing Agreement. The text containing the amendments to the Financing Agreement (Amendment Letter) is enclosed for your review.

If you are in agreement with the amendments proposed in the text, please countersign the attached two copies of the Amendment Letter and return one fully executed original of the Amendment Letter to us at your earliest convenience. Please retain one fully executed original for your records. The attached Amendment Letter shall become effective as of the date of its countersignature upon receipt by the Association of one fully executed original of the Amendment Letter.

We would like to note that the deadline for meeting the conditions of the project effectiveness is rapidly approaching on October 17, 2013. Therefore, we would like to request your immediate attention to the subject amendment.

Very truly yours,

Philippe Dongier
Country Director for Tanzania, Uganda and Burundi
Africa Region