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CREDIT NUMBER 7211-TZ

# **Financing Agreement**

**(Additional Financing for the Rural Electrification Expansion Program)**

**and**

**Amendment to the Original Financing Agreement**

**between**

**THE UNITED REPUBLIC OF TANZANIA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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**CREDIT NUMBER 7211-TZ**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between UNITED REPUBLIC OF TANZANIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of: (i) providing additional financing for the Original Program; and (ii) amending the Original Financing Agreement, pursuant to Section IV of Schedule 2 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) apply to and form 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 a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to two hundred and fifty-three million one hundred thousand Special Drawing Rights (SDR 253,100,000) (variously, "Credit" and "Financing"), to assist in financing the program described in Schedule 1 to this Agreement ("Program").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Payment Dates are March 15 and September 15 in each year.
- 2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.06. The Payment Currency is Dollar.

### **ARTICLE III — PROGRAM**

- 3.01. The Recipient declares its commitment to the objectives of the Program. To this end, the Recipient shall carry out Part C(d) of the Program through its Ministry of Energy, and cause Part A, Part B, and Part C, except Part C(d), of the Program, by the Program Implementing Entity, in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Program Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consist of the following:
- (a) the Program Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Program Implementing Entity to perform any of its obligations under the Program Agreement;
  - (b) the Program has been modified or suspended so as to affect materially and adversely the ability of the Recipient or the Program Implementing Entity to achieve the objectives of the Program;
  - (c) a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out; and
  - (d) the ESMAP Grant Agreement has not become effective within three (3) months after the Effective Date.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in paragraph (a) of 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 amended on behalf of the Recipient and the Program Implementing Entity pursuant to the terms of this Agreement; and
  - (b) the Program Implementing Entity has adopted an updated Program Operations Manual in a manner acceptable to the Association.
- 5.02. The Additional Legal Matter consists of the following, namely, that the amendment to the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Program Implementing Entity and is legally binding upon the Recipient and the Program Implementing Entity in accordance with its terms.

AGREED as of the Signature Date.

**THE UNITED REPUBLIC OF TANZANIA**

By:



Authorized Representative

Name: Dr. Mwigulu Lameck Nkhamba Madelu

Title: Minister for Finance and Planning

Date: 21<sup>st</sup> November 2022

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By:



Authorized Representative

Name: Nathan M. Belete

Title: Country Director

Date: 21<sup>st</sup> November 2022



- 5.03. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.04. For purposes of Section 10.05(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 Signature Date.

**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  
Government City – Mtumba  
Treasury Avenue  
P. O. Box 2802  
40468, Dodoma  
Tanzania

Facsimile:

(255) 262 96 3109

- 6.03. For purposes of Section 11.01 of the General Conditions:

- (a) The Association's address is:

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

- (b) the Association's Electronic Address is:

Telex:

Facsimile:

248423 (MCI)

1-202-477-6391

## **SCHEDULE 1**

### **Program Description**

The objectives of the Program are: (i) to increase access to electricity in rural areas; and (ii) to scale-up the supply of renewable energy in rural areas while strengthening sector institutional capacity.

The Program consists of the following activities:

#### **A. Expanding Rural Access to Electricity**

Expanding access to electricity for rural customers, including: (a) designing and constructing medium voltage (33kV and 11kV) lines and low voltage lines; (b) installing medium voltage/low voltage distribution transformers; and (c) procuring materials for connection and metering of new customers in rural areas.

#### **B. Increasing Supply of Renewable Electricity in Rural Areas**

1. Providing Sub-loans to eligible Investment Enterprises, through Participating Financial Institutions (“PFIs”), to refinance Small Power Projects.
2. Establishing and operating a Short-term Loan Window to provide Renewable Energy Sub-loans to eligible Renewable Energy Companies to increase access to renewable energy in the Recipient’s rural areas.
3. Implementation of the renewable energy strategy and roadmap developed under Part C.(e) below, including support to prepare bankable renewable energy projects.
4. Design, preparation and implementation of a results-based financing (RBF) program to support the provision of quality verified solar home systems and clean cooking solutions to rural households in off-grid areas, by approved distributors, through a solar home systems fund facility and a clean cooking solutions fund facility.

#### **C. Strengthening Capacity of Sector to Deliver National Rural Electrification Program**

Strengthening the capacity of relevant government institutions to implement the National Rural Electrification Program, including: (a) improving the planning, accounting, and procurement capacity of REA and TANESCO to maximize grid extension investments; (b) enhancing coordination and collaboration between REA and TANESCO; (c) strengthening the planning and implementation capacity of REA and Ministry of Energy; (d) supporting the implementation of the National Energy Policy of 2015 in delivering modern energy to rural areas; (e) design and

preparation of a renewable energy strategy and roadmap; (f) supporting a renewable energy project preparation support facility for the provision of Consulting Grants; and (g) designing and implementing an energy sector monitoring and evaluation framework.

## SCHEDULE 2

### Program Execution

#### Section I. Implementation Arrangements

##### A. Program Fiduciary, Environmental and Social Systems

1. Without limitation upon the provisions of Article IV of the General Conditions, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Association ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:
  - (a) the Credit proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
  - (b) the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

##### B. Anti-Corruption

Without limitation upon the provisions of Part A of this Section, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines.

##### C. Other Program Institutional and Implementation Arrangements

###### 1. Program Institutions

Without limitation upon the generality of Part A of this Section I, the Recipient shall ensure, at all times during the execution of the Program, the carrying out by the following institutions of responsibilities for Program implementation described herein below:

- (a) the Ministry of Energy shall be responsible for the overall coordination and oversight of Program implementation and for implementing its Respective Parts of the Program;
- (b) Program Steering Committee:
  - (i) the Recipient shall maintain, throughout the implementation of the Program, a steering committee ("Program Steering Committee"), with a composition, mandate, and resources acceptable to the

Association, and which shall be chaired by the Permanent Secretary of the Ministry of Energy; and

- (ii) without limitation to sub-paragraph (a) immediately above, the Program Steering Committee shall be responsible for: (A) providing strategic guidance and oversight to ensure prompt and efficient implementation of the Program; and (B) ensuring overall coordination of Program implementation, all in accordance with the provisions of the Program Operations Manual.
- (c) Without limitation to sub-paragraphs (a) and (b) immediately above, the implementation by the Program Implementing Entity and the Ministry of Energy of their Respective Parts of the Program shall include the day-to-day administration of planning, coordination, the technical, fiduciary (i.e. procurement and financial management), environmental and social safeguards compliance, monitoring, evaluation, reporting and communication of activities under their Respective Parts of the Program, all in accordance with the provisions of this Agreement, the Program Agreement and the Program Operations Manual.

## 2. **Subsidiary Agreement**

- (a) To facilitate the carrying out of the Program Implementing Entity's Respective Parts of the Program, the Recipient shall make part of the proceeds of the Credit available to the Program Implementing Entity on grant terms pursuant to an amendment to the subsidiary agreement between the Recipient and the Program Implementing Entity (as amended, the "Subsidiary Agreement"), under terms and conditions approved by the Association, which shall include the following:
  - (i) the Recipient's obligation to provide to the Program Implementing Entity part of the proceeds of the Credit allocated in the table set forth in paragraph 2 of Section IV.A of Schedule 2 to this Agreement;
  - (ii) the Program Implementing Entity's obligation to carry out its Respective Parts of the Program with due diligence and efficiency, in conformity with appropriate administrative, financial, technical, environmental and social practices, under the supervision of qualified and experienced management assisted by competent staff in adequate numbers, and in accordance with the provisions of this Agreement, the Program Agreement, and the Program Operations Manual;

- (iii) the Program Implementing Entity's obligation to procure goods, works and services required for carrying out its Respective Parts of the Program and to be financed out of the proceeds of the Credit, in accordance with the provisions of Section II of Schedule 2 to this Agreement, as said provisions may be further elaborated in the Program Operations Manual;
  - (iv) the Program Implementing Entity's obligation to implement its Respective Parts of the Program in accordance with the Anti-Corruption Guidelines;
  - (v) the Program Implementing Entity's obligation to: (A) maintain a financial management system for implementing its Respective Parts of the Program; (B) prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect its operations and financial condition; and (C) register separately the operations, resources and expenditures related to its Respective Parts of the Program;
  - (vi) the Program Implementing Entity's obligation to promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of its Respective Parts of the Program and the performance of its obligations under the Subsidiary Agreement; and
  - (vii) the Program Implementing Entity's obligation to neither take nor concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Agreement.
- (b) the Subsidiary Agreement shall include a provision stipulating that in the case of conflict between the Subsidiary Agreement on the one hand, and this Agreement and the Program Agreement on the other, the provisions of this Agreement and the Program Agreement shall apply; and
  - (c) the Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

### 3. **Program Operations Manual**

- (a) Without limitation on the generality of Part A of this Section I, the Recipient shall ensure that the Program Implementing Entity prepares and

adopts an operations manual (“Program Operations Manual”), in form and substance satisfactory to the Association, containing detailed institutional, administrative, financial, environmental and social, technical and operational guidelines and procedures for the implementation of the Program, including:

- (i) description of the activities to be financed under the Program and the associated DLIs/DLRs;
  - (ii) performance assessment guidelines containing detailed protocols, guidelines, procedures and other arrangements for the carrying out of Annual Performance Assessments, including, *inter alia*, a methodology for determining the achievement of DLRs for each Fiscal Year;
  - (iii) Eligibility Criteria for Investment Enterprises, Small Power Projects and PFIs, terms and conditions of Sub-financing Agreements, and guidelines for approval and administration of Sub-loans; and
  - (iv) Eligibility Criteria for Renewable Energy Sub-loans and Renewable Energy Companies, and administration of the Renewable Energy Sub-loans;
  - (v) guidelines and procedures to establish and manage the solar home systems fund facility and the clean cooking solutions fund facility under Part B.4 of the Program; and
  - (vi) the PPSF Operating Guidelines.
- (b) the Recipient shall thereafter ensure that the Program is carried out in accordance with the Program Operations Manual; and
  - (c) the Recipient shall, and shall cause the Program Implementing Entity to, not amend, abrogate or suspend, or permit to be amended, abrogated or suspended, any provision of the Program Operations Manual, without the prior written consent of the Association. Notwithstanding the foregoing, if any provision of said Program Operations Manual is inconsistent with the provisions of this Agreement and the Program Agreement, the provisions of this Agreement and the Program Agreement shall prevail.

#### 4. **Program Administrative Agreement**

- (a) To facilitate the carrying out of Part B of the Program, the Recipient shall ensure that the administrative agreement entered into between the Program Implementing Entity and the Fund Administrator (“Program

Administrative Agreement”), under terms and conditions approved by the Association, which shall be updated to reflect the activities under Part B of the Program as set forth in Schedule 1 to this Agreement, and include, *inter alia*:

- (i) that the Program Implementing Entity shall provide the Fund Administrator with the funds allocated under the Program for the purpose of carrying out Part B of the Program;
- (ii) the requirement that the Fund Administrator performs its functions to assist the Program Implementing Entity in carrying out Part B of the Program with due diligence and efficiency, in conformity with appropriate administrative and financial management practices, and in accordance with the Program Operations Manual;
- (iii) the criteria under which Renewable Energy Sub-loans shall be provided to eligible Renewable Energy Companies;
- (iv) the requirement that the Fund Administrator provides, or causes to be provided, promptly as needed, the facilities, services and other resources required to perform its functions under Part B of the Program, which shall include, *inter alia*, the following:
  - (A) liaising with PFIs, including review of completeness of PFI applications in accordance with the Program Operations Manual and Eligibility Criteria, and entering into PFI Agreements with PFIs;
  - (B) managing credit line funds under Part B.1 of the Program, including requesting disbursements from the Program Implementing Entity, and disbursing funds to PFIs;
  - (C) collecting loan repayments from PFIs and periodically calculating and announcing on-lending terms, according to the methodology established in the Program Operations Manual;
  - (D) the provision of Renewable Energy Sub-loans to eligible Renewable Energy Companies; and
  - (E) financial reporting to the Program Implementing Entity.
- (b) The Recipient shall ensure that the Program Implementing Entity exercises its rights under the Program Administrative Agreement in such manner as to protect the interests of the Recipient and the Association and



to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall ensure that the Program Administrative Agreement or any of its provisions is not assigned, amended, abrogated or waived.

**5. PFI Agreements for Re-Financing Small Power Projects under Part B.1 of the Program**

- (a) To facilitate the carrying out of Part B.1 of the Program, the Recipient shall ensure that the Program Implementing Entity ensures that part of the proceeds of the Credit are made available to PFIs, through one or more agreements ("PFI Agreements") between PFIs and the Fund Administrator, under terms and conditions approved by the Association, which shall include, *inter alia*, the following:
  - (i) PFIs shall use the proceeds of PFI Agreements to provide Sub-loans to Investment Enterprises to refinance Small Power Projects. To this end, PFIs shall appraise, approve and monitor Small Power Projects, and administer the Sub-loans in accordance with the provisions and procedures set forth or referred to in this paragraph 5 and in more detail in the Program Operations Manual; and
  - (ii) no proposed Small Power Project shall be eligible for refinancing under a Sub-loan unless the PFI has determined, on the basis of an appraisal conducted in accordance with this sub-paragraph and the Program Operations Manual, that the proposed Small Power Project satisfies the Eligibility Criteria specified below and set forth or referred to in more detail in the Program Operations Manual, which shall include the following:
    - (A) the proposed Small Power Project activities shall fall within the scope of Part B.1 of the Program, and shall exclude any activities and expenditures specified as ineligible in the Program Operations Manual;
    - (B) the proposed Small Power Project shall be initiated by an Investment Enterprise which has been registered as a legal entity and has the capacity to enter into a binding contract under the laws of the Recipient, and which has met the other Eligibility Criteria specified or referred to in the Program Operations Manual; and
    - (C) the Investment Enterprise has adequate technical, financial management and procurement capacity to

implement the proposed Small Power Project in compliance with the guidelines set forth in the Program Operations Manual and the Anti-Corruption Guidelines.

- (b) The Recipient shall ensure that Sub-loans are provided pursuant to agreements between PFIs and Investment Enterprises (“Sub-financing Agreements”), under terms and conditions acceptable to the Association, including the following:
  - (i) Sub-loans shall be:
    - (A) denominated and repayable in either Tanzanian Shillings (TZS) or Dollars (\$);
    - (B) charged interest on the principal amount withdrawn and outstanding from time to time; and
    - (C) repayable over a period not exceeding fifteen (15) years from the date of the Sub-financing Agreement.
  - (ii) Each PFI shall obtain rights adequate to protect the interests of the Recipient and the Association, including the right to:
    - (A) suspend or terminate the right of the Investment Enterprise to use the proceeds of the Sub-loan, or obtain a refund of all or any part of the amount of the Sub-loan then withdrawn, upon the Investment Enterprise’s failure to perform any of its obligations under the Sub-financing Agreement; and
    - (B) require each Investment Enterprise to:
      - (1) carry out its Small Power Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Recipient and the Association, including in accordance with the provisions of: (I) the Anti-Corruption Guidelines; and (II) the Program Operations Manual;
      - (2) provide, promptly as needed, the resources required for the Small Power Project;

- (3) procure the goods, works and services to be financed out of the Sub-loan in accordance with the provisions of this Agreement;
  - (4) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Recipient and the Association, the progress of the Sub-loan and the achievement of its objectives;
  - (5) (I) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Recipient and the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Small Power Project; and (II) at the Recipient's or the Association's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;
  - (6) enable the Recipient and the Association to inspect the Small Power Project, its operation and any relevant records and documents; and
  - (7) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
- (c) The Recipient shall ensure, or cause to be ensured, that each PFI exercises its rights under its Sub-financing Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. Except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that any Sub-financing Agreement or any of its provisions is not assigned, amended, abrogated or waived without the prior approval of the Recipient and the Association.

**6. Short-term Loan Window under Part B.2 of the Program**

The Recipient shall cause the Program Implementing Entity to ensure that the Fund Administrator operates the Short-term Loan Window under Part B.2 of the Program in accordance with this Agreement, the Program Agreement and the Program Operations Manual.

**7. RBF Program Fund Facilities under Part B.4 of the Program**

The Recipient shall cause the Program Implementing Entity to establish and manage the solar home systems fund facility and the clean cooking solutions fund facility under Part B.4 of the Program in accordance with this Agreement, the Program Agreement and the Program Operations Manual.

**8. Consulting Grants under Part C(f) of the Program**

(a) The Recipient shall cause the Program Implementing Entity to make Consulting Grants to Beneficiaries in accordance with Eligibility Criteria and procedures acceptable to the Association, and further set out in the PPSF Operating Guidelines.

(b) The Recipient shall cause the Program Implementing Entity to make each Consulting Grant under a Consulting Grant Agreement with the respective Beneficiary on terms and conditions approved by the Association, which shall include the following:

(i) The Consulting Grant shall be denominated in Dollars or TZS.

(ii) The Recipient shall cause the Program Implementing Entity to obtain rights adequate to protect its interests and those of the Recipient and the Association, including the right to: (A) suspend or terminate the right of the Beneficiary to use the proceeds of the Consulting Grant, or obtain a refund of all or any part of the amount of the Consulting Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Consulting Grant Agreement; and (B) require each Beneficiary to: (1) carry out the purpose of the Consulting Grant with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (2) provide, promptly as needed, the resources required for the purpose; (3) procure the services to be financed out of the Consulting Grant in accordance with the provisions of this

Agreement; (4) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress on the achievement of the purpose of the Consulting Grant and the achievement of its objectives; (5) (I) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Consulting Grant; and (II) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (6) enable the Recipient and the Association to inspect the Beneficiary's project, its operation and any relevant records and documents; and (7) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

- (c) The Recipient shall cause the Program Implementing Entity to exercise its rights under each Consulting Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Consulting Grant Agreement or any of its provisions.

9. **Additional Program Implementation Arrangements**

Without limitation upon the generality of Part A of this Section I, the Recipient shall carry out the Program Action Plan, or cause the Program Action Plan to be carried out, in accordance with the schedule set out in the said Program Action Plan in a manner satisfactory to the Association.

**Section II. Excluded Activities**

- 1. The Recipient shall ensure that the Program excludes any activities which:
  - (a) in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
  - (b) involve the procurement of: (i) works, estimated to cost seventy-five million Dollars (\$75,000,000) equivalent or more per contract; (ii) goods, estimated to cost fifty million Dollars (\$50,000,000) equivalent or more

per contract; (iii) non-consulting services, estimated to cost fifty million Dollars (\$50,000,000) equivalent or more per contract; or (iv) consulting services, estimated to cost twenty million Dollars (\$20,000,000) equivalent or more per contract.

**Section III. Program Monitoring, Reporting and Evaluation**

**A. Program Reports**

The Recipient shall furnish to the Association each Program Report not later than sixty (60) days after the end of each Fiscal Year, covering the Fiscal Year.

**B. Annual Performance Assessment**

1. The Recipient shall ensure that the Independent Verification Agent engaged by the Program Implementing Entity, under terms of reference acceptable to the Association, is maintained throughout Program implementation, to prepare and provide verification reports certifying the achievement of DLRs for the Program.
2. Without limitation upon the provisions of Part A of this Section III, the Recipient shall ensure that, in each Fiscal Year during the implementation of the Program:
  - (a) the Independent Verification Agent carries out, in accordance with the Program Operations Manual and the Verification Protocol, a performance assessment ("Annual Performance Assessment") covering the previous Fiscal Year to determine: (i) whether the relevant DLRs for said Fiscal Year have been met or the extent that DLRs have been met; and (ii) the disbursement amount for said Fiscal Year based on the calculation formula as stipulated in the table in paragraph 2 of Section IV.A of Schedule 2 to this Agreement; and
  - (b) said Annual Performance Assessment is furnished, not later than six (6) months after the end of said Fiscal Year, to the Association for its review and approval.

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

**A. General**

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Program Expenditures (inclusive of Taxes), on the basis of the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient or the Program Implementing Entity, as measured against specific indicators ("Disbursement

Linked Indicators” or “DLIs”); all as set forth in the table in paragraph 2 of this Part A.

2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the Disbursement Linked Indicators as applicable) (“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Financing to each Category:

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Disbursement Calculation Formula</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>
<p>(1) DLI #1:  Cumulative number of grid electricity connections, including those under mini-grids, made under the Program.</p>	<p>DLR #1:  1,585,000 connections</p>	<p>From the Proceeds of the IDA Original Financing:</p> <p>(i) The Recipient will receive SDR 352.77 per connection for the first 70,000 connections;</p> <p>(ii) the Recipient will receive SDR 190.28 per connection after the first 70,000 connections until 585,000 connections;</p> <p>From the Proceeds of the IDA Additional Financing:</p>	<p>241,766,385</p> <p>For connections from 585,001 to 1,585,000</p>



Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing Allocated (expressed in SDR)
		<p>(iii) The Recipient will receive SDR 241.76 per connection after the first 585,000 connections</p> <p>(iv) there must be a minimum of 35,000 connections before any disbursement is made under Category (1)</p>	
<p>(2) DLI #2</p> <p>Cumulative number of off-grid electricity systems and/or efficient cookstoves received by eligible households under the RBF Program</p>	<p>DLR 2: 220,000</p>	<p>The Recipient will receive:</p> <p>(i) for each off-grid electricity system: SDR 75.55 from the Proceeds of the IDA Additional Financing, and \$50 from the Proceeds of the ESMAP Grant, up to 20,000 off-grid electricity systems;</p> <p>(ii) for each cookstove: SDR 7.56 from the Proceeds of the IDA Additional Financing, and</p>	<p>3,023,000</p> <p>-</p>



Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing Allocated (expressed in SDR)
		<p>\$25 from the Proceeds of the ESMAP Grant, up to 200,000 cookstoves.</p> <p>(Baseline is zero for both off-grid electricity systems and cookstoves)</p> <p>There must be a minimum of 20,000 off-grid electricity systems and/or cookstoves received by eligible households under the RBF Program before any disbursement is made under Category (2).</p>	
(3) DLI 3: Implementation of the renewable energy strategy completed	DLR 3 Up to six preparatory studies completed pursuant to the renewable energy strategy roadmap	The Recipient will receive SDR 755,515 from the Proceeds of the IDA Additional Financing per study, up to six studies. (Baseline is zero)	4,533,100
(4) DLI #4: Annual capacity building and			3,022,000 DLR #4.1:0

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing Allocated (expressed in SDR)
project preparation activities completed	<p>DLR #4.1: Annual Capacity Building Plan for FY 2016/17 submitted not later than three (3) months after Effective Date of Original Financing Agreement</p> <p>DLR #4.2: Annual Capacity Building Plan for FY 2017/18 submitted by July 31, 2017</p> <p>DLR #4.3: Plan to strengthen the capacity of the department for planning and preparation of REA approved by the Rural Energy Board</p> <p>DLR #4.4: (i) Draft Rural Electrification Master Plan is submitted to the Ministry of Energy; and (ii) Draft Rural Electrification Master Plan is approved by the Ministry of Energy</p> <p>DLR #4.5: Targeted Communities Program</p>		<p>DLR #4.2: 0</p> <p>DLR #4.3: 0</p> <p>DLR #4.4: (i) 0; and (ii) 0</p> <p>DLR #4.5: 0</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing Allocated (expressed in SDR)
	<p>approved by the Rural Energy Board</p> <p>DLR #4.6: (i) Annual Capacity Building Plan for FY 2018/19 approved and submitted by REA to the Association</p> <p>DLR #4.7: Feasibility studies for grid connections for all twenty-four (24) regions in the Recipient's territory completed</p> <p>DLR #4.8: Annual Capacity Building Plan for FY 2019/20 approved and submitted by REA to the Association</p> <p>DLR #4.9: Four (4) consulting services, under terms of reference acceptable to the Association, completed to support TANESCO's new power generation projects for rural electrification</p>	<p>DLR #4.7: SDR 207,000 for each region covered by a feasibility study</p> <p>DLR #4.9: SDR 618,000 for each consulting services completed</p>	<p>DLR #4.6: 0</p> <p>DLR #4.7: 0</p> <p>DLR #4.8: 0</p> <p>DLR #4.9: 0</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing Allocated (expressed in SDR)
	<p>DLR #4.10: Annual Capacity Building Plan for FY 2020/21 approved and submitted by REA to the Association</p>		<p>DLR #4.10: 0</p>
	<p>DLR #4.11: Annual Capacity Building Plan for FY 2021/22 approved and submitted by July 31, 2021 by REA to the Association</p>		<p>DLR #4.11: 0</p>
	<p>DLR #4.12 Capacity development program for renewable energy approved and submitted by REA to the Association (Baseline: zero)</p>		<p>DLR #4.12: 0</p>
	<p>DLR #4.13: Preparatory studies for at least sixteen (16) renewable energy projects completed by REA</p>	<p>4.13: The Recipient will receive \$ 250,000 from the Proceeds of the SCF Grant for the preparatory studies for the first eight renewable energy projects satisfactorily completed, and</p>	<p>DLR #4.13: 1,511,000</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing Allocated (expressed in SDR)
	DLR #4.14 Three (3) Annual Capacity Building Plans approved and submitted by REA	SDR 188,879 from the Proceeds of the IDA Additional Financing for the preparatory studies for each of the remaining 8 renewable energy projects satisfactorily completed  4.14 The Recipient will receive SDR 503,676 from the Proceeds of the IDA Additional Financing for each Annual Capacity Building Plan approved and submitted by REA	DLR #4.14 1,511,000
(5) DLI #5: Implementation of the National Energy Policy of 2015 ("NEP") to enhance access to modern energy services in the	DLR #5.1: Study under NEP for unlocking electricity connection challenges in rural areas completed		755,515 DLR #5.1: 0

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing Allocated (expressed in SDR)
Recipient's rural areas	<p>DLR #5.2: Strategy under NEP for enhancing access to modern energy services approved by the Minister of Energy</p> <p>DLR #5.3: Renewable energy strategy and implementation plan approved by the Minister of Energy</p> <p>DLR 5.4: energy sector monitoring and evaluation framework (i) designed and (ii) implemented.</p>		<p>DLR #5.2: 0</p> <p>DLR #5.3: 0</p> <p>DLR #5.4: 755,515</p>
(6) DLI #6: Cumulative value (\$) of eligible SPP Loans for Small Power Projects and Renewable Energy Sub-loans reaching Financial Close	DLR #6: \$16,500,000 equivalent	Upon achievement of a minimum of \$500,000 eligible SPP Loan for Small Power Projects and/or Renewable Energy Sub-loans reaching Financial Close in the respective Fiscal Year (except for the final year of Program implementation), the Recipient will receive (i) \$ 0.54	0

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing Allocated (expressed in SDR)
		equivalent from the Proceeds of the IDA Original Financing (up to SDR 6,354,000), and (ii) \$ 0.36 from the Proceeds from the SCF Grant (up to \$ 6,000,000), per \$1 equivalent of cumulative sub-loan value reaching financial closure.	
<b>TOTAL AMOUNT</b>			253,100,000

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) on the basis of DLRs achieved prior to the Signature Date;
  - (b) for DLI #2 until the Recipient has caused the Program Implementing Entity to prepare, adopt, guidelines and procedures to establish and manage the solar home systems fund facility and the clean cooking solutions fund facility under Part B.4 of the Program satisfactory to the Association and thereafter incorporated said guidelines and procedures into the Program Operations Manual; and
  - (c) for any DLR until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved.
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw an amount not to exceed SDR 63, 275,000 as an advance; provided,

however, that if the DLRs in the opinion of the Association, are not achieved (or are only partially achieved) by the Closing Date, the Recipient shall refund such advance (or portion of such advance as determined by the Association in accordance with the provisions of paragraph (3) of this Part B) to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.

3. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLR has not been achieved by the date by which the said DLR is set to be achieved (or such later date as the Association has established by notice to the Recipient), the Association may, by notice to the Recipient: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the formula set out in the table in Part A above; (b) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR; and/or (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.
4. The Closing Date is June 15, 2026.

**Section V. Other Undertakings**

**A. Tax Exemption**

The Recipient's undertakes that the importation, procurement, and/or supply of any goods, works and/or services, which are wholly and exclusively for the purpose of the execution of the Project and financed with the proceeds of the Credit, will be exempted from taxes and duties.



**SCHEDULE 3**  
**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each March 15 and September 15, commencing March 15, 2033 to and including September 15, 2072.	1.25%

\* 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 3.05(b) of the General Conditions.

## APPENDIX

### Section I. Definitions

1. "Annual Capacity Building Plan" means the plan to be prepared by the Rural Energy Agency annually, which includes an action plan, procurement plan, and annual budget and financing for implementing each year's capacity development and project preparation activities, including activities under the Program Action Plan.
2. "Annual Performance Assessment" or "APA" means each assessment, referred to in Section III.B of Schedule 2 to this Agreement; and "Annual Performance Assessments" or "APAs" means more than one such Annual Performance Assessment.
3. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, the Association's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing," dated February 1, 2012, and revised July 10, 2015.
4. "Cabinet" means the Recipient's council of ministers.
5. "Category" means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
6. "Beneficiaries" means those Investment Enterprises or Small Power Producers selected in accordance with criteria set forth in the Program Operations Manual to receive a Consulting Grant pursuant to the terms of a Consulting Grant Agreement.
7. "Consulting Grants" means sub-grants provided to Beneficiaries under Part C(f) of the Program pursuant to the terms of a Consulting Grant Agreement for the purpose of financing consulting services for assisting Beneficiaries in the preparation of essential project documents and underlying analyses to enable renewable energy projects to obtain financing.
8. "Consulting Grant Agreement" means an agreement between the Recipient through REA and a Beneficiary for the financing of a Consulting Grant Agreement, pursuant to the terms set forth in Section C.8 of Schedule 2 to this Agreement and the Program Operations Manual.
9. "Disbursement Linked Indicator" or "DLI" means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
10. "Disbursement Linked Result" or "DLR" means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule

2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.

11. "Eligibility Criteria" means the Recipient's list of criteria, acceptable to the Association, to determine whether an entity qualifies to be a Participating Financial Institution for purposes of this Program, including the following eligibility requirements: (a) adequate profitability, capital and portfolio quality; (b) acceptable level of loan collections; (c) appropriate capacity, including staffing, for carrying out subproject appraisals, including environment assessments; and (d) appropriate prudential policies, administrative structure and business procedures.
12. "ESMAP Grant Agreement" means the grant agreement for the Program between the Recipient and IDA acting as administrator of the Energy Sector Management Assistance Program Umbrella 2.0 Multi-Donor Trust Fund, dated the same date as this Agreement, as such grant agreement may be amended from time to time.
13. "ESMAP Grant" means the grant provided under the ESMAP Additional Grant Agreement.
14. "Financial Close" means, with respect to SPP Loans and Renewable Energy Sub-loans, execution of the agreement for a SPP Loan or Renewable Energy Sub-loan that meets the Eligibility Criteria as set forth in the Program Operations Manual and fulfillment of all conditions precedent for the effectiveness of said agreement.
15. "Fiscal Year" or "FY" means the Recipient's fiscal year from July 1 through June 30 of each calendar year.
16. "Fund Administrator" means TIB under the Original Program or any other entity recruited or selected to administer the refinancing and any other activities under Part B of the Program.
17. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Program-for-Results Financing", dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
18. "IDA Additional Financing Agreement" means this Agreement.
19. "IDA Additional Financing" means the Credit under this Agreement.
20. "IDA Original Financing Agreement" means the financing agreement for the Program between the Recipient and the Association dated August 15, 2016, as amended on November 19, 2021.

21. "IDA Original Financing" means the credit under the IDA Original Financing Agreement.
22. "Independent Verification Agent" means an independent entity engaged by the Program Implementing Entity for purposes of certifying achievement of the DLRs for the Program as referred to in paragraph 1 of Section III.B of Schedule 2 to this Agreement.
23. "Investment Enterprise" means an entity that receives a Sub-loan for the purpose of carrying out a Small Power Project; and "Investment Enterprises" means more than one such Investment Enterprise.
24. "Ministry of Energy" means the Recipient's ministry responsible for energy and minerals, or any successor thereto.
25. "Ministry of Finance and Planning" means the Recipient's ministry responsible for finance and planning, or any successor thereto.
26. "National Energy Policy of 2015" or "NEP" means the national energy policy approved by the Recipient's Cabinet in April 2015.
27. "National Rural Electrification Program" or "NREP" means a program undertaken by the Recipient for the purpose of increasing access to modern energy services in the Recipient's rural areas.
28. "Original Program" means the Program described in Schedule 1 of the IDA Original Financing Agreement.
29. "Participating Financial Institution" or "PFI" means any financial institution established and operating in accordance with the laws of the Recipient that satisfies the Eligibility Criteria to participate in the Program and executes a PFI Agreement for this purpose; "Participating Financial Institutions" or "PFIs" means more than one such Participating Financial Institution.
30. "PFI Agreement" means an agreement referred to in paragraph 5 of Section I.C of Schedule 2 to this Agreement; and "PFI Agreements" means more than one such PFI Agreement.
31. "PPSF Operating Guidelines" means the operating guidelines and procedures prepared and adopted by the Project Implementing Entity, and acceptable to the Association, for the implementation of the renewable energy project preparation support facility described in Part C(f) of the Program, which shall not be amended without the agreement of the Association.

32. "Program Action Plan" means Recipient's plan dated May 24, 2016, and referred to in paragraph 9 of Section I.C of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written agreement of the Association.
33. "Program Administrative Agreement" means the agreement between the Program Implementing Entity and a Fund Administrator (as such agreement may be amended from time to time with the approval of the Association, or any other subsequent agreement entered into for the purpose and on the terms set forth in Section I.C.4 of Schedule 2 to this Agreement, between the Program Implementing Entity and a Fund Administrator in form and manner satisfactory to the Association.
34. "Program Fiduciary and Environmental and Social Systems" means the Recipient's and the Program Implementing Entity's systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.
35. "Program Implementing Entity" means the Rural Energy Agency.
36. "Program Implementing Entity's Legislation" means the Rural Energy Act. No. 8 of 2005.
37. "Program Operations Manual" means the manual, acceptable to the Association, prepared pursuant to the terms of the IDA Original Financing Agreement, to be updated by the Program Implementing Entity pursuant to the provisions of paragraph 3 of Section I.C of Schedule 2 to this Agreement.
38. "Program Steering Committee" means the steering committee referred to in paragraph 1(b)(i) of Section I.C of Schedule 2 to this Agreement.
39. "Renewable Energy Company" means an entity that meets the Eligibility Criteria set out in the Program Operations Manual, supplies quality-verified renewable energy products, including solar products, and receives a Renewable Energy Sub-loan; and "Renewable Energy Companies" means more than one such Renewable Energy Company.
40. "Renewable Energy Sub-loan" means a short-term loan with a maturity not exceeding five (5) years, made, or proposed to be made, to a Renewable Energy Company under the Short-term Loan Window in accordance with the procedures and requirements set out in the Program Operations Manual; and "Renewable Energy Sub-loans" means more than one such Renewable Energy Sub-loan.
41. "Respective Parts of the Program" means: (a) in the case of the Program Implementing Entity, Parts A, B, and C of the Program, except Part C(d) of the Program; and (b) in the case of the Ministry of Energy, Part C(d) of the Program.

42. “Rural Electrification Master Plan” means the Recipient’s plan for rural electrification that includes, *inter alia*, comprehensive annual investment plans and connection numbers, description of subprojects and their cost estimates, and investment priorities for electrification.
43. “Rural Energy Act” means the Rural Energy Act, 2005 of the laws of the Recipient.
44. “Rural Energy Agency” or “REA” means the Recipient’s agency dedicated to promoting and facilitating improved access to modern energy services in rural areas, established and operating pursuant to the Rural Energy Act, or any successor thereto.
45. “Rural Energy Board” means the board of directors of the Rural Energy Agency established under the Rural Energy Act.
46. “Scaling-up Renewable Energy Program” or “SREP” means the program established under the Strategic Climate Fund in accordance with the Governance Framework for the Strategic Climate Fund for the purposes set forth in the SREP Design Document.
47. “SCF Grant Agreement” means the agreement entered into between the Recipient and the Association, acting as an implementing entity of the Scaling-up Renewable Energy Program under the Strategic Climate Fund, dated August 15, 2016, as amended on November 19, 2021, and as of the date hereof, providing for a grant to the Recipient to assist in financing the Program.
48. “SCF Grant” means the grant provided under the SCF Grant Agreement.
49. “Short-term Loan Window” means a financing window for the provision of Renewable Energy Sub-loans, to be established and operated within the renewable energy credit line established under the Energy Development and Access Expansion Project financed by the Association.
50. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
51. “Small Power Producer” or “SPP” means a small electric power producer, established and operating under the laws of the Recipient, which has entered into a standardized power purchase agreement with TANESCO; and “Small Power Producers” or “SPPs” means more than one such Small Power Producer.
52. “Small Power Project” means a small power project for renewable energy or energy conservation that qualifies under the Program Operations Manual as eligible for a Sub-loan; and “Small Power Projects” means more than one such Small Power Project.



53. "SPP Loan" means a loan made, or proposed to be made, to an Investment Enterprise by a PFI to finance one or more Small Power Projects; and "SPP Loans" means more than one such SPP Loan.
54. "SREP Design Document" is the design for the Scaling-up Renewable Energy Program, approved by the Strategic Climate Fund Trust Fund Committee and issued on June 1, 2009, and as said design may be amended from time to time in accordance with its terms.
55. "Sub-financing Agreement" means an agreement to be entered into between a PFI and an Investment Enterprise pursuant to paragraph 5 of Section I.C of Schedule 2 to this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Sub-financing Agreement; and "Sub-financing Agreements" means more than one such Sub-financing Agreement.
56. "Sub-loan" means a loan made, or proposed to be made, to an Investment Enterprise by a PFI out of the proceeds of a PFI Agreement to refinance one or more Small Power Projects; and "Sub-loans" means more than one such Sub-loan.
57. "Subsidiary Agreement" means the agreement referred to in paragraph 2 of Section I.C of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Credit available to the Program Implementing Entity.
58. "TANESCO's Articles of Association" means TANESCO's constituent articles of incorporation adopted on November 26, 1931.
59. "Tanzania Electric Supply Company Limited" or "TANESCO" means the limited liability electric power generation, transmission and distribution company, established and operating pursuant to the Companies Act, CAP 212 (R.E 2002) of the laws of the Recipient and TANESCO's Articles of Association, or any successor thereto.
60. "TIB Development Bank" or "TIB" means the Recipient's development bank established and operating pursuant to the Companies Act, CAP 212 (R.E 2002) of the laws of the Recipient
61. "Tanzanian Shillings" or "TZS" means the lawful currency of the Recipient.
62. "Targeted Communities Program" means the program to be developed by the Recipient targeting development centers identified by REA which will not receive grid extension in the medium to long term but are prioritized and selected by REA for rural electrification through renewable energy or hybrid power systems.

63. "Verification Protocol" means the Recipient's protocol detailing the means by which the fulfillment of the Disbursement Linked Results will be verified under the Program, as described in the Program Operations Manual.

**Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. Section 3.03 (Service Charge) and Section 3.04 (Interest Charge) are deleted in their entirety and the remaining Sections in Article III are renumbered accordingly, and all references to the Sections of Article III in any provision of the General Conditions are understood to be to such renumbered Sections.
2. Paragraph 65 (Interest Charge) in the Appendix is modified to read as follows:  
  
"65. "Interest Charge" means the interest charge for the purpose of Section 3.07.
3. Paragraph 99 (Service Charge) in the Appendix is deleted in its entirety and the subsequent paragraphs are renumbered accordingly, and any reference to "Service Charge" or "Service Charges" in any provision of the General Conditions is deleted.



**Amendment to the IDA Original Financing Agreement**

1. The IDA Original Financing Agreement is hereby amended as follows:
  - (a) Schedule 1 is replaced in its entirety with Schedule 1 to this Agreement.
  - (b) The table in Section IV.A. of Schedule 2 is replaced with the following table:

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Disbursement Calculation Formula</b>	<b>Amount of the Financing/Grant Allocated (expressed in SDR)</b>
(1) DLI #1: Cumulative number of grid electricity connections, including those under mini-grids, made under the Program.	DLR #1: 1,585,000 connections	From the Proceeds of the IDA Original Financing:  (i) The Recipient will receive SDR 352.77 per connection for the first 70,000 connections;  (ii) the Recipient will receive SDR 190.28 per connection after the first 70,000 connections until 585,000 connections;  From the Proceeds of the	123,466,000, for up to 585,000 connections

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing/Grant Allocated (expressed in SDR)
		<p>IDA Additional Financing:</p> <p>(iii) The Recipient will receive SDR 241.76 per connection after the first 585,000 connections</p> <p>(iv) there must be a minimum of 35,000 connections before any disbursement is made under Category (1)</p>	
<p>(2) DLI #2 Cumulative number of off-grid electricity systems and/or efficient cookstoves received by eligible households under the RBF Program</p>	<p>DLR 2: 220,000</p>	<p>The Recipient will receive:</p> <p>(i) for each off-grid electricity system: SDR 75.55 from the Proceeds of the IDA Additional Financing, and \$ 50 from the Proceeds of the ESMAP Grant, up to 20,000 off-grid electricity systems;</p>	<p>0</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing/Grant Allocated (expressed in SDR)
		<p>(ii) for each cookstove: SDR 7.56 from the Proceeds of the IDA Additional Financing, and \$ 25 from the Proceeds of the ESMAP Grant, up to 200,000 cookstoves.</p> <p>(Baseline is zero for both off-grid electricity systems and cookstoves)</p> <p>There must be a minimum of 20,000 off-grid electricity systems and/or cookstoves received by eligible households under the RBF Program before any disbursement is made under Category (2).</p>	
(3) DLI 3: Implementatio n of the renewable energy	DLR 3 Up to six preparatory studies completed pursuant to the renewable energy strategy roadmap	The Recipient will receive SDR 755,515 from the Proceeds of the IDA Additional Financing per study, up to six	0

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing/Grant Allocated (expressed in SDR)
strategy completed		studies. (Baseline is zero)	
(4) DLI #4: Annual capacity building and project preparation activities completed	<p>DLR #4.1: Annual Capacity Building Plan for FY 2016/17 submitted not later than three (3) months after Effective Date of Original Financing Agreement</p> <p>DLR #4.2: Annual Capacity Building Plan for FY 2017/18 submitted by July 31, 2017</p> <p>DLR #4.3: Plan to strengthen the capacity of the department for planning and preparation of REA approved by the Rural Energy Board</p> <p>DLR #4.4: (i) Draft Rural Electrification Master Plan is submitted to the Ministry of Energy; and (ii) Draft Rural Electrification Master</p>		<p>10,660,000</p> <p>DLR #4.1: 360,000</p> <p>DLR #4.2: 360,000</p> <p>DLR #4.3: 700,000</p> <p>DLR #4.4: (i) 700,000; and (ii) 1,400,000</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing/Grant Allocated (expressed in SDR)
	<p>Plan is approved by the Ministry of Energy</p> <p>DLR #4.5: Targeted Communities Program approved by the Rural Energy Board</p> <p>DLR #4.6: (i) Annual Capacity Building Plan for FY 2018/19 approved and submitted by REA to the Association</p> <p>DLR #4.7: Feasibility studies for grid connections for all twenty-four (24) regions in the Recipient's territory completed</p> <p>DLR #4.8: Annual Capacity Building Plan for FY 2019/20 approved and submitted by REA to the Association</p> <p>DLR #4.9: Four (4) consulting services, under terms of reference acceptable to</p>	<p>DLR #4.7: SDR 207,000 for each region covered by a feasibility study</p> <p>DLR #4.9: SDR 618,000 for each consulting services completed</p>	<p>DLR #4.5: 700,000</p> <p>DLR #4.6: 360,000</p> <p>DLR #4.7: 2,500,000</p> <p>DLR #4.8: 360,000</p> <p>DLR #4.9: 2,500,000</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing/Grant Allocated (expressed in SDR)
	<p>the Association, completed to support TANESCO's new power generation projects for rural electrification</p> <p>DLR #4.10: Annual Capacity Building Plan for FY 2020/21 approved and submitted by REA to the Association</p> <p>DLR #4.11: Annual Capacity Building Plan for FY 2021/22 approved and submitted by July 31, 2021 by REA to the Association</p> <p>DLR #4.12 Capacity development program for renewable energy approved and submitted by REA to the Association (Baseline: zero)</p> <p>DLR #4.13: Preparatory studies for at least sixteen (16) renewable energy</p>	<p>4.13: The Recipient will receive \$ 250,000 from the Proceeds of the SCF Grant for the preparatory studies for the first eight</p>	<p>DLR #4.10: 360,000</p> <p>DLR #4.11: 360,000</p> <p>DLR #4.12: 0</p> <p>DLR #4.13: 0</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing/Grant Allocated (expressed in SDR)
	<p>projects completed by REA</p> <p>DLR #4.14 Three (3) Annual Capacity Building Plans approved and submitted by REA</p>	<p>renewable energy projects satisfactorily completed, and SDR188,879 from the Proceeds of the IDA Additional Financing for the preparatory studies for each of the remaining 8 renewable energy projects satisfactorily completed</p> <p>4.14 The Recipient will receive SDR 503,676 from the Proceeds of the IDA Additional Financing for each Annual Capacity Building Plan approved and submitted</p>	<p>DLR #4.14: 0</p>
(5) DLI #5: Implementatio n of the National Energy Policy of 2015 ("NEP") to enhance	<p>DLR #5.1: Study under NEP for unlocking electricity connection challenges in rural areas completed</p>		<p>720,000</p> <p>DLR #5.1: 360,000</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing/Grant Allocated (expressed in SDR)
access to modern energy services in the Recipient's rural areas	<p>DLR #5.2: Strategy under NEP for enhancing access to modern energy services approved by the Minister of Energy</p> <p>DLR #5.3: Renewable energy strategy and implementation plan approved by the Minister of Energy</p> <p>DLR 5.4: energy sector monitoring and evaluation framework (i) designed and (ii) implemented.</p>		<p>DLR #5.2: 360,000</p> <p>DLR #5.3: 0</p> <p>DLR 5.4: 0</p>
(6) DLI #6: Cumulative value (\$) of eligible SPP Loans for Small Power Projects and Renewable Energy Sub-loans reaching	DLR #6: \$16,500,000 equivalent	Upon achievement of a minimum of \$500,000 eligible SPP Loan for Small Power Projects and/or Renewable Energy Sub-loans reaching Financial Close in	6,354,000



Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula	Amount of the Financing/Grant Allocated (expressed in SDR)
Financial Close		the respective Fiscal Year (except for the final year of Program implementation), the Recipient will receive (i) \$ 0.54 equivalent from the Proceeds of the IDA Original Financing (up to SDR 6,354,000), and (ii) \$ 0.36 from the Proceeds from the SCF Grant (up to \$ 6,000,000), per \$1 equivalent of cumulative sub- loan value reaching financial closure.	
<b>TOTAL AMOUNT</b>			141,200,000

(c) Section III.B.2 of Schedule 2 is amended to read as follows:

“2. The Closing Date is June 15, 2026.”

(d) The Appendix is amended as follows:

(i) A definition of “Beneficiaries” shall be introduced, and the remaining definitions shall be reordered in alphabetical order, to read as the definition of Beneficiaries under this Agreement.

- (ii) A definition of “Consulting Grants” shall be introduced, and the remaining definitions shall be reordered in alphabetical order, to read as the definition of Consulting Grants under this Agreement.
- (iii) A definition of “Consulting Grant Agreement” shall be introduced, and the remaining definitions shall be reordered in alphabetical order, to read as the definition of Consulting Grant Agreement under this Agreement.
- (iv) A definition of “ESMAP Grant Agreement” shall be introduced and the remaining definitions shall be reordered alphabetically, to read as follows:

“ESMAP Grant Agreement” means the grant agreement for the Program between the Recipient and IDA acting as administrator of the Energy Sector Management Assistance Program Umbrella 2.0 Multi-Donor Trust Fund, dated the same date as this Agreement (as amended), as such grant agreement may be amended from time to time.

- (v) A definition of “ESMAP Grant” shall be introduced, and the remaining definitions shall be reordered in alphabetical order, to read as the definition of ESMAP Grant under this Agreement.
- (vi) A definition of “IDA Additional Financing Agreement” shall be introduced and the remaining definitions shall be reordered alphabetically, to read as follows:

“IDA Additional Financing Agreement” means the financing agreement for the Program between the Recipient and IDA, dated the same date as this Agreement (as amended), as such agreement may be amended from time to time.

- (vii) A definition of “IDA Additional Financing” shall be introduced, and the remaining definitions shall be reordered in alphabetical order, to read as follows:

“IDA Additional Financing” means the credit under the IDA Additional Financing Agreement.

- (viii) A definition of “IDA Original Financing Agreement” shall be introduced and the remaining definitions shall be reordered alphabetically, to read as follows:

“IDA Original Financing Agreement” means this Agreement.

- (ix) A definition of “IDA Original Financing” shall be introduced, and the remaining definitions shall be reordered in alphabetical order, to read as follows:

“IDA Original Financing” means the Credit under this Agreement.

- (x) A definition of “PPSF Operating Guidelines” shall be introduced, and the remaining definitions shall be reordered in alphabetical order, to read as the definition of PPSF Operating Guidelines under this Agreement, and the remaining definitions shall be reordered.

2. All provisions of the IDA Original Financing Agreement which are not expressly modified in accordance with this Section V remain unchanged.