Financing Agreement
(Dar es Salaam Urban Transport Improvement Project)

between

THE UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated MARCH 20, 2017
FINANCING AGREEMENT

AGREEMENT dated **March 20**, 2017, entered into between THE UNITED REPUBLIC OF TANZANIA ("Recipient") and 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 regular IDA Credit (Regular Credit) and a Scaling-up Facility IDA Credit (SUF Credit) (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule 1 to this Agreement ("Project"):  

(a) an amount equivalent to One hundred sixty-seven million four hundred thousand Special Drawing Rights (SDR 167,400,000) ("Regular Credit"); and  

(b) an amount equivalent to One hundred forty-eight million eight hundred thousand Special Drawing Rights (SDR 148,800,000) ("SUF Credit").

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 Front-end Fee payable by the Recipient for the SUF Credit shall be equal to one quarter of one percent (¼ of 1%) of the SUF Credit amount.

2.04. The Maximum Commitment Charge Rate payable by the Recipient for the Regular Credit on its Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum; and the Commitment Charge payable by the Recipient for the SUF Credit shall be one-quarter of one percent (¼ of 1%) per annum on its Unwithdrawn Credit Balance.
2.05. The Service Charge payable by the Recipient for the Regular Credit on its Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.06. The Interest Charge payable for the SUF Credit by the Recipient for each Interest Period shall be at a rate equal to three percent and seventh of one percent (3.7 %) per annum; provided, however, that the Interest Charge payable shall in no event be less than three quarters of one percent (¾ of 1%) per annum.

2.07. The Payment Dates are June 1 and December 1 in each year.

2.08. The principal amounts of the Regular Credit and SUF Credit shall be repaid in accordance with the repayment schedules set forth in Schedule 3 to this Agreement.

2.09. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity with support from DART, 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 Event of Suspension consists of the following, namely that the Establishment Order GN No. 293 of 2000, as amended by Order GN No.350 of 2009, establishing TANROADS has been amended, suspended, abrogated, repealed or waived so as to affect materially or adversely the ability of TANROADS to perform any of its obligations under the Project Agreement.

4.02. The event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) The Subsidiary Agreement has been executed between the Recipient and the Project Implementing Entity under terms and conditions acceptable to the Association.
(b) The Recipient and Project Implementing Entity have each adopted the Project Implementation Plan, acceptable to the Association.

(c) The Recipient, through DART, has developed a communications program for Project stakeholders, specifically private operators of public transport vehicles (daladalas) and daladala drivers, satisfactory to the Association.

(d) The Recipient has prepared terms of reference for the ESIA or ESIAAs, as applicable, for BRT Phase 4 and complementary road safety infrastructure, satisfactory to the Association.

5.02. The Additional Legal Matters consist 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 its Minister responsible for finance and planning.

6.02. The Recipient’s Address is:

Ministry of Finance and Planning  
1 Madaraka Street  
P. O. Box 9111  
11468 Dar es Salaam, Tanzania

Cable address:  
Facsimile:

TREASURY  
Dar es Salaam  
(255) 222 11 77 90
6.03. The Association’s Address is:

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

Cable: INDEVAS, Washington, D.C. 64145 (MCI)
Telex: 248423 (MCI) or 1-202-477-6391
Facsimile: 

AGREED at Dar es Salaam, United Republic of Tanzania, as of the day, month and year first above written.

THE UNITED REPUBLIC OF TANZANIA

By

[Signature]
Authorized Representative
Name: PHILIP ISAAC MPASINGA
Title: MINISTER FOR FINANCE AND PLANNING

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative
Name: REZA BIRD
Title: COUNTRY DIRECTOR
SCHEDULE 1

Project Description

The objective of the Project is to improve transport mobility, accessibility, safety, and quality of transport service delivery along the selected corridors in Dar es Salaam.

The Project consists of the following parts:

Part A: Establishment of the Third and Fourth Phases of the Dar es Salaam BRT System


3. Supporting the preparation of operation of the BRT System, through, *inter alia*, development of a fare integration policy and transaction advisory services for the selection of private sector operators through Public Private Partnership (PPP) arrangements, including updating financial analyses, design of operation arrangements, and support for the transformation of existing private operators of public transport vehicles (*daladalas*) and *daladala* drivers and support to them in establishing companies, cooperatives or franchises.

4. Support for the upgrading of the fare collection system and for improving traffic management along the BRT corridors, through, *inter alia*, design and scaling-up of the automated fare collection system, construction and installation of selected infrastructure, data collection, preparation of traffic management plans and monitoring systems.

5. Support for implementing integrated transit-oriented development along the BRT corridors through, *inter alia*, preparation of integrated land use and transport plans for BRT Phase 3 and BRT Phase 4, and advisory and transaction advisory services and support to guide the redevelopment of station areas along the BRT phase 1 corridor using PPP mechanisms.

Part B: Improvement of the Ubungo Intersection and Complementary Road Safety Infrastructure for BRT Phase 1 System

1. Improving the capacity and safety of the Ubungo intersection and integration of the BRT corridor with Ubungo up-country bus terminal through construction and rehabilitation of selected infrastructure.

2. Strengthening road safety along the BRT corridor and Kimara-Mbezi Feeder Section through, *inter alia*, construction and rehabilitation of selected
infrastructure, transaction advisory services, and performance-based maintenance contract for the BRT Phase 1 corridor.

Part C: Institutional Strengthening and Reform, ICT Innovation, Safety Net, and Transport Studies

1. Capacity building and Project implementation support to TANROADS, DART and SUMATRA through, \textit{inter alia}, provision of technical assistance, equipment, Training, and financing of Operating Costs.

2. Support for the restructuring of DART and establishment of DUTA through, \textit{inter alia}: provision of technical assistance, equipment, Training, and financing of Initial Operating Costs for DUTA.

3. Support for the establishment of the RSA through, \textit{inter alia}:
   
   (a) provision of technical assistance, equipment, Training, and financing of Initial Operating Costs;
   
   (b) enhancement and further rollout of the road accident information system; and
   
   (c) support to the Recipient's Department of Road Safety and Environment of the MoWTC to conduct a road safety audit and monitoring along the BRT corridors in Dar es Salaam.

4. Support for piloting of safety nets and impact evaluation programs through, \textit{inter alia}:
   
   (a) design and implementation of a pilot program for providing public transport subsidies to the urban poor;
   
   (b) Training to \textit{dala-dala} drivers; and
   
   (c) design and implementation of impact evaluation programs for the development of the Dar es Salaam BRT system.

5. Support for ICT Innovation and Open Data Pilot in the Public Transport System through, \textit{inter alia}:
   
   (a) introduction of open data in public transport in Dar es Salaam City through ICT innovation including creation of public transport maps;
   
   (b) establishment of public bus service and bicycle routes;
(c) creation of a mobile phone-based system for public transport passengers to provide feedback on the quality of BRT services and to enable the Recipient's authorities to improve service delivery;

(d) development of a gender-based violence reporting system to be mapped to enable the Recipient's authorities to take corrective measures; and

(e) development of an accident mapping system along the BRT corridors for advocacy purposes.

6. Support for improving the oversight capacity of the MoWTC through, *inter alia*:

(a) supporting the training program of the MoWTC including long-term training courses to low and mid-level professional staff; and

(b) provision of living allowances (stipends) to fresh graduate engineers to enable them to participate in the Recipient's 'Structured Engineers Apprenticeship Program'.

7. Support for carrying out of transport studies, BRT communication programs and designs for BRT Phase 5 and 6, through, *inter alia*:

(a) updating of the conceptual design for the Dar es Salaam BRT system and detailed engineering design of BRT Phases 5 and 6, and preparation of related environmental and social safeguards instruments;

(b) carrying out a study for development of an analytical model for a fare subsidy policy in Dar es Salaam City; and

(c) support to communication programs for the preparation and operation of the Dar es Salaam BRT system.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. TANROADS

(a) The Recipient shall ensure that: (i) TANROADS is maintained at all times during the implementation of the Project with functions, staffing (with qualifications and terms of reference satisfactory to the Association) and resources satisfactory to the Association; and (ii) the Project is carried out by TANROADS with the support of DART, under the general purview, coordination and responsibility of the Steering Committee, and in accordance with the provisions of this Agreement, and the Project Agreement, the guidelines, procedures, recommendations, and other specifications set forth in the Project Implementation Plan, the Procurement Plan, and the respective Safeguards Instruments.

(b) Without limitation upon the provisions of sub-paragraph (a) of this paragraph, TANROADS shall be responsible for, inter alia: (i) day-to-day management, oversight and implementation of the Project; (ii) procurement under the Project, except as otherwise stated in paragraph 2(b) of this Section I.A and in the PIP; (iii) financial management; (iv) compliance with the Safeguards Instruments; (v) monitoring, evaluation, reporting and communication; and (vi) such other administrative, financial, technical and organizational arrangements and procedures set forth in the Project Implementation Plan.

2. Dar Rapid Transit Agency (DART)

(a) The Recipient shall ensure that: (i) DART builds adequate technical and administration capacity and is maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the Association; and (ii) DART maintains throughout Project implementation, a BRT operations advisor with qualifications and terms of reference acceptable to the Association to augment its capacity for management of the BRT system.

(b) Without limitation upon the provisions of sub-paragraph (a) of this paragraph, DART shall be responsible for, inter alia: (i) procurement and management of contracts for capacity strengthening to DART and establishment of DUTA; (ii) ICT innovation; (iii) transaction advisory
services; (iv) monitoring and evaluation; (v) managing capacity for public transport operations; (vi) preparation for BRT operations; (vii) provision of support to TANROADS in the implementation of the Safeguards Instruments; and (viii) establishment of the DART traffic control center, all as further set forth in the PIP.

(c) Without limitation upon the provisions of paragraph A.1 of this Section I, the Recipient shall ensure that DART provides adequate support to TANROADS in the day-to-day implementation of the Project.

3. **Steering Committee**

(a) The Recipient shall maintain the Steering Committee at all times during the implementation of the Project with functions, composition and resources satisfactory to the Association, as further set forth in the PIP.

(b) Without limitation upon the provisions of this Section I.A., the Steering Committee shall: (i) coordinate the endeavors of DART and TANROADS; and (ii) address promptly and effectively any issue that may arise during Project implementation.

(c) The Recipient shall ensure that the Steering Committee carries out its responsibilities and convenes regularly in fulfillment of its duties, all as further set forth in the PIP.

B. **Subsidiary Agreement**

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to TANROADS under a subsidiary agreement between the Recipient and TANROADS, under terms and conditions approved by the Association, which shall, inter alia, include the following:

(a) the requirement that TANROADS carry out the Project with due diligence and efficiency, in conformity with appropriate administrative, financial, engineering, technical, environmental and social safeguard practices, and provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for the Project;

(b) the obligation of TANROADS to carry out oversight and management of the Project, including the obligation to provide, or cause to be provided, promptly as needed to DART, facilities, services and other resources required for the Project;

(c) the obligation of TANROADS to comply with the procedures for procurement of works, goods, and consultants' services set forth in the Procurement Plan and under this Agreement;
(d) the obligation of TANROADS to implement the Project in compliance with the Safeguard Instruments;

(e) the requirement that TANROADS comply with record keeping, auditing and reporting requirements set forth in Section II of this Schedule, including the annual auditing of its records and accounts (operations, resources and expenditure);

(f) the obligation of TANROADS to exchange views with the Recipient and the Association with regard to the progress of the Project and the performance of its obligations under the Project Agreement, and the Subsidiary Agreement;

(g) the requirement that TANROADS promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of the Project, or the performance of its obligations under the Subsidiary Agreement; and

(h) the obligation of TANROADS to carry out the Project in accordance with the Anti-Corruption Guidelines.

2. The Recipient shall exercise its rights and carry out its obligations 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 Subsidiary Agreement or any of its provisions.

C. Project Implementation Plan

The Recipient shall cause TANROADS to carry out, or cause the Project to be carried out, in accordance with the arrangements and procedures set out in the Project Implementation Plan (provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Plan and the provisions of this Agreement, the provisions of this agreement shall prevail) and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the Project Implementation Plan, if such amendment, abrogation or waiver shall, in the opinion of the Association, materially or adversely affect the implementation of the Project.

D. Anti-Corruption

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

1. The Recipient shall ensure that:

(a) the Project is carried out by TANROADS, under the general purview of the Steering Committee where applicable and with the appropriate support of DART, in accordance with the respective Safeguards Instruments;

(b) in case of any activity under the Project requiring the adoption of an ESIA and/or ESMP (in particular any activity under Component A.2 or B.2) pursuant to the ESMF:

   (i) proceed to have such ESIA, and/or ESMP, as the case may be: (A) prepared and disclosed in accordance with the ESMF; (B) consulted upon adequately with people affected by the Project as per the ESMF, and submitted to the Association for review and approval; and (C) thereafter adopted, prior to implementation of the activity; and

   (ii) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESIA, ESMP;

(c) in case of any activity under the Project requiring the adoption of a RAP (in particular any activity under Component A.2 or B.2) pursuant to the RPF:

   (i) proceed to have such RAP: (A) prepared and disclosed in accordance with the RPF; (B) consulted upon adequately with people affected by the Project as per the RPF, and submitted to the Association for review and approval; and (C) thereafter adopted, prior to implementation of the activity; and

   (ii) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such RAP;

(d) prior to carrying out activities which involve displacement of Affected Persons, take all measures satisfactory to the Association, to implement the recommendations of the Resettlement Action Plans in a timely manner. To this end, the Recipient shall ensure that:

   (i) all rights to land, usufructs or customary rights and other property are allocated or acquired, equitable compensation thereof is paid and resettlement is carried out in accordance with the principles and institutional procedures set out in the Resettlement Action Plans;
(ii) Affected Persons shall be equitably compensated, resettled and rehabilitated in accordance with the Resettlement Action Plans;

(iii) the implementation arrangements for resettlement, including compensation, relocation and rehabilitation of Affected Persons are documented; and

(iv) the implementation, monitoring and evaluation of such Resettlement Action Plans is completed and reported in a manner satisfactory to the Association.

2. The Recipient shall ensure that the Project Reports referred to in Section II.A of this Schedule include adequate information on monitoring the measures set out in the Safeguards Instruments and any plan prepared pursuant to the Safeguards Instruments.

3. The Recipient shall: (i) not later than December 30 in each year during Project implementation, or such other date as may be agreed with the Association, arrange, under terms of reference satisfactory to the Association, an independent assessment of the implementation of the applicable Resettlement Action Plans; and (ii) review, jointly with the Association, the findings of such assessment referred to in subparagraph (i) above, and thereafter implement any agreed recommendations in the manner and within the period acceptable to the Association.

4. The Recipient shall ensure, and shall cause the Project Implementing Entity to ensure, that: (i) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental or social implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association; and (ii) such terms of reference shall duly incorporate the requirements of the Association’s applicable safeguards policies and procedures then in force and shall require the technical assistance, design and capacity building activities to take into account the requirements of said policies.

5. The Recipient shall cause the Project Implementing Entity to hire, no later than twelve (12) months after the Effective Date, or such other date as may be agreed with the Association, additional staff to its environmental and social management unit, in adequate numbers and with qualifications and terms of reference satisfactory to the Association, as further set forth in the PIP.
F. Other Undertakings

1. The Recipient shall:

   (a) through MOWTC, select beneficiaries for the Stipends in accordance with selection and eligibility criteria, procedures and mechanisms satisfactory to the Association, as further set forth in the PIP;

   (b) through DART, select beneficiaries for the Fare Subsidies in accordance with selection and eligibility criteria, procedures and mechanisms satisfactory to the Association, as further set forth in the PIP; and

   (c) cause the Project Implementing Entity to pay said Stipends and Fare Subsidies in accordance with payment procedures, transaction controls and mechanisms satisfactory to the Association.

2. The Recipient shall cause the Project Implementing Entity to, no later than six (6) months after the Effective Date, or such other date as may be agreed with the Association, hire a contract management firm, satisfactory to the Association, to assist TANROADS in contract management for the Project.

3. The Recipient, through DART, shall:

   (a) no later than six (6) months after the Effective Date, or such other date as may be agreed with the Association, have hired a BRT management firm, satisfactory to the Association, to assist DART in BRT management for the Project.

   (b) no later than September 30, 2017, or such other date as may be agreed with the Association, have hired a fare collector and Fund Manager for operation of BRT Phase 1, satisfactory to the Association.

4. The Recipient, through DART, shall:

   (a) not later than June 30, 2021, or such other date as may be agreed with the Association and pursuant to a provision to be included in the respective contracts with bus operators and fare collectors for operation of the DART system under the Project, provide a guarantee to each bus operator, and/or fare collector to back-stop the loss of such bus operator, and/or fare collector in the event that DART may fail to satisfy any of its obligations pursuant to any contract with any bus operator, or fare collector, as the case may be.

   (b) (i) implement the communications program referred to in Article V, Section 5.01 of this Agreement; (ii) carry out ongoing consultations with Project stakeholders, specifically the private operators of public transport
vehicles (daladalas) and daladala drivers; (iii) provide technical assistance to help the daladala owners association to form a jointly owned company that, subject to fulfilment of key qualification criteria, will be considered to be non-competitively contracted as one of the three bus operators for BRT Phase 3 and 4; and (iv) implement such other measures as have been agreed, and as are satisfactory to the Association, as a result of such consultations.

5. The Recipient shall cause the Project Implementing Entity to: (a) conduct an independent road safety audit for all designs for construction and rehabilitation of infrastructure for BRT Phase 3, 4, 5 and 6; and (b) to incorporate relevant and appropriate findings and recommendations into the designs for BRT Phase 3 and BRT Phase 4 prior to implementation of any activities related to such designs under the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall cause the Project Implementing Entity to 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 the indicators acceptable to the Association, as set forth in the PIP. Each Project Report shall cover the period of every six months, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient, through DART, shall hire a monitoring and evaluation entity, satisfactory to the Association, to assist the Recipient in the monitoring of the Project.

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. Without limitation on the provisions of Part A of this Section, the Recipient shall cause TANROADS to prepare and furnish to the Association, not later than forty-five (45) days 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 cause TANROADS to have the 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 fiscal year of
the Recipient. 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 the Procurement Guidelines, or 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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Direct Contracting</td>
</tr>
<tr>
<td>(c) Shopping</td>
</tr>
</tbody>
</table>
3. Additional Procedures for the use of National Competitive Bidding

The following additional procedures shall apply to National Competitive Bidding:

(a) In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document for, and contract financed out of the proceeds of the Financing, shall provide that: (i) 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 (ii) 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) Preferences may not be awarded to domestic suppliers or contractors.

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 of procurement, other than Quality- and Cost-based Selection, may be used for consultants' services under the circumstances specified in the Procurement Plan for each such method: (a) Quality-Based Selection; (b) Selection under a Fixed Budget; (c) Least-Cost Selection; (d) Selection Based on Consultants' Qualifications; (e) Single-source Selection; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Sole 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 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 Regular Credit Allocated (expressed in SDR)</th>
<th>Amount of the SUF Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (Inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, works, consultants’ services,</td>
<td>114,150,000</td>
<td>95,178,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training, Fare Subsidies, Stipends, Initial Operating Costs and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Costs for all Parts of the Project except for Works under</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part A.1 of the Project</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Works for Part A.1 of the Project</td>
<td>53,250,000</td>
<td>53,250,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>0</td>
<td>372,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 3.01 (a) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>167,400,000</td>
<td>148,800,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A.1 of this Section no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 18,600,000 may be made for payments made prior to this date but on or after January 20, 2017, for Eligible Expenditures; or

   (b) under Category (2), until the Recipient has provided evidence to the Association that the request for qualifications for one bus operator for BRT Phase 3 has been launched, in form and substance satisfactory to the Association.

2. The Closing Date is December 31, 2023.
### SCHEDULE 3

**Repayment Schedule**

**Repayment Schedule for the Regular Credit**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Regular Credit repayable (expressed as a percentage) *</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each June 1 and December 1 Commencing June 1, 2023, to and including December 1, 2054</td>
<td>1.562%</td>
</tr>
</tbody>
</table>

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

**Amortization Schedule for the SUF Credit**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the SUF Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On June 1 and December 1 commencing on June 1, 2026, to and including June 1, 2040</td>
<td>2.35%</td>
</tr>
<tr>
<td>and on December 1, 2040, to and ending on December 1, 2046</td>
<td>2.45%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the SUF Credit to be repaid.
APPENDIX

Section I. Definitions

(1) "Affected Persons" means persons who, on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected.


(3) "BRT" means the bus rapid transit system established and functioning under the overarching DART system.

(4) "BRT Phase 1" means the first phase of the Dar es Salaam BRT System as set forth in the Recipient’s Master Plan.

(5) "BRT Phase 3" means the third phase of the Dar es Salaam BRT System as set forth in the Recipient’s Master Plan.

(6) "BRT Phase 4" means the fourth phase of the Dar es Salaam BRT System as set forth in the Recipient’s Master Plan.

(7) "BRT Phase 5" means the fifth phase of the Dar es Salaam BRT System as set forth in the Recipient’s Master Plan.

(8) "BRT Phase 6" means the sixth phase of the Dar es Salaam BRT System as set forth in the Recipient’s Master Plan.

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


(11) "DART" or "Dar Rapid Transit Agency" means the Recipient’s government agency established and operating pursuant to the Dar Rapid Transit Agency Establishment Order (2007) under the Recipient’s Executive Agencies Act No. 30 of 1997, and any successor thereto.
“DUTA” means Dar es Salaam Urban Transport Authority, to be established under Part C.2 of the Project, and any successor thereto.

“Environmental and Social Management Plans” or “ESMPs” means collectively: (i) ESMP dated January 20, 2015, prepared for civil works under Part B.1 of the Project; (ii) the ESMP dated October 24, 2016, prepared for civil works under Part A.1 of the Project; and (iii) any site-specific environmental and social management plan or plans prepared pursuant to the ESMF for Project activities, in each case describing mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project, to mitigate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, or to enhance positive impacts; as the ESMPs may be amended and/or supplemented from time to time with the prior written concurrence of the Association; and the terms “ESMP” means each of the ESMPs.

“Environmental and Social Impact Assessments” means collectively: (i) the environmental and social impact assessments dated January 20, 2015, prepared for civil works under Part B.1 of the Project; (ii) the environmental and social impact assessments dated October 24, 2016, prepared for civil works under Part A.1 of the Project; and (iii) any site-specific environmental and social impact assessment prepared pursuant to the ESMF for Project activities, in each case describing a set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to mitigate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, or to enhance positive impacts; as the said environmental impact and social assessments may be amended and/or supplemented from time to time with the prior written concurrence of the Association.

“Environmental and Social Management Framework” or “ESMF” means the Environmental and Social Management Framework prepared by the Recipient for the Project, dated January 16, 2017, which framework sets forth, inter alia, the modalities for site-specific environmental screening and procedures/actions for the preparation and implementation of ESIAs and ESMPs under the Project, the set of mitigation, monitoring, and institutional measures and procedures required in order to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement said measures, as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association.

“Escrow Account” means the account referred to in Section 1.C.2 of the Schedule to the Project Agreement.

“Fare Subsidy” means a travel fare subsidy to selected persons, in accordance with budgets agreed with the Association and as selected and awarded in accordance
with eligibility criteria, procedures and mechanisms satisfactory to the Association and as further set forth in the PIP.

(18) “Fiscal Year” or “FY” means the Recipient’s fiscal year commencing July 1 and ending June 30 of each year.

(19) “Fund Manager” means a financial institution where all bus operation revenues will be deposited into which is referred to in Section I.F.3(b) of Schedule 2 to this Agreement.


(21) “ICT” means information and communication technology.

(22) “Initial Operating Costs” means the initial costs for operation of DUTA and RSA, respectively, each on the basis of annual budgets and work plans acceptable to the Association.


(24) “MoWTC” means the Recipient’s Ministry of Works, Transport, and Communication, and includes any successor thereto.

(25) “Operating Costs” means incremental costs incurred by DART and TANROADS on account of implementation of the Project, and on the basis of the annual budget and work plans acceptable to the Association, for fuel, maintenance of vehicles, office supplies, utilities, consumables, bank charges, communication expenses, travel per diems, accommodation and subsistence allowances for authorized travel, but excluding salaries of the Recipient’s civil servants.


(27) “Procurement Plan” means the Recipient’s procurement plan for the Project, dated December 20, 2016, 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.

(28) “Project Implementing Entity” means TANROADS.

(29) “Project Implementation Plan” or “PIP” means the Project Implementing Plan referred to in Section I.C of Schedule 2 to this Agreement prepared by TANROADS in form and substance satisfactory to the Association, containing or
referring to detailed arrangements and procedures for the Project, including: (i) institutional coordination and day-to-day execution of the Project; (ii) budgeting, disbursement and financial management; (iii) procurement; (iv) environmental and social safeguard management; (v) monitoring, evaluation, reporting and communication, including in respect of environmental and social safeguard matters; and (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as the said Project Implementation Plan may be amended and/or supplemented from time to time with the prior concurrence of the Association.

(30) “Resettlement Action Plans” or “RAPs” means, collectively: (i) the RAP dated December 27, 2016, prepared for civil works under Part A.1 of the Project; (ii) the RAP dated December 16, 2015, prepared for civil works under Part B.1 of the Project; and (iii) any site-specific resettlement action plan prepared pursuant to the RPF for Project activities, in each case setting out the principles, procedures, and the time schedule governing acquisition of rights to land, resettlement and compensation, as well as reporting and monitoring arrangements to ensure compliance with the said plan, as the same may be amended and/or supplemented from time to time with the prior concurrence of the Association; and the term “RAP” means each of the RAPs.

(31) “Resettlement Policy Framework” or “RPF” means the framework satisfactory to the Association, dated January 16, 2017, setting forth the guidelines and procedures for preparation of resettlement action plans in the event of acquisition of rights to land, resettlement procedures and compensation, institutional arrangements, including valuation procedures, budget, public consultation and participation, monitoring and evaluation, and disclosure, as the same may be amended and/or supplemented from time to time with the prior concurrence of the Association.

(32) “RSA” means the Road Safety Authority to be established under Part C.3 of the Project, and any successor thereto.

(33) “Safeguards Instruments” means collectively the ESMPs, ESIAs, RAPs, ESMF and RPF and any other plan derived from the RPF or ESMF.

(34) “Steering Committee” means the Recipient’s committee referred to in Section I.A.3 of Schedule 2 to this Agreement.

(35) “Stipend” means living allowances to graduate engineers to enable them to participate in the Recipient’s ‘Structured Engineers Apprenticeship Program’, in accordance with budgets agreed with the Association and as selected and awarded in accordance with eligibility criteria, procedures and mechanisms satisfactory to the Association and as further set forth in the PIP.
(36) "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to TANROADS.

(37) "SUMATRA" means the Recipient’s Surface and Marine Transport Regulatory Authority established and operating pursuant to the Recipient’s Surface and Marine Transport Regulatory Authority Act 2001, and any successor thereto.

(38) "TANROADS" or "Tanzania National Roads Agency" means the agency established and operating pursuant to the Tanzania National Roads Agency (TANROADS) Establishment Order No. 293 of 2000, under the Recipient’s Executive Agencies Act No. 30 of 1997; or any successor thereto.

(39) "Training" means costs incurred by DART, TANROADS, SUMATRA, RSA and MoWTC on account of approved workshops, and training of TANROADS and DART personnel involved in implementation of the Project, including study tours, travel and subsistence costs for training participants, costs associated with 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, all on the basis of the annual budget and work plans acceptable to the Association.

Section II. Modifications to the General Conditions

With Respect to the financing terms for the SUF Credit only, the General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified, as necessary, to reflect the modifications set forth in the paragraphs below.

2. Section 2.07 (Refinancing Preparation Advance) is retitled as "Refinancing Preparation Advance; Capitalizing Front-end Fee", amended by adding a new paragraph (b), and modified to read as follows:

"Section 2.07. Refinancing Preparation Advance; Capitalizing Front-end Fee

(a) If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Bank or the Association ("Preparation Advance"), the Association shall, on behalf of the Recipient, withdraw from the Regular IDA Credit Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Regular IDA Credit Account for the Regular Credit and to pay all accrued and unpaid charges, if any, on the advance as at such date. The
Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.

(b) Except as otherwise provided in the Financing Agreement, the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date and pay to itself the amount of the Front-end Fee payable pursuant to Section 3.01 (a).”

3. Section 3.01 (Commitment Charge) is retitled as “Front-end Fee; Commitment Charge”, amended by adding a new paragraph (a), and modified to read as follows:

“Section 3.01. Front-end Fee; Commitment Charge

(a) The Recipient shall pay the Association a front-end fee on the SUF Credit amount at the rate specified in the Financing Agreement (the “Front-end Fee”).

(b) The Recipient shall pay the Association a commitment charge on the Unwithdrawn SUF Credit Balance at the rate specified in the Financing Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty days after the date of the Financing Agreement to the respective dates on which amounts are withdrawn by the Recipient from the SUF Credit Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”

4. Section 3.02 (Service Charge) is retitled as “Interest Charge” and modified to read as follows:

“Section 3.02. Interest Charge

The Recipient shall pay the Association interest on the Withdrawn SUF Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the SUF Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest Charges shall be computed on the basis of a 360-day year of twelve 30-day months.”

5. Section 3.03 (Repayment of the Credit) is modified by deleting paragraph (b) in its entirety and amending the remaining paragraph (a) to read as follows:

“Section 3.03. Repayment of the Credit

The Recipient shall repay the Withdrawn SUF Credit Balance to the Association in installments as provided in the Financing Agreement.”
6. In the Appendix, **Definitions**, all relevant references to Sections, numbers and paragraphs are modified, as necessary, to reflect the modifications set forth in paragraphs 1 through 5 above.

7. Paragraph 28 of the Appendix ("Financing Payment") is modified to read as follows:

"28. "Financing Payment" means any amount payable by the Recipient to the Association pursuant to the Financing Agreement or these General Conditions, including (but not limited to) any amount of the Withdrawn SUF Credit Balance, interest, the Front-end Fee and the Commitment Charge."

8. A new paragraph 30 is inserted in the Appendix with the following definition of "Front-end Fee", and the subsequent paragraphs are renumbered accordingly:

"30. "Front-end Fee" means the fee specified in the Financing Agreement for the purpose of Section 3.01 (a)."

9. A new paragraph 33 is inserted in the renumbered Appendix with the following definition of "Interest Charge", and the subsequent paragraphs are renumbered accordingly:

"33. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02."

10. Renumbered paragraph 38 (originally paragraph 36) of the Appendix ("Payment Date") is modified by deleting the words "Service Charges" and inserting the words "Interest Charges".

11. Renumbered paragraph 51 (originally paragraph 49) of the Appendix ("Service Charge") is deleted in its entirety, and the subsequent paragraphs are renumbered accordingly.