Financing Agreement

(Additional Financing for Private Sector Competitiveness Project)

between

UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 17, 2014
CREDIT NUMBER 5326-TZ

FINANCING AGREEMENT

AGREEMENT dated January 17, 2014, entered into between UNITED REPUBLIC OF TANZANIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to 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 or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to thirty nine million two hundred thousand Special Drawing Rights (SDR 39,200,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

2.05. The Payment Dates are May 1 and November 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.

2.07. 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 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 — EFFECTIVENESS; TERMINATION

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

4.02. 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 V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is the Minister responsible for finance.

5.02. The Recipient’s Address is:

Ministry of Finance
P. O. Box 9111
Dar es Salaam
Tanzania
Facsimile: +255 222 11 77 90

5.03. The Association’s Address is:

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

Cable: Telex: Facsimile:

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

UNITED REPUBLIC OF TANZANIA

By

Authorized Representative

Name: Dr. Servatus B. Luswila

Title: Permanent Secretary

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Philippe Dongier

Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to strengthen business environment in Tanzania, including land administration reform, and improve access to financial services.

The Project consists of the following parts:

Part A: Business Environment Strengthening

1. Land administration reform. Implementation of selected activities for development of efficient land registration and administration, including:

   (a) Infrastructural intervention involving: (i) conversion of old survey and mapping data to fit the new geodetic surveying infrastructure, and raising awareness of the relevant professionals about the new system; (ii) supporting the implementation of a new surveying and mapping policy in line with the modernized infrastructure; (iii) strengthening of land use planning through: (A) strengthening the collection, storage and dissemination of geospatial data and; (B) improving the use of land and resource data for land use planning; and (iv) implementing the integrated land management information system and re-engineering of the business process.

   (b) Support the development of legislative bills and related regulations for land administration and capacity building support to land tribunals to facilitate the resolution of land disputes.

   (c) Support the implementation of participatory land use planning approaches in urban areas and regularization of land tenure in urban informal settlements including in Mwanza and Dar es Salaam.

   (d) Provision of technical assistance to support Recipient’s undertaking of government land inventory.

   (e) Support the simplification of land administration processes including supporting the undertaking of requisite regulatory changes and reorganization of land registry’s workflow processes to make registration and transfer of real property more efficient.

2. Business registration reform. Carrying out a program of activities to design and establish a single access point (one-stop-shop) within BRELA for registering businesses. Activities will include:
(a) The development of a business registry technology platform and software application for an online registration system within BRELA that will enable online registration as well as electronic communication and exchange of data with all the other stakeholder agencies such as the tax authorities and social security agencies, including implementing a capacity building program on *inter alia* use of the online registration system targeting BRELA staff and staff of other stakeholder agencies.

(b) Streamlining and simplification of the business registration procedures.

(c) Reorganization of BRELA’s workflow processes to improve the efficiency of business registration process and better service delivery including development of a communication strategy to disseminate information on the reforms to other government agencies and business community.

3. **Support to Big Results Now.** Carrying out a program of activities designed to support institution of vital capacity and functions and private sector orientation within the BRN delivery system. Activities will include:

(a) Support the start-up of the President’s Delivery Bureau (PDB) through provision of private sector-related capacity, equipment, resources, and instruments.

(b) Support the operationalization of the Transformation and Delivery Council (TDC) including facilitating the final stages of the TDC establishment.

(c) Provision of Training to staff of PDB, MDUs and MDAs on the requirements to facilitate private sector operations across the BRN delivery system.

(d) Support to PDB to undertake analysis to identify additional strategic areas under the BRN where results can be delivered through private sector interventions and develop the associated action plans.

**Part B: Improving access to financial services**

1. Carrying out a program of activities designed to facilitate the uptake of available financial products by strengthening the financial sector legal and regulatory framework and enhancing the capacity of financial sector regulators. This program will include activities such as:

(a) Bolstering consumer protection through: (i) supporting the establishment of a coordination mechanism for consumer protection among financial
sector regulators, Fair Competition Commission and the Ministry of Finance; (ii) clarifying and strengthening the consumer protection legal and regulatory framework in all parts of the financial sector, including microfinance; and (iii) improving the capacity of the regulators to monitor financial institutions’ compliance with market conduct regulations.

(b) Supporting deposit insurance through: (i) supporting the creation of a distinct legal framework for deposit insurance system including the development of requisite legislative bill and regulations; and (ii) providing technical and operational support to such deposit insurance system, including provision of information and communication technology equipment.

(c) Boosting microfinance sector through: (i) assisting in the development of minimum financial reporting standards for microfinance institutions; (ii) supporting the drafting and publication of regulations for microfinance institutions; and (iii) supporting the rationalization of microfinance supervision.

(d) Addressing weaknesses in collateral system through inter alia assisting in the development of legislation and related regulations on secured transactions to facilitate the use of movable assets as collateral and supporting the creation of a registry of movable assets.

(e) Developing standards for overseeing and supporting mobile financial services infrastructure, including supporting the development of a legal and regulatory framework for the use of mobile and other alternate channels and strengthening the capacity of regulators.

2. Carrying out a program of activities designed to expand financial access by supporting the development of new financial products tailored to specific users including, inter alia, such products as finance leases, Takaful (Islamic insurance) and M-Akiba bonds.

Part C: Project Management

1. Provision of technical and operational support to the Project Implementation Unit to carry out the overall coordination and management of the Project including developing and implementing an information, education and communication strategy for the Project.

2. Provision of technical and operational support to the Business Environment Roadmap Committee to enable it to discharge its role in providing policy oversight and strategic direction in the execution of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Business Environment Roadmap Committee. In order to ensure the proper implementation of the Project, the Recipient shall maintain at all times during the implementation of the Project, the Business Environment Roadmap Committee, chaired by Permanent Secretary in the Office of the Prime Minister, with functions, composition, staffing and resources satisfactory to the Association, to be responsible for providing policy oversight and strategic direction in the execution of the Project.

2. Project Implementation Unit. In order to ensure the proper implementation of the Project, the Recipient shall maintain at all times during Project implementation, a Project Implementation Unit at the Office of the Prime Minister with resources, staffing (including a Project coordinator, procurement specialist, monitoring and evaluations specialist and an accountant) all with qualifications, experience and on terms of reference satisfactory to the Association, to be responsible for, inter alia, day-to-day management of the Project.

B. Anti-Corruption

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

C. Project Implementation Manual

The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Implementation Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the Project Implementation Manual or any of its provisions without prior written approval by the Association.
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 calendar year, 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 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 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 the
Procurement Guidelines, or 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 and non-consulting services shall be procured under
contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods 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 <em>(subject to the additional procedures set out in Paragraph 3 below)</em></td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Well-established Private Sector Procurement Methods or Commercial Practices 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) 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 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) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Selection Based on Consultants' Qualifications</td>
</tr>
<tr>
<td>(d) Single-source Selection of consulting firms</td>
</tr>
<tr>
<td>(e) Single-source procedures for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association</td>
</tr>
<tr>
<td>(g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</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.

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

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 Financing 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, Training, Operating Costs and consultants’ services for the Project</td>
<td>35,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Refund of Preparation Advance</td>
<td>3,400,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>39,200,000</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 November 30, 2015.

Section V. Amendments to the Original Financing Agreement

1. The project development objective as set forth in Schedule 2 is amended to read as follows:

   "The objective of the Project is to strengthen business environment in Tanzania, including land administration reform, and improve access to financial services."

2. Section VI of Schedule 4 is amended to read as follows:

   "The Borrower shall maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators acceptable to the Association and set forth in the PIM, the carrying out of the Project and the achievement of the objectives thereof."

3. Schedule 5 is deleted.
### SCHEDULE 3

<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:</td>
<td></td>
</tr>
<tr>
<td>commencing May 1, 2024, to and including November 1, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing May 1, 2034, to and including November 1, 2053</td>
<td>2%</td>
</tr>
</tbody>
</table>

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

Section I. Definitions


2. “Big Results Now!” and the acronym BRN mean the Recipient’s initiative to deliver development results in identified priority areas and thereby facilitate the Recipient’s transition to middle-income economy by 2025.

3. “BRELA” means the business registrations and licensing agency, an executive agency of the Recipient established and operating under Government Notice No.294 A of October 8, 1999, issued under the Government Executive Agencies Act No. 30 of 1997 and the term include its legal successor thereto, if acceptable to the Association.

4. “Business Environment Roadmap Committee” means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.

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


7. “Fair Competition Commission” means an entity of the Recipient established and operating under Fair Competition Act of 2003 and the term include its legal successor thereto, if acceptable to the Association.

8. “Fiscal Year” means each fiscal year of the Recipient commencing on July 1 and ending on June 30 of the subsequent year.


10. “MDAs” means the Recipient’s ministries, departments and agencies.

11. “MDUs” means BRN delivery unit in the Recipient’s ministries responsible for agriculture, transport, water, finance, education and energy sectors.

12. “Office of the Prime Minister” means the Recipient’s prime minister’s office
13. "Operating Costs" means the incremental operating costs incurred on account of the implementation of the Project including maintenance of vehicles, fuel, equipment, office supplies, utilities, consumables, travel per diems and allowances and travel and accommodation, but excluding salaries of the Recipient's civil servants.

14. "Original Financing Agreement" means the development credit agreement for a Private Sector Competitiveness Project between the Recipient and the Association, dated March 9, 2006, as amended to the date of this Agreement (Credit No.4136-TA).

15. "Original Project" means the Project described in the Original Financing Agreement.

16. "President's Delivery Bureau" means the entity established under the Ministers (Discharge of Ministerial Functions) Act (Chapter 299 of the Laws of the Recipient) and charged with inter alia the responsibility to monitor and evaluate the implementation of development programs and projects in the national key results areas within the BRN initiative.

17. "Project Implementation Manual" means the Project implementation manual - dated July 5, 2006, (and revised in December 2011) - referred to in Section I.C of Schedule 2 to this Agreement, as may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules to the manual.

18. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on August 28, 2013, and on behalf of the Recipient on September 9, 2013.


20. "Procurement Plan" means the Recipient's procurement plan for the Project, dated November 1, 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.

21. "Project Implementation Unit" means the unit referred to in Section I.A.2 of Schedule 2 to this Agreement.

22. "RDUs" means regional delivery units within the BRN delivery system.
23. "Training" means the costs associated with the participation of personnel involved in Project supported training activities, workshops and study tours, including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course, workshop or study tour preparation and implementation.

24. "Transformation and Delivery Council" means the entity of the Recipient charged with the responsibility to provide overall oversight and strategic direction of the BRN.