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CREDIT NUMBER 3546-1-TA

Financing Agreement

(Additional Financing for Lower Kihansi Environmental Management Project)

between

UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 7, 2007

CREDIT NUMBER 3546-1-TA

FINANCING AGREEMENT

Agreement dated December 7, 2007, entered into between UNITED REPUBLIC OF TANZANIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions 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 two million three hundred thousand Special Drawing Rights (SDR 2,300,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are April 15 and October 15 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 Dollars.

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 Additional Condition of Effectiveness consists of the following:

> the Recipient has adopted the revised Project Implementation Manual, in form and substance satisfactory to the Association.

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

4.03. 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 years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is its 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 7790

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 Washington, D.C.	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: **/s/ Ramadhani Mussa Khijjah**

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: **/s/ John Murray McIntire**

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient's efforts to implement a series of measures for the long-term conservation of the Kihansi Gorge ecosystem and upstream catchment, through the development of a coordinated and consistent legal and institutional framework for environmental and water resources management.

The Project consists of the Original Project and the following additional activity under Part A:

Part A: Habitat and Species Conservation and Management

Developing and implementing the re-introduction plan of the Kihansi Spray Toad to their natural habitat, establishing a local facility for captive-bred Kihansi Spray Toad and supporting the captive breeding program of the Kihansi Spray Toad in the United States of America zoos.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. **Steering Committee**

a) The Recipient shall maintain, at all times during the implementation of the Project, the Steering Committee, comprising, *inter alia*, the Permanent Secretaries of VPO, MW, MNRT, MEM, MOF, MoJCA, the Regional Administrative Secretary for Iringa and Morogoro regions, the Director General of NEMC and the Managing Director of TANESCO, or their representatives.

b) The Steering Committee shall be responsible for providing overall guidance for the successful implementation of the Project.

2. **MTAC**

a) The Recipient shall maintain, at all times during the implementation of the Project, the MTAC.

b) The MTAC shall be, *inter alia* responsible for: (i) assisting NEMC carry out day-to-day coordination of the Project; (ii) providing technical guidance and overseeing implementation of selected Project activities; (iii) undertaking sectoral and cross-sectoral coordination of selected Project activities; (iv) organizing coordinated discussions on technical issues relevant to the Project; and (v) assessing and recommending technical expertise needed to implement various Project activities.

c) Without limitation upon the provisions of sub-paragraph (b) of this paragraph, specifically with respect to the establishment of TANESCO Final Water Right, the MTAC shall be responsible, *inter alia*, for: (i) coordinating further investigations of the scope for a modified environmental flow regime; (ii) making recommendations to NEMC and to the Steering Committee on the environmental flow regime and its implications for water rights, operating conditions and criteria; (iii) making recommendations to NEMC, the Steering Committee and the RBWO for effective monitoring and enforcement of the TANESCO Final Water Right; and (iv) making recommendations for the establishment of a transparent mechanism for monitoring and enforcing compliance with TANESCO Final Water Right.

3. **NEMC**

a) The Recipient shall maintain, at all times during the implementation of the Project, the NEMC.

b) The NEMC, shall *inter alia*, be responsible for: (i) day-to-day implementation of the Project, including responsibility for financial management and procurement; and (ii) preparing Annual Work Plans satisfactory to the Association.

4. **Kihansi Environmental Center**

a) The Recipient shall maintain, at all times during the implementation of the Project, the Kihansi Environmental Center.

b) The Kihansi Environmental Center shall be, *inter alia*, responsible for, under the direction of NEMC and with the assistance of MTAC, carrying the environmental monitoring and coordination of activities under 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. Environmental Safeguards

1. The Recipient shall carry out the Project in accordance with the environmental guidelines, rules and procedures defined in the Updated Environmental Management Plan, and shall not amend, waive, or permit to be waived, the Updated Environmental Management Plan, or any provision of the Updated Environmental Management Plan, in a manner which, in the opinion of the Association, may materially or adversely affect the content, scope or efficacy of the updated Environmental Management Plan, and implementation of the Project.

2. The Recipient shall ensure that: (a) all measures for carrying out the recommendations of the Updated Environmental Management Plan are taken in a timely manner; and (b) the Project Reports referred to in Section II.A of this Schedule shall include adequate information on monitoring the measures defined in the Updated Environmental Management Plan.

D. Project Implementation Manual

1. The Recipient shall revise the Project Implementation Manual (including a financial manual) in form and substance satisfactory to the Association, setting out details of all procedures and guidelines

(including procurement and/or contract management procedures) to be followed in the implementation of the Project.

2. The Recipient shall carry out the Project in accordance with the revised Project Implementation Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the revised Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree, the Recipient shall not amend or waive any provision of the revised Project Implementation Manual if, in the opinion of the Association, such amendment or waiver may materially or adversely affect the carrying out of the Project or the achievement of Project objectives.

E. Annual Work Plan

1. The Recipient shall prepare and furnish to the Association, not later than March 15 of each year during the implementation of the Project, an Annual Work Plan in form and substance satisfactory to the Association, containing all eligible Project activities and expenditures planned for the following fiscal year.

2. The Recipient shall not make or allow to be made any material change to the Annual Work Plan without prior approval of the Association.

F. Sub-projects

1. **General**

The Recipient shall identify, appraise, approve and monitor Sub-projects and administer the Sub-grants in accordance with the provisions set forth or referred to in this Part F and in more detail in the Project Implementation Manual.

2. **Terms and Conditions of Sub-grants**

A Sub-project shall be carried out pursuant to a Sub-project Agreement, under terms and conditions, satisfactory to the Association, and described or referred to in more detail in the Project Implementation Manual, which shall, *inter alia*, include the following:

(a) the description of the activities to be implemented, including the outputs and performance targets to be achieved, and the arrangements for monitoring and reporting on the implementation of the Sub-project;

(b) the modalities of transfer of funds for the financing of the Sub-project;

(c) the obligation of the Beneficiary to: (A) carry out the Sub-project with due diligence and efficiency and in accordance with sound technical,

environmental, financial, and managerial 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; (B) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Sub-project and 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; and (C) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives;

(d) the requirement that the goods and consultants' services to be financed from the proceeds of the Sub-project Agreement shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of this Schedule, and shall be used exclusively in the carrying out of the Sub-project; and

(e) the right of the Recipient, to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-grant, or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-project Agreement; (ii) inspect by itself, or jointly with the Association, if the Association shall so request, the goods and consultants' services included in the Sub-project, the use thereof and any relevant records and documents; and (iii) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation and financial conditions of Sub-projects.

3. **Administration of Sub-project Agreements**

The Recipient shall exercise its rights under each Sub-project Agreement in such manner as to protect its interests and those of the Association and to accomplish the purposes of the Project, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Sub-project Agreement or any substantial provision thereof.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) 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 the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of three months, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

(i) Implementation of a Kihansi Gorge ecosystem monitoring program which, among other things, develops technical standards for monitoring flora and fauna populations in the Gorge, evaluates the effectiveness of various mitigation measures already under implementation, and which recommends new mitigation measures as needed.

(ii) Implementation of measures to improve the conservation status of the Kihansi Gorge ecosystem, and to restore critical habitats where this is possible and cost-effective.

(iii) Establishment of the criteria and the mechanisms for reintroducing threatened endemic species, such as the Kihansi Spray Toad, to the Kihansi Gorge, or to other appropriate habitats.

(iv) Implementation of a landscape-wide conservation and catchment area management plan which considers upstream catchment protection and its impact on the Kihansi Gorge.

(v) Strengthening of the capacity and the institutional basis for conserving threatened habitats and species in Tanzania, and for training future researchers, natural resource managers, and decision makers in conservation biology.

(vi) Implementation of a framework for monitoring and enforcing compliance with the final water right.

(vii) Implementation of an updated Environmental Management Plan, which accounts for threatened endemic species in the Kihansi Gorge ecosystem.

(viii) Dissemination of proposed national environmental impact assessment guidelines.

(ix) Addressing capacity-building needs which are identified as a result of a capacity needs assessment with respect to environmental decision making specific to the question of water resources and the environment.

(x) Strengthening of the institutional and regulatory framework for environmental management, in particular, by improving the capacity for implementing Environment Impact Assessment regulations, and for monitoring, regulating, and enforcing legal provisions related to environmental quality objectives.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than June 30, 2009.

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 one month 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. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance

with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

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

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting

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.

Procurement Method
(a) Quality Based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Selection based on Consultants' Qualifications
(e) Single Source Selection
(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants

D. Review by the Association of Procurement Decisions

1. Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for works estimated to cost the equivalent of US$300,000 or more procured on the basis of International Competitive Bidding or National Competitive Bidding; (b) each contract for goods estimated to cost the equivalent of US$250,000 or more procured on the basis of International Competitive Bidding; (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of US$100,000 or more; (d) each contract for consultants' services provided by an individual estimated to cost the equivalent of US$50,000 or more; and (e) each contract for consultants' services procured on single source basis.

2. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

	Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1)	Civil Works	50,000	95%
(2)	Goods and Equipment	95,000	100%
(3)	Consultants' Services and Training, including audit fees	1,130,000	100%
(4)	Incremental Operating Costs	640,000	100%
(5)	Unallocated	129,000	
(6a)	Grants to District Councils	60,000	100%
(6b)	Grants to District Communities	196,000	100%
	TOTAL	2,300,000	

B. Withdrawal Conditions; Withdrawal Period

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

   (a) payments made prior to the date of this Agreement.

   (b) payments made for expenditures incurred under Category 6(a) and Category 6 (b) unless the Beneficiaries have met the criteria and conditions specified in the revised Project Implementation Manual, as shall be evidenced through the first five Sub-project Agreements satisfactory to the Association.

2. The Closing Date is December 31, 2010.

Section V. Other Undertakings

A. Incremental Counterpart Funding

1. The Recipient shall provide adequate amounts, satisfactory to the Association, within the annual MTEF budget towards implementation of the Project.

2. The Recipient shall ensure that NEMC and TANESCO provide adequate amounts, satisfactory to the Association, within their annual budget towards implementation of the Project.

B. TANESCO Final Water Right

The Recipient shall, through monitoring by RBWO, ensure that TANSECO complies with the provisions of the TANESCO Final Water Right, and in particular, with the provisions dealing with minimum by pass flow and flushing of the reservoir.

C. Procurement Management Unit

The Recipient shall, not later than three months after the Effective Date, establish a Procurement Management Unit, in form and substance satisfactory to the Association, within NEMC as required by the Public Procurement Act.

D. Procurement Data Management System

1. The Recipient shall, not later than three months after the Effective Date, establish a Procurement Data Management System consisting of a proper contracts register and adequate space for storage of procurement records, in form and substance satisfactory to the Association.

2. The Recipient shall, within three months of the Effective Date, impart training satisfactory to the Association, to sufficient NEMC staff on procurement filing and record keeping.

E. Procurement Specialist

The Recipient shall, not later than three months after the Effective Date, retain a procurement specialist with qualifications satisfactory to the Association, to provide support to and build capacity of NEMC staff for at least twelve months in procurement related matters.

F. Landscape Wide Conservation Plan

The Recipient shall maintain and implement the Landscape Wide Conservation Plan relating to catchment management for the protection of the Kihansi Gorge ecosystem and improvement of the water quality of the Lower Kihansi river, and shall not, without the prior approval of the Association in writing, amend the Landscape Wide Conservation Plan or waive any provision thereof in a manner which, in the opinion of the Association, may materially or adversely affect the content, scope or efficacy of the Landscape Wide Conservation Plan.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
commencing October 15, 2017 to and including April 15, 2027	**1%**
commencing October 15, 2027 to and including April 15, 2047	**2%**

* 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

1. "Annual Work Plan" means the plan referred to in Part E.1 of Section I of Schedule 2 to this Agreement.

2. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006.

3. "Beneficiary" means a District Council or Community (as hereinafter defined) which meets the criteria specified in the Project Implementation Manual, as amended, and to which or for whose benefit a Sub-grant (as hereinafter defined) is made or proposed to be defined.

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

5. "Community" means a single village, or a significant portion thereof, with common investment interest, located in the Kihansi catchments area upstream to the Lower Kihansi Hydroelectric Power reservoir.

6. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in May 2004 and revised in October 2006.

7. "District" means the administrative areas of Kilombero, Mufindi and Kilolo, established pursuant to Section 6 of the Recipient's Regions and Districts (Establishment Procedures) Act 1994, Act No. 12 of 1994, representing a designated area and population of the Recipient;

8. "District Council" means the council established for a district pursuant to the provision of Section 5 of the Recipient's Local Government (District Authorities) Act 1982, Act No. 7 of 1982 to exercise jurisdiction over a district.

9. "Environmental Management Plan" means the environmental management plan, satisfactory to the Association, and adopted by the Recipient as set forth in the Original Financing Agreement (hereinafter defined).

10. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 1, 2005 (as amended through October 15, 2006).

11. "Incremental Operating Costs" means building, equipment and vehicle maintenance costs, fuel, office supplies, building rental charges, utilities, and

telecommunications costs, Project support staff, travel expenses including per diems related to monitoring and data collection efforts, but excluding salaries of officials of the Recipient's civil service.

12. "Kihansi Environmental Center" means the environmental center and monitoring station based at the Kihansi Gorge and comprising, *inter alia*, field researchers and monitoring experts, referred to in Part A.4 of Section I of Schedule 2 to this Agreement.

13. "Landscape Wide Conservation Plan" means the landscape-wide conservation and catchment management plan referred to in Part F.1 of Section V of Schedule 2 to this Agreement.

14. "MEM" means the Recipient's Ministry of Energy and Minerals.

15. "MNRT" means the Recipient's Ministry of Natural Resources and Tourism.

16. "MOF" means the Recipient's Ministry of Finance.

17. "MoJCA" means the Recipient's Ministry of Justice and Constitutional Affairs.

18. "MTAC" means Multisectoral Technical Advisory Committee, established and operating pursuant to the laws of the Recipient, and comprising, *inter alia*, representatives of MNRT, MW, MEM, MOF, VPO, MoJCA, NEMC, and TANESCO, referred to in Part A.2 of Section I of Schedule 2 to this Agreement.

19. "MTEF" means the Medium Term Expenditure Framework for dealing with budgetary allocations for various sectors of the economy adopted by the Recipient.

20. "MW" means the Recipient's Ministry of Water.

21. "NEMC" means the National Environment Management Council, established and operating pursuant to the Recipient's Environmental Management Act No. 20 of 2004, referred to in Part A.3 of Section I of Schedule 2 to this Agreement.

22. "Original Financing Agreement" means the Development Credit Agreement for a Lower Kihansi Environmental Management Project between the Recipient and the Association, dated July 9, 2001 as amended to the date of this Agreement (Credit No. 3546 TA).

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

24. "Procurement Data Management System" means the procurement management data system referred to in Part D.1 of Section V of Schedule 2 to this Agreement.

25. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October, 2006.

26. "Procurement Management Unit" means the procurement management unit referred to in Part C of Section V of Schedule 2 to this Agreement.

27. "Procurement Plan" means the Recipient's procurement plan for the Project, dated July 23, 2007 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

28. "Project Implementation Manual" means a manual, satisfactory to the Association, setting for the implementation arrangements for the Project, including financial management, disbursement and procurement arrangements, and guidelines and procedures for the financing of the Sub-grants, as the same may be amended from time-to-time with the concurrence of the Association, and such term includes any schedules thereto.

29. "Public Procurement Act" means the Recipient's Public Procurement Act No. 21 of 2004, of the laws of the Recipient.

30. "RBWO" means Rufiji Basin Water Office, established and operating pursuant to Water Utilization and Control Act 1974, Number 42.

31. "Steering Committee" means the steering committee, established and operating pursuant to the laws of the Recipient, and comprising, *inter alia*, the Permanent Secretaries of VPO, MW, MNRT, MEM, MOF, the MoJCA, the Regional Administrative Secretary for Iringa and Morogoro regions, the Director General of NEMC and the Managing Director of TANESCO, or their representatives, referred to in Part A.1 of Section I of Schedule 2 to this Agreement.

32. "Sub-grant" means a grant made or to be made out of the proceeds of the Financing for the purpose of financing Eligible Expenditures required for a Sub-project in accordance with the provisions of Part F of Section I of Schedule 2 to this Agreement for an eligible Sub-project.

33. "Sub-project" means a set of specific activities carried out or to be carried out by a Beneficiary under Part A.1 of the Original Financing Agreement which meets the criteria specified in the revised Project Implementation Manual, and financed or to be financed out of the proceeds of the Financing through a Sub-grant.

34. "Sub-project Agreement" means an agreement entered into, or to be entered into, between the Recipient, and a Beneficiary, for the purpose of extending a

Sub-grant to such Beneficiary which meets the criteria specified in the revised Project Implementation Manual and on the terms and conditions set forth or referred to Part F.2 of Section I of Schedule 2 to this Agreement.

35. "TANESCO" means Tanzania Electric Supply Company, a company registered and operating under the laws of the Recipient.

36. "TANESCO Final Water Right" means the final water right award to be granted by the Recipient to TANESCO related to the operation of the Lower Kihansi hydropower plant.

37. "Training" means the costs associated with the training of personnel involved in Project supported activities including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation.

38. "Updated Environmental Management Plan" means the environmental management plan dated April 2004 and relating to the operation of the Lower Kihansi hydropower plant and the management of the Kihansi gorge ecosystem, satisfactory to the Association, updated and adopted by the Recipient as set forth in the Original Financing Agreement and referred to in Part C of Section I of Schedule 2 to this Agreement.

39. "VPO" means the Recipient's Vice President's Office.