Financing Agreement

(Southern Africa Trade and Transport Facilitation Project)

between

DAR ES SALAAM CORRIDOR COMMITTEE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated JULY 30, 2013
GRANT NUMBER H844-TZ

FINANCING AGREEMENT

AGREEMENT dated JULY 30, 2013, entered into between the DAR ES SALAAM CORRIDOR COMMITTEE ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

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 grant in an amount equivalent to two million Special Drawing Rights (SDR 2,000,000) ("Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. 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.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity, in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
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 consist of the following:

(a) Any instrument of the Recipient’s Legal Framework has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

(b) A Member Country has: (i) taken or permitted to be taken any action which would prevent or interfere with the execution of the Project or the performance by the Recipient of its obligations under this Agreement; or (ii) failed to afford a reasonable opportunity for representatives of the Association to visit any part of its territory for purposes related to the Project.

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

(d) The Subsidiary Agreement is suspended, canceled or terminated, in whole or in part, pursuant to the terms of such agreement.

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

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) The Tanzania Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of Tanzania to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
(b) The Recipient has adopted the Project Implementation Plan.

(c) The Subsidiary Agreement has been executed and delivered on behalf of the Recipient and the Project Implementing Entity, in accordance with the provision of Section I.B.3 of Schedule 2 to this Agreement.

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

5.02. 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.

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

5.04. 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.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is Executive Director.

6.02. The Recipient's Address is:

Dar es Salaam Corridor Committee
P. O. Box 9184
Dar es Salaam
Tanzania

Facsimile:

+255 222 115 559

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
Washington, D.C.
AGREED at Dar es Salaam, The United Republic of Tanzania, as of the
day and year first above written.

DAR ES SALAAM CORRIDOR COMMITTEE

By

[Signature]
Authorized Representative

Name: PETER MASI

Title: EXECUTIVE DIRECTOR

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: PHILIPPE DONGEA

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 part:

Improved Corridor Management and Monitoring

1. Strengthening capacity and provision of advisory services, day-to-day administrative and operational support to the Recipient’s staff and fiduciary bodies so as to ensure the Recipient’s proper establishment, management and operation.

2. Preparation and implementation of the CPMS to develop and maintain a reliable operational database on the Dar es Salaam Corridor’s performance and utilization.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Project Implementation Entity

   The Recipient shall vest the responsibility for Project implementation and supervision in TANROADS ("Project Implementing Entity"). The Recipient shall cause the Project Implementing Entity to establish and maintain a Project implementation team, 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. 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; and (E) detailed implementation arrangements and responsibilities, to ensure proper coordination among the various stakeholders;

      (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 ("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, including amounts of Recipient counterpart funding required for the purpose.

(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.

3. **Subsidiary Agreement**

(a) To facilitate the implementation of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity on a grant basis under the Subsidiary Agreement, under terms and conditions approved by the Association, including the Project Implementing Entity’s obligation to promptly refund the Association for any amounts out of the proceeds of the Financing that the Association determines to have been used by the Project Implementing Entity and/or the Recipient in a manner inconsistent with the terms of this Agreement, the Subsidiary Agreement or the Project Agreement.

(b) The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Implementation Agreement or any of its provisions.

C. **Anti-Corruption**

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

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 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 and Non-consulting Services. All goods 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 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 (ii) 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; (c) Direct Contracting; and (d) Community Participation procedures which have been found acceptable to the Association.

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 Grant 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>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Operating Costs</td>
<td>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,000,000</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.
APPENDIX

Section I. Definitions

1. "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.


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


5. "CPMS" means Corridor Performance Monitoring System.

6. "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 Mosh 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.

7. "Legal Framework" means: (i) the "Constitution of the Dar es Salaam Corridor Committee” "DCC", 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 became members of the Recipient; and (ii) the "Headquarters Agreement" between the Recipient’s Permanent Secretariat and Tanzania, signed at Dar es Salaam on March 25, 2011, as said instruments may be amended from time to time.


10. "Member Country" means Tanzania, the Republic of Malawi, the Republic of Zambia and each of its respective governmental authorities that are members or may become members of DCC.
11. "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.


13. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated January 28, 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.

14. "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.

15. "Project Implementation Entity" means TANROADS as per Section I.A.1 of Schedule 2 to this Agreement.

16. "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.

17. "STDs" means sexually transmitted diseases.

18. "TANROADS" or the “Tanzania National Roads Agency” each 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.

19. "Tanzania Financing Agreement” means the agreement number 5248-TZ between Tanzania and the Association on the same date of this Agreement.

21.  "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.

22.  "Subsidiary Agreement" means the legal agreement to be entered into by TANROADS and the Recipient in order to allow TANROADS to implement the Project, which Subsidiary Agreement may be amended and/or modified from time to time after consultation between TANROADS, the Recipient and the Association and with the prior concurrence of the Association and referred to in Section I.B.3 of Schedule 2 to this Agreement.