Financing Agreement

(Additional Financing for Lake Victoria Environmental Management Project II)
(Phase I)

between

UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 29, 2015
FINANCING AGREEMENT

AGREEMENT dated JUNE 29, 2015, entered into between UNITED REPUBLIC OF TANZANIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement). 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, in the Appendix to this Agreement, or in the Original Financing 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 seven million three hundred thousand Special Drawing Rights (SDR7,300,000) (variously, "Credit" and "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.

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are November 1 and May 1 in each year.

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

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

3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project 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 Event of Suspension consists of the following, namely that the Protocol has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the: (i) EAC to perform any of its obligations under the EAC Financing Agreement, the GEF Grant Agreement, the SIDA Grant Agreement and the CIWA Grant Agreement; and/or (ii) LVB Countries to perform their obligations under their respective Financing Agreements.

ARTICLE V — TERMINATION

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

5.02. 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.

6.02. The Recipient’s Address is:

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

Facsimile:
255-222-11-7790
255-222-11-0326

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 Telex: 248423 (MCI) Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Dar es Salaam, Tanzania as of the day and year first above written.

UNITED REPUBLIC OF TANZANIA

By

[Signature]

Authorized Representative

Name: Dr. S. Likwele
Title: [Position]

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: PHILIPPE RONGIER
Title: COUNTRY DIRECTOR
SCHEDULE 1

Project Description

The objectives of the Project are to contribute to: (i) the improvement of the collaborative management of the trans-boundary natural resources of the LVB among the Partner States; and (ii) the improvement of environmental management of targeted pollution hotspots and selected degraded sub-catchments for the benefit of communities who depend on the natural resources of the LVB.

The Project consists of the Original Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

The Project’s institutional and implementation arrangements shall be identical to those set forth in Section I.A to Section I.E of Schedule 2 to the Original Financing Agreement, except as set forth immediately below in Sections I.A and I.B of this Schedule, in respect of the Anti-Corruption Guidelines referred to in Section I.C and the Safeguards referred to in Section I.E of Schedule 2 to the Original Financing Agreement.

A. Anti-Corruption

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

B. Environmental and Social Safeguards

1. The Recipient shall carry out the Project in accordance with the Safeguard Instruments, including the guidelines, rules and procedures defined in said Safeguard Instruments.

2. The Recipient shall specifically take the following actions in a manner acceptable to the Association:

   (a) if an EMP or similar safeguard document would be required on the basis of the ESMF: (i) such EMP or similar safeguard document shall be prepared in accordance with the requirements of the ESMF, disclosed locally and furnished to the Association as part of the Annual Work Plan; and (ii) the Subproject shall be carried out in accordance with such EMP or similar safeguard document as approved by the Association; and

   (b) if a RAP would be required on the basis of the RPF: (i) said RAP shall be prepared in accordance with the requirements of the RPF, disclosed locally and furnished to the Association as part of the Annual Work Plan; and (ii) no works under a Subproject shall be commenced until: (A) all measures required to be taken under said RAP prior to the initiation of said works have been taken; (B) the Recipient has prepared and furnished to the Association a report in form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP; and (C) the Association has confirmed that said works may be commenced.
3. The Recipient shall take all measures required for carrying out the recommendations of the Safeguard Instruments in a timely manner.

4. Without limitation to its other reporting obligations under this Agreement and under Section 4.08 of the General Conditions, the Recipient shall include in the Project Reports referred to in Section II.A of this Schedule adequate information on the implementation of the Safeguard Instruments, giving details of:

   (a) measures taken in furtherance of such Safeguard Instruments;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments;

   (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such Safeguard Instruments; and

   (d) afford the Association a reasonable opportunity to exchange views with the Recipient on such reports. Each such report shall be furnished to the Association not later than forty-five (45) days after the end of the calendar quarter covered by such report, and the first such report shall be furnished to the Association not later than one (1) month after the end of the calendar quarter in which the works under the first Subproject commenced.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

   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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association, as part of the Project Report, 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 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 months after the end of such period.

Section III. Procurement

A. General

1. Goods and Works. All goods and works 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 and Works

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

2. Other Methods of Procurement of Goods and Works. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. 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 (subject to the additional procedures set out in paragraph 3 below)</td>
</tr>
<tr>
<td>(b) Community Participation procedures which have been found acceptable to the Association</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) There shall be no preference accorded 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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ 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) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Selection Based on the Consultants’ Qualifications</td>
</tr>
<tr>
<td>(c) Least-Cost Selection</td>
</tr>
<tr>
<td>(d) Single-Source Selection</td>
</tr>
<tr>
<td>(e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the selection of Individual Consultants</td>
</tr>
<tr>
<td>(f) Fixed Budget Selection</td>
</tr>
</tbody>
</table>
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.

E. Transitional Provisions in Respect of Procurement

1. Notwithstanding the terms and conditions of the Original Financing Agreement and to the extent that the procurement of any goods, works, or consultants’ services to be financed, at least in part, out of the proceeds of the Original Credit was or will be initiated on or after July 31, 2015, the Recipient acknowledges and agrees that the provisions of this Agreement set forth or referred to in: (a) Section I.A (Anti-Corruption) of this Schedule (including the related provisions under the General Conditions) shall apply to the proceeds of the Original Credit utilized to finance such goods, works, or consultants’ services, and (b) Section III (Procurement) of this Schedule (including the related provisions under the General Conditions) shall apply to the procurement of such goods, works, non-consulting services or consultants’ services.

2. Notwithstanding the provisions of Section I.A (Anti-Corruption) and Section III (Procurement) of this Schedule 2: (i) to the extent that the procurement of any goods, works, or consultants’ services to be financed out of the proceeds of the Original Credit was initiated prior to July 31, 2015; and (ii) there are no proceeds remaining under the Original Credit to finance such goods, works, or consultants’ services; then, on an exceptional basis only and subject to the Association’s prior no-objection, Section I.A of this Schedule 2 shall not apply to the proceeds of the Financing utilized to finance such goods, works, or consultants’ services, and Section III of this Schedule shall not apply to the procurement of such goods, works, or consultants’ services; provided, however, that the provisions of Section I.C (Anti-Corruption) of Schedule 2 to the Original Financing Agreement, including the modifications thereof set forth in Section II of the Appendix to the Original Financing Agreement, and those of Section III (Procurement) of Schedule 2 to the Original Financing Agreement shall apply, respectively, to the proceeds of the Financing utilized to finance such goods, works, and consultants’ services and to the procurement of such goods, works, and consultants’ services.
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 Financing 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) Subprojects for Part 3(a) of the Project</td>
<td>1,270,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, consultants’ services, Operating Costs and Training for the Project (except Part 3(a) of the Project)</td>
<td>6,030,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>7,300,000</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, 2017.
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 May 1 and November 1, commencing November 1, 2021, to and including May 1, 2053</td>
<td>1.5625%</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 1. Definitions

The capitalized terms defined in Section I of the Appendix to the Original Financing Agreement shall have the meanings set forth therein, and the following terms shall have the following meaning:

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; (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. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

4. “CIWA Grant Agreement” means the agreement to be entered into between EAC and the Association, acting as an administrator of the Cooperation in International Waters in Africa Trust Fund, providing a grant to EAC to assist EAC in the carrying out of the CIWA Project.

5. “CIWA Project” means the project to be carried out by EAC related to the EAC Project, the GEF Project and the SIDA Project that is designed to further the objectives of this Project and the Protocol, and for which a grant is proposed to be made by the Association, acting as an administrator of the Cooperation in International Waters in Africa Trust Fund.


7. “EAC Financing Agreement” means the agreement to be entered into between the Association and EAC, providing for a grant to EAC to assist EAC in the carrying out of the EAC Project.

8. “EAC Project” means the project to be carried out by EAC related to the CIWA Project, the GEF Project and the SIDA Project that is designed to further the objectives of this Project and the Protocol, and for which a grant is proposed to be made by the Association.
9. "East African Community" or "EAC" means the inter-governmental organization established and operating pursuant to the EAC Treaty.

10. "Environmental and Social Management Framework" or "ESMF" means the Recipient's framework of same name dated February 2008 describing the modalities to be followed in assessing the potential adverse environmental and social impact of the Subprojects and the measures to be taken to offset, reduce, or mitigate such adverse impact, as the same may be amended from time to time with the agreement of the Association.

11. "Environmental Management Plan" or "EMP" means an environmental management plan, prepared in accordance with the ESMF and the provisions of Section 1.B of Schedule 2 to this Agreement for the purposes of a Subproject and acceptable to the Association, and giving details of the magnitude of the environmental impacts, as well as the specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF under the Subproject, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies.

12. "Financing Agreements" means collectively the Original Financing Agreement, this Agreement, the Kenya Financing Agreement, the Kenya Additional Financing Agreement, and the Uganda Financing Agreement. "Financing Agreement" means any one of the said Financing Agreements.

13. "GEF Grant Agreement" means the agreement entered into between the EAC and the International Bank for Reconstruction and Development ("World Bank"), acting as implementing agency for the Global Environment Facility, dated May 5, 2009, providing for a grant to EAC to assist EAC in the carrying out of the GEF Project, as amended (GEF Grant No. TF094205).

14. "GEF Project" means the project being carried out by EAC in parallel with the Original Project, and for which the GEF Grant was made.


16. "Integrated Pest Management" or "IPM" means the Recipient's plan of same name dated February 2008 which describes the measures to be taken for development and implementation of integrated pest management and safe handling of pesticides in the course of Project implementation, as the same may be amended from time to time with the agreement of the Association.
17. "Kenya Additional Financing Agreement" means the agreement to be entered into between the Republic of Kenya and the Association, providing for an additional credit to the Republic of Kenya to assist it in the carrying out of the Kenya Project.


19. "Kenya Project" means the project being carried out by the Republic of Kenya in parallel with the Original Project, and for which a credit was provided by the Association.

20. "Operating Costs" means the incremental expenses incurred by the Recipient on account of Project implementation, management, and monitoring, including office space rental, utilities, and supplies, bank charges, communications, advertising, vehicle operation, maintenance, and insurance, building and equipment maintenance costs, travel and supervision costs, and salaries of supporting staff, but excluding salaries of officials of the Recipient’s civil service.

21. "Original Credit" means the credit provided under the Original Financing Agreement.


23. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement.


25. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated March 26, 2015, 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.

26. "RAP" means in respect of any Subproject involving resettlement, a resettlement plan for such Subproject prepared and implemented in accordance with the RPF and the provisions of Section 1.B of Schedule 2 to this Agreement and approved by the Association, such resettlement plan to include a program of actions, measures and policies for compensation and resettlement of the Affected Persons, and setting forth the magnitude of displacement, proposed compensation and resettlement
arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements designed to ensure proper implementation of, and regular feedback on compliance with such plan

27. “Resettlement Policy Framework” or “RPF” means the Recipient’s framework of same name dated February 2008, describing the procedures to be followed in the event that land is acquired in the course of Project implementation which causes involuntary resettlement and/or loss of livelihoods of the displaced persons, and to offset, reduce, or mitigate any adverse impact of such resettlement and/or loss, as the same may be amended from time to time with the agreement of the Association.

28. “Safeguard Instruments” means the ESMF, the RPF, and the IPM, related EMPs, and RAPs for the Project.

29. “SIDA Grant Agreement” means the agreement entered into between the EAC and the Bank, as administrator for certain funds made available by the Swedish International Development Agency (“SIDA”), dated October 19, 2009, providing for a grant to EAC to assist EAC in the carrying out of the SIDA Project, as amended (Grant No. TF095196).

30. “SIDA Project” means the project being carried out by EAC in parallel with the Original Project, and for which the SIDA Grant was made.

31. “Training” means the training of persons under the Project carried out in accordance with the work plans and budgets referred to in Section I.B.4 of Schedule 2 to the Original Financing Agreement and approved by the Association, such term to include travel and subsistence of participants of seminars, workshops, and study tours, rental of training facilities, services of trainers and presenters, preparation and reproduction of training materials, and other costs directly related to preparation and implementation of training programs.

32. “Uganda Financing Agreement” means the agreement entered into between the Republic of Uganda and the Association dated October 29, 2009, providing for a credit to the Republic of Uganda to assist it in the carrying out of the Uganda Project, as amended (Credit No. 4531-UG).

33. “Uganda Project” means the project being carried out by Uganda in parallel with the Original Project, and for which a credit was provided by the Association.