The World Bank  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
1818 H Street N.W.  
Washington, D.C. 20433  
U.S.A.  
(202) 473-1000  
Cable Address: INTBAFRAFAD  
Cable Address: INDEVAS

MARCH 31, 2015

Honorable Saada Mkuya Salum (MP)  
Minister of Finance  
Ministry of Finance  
1 Madaraka Street, P.O. Box 9111  
Dar es Salaam, United Republic of Tanzania

Eng. Felchesmi Mramba  
Managing Director  
Tanzania Electric Supply Company Limited  
Morogoro Road  
P.O. Box 9024  
Dar es Salaam, United Republic of Tanzania

UNITED REPUBLIC OF TANZANIA:  
(Energy Development and Access Expansion Project)  
(Credit No. 4370-TA, Credit No. 4726-TA, and Credit No. 4960-TZ)  
Amendment to the Financing Agreements and Project Agreements

Dear Honorable Minister,

We refer to the following agreements for the abovementioned Project ("Project"): (i) the Financing Agreement dated January 31, 2008 ("Original Financing Agreement"), between the United Republic of Tanzania ("Recipient") and the International Development Association ("Association"); (ii) the Project Agreement dated January 31, 2008 ("First Project Agreement"), between the Association and the Tanzania Electric Supply Company Limited ("TANESCO"); (iii) the Grant Agreement dated January 31, 2008 ("Grant Agreement"), between the Recipient and the International Bank for Reconstruction and Development, acting as an implementing agency of the Global Environment Facility; (iv) the Financing Agreement dated April 9, 2010 ("First Additional Financing Agreement"), between the Recipient and the Association, which also amended in part the Original Financing Agreement; (v) the Financing Agreement dated July 12, 2011 ("Second Additional Financing Agreement"), between the Recipient and the Association; and (vi) the Project Agreement dated July 12, 2011 ("Second Project Agreement"), between the Association and TANESCO.

We also refer to the following letters for the Project: (i) the letter dated February 25, 2009, amending the Original Financing Agreement; and (ii) the letter dated April 19, 2011, amending the Original Financing Agreement, the Grant Agreement, and the First Additional Financing Agreement. Further, we refer to the letter dated August 21, 2014 from the Ministry of Energy and Minerals and the letter dated November 20, 2014 from the Ministry of Finance requesting certain adjustments to the Project.

Accordingly, pursuant to this correspondence, the following agreements as described above are hereby amended as follows:

ORIGINAL FINANCING AGREEMENT, AS AMENDED

Schedule 1 (Project Description)
1. In Part A, paragraph 2 is amended by deleting the phrase "(b) acquisition of metering and testing equipment" to read as follows:

   "2. Supporting ongrid access expansion investments including carrying out of at least 25,000 new electric power connections in the city of Dar es Salaam, Arusha and Kilimanjaro regions through a supply and installation contract for, *inter alia*: (a) provision of short low voltage overhead lines; (b) acquisition of vehicles and communication equipment; (c) provision of training and technical advisory services for use and maintenance of equipment; and (d) acquisition of necessary medium voltage and low voltage overhead lines and distribution transformers that promote low losses and better quality of supply."

2. In Part A, paragraph 4 is amended by deleting sub-paragraphs (c) and (d) to read as follows:

   "4. Supporting commercial and institutional capacity development to improve TANESCO’s revenues and reduce system losses including, *inter alia*:

   (a) replacement of about 60,000 credit meters with pre-paid meters; and

   (b) implementing a general customer centralized call attention center, and a high-value customer cell for large electricity consumers in the city of Dar es Salaam."

3. In paragraph 5 of Part A, sub-paragraph (c) is amended by deleting item (iv) to read as follows:

   "(c) for design, preparation of specification and bidding documents, and supervision of activities for: (i) about 10,000 new customers in the high voltage distribution cluster; (ii) about 25,000 new customers for ongrid access expansion; and (iii) replacement of about 60,000 credit meters with pre-paid meters."

4. In Part C, paragraph 1 is amended by deleting sub-paragraph (b) to read as follows:

   "1. Developing the human and institutional capacity of TANESCO, including carrying out an assessment of the needs for capacity and competence of TANESCO personnel."

**Schedule 2 (Project Execution)**

5. In paragraph 1 of Section II.A, sub-paragraph (a) is amended by deleting the phrase "set forth below in subparagraph (b) of this paragraph" and replacing it with the phrase "acceptable to the Association", and sub-paragraph (b) is deleted, to read as follows:

   "1. The Recipient shall monitor and evaluate the progress of the Project and: (i) prepare Project Reports for Parts B and C.2 of the Project; and (ii) cause TANESCO to prepare Project Reports for Parts A and C.1 of the Project, all 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 six months, and shall be furnished to the Association not later than one month after the end of the period covered by such report."

6. In Section IV.A, the disbursement table in paragraph 2 is deleted in its entirety and is replaced by the following table:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works and goods, including supply and installation, anc services other than consultants’ services under Part A of the Project</td>
<td>50,259,561.48</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ services, including audits, Training and Workshops under Parts A and C.1 of the Project</td>
<td>4,570,500.54</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ services, Training and Workshops, and Operating Costs under Part B.3 of the Project, and audits for Parts B and C.2 of the Project</td>
<td>1,366,561.00</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, including supply and installation, and consultants’ services under Parts B.2(a) and B.3 of the Project</td>
<td>5,595,006.00</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Grants for Subprojects under Part B.1 and B.2(b) of the Project</td>
<td>5,500,000.00</td>
<td>100% of the amount disbursed</td>
</tr>
<tr>
<td>(6) Consultants’ services under Part C.2 of the Project</td>
<td>408,370.98</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>67,700,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

7. In Section IV.B, paragraph 2 is amended to read as follows:

   “2. The Closing Date is September 30, 2016.”

8. Section V is deleted in its entirety.

**FIRST PROJECT AGREEMENT**

**Schedule (Execution of Parts A and C.1 of the Project)**

9. In Section II.A, paragraph 1 is amended by deleting the phrase “set forth below in Section II.A.1 of Schedule 2 to the Financing Agreement” and replacing it with the phrase “acceptable to the Association” to read as follows:

   “1. TANESCO shall monitor and evaluate the progress of Parts A and C.1 of the Project and prepare Project Reports for the said Parts A and C.1 of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each such Project Report shall cover the period of six months, and shall be furnished to the Recipient not later than two weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.”

**FIRST ADDITIONAL FINANCING AGREEMENT, AS AMENDED**

3
Schedule 1 (Project Execution)

10. In Section I.A, paragraph 5 is amended to read as follows:

   “5. Sections II.A.1(i) and II.A.2 of Schedule 2 to the Original Financing Agreement are hereby incorporated by reference in this Part A and renumbered as paragraphs 5(a)(i) and 5(b), and shall apply, mutatis mutandis, to the Financing with respect to the additional sub parts (d) and (e) to Part B.1 and to Part B.4, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement.”

11. In Section II.B, paragraph 2 is amended to read as follows:

   “2. The Closing Date is September 30, 2016.”

SECOND ADDITIONAL FINANCING AGREEMENT

Schedule 1 (Project Description)

12. In Part A, paragraph 2 is amended by deleting the phrase “(b) acquisition of metering and testing equipment” to read as follows:

   “2. Development of at least 25,000 new electric power connections in the city of Dar es Salaam, Arusha and Kilimanjaro regions through a supply and installation contract for, inter alia: (a) provision of short low voltage overhead lines; (b) acquisition of vehicles and communication equipment; (c) provision of training and technical advisory services for use and maintenance of equipment; and (d) acquisition of necessary medium voltage and low voltage overhead lines and distribution transformers that promote low losses and better quality of supply.”

13. In Part A, paragraph 4 is amended by deleting sub-paragraphs (c) and (d) to read as follows:

   “4. Carrying out of a capacity development program to improve TANESCO’s revenues and reduce system losses including, inter alia:

   (a) replacement of about 60,000 credit meters with pre-paid meters; and

   (b) the construction/installation/development of a general customer centralized call attention center, and a high-volume customer cell for large electricity consumers in the city of Dar es Salaam.”

14. In paragraph 5 of Part A, sub-paragraph (c) is amended by deleting item (iv) to read as follows:

   “(c) for design and preparation of specification and bidding documents, and supervision of activities included in Parts A.2 and A.4(a) of the Project for: (i) about 10,000 new customers in the high voltage distribution cluster; (ii) about 25,000 new customers for ongrid access expansion; and (iii) replacement of about 60,000 credit meters with prepaid meters.”

15. In Part B, paragraph 2 is deleted.

Schedule 2 (Project Execution)

16. In Section IV.B, paragraph 2 is amended to read as follows:
"2. The Closing Date is September 30, 2016."

All the terms and conditions of the agreements referred to above that have not been amended hereby shall remain unchanged and in full force and effect.

Please indicate your agreement with the foregoing amendments on behalf of the Recipient and of the Project Implementing Entity by countersigning and dating four original copies of this letter and returning two countersigned originals to us. Upon receipt by the World Bank of the countersigned copies, these amendments shall become effective as of the date of the last countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

Philippe Dongier
Country Director for Tanzania, Uganda and Burundi
Africa Region

AGREED:

UNITED REPUBLIC OF TANZANIA

[Signature]

By:
Name: Dr. J.A. Lichte
Title: Permanent Secretary
Date: 04-04-2015

AGREED:

TANZANIA ELECTRIC SUPPLY COMPANY LIMITED

[Signature]

By:
Name: ENG. FELCHESMI MRA MBA
Title: MANAGING DIRECTOR
Date: 01-04-2015