Hon. Mustafa Haidi MKULO  
Minister for Finance  
Ministry of Finance  
Dar es Salaam  

Re: Tanzania: JSDF Grant for the Rural Food Fortification Project  
(Grant No. TF099112)  

Excellency:  

In response to the request for financial assistance made on behalf of the United Republic of Tanzania (the Recipient), I am pleased to inform you that the International Development Association ("World Bank"), as administrator of grant funds provided by Japan under the Japan Social Development Fund, proposes to extend to the Recipient, a grant in an amount not to exceed two million six hundred thirty two thousand three hundred fifty five United States Dollars (U.S.$ 2,632,355) ("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 Japan Social Development 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.
Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

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

AGREED:

UNITED REPUBLIC OF TANZANIA

/s/ R.M. Khijjah
By: Authorized Representative

Name: ____________________________
Date: __27/06/11____________________

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010; and
(2) Disbursement Letter dated of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

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 demonstrate workable and sustainable approaches for addressing micro-nutrient deficiencies in rural Tanzania, thereby providing models for the future roll out of life-saving food fortification interventions in those areas of Tanzania not reached by the national food fortification program.

The Project consists of the following parts:

Part I - Social marketing, capacity building for quality assurance, and institutional development of national structures, to help ensure that fortified foods are accepted by and accessible to the population, especially the poor:

(a) Social marketing to generate wide acceptance and demand for fortified foods.
(b) Capacity building and training for quality assurance for both home fortification and fortification of rural maize hammer mills, including quality control, refresher training and ongoing monitoring.
(c) Institutional strengthening of national nutrition related structures to assist local and central government in rolling out approaches developed under the grant.

Part II - Viability and sustainability measures to fortify food in areas not reached by the national program, particularly rural areas where the incidences of poverty are highest:

(a) Site selection, start-up and training, including selection of non-governmental organizations to support program implementation, development of mechanisms for service delivery and capacity building.
(b) Establishment of sustainable mechanism for fortificant and micronutrient powder supply and distribution.
(c) Strengthening of multi-sectoral collaboration at central, regional and district level.
(d) Operations support for both home fortification and fortification of rural maize hammer mills, including quality control, refresher training and ongoing monitoring.

Part III - Monitoring and Evaluation

(a) Regular data collection on the acceptability and utilization of the fortificants and the reliability and sustainability of the chosen delivery system.
(b) Carrying out a follow up survey which will allow comparison of micro nutrient status between intervention and other selected districts of the Recipient.
(c) External evaluation of the pilot projects.
(d) Dissemination workshops and the development of a national roll out plan.

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 Recipient’s Ministry of Health and Social Welfare, 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”), with the modifications set forth in Section II of the appendix to this Agreement; and (c) this Article II.

2.03. **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 forty-five (45) days after the end of each calendar quarter, covering the quarter, 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 (6) months after the end of such period.

2.04. **Procurement.**

(a) **General.** All goods, non-consulting services and consultants’ 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 of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“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 1.18 of the Procurement Guidelines and paragraph 1.25 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

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

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: National Competitive Bidding.

(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 are specified in the Procurement Plan: (A) Selection based on Consultants’ Qualifications; (B) Selection of Individual Consultants; and (C) Single Source Selection.

(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) 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:
For the purposes of this Section, the term: (i) “Training” means training conducted in the territory of the Recipient, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees; and (ii) “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, travel, accommodation, per diems, excluding salaries of officials of the Recipient’s civil service.

3.02. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is four years after the date of countersignature of this Agreement by the Recipient.

### 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 at the time responsible for finance.

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

   Hon. Mustafa Haidi MKULO  
   Minister for Finance and Economic Affairs  
   Ministry of Finance and Economic Affairs  
   P.O. Box 9111  
   Dar es Salaam  
   United Republic of Tanzania

   Facsimile:

   +255 22 2110326

<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, Works, Consultant Services, Training, Workshops, Seminars, and Operating Costs</td>
<td>2,632,355</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,632,355</td>
<td></td>
</tr>
</tbody>
</table>
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

Cable: INDEVAS  
Telex: 248423 (MCI) or 64145  
Facsimile: 1-202-477-6391 (MCI)