Financing Agreement

(Southern Africa Trade and Transport Facilitation Project)

between

UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated JULY 30, 2013
ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one hundred, thirty-eight million, seven hundred thousand Special Drawing Rights (SDR138,700,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project"). The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.02. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.03. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.04. The Payment Dates are February 1st and August 1st in each year.

2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.06. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through TANROADS in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consists of the following:

(a) A situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

(b) One of the Tanzania Members have suspended or ceased or have had their membership and/or participation in DCC suspended or ceased.

(c) The right to withdraw the proceeds of the financing under the DCC Agreement is suspended, canceled or terminated, in whole or in part, pursuant to the terms of such agreement.

(d) In the opinion of the Association, a Border Representative has engaged in an action: (i) out of the scope of the trade facilitation objectives of the Project in connection with the use of works, goods or services financed by the Project; or (ii) that may have an adverse impact in the achievement of the objectives of the Project.

(e) The TANROADS Implementation Agreement is suspended, canceled or terminated, in whole or in part, pursuant to the terms of such agreement.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The DCC Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the DCC to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

(b) The Recipient has adopted the Project Implementation Plan in accordance with the provisions of Section I.B.1 of Schedule 2 to this Agreement.

(c) The Recipient has established a Project Steering Committee, in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement.

(d) The Recipient has established a Project Implementation Team within TANROADS, in accordance with the provisions of Section I.A.2 of Schedule 2 to this Agreement.

(e) The TANROADS Implementation Agreement has been executed and delivered on behalf of the Recipient and TANROADS.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.
6.01. The Recipient’s Representative is its minister responsible for finance.

6.02. The Recipient’s Address is:

Minister of Finance
Ministry of Finance
P. O. Box 9111
Dar es Salaam
Tanzania

Cable: 
Facsimile: 
TREASURY
Dar es Salaam
(255) 222 11 03 26

6.03. The Association’s Address is:

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

Cable: 
Telex: 
Facsimile: 
INDEVAS 248423 (MCI) 1-202-477-6391
AGREED at Dar es Salaam, The United Republic of Tanzania, as of the day and year first above written.

UNITED REPUBLIC OF TANZANIA

By:

Authorized Representative

Name: DR. WILLIAM A. MBAMBA

Title: MINISTER FOR FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

Authorized Representative

Name: PHILIPPE DONGIE

Title: COUNTRY DIRECTOR
SCHEDULE 1

Project Description

The objective of the Project is to facilitate the movement of goods and people along the Dar es Salaam Corridor, whilst supporting improvements in the services for HIV/AIDS and road safety.

The Project consists of the following parts:

PART A: Improvement of Physical Infrastructure

1. Mafinga-Igawa Highway. Upgrading and rehabilitation of approximately 140 km of the Mafinga-Igawa highway road section along the Dar es Salaam Corridor and of related access roads.

2. Songwe-Kasumulu Border Crossing. Improvement of the Songwe-Kasumulu border crossing operations to allow a one-stop border post, including implementation of the recommendations of a diagnostic review, the establishment of a border committee, review, update of the Recipient’s border legal framework, rehabilitation of the relevant infrastructure, provision of equipment, preparation and implementation of the related safeguards instruments, monitoring and evaluation of the progress achieved.

3. Inspection Stations. Preparation of design studies and related construction of three (3) consolidated inspection stations along the Dar es Salaam Corridor, being one (1) at Vigwaza, and each including a weighbridge, a police and customs checkpoint and a wellness center.

PART B: Mitigation of Social Costs

1. Road Safety. Carrying out of a program to improve road safety and traffic conditions along the Dar es Salaam Corridor, including conducting a road safety audit and a capacity management review, provision of advisory services, preparation of design studies and implementation of related road interventions.

2. HIV/AIDS Initiatives. Carrying out of a program aimed at reducing the impact of HIV/AIDS and other STDs and preventing the spread of HIV/AIDS and other STDs infection among communities along the Dar es Salaam Corridor, including rehabilitation and provision of equipment and advisory services to lower level health care facilities and strengthening the capacity of the relevant personnel.

PART C: Implementation Assistance and Institutional Support

1. Provision of advisory services, training and operational support required to sustain management and coordination of Project implementation activities including audits and implementation oversight.
2. Carrying out of a program to improve transit and transport and facilitate trade conditions along the Dar es Salaam Corridor, including preparation of studies and diagnostics, update of the 2008 urban master plan for Dar es Salaam, provision of equipment and vehicles to traffic agencies and provision of training and technical advisory services to customs brokers and to the relevant personnel at TANROADS, the Tanzania Revenue Authority, MoT, MoW, TACAIDS, and MoHSW.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Project Steering Committee ("PSC")

The Recipient shall maintain, throughout the implementation of the Project, a Project steering committee, chaired by the Recipient’s permanent secretary of the Recipient’s ministry responsible for works, with mandate, resources and composition acceptable to the Association, to be responsible for, inter alia, the review and validation of: (i) the Annual Work Plans; (ii) the Project’s evaluation and supervision reports; and (iii) the Project’s financial management and accounting reports.

2. Project Implementation Team ("PIT")

   (a) The Recipient shall maintain a Project implementation team within TANROADS, throughout the implementation of the Project, with functions and responsibilities acceptable to the Association and supported by qualified and experienced staff in adequate numbers to ensure prompt and efficient implementation of the Project.

   (b) Without limitation on the foregoing, the PIT shall be responsible for overall Project management, including, inter alia: (i) financial management and reporting; (ii) management of environmental and social safeguards aspects; and (iii) procurement.

B. Other Arrangements

1. Project Implementation Plan

   (a) The Recipient shall:

      (i) prepare, in accordance with terms of reference acceptable to the Association, and furnish to the Association for its review and approval, a proposed implementation plan for the Project containing detailed: (A) administrative; (B) procurement; (C) financial management; (D) monitoring and evaluation procedures and arrangements for the Project; (E) detailed implementation arrangements and responsibilities, to ensure proper coordination among the various stakeholders and DCC;

      (ii) afford the Association a reasonable opportunity to exchange views with the Recipient on said plan; and
(iii) thereafter adopt such Project implementation plan as shall have been approved by the Association ("Project Implementation Plan" or "PIP").

(b) The Recipient shall ensure that the Project is carried out in accordance with the PIP, and shall not amend or waive any of its provisions without the prior written agreement of the Association.

(c) Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the PIP and those of this Agreement, the provisions of this Agreement shall prevail.

2. Annual Work Plans

(a) The Recipient shall prepare, and furnish to the Association for its approval, not later than December 31 in each year during the implementation of the Project, an annual work plan covering all activities proposed to be carried out in the following calendar year, together with a budget.

(b) The Recipient shall afford the Association a reasonable opportunity to exchange views with it on such proposed plan and budget, and thereafter allocate the necessary counterpart funds and implement or cause to be implemented the Project during such following calendar year in accordance with such annual work plan, and on the basis of such budget, as shall have been approved by the Association.

C. Anti-Corruption

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

D. Safeguards

1. General

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Safeguard Documents.

2. To that end, the Recipient shall take the following measures:

(a) If any activities included in a proposed Annual Work Plan would, pursuant to the ESMF, require the carrying out of an ESMP or an ESIA or both, as the case may be, no such activities shall be implemented unless and until said ESMP or ESIA or both, as the case may be, for such activities has been: (A) prepared, in accordance with the ESMF and furnished to the Association as part of the Annual Work Plan;
(B) disclosed locally as required by the ESMF; and (C) approved by the Association and publicly disclosed.

(b) If any activities included in a proposed Annual Work Plan would, pursuant to the RPF, require the carrying out of an RAP or ARAP, as the case may be, no such activities shall be implemented unless and until:

(i) said RAP or ARAP, as the case may be, for such activities has been: (A) prepared, in accordance with the RPF and furnished to the Association as part of the Annual Work Plan; (B) disclosed locally as required by the RPF; and (C) approved by the Association and publicly disclosed; and

(ii) (A) all measures required to be taken under said RAP or ARAP prior to the initiation of said activities have been taken; (B) a report, in form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP or ARAP, as the case may be, has been prepared and furnished to the Association; and (C) the Association has confirmed that said activities may be commenced.

3. Except as the Association shall agree in writing, the Recipient shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the provisions of the Safeguards Documents.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association not later than forty-five (45) after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association 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.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the following additional provisions: (i) no preference will be granted to domestic suppliers and contractors for goods and works; (ii) in accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the credit shall provide that: (A) the bidders, suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (B) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of
such provision may amount to an obstructive practice as defined in paragraph 1.16(a)(v)
of the Procurement Guidelines; (b) Shopping; and (c) Direct Contracting.

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan:
   (a) Quality-based Selection;
   (b) Selection under a Fixed Budget;
   (c) Least Cost Selection;
   (d) Selection based on Consultants’ Qualifications;
   (e) Single-source Selection of consulting firms;
   (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and
   (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit and 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 Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and Non-consulting Services</td>
<td>1,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works</td>
<td>123,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ Services</td>
<td>11,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Training</td>
<td>1,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Operating Costs</td>
<td>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>138,700,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2018.

**Section V. Withdrawal of the Proceeds of the Financing**

The Recipient shall produce and deliver to the Association every six (6) months, commencing on December 31, 2013, a semi-annual report, which shall inform, for the period covered by such report: (i) all actions taken for the reduction of traffic checkpoints and number of remaining checkpoints along the Dar es Salaam Corridor; (ii) the use and state of vehicles financed under the Project to border checkpoints; and (iii) an action plan for the implementation of its recommendations, all in form and scope satisfactory to the Association.
## SCHEDULE 3

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 1st and August 1st:</td>
<td></td>
</tr>
<tr>
<td>commencing August 1st, 2023 to and including February 1st, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing August 1st, 2033 to and including February 1st, 2053</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions

1. "ARAP" and "Abbreviated Resettlement Plan" each means the resettlement plan for the Mafinga-Igawa road section, published at Infoshop on October 11, 2012, and any other abbreviated resettlement plan for the Project, satisfactory to the Association, prepared and adopted by the Recipient as set forth in the RPF in accordance with the provisions of this Agreement.

2. "Annual Work Plan" means each annual work plan for the Project, together with the budget and financing arrangements therefore, as approved by the Association pursuant to Section I.B.2 of Schedule 2 to this Agreement.


4. "Border Representative" means any person or entity acting as a legal representative of the Recipient and responsible for activities related to the supervision, monitoring and/or enforcement of the Recipient's legal framework on trade, customs and immigration.

5. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


7. "Dar es Salaam Corridor" means the portion of approximately 1,768 km of road extending from Dar es Salaam in the Recipient's territory to Kapiri Mposhi in the Republic of Zambia, and running along the Recipient's territory, the Republic of Zambia, the Republic of Malawi and the Democratic Republic of Congo and the branches linking the Republic of Malawi to the ports of Nacala, Beira and Maputo in the Republic of Mozambique.

8. "DCC" means the Dar es Salaam Corridor Committee, established and operating pursuant to the DCC Legal Framework.

9. "DCC Financing Agreement" means the agreement number H844-TZ, signed between the Association and DCC on the same date of this Agreement.

10. "DCC Legal Framework" means jointly: (i) the "Constitution of the Dar es Salaam Corridor Committee", signed originally on October 8, 2003 by Malawian
and Tanzanian private and public stakeholders, as amended on January 18, 2008, where Zambian private and public stakeholders joined DCC; and (ii) the “Headquarters Agreement” between the permanent secretariat of DCC and the Recipient, signed in Dar es Salaam on March 25, 2011, as said instruments may be amended from time to time.

11. “Displaced Person” means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

12. “Environmental and Social Management Framework” and “ESMF” each means the Recipient’s framework for identification and management of environmental and social issues that may arise within the Dar es Salaam Corridor, published at Infoshop on October 11, 2012.

13. “Environment and Social Management Plan” and “ESMP” each means any environmental plans for the Project, satisfactory to the Association, prepared and adopted by the Recipient as set forth in the applicable ESIA in accordance with the provisions of this Agreement.

14. “Environmental and Social Impact Assessment” and “ESIA” each means the environmental and social impact assessment relating to the Project prepared and adopted by the Recipient and published at Infoshop on October 11, 2012.


17. “MoHSW” or “Ministry of Health and Social Welfare” means the Recipient’s ministry responsible for public health and welfare.

18. “MoT” or “Ministry of Transport” means the Recipient’s ministry responsible for transports.

19. “MoW” or “Ministry of Works” means the Recipient’s ministry responsible for public works.

20. “Operating Costs” means the incremental expenses approved by the Association under each Annual Work Plan, incurred by the Recipient, for Project implementation, management, and monitoring, on account of office space rental
and utilities, office supplies, bank charges, communications, vehicle operation and maintenance, insurance charges, building and equipment maintenance, travel and per diem for Project supervision, advertising, and salaries of contractual staff but excluding salaries of members of the Recipient’s civil service.


22. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 27, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

23. “Program” means the Southern Africa Trade and Transport Facilitation Program, a regional, multi-sector, and multi-phase program intended to further facilitate trade integration among the relevant countries by contributing to the alleviation of institutional, legal, policy, and road infrastructure constraints along the Dar es Salaam Corridor.

24. “Project Implementation Team” and “PIT” each means the Project implementation unit within TANROADS to be established by the Recipient in accordance with the provisions of Section I.A.2 of Schedule 2 to this Agreement.

25. “Project Implementation Plan” and “PIP” each means the Recipient’s plan for the implementation of the Project to be prepared and adopted by the Recipient in accordance with the provisions of Section I.B.1 of Schedule 2 to this Agreement, as such plan may be amended from time to time with the prior written agreement of the Association, and such term includes any schedules and annexes to said plan.

26. “Project Steering Committee” and “PSC” each means the Project steering committee to be established by the Recipient in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement.

27. “Resettlement Action Plan” and “RAP” each means, any resettlement action plan for the Project, satisfactory to the Association, prepared and adopted by the Recipient, as set forth in the RPF in accordance with the provisions of this Agreement.


29. “Safeguards Documents” means, collectively, the ESIA, ESMF, EMPs, ARAP, RPF and RAPs.
“STDs” means sexually transmitted diseases.


“TANROADS” or the “Tanzania National Roads Agency” means the agency established and operating pursuant to the Tanzania National Roads Agency (TANROADS) Establishment Order No. 293 of 2000, made under the Executive Agencies Act No. 30 of 1997, of the laws of the Recipient.

“TANROADS Implementation Agreement” means the legal agreement to be entered into between the Recipient, through its ministry responsible for finance and TANROADS, whose main objective is to enable TANROADS to implement the Project, which Implementation Agreement may be amended and/or modified from time to time only with the prior concurrence of the Association and referred to in Section 5.01(e) of this Agreement.

“Training” means the expenses, approved by the Association in each Annual Work Plan, for training provided under the Project, for seminars, workshops, conference and study tours, consisting of travel and subsistence costs for training participants, costs of securing the services of trainers, rental of training facilities, preparation and reproduction of training materials and other costs directly related to course preparation and implementation.

“Tanzania Members” means collectively or separately, TANROADS, the Tanzania Revenue Authority, the Tanzania Ports Authority and the Tanzania Zambia Railway Company that executed the Constitution of the DCC on October 8, 2003.