

CONFORMED COPY

GEF TF GRANT NUMBER TF091281

# **Global Environment Facility Grant Agreement**

**(Energy Development and Access Expansion Project)**

**between**

**UNITED REPUBLIC OF TANZANIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT  
acting as an Implementing Agency of the Global Environment Facility**

**Dated JANUARY 31, 2008**

**GLOBAL ENVIRONMENT FACILITY  
GRANT AGREEMENT**

AGREEMENT dated JANUARY 31, 2008, entered into between UNITED REPUBLIC OF TANZANIA (“Recipient”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting as an implementing agency of the Global Environment Facility (“GEF”).

The Recipient and the World Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The Standard Conditions (as defined in the Appendix to this Agreement), with the modification set forth in Section 1.02, constitute an integral part of this Agreement.
- 1.02. The Standard Conditions are modified by modifying paragraph 12 of the Appendix as follows:

“12. “Grant” means the GEF Trust Fund Grant (GEF TF Grant) provided for in the GEF Trust Fund Grant Agreement.”
- 1.03. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Parts B and C.2 of the Project through MEM, and cause Parts A and C.1 of the Project to be carried out by TANESCO in accordance with the provisions of Article II of the Standard Conditions and the Project Agreement.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III  
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to six million five hundred thousand United States Dollars (\$6,500,000) (“GEF TF Grant”) to assist in the financing of Parts B.1, B.2 and B.3 of the Project.
- 3.02. The Recipient may withdraw the proceeds of the GEF TF Grant in accordance with Section IV of Schedule 2 to this Agreement.

**Article IV  
Additional Remedies**

- 4.01. The Additional Events of Suspension referred to in Section 4.02 (i) of the Standard Conditions consist of the following:
  - (a) A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.
  - (b) The World Bank has determined after the Effective Date that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the GEF TF Grant Account if this Agreement had been effective on the date such event occurred.

**Article V  
Effectiveness; Termination**

- 5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:
  - (a) the execution and delivery of this Agreement on behalf of the Recipient have been authorized or ratified by all necessary governmental and corporate action; and
  - (b) the IDA Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

- 5.02. As part of the evidence to be furnished pursuant to Section 5.01(a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing, on behalf of the Recipient, that this agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.
- 5.03. Except as the recipient and the World Bank shall otherwise agree, the Effective date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01. If, and before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the GEF TF Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article VI**  
**Recipient's Representative; Addresses**

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister responsible for finance.

6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance  
P. O. Box 9111  
Dar es Salaam  
Tanzania

Facsimile:

(255) 222 11 77 90

6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:

Telex:

Facsimile:

INTBAFRAD  
Washington, D.C.

248423 (MCI) or  
64145 (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/Gray Mgonja  
Authorized Representative**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**(acting as an Implementing Agency of the Global  
Environment Facility)**

**By**

**/s/John Murray McIntire  
Authorized Representative**

## SCHEDULE 1

### Project Description

The objective of the Project is to support the Recipient's efforts to improve the quality and efficiency of the provision of electricity service within its territory, and to establish a sustainable basis for energy access expansion.

The Project consists of the following parts:

Part A: TANESCO's Transmission and Distribution Network Investments

1. Supporting electric power transmission and distribution system upgrade investments, including, *inter alia*:
  - (a) electric power transmission network investment for: (i) extension of existing substations in the city of Dar es Salaam; (ii) construction of substations in the city of Dar es Salaam; (iii) construction of an electric power substation at Kilimanjaro International Airport; and (iv) construction of electric power transmission lines for the city of Dar es Salaam; and
  - (b) electric power distribution network investments for: (i) construction of substations in the city of Dar es Salaam, Arusha and Kilimanjaro regions; (ii) rehabilitation and upgrading of existing substations in the city of Dar es Salaam; and (iii) construction of 33 and 11 KV overhead lines in the city of Dar es Salaam, Arusha and Kilimanjaro regions.
2. Supporting ongrid access expansion investments including, carrying out of at least 25,000 new electric power connections in the city of Dar es Salaam, Arusha and Kilimanjaro regions through a supply and installation contract for, *inter alia*: (a) provision of short low voltage overhead lines; (b) acquisition of metering and testing equipment; (c) acquisition of vehicles and communication equipment; (d) provision of training and technical advisory services for use and maintenance of equipment; and (e) acquisition of necessary medium voltage and low voltage overhead lines and distribution transformers that promote low losses and better quality of supply.
3. Supporting electric power distribution upgrade investments, to facilitate implementation of a low loss High Voltage Distribution System, including conversion of the existing Low Voltage Distribution System in the peri urban areas of the city of Dar es Salaam to a high voltage configuration to enhance the quality of electric power supply, reduce technical losses, increase energy efficiency and to prevent pilferage of electricity.

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

- (a) replacement of about 60,000 credit meters with pre-paid meters;
- (b) implementing a general customer centralized call attention center, and a high-value customer cell for large electricity consumers in the city of Dar es Salaam;
- (c) carrying out the installation of about 1800 solid state meters for high revenue yielding electricity consumers; and
- (d) carrying out information technology related investments including, *inter alia*: (i) incorporation of a new corporate commercial management system for monitoring of activities related to TANESCO's revenue generation; (ii) incorporation of a new corporate technical service management system intended to optimize attention of electricity consumers' claims related to poor quality of electricity supply; and (iii) incorporation of a new resources management system to support centralized corporate functions.

5. Provision of technical advisory services to strengthen TANESCO's capacity:

- (a) for design, preparation of specifications and bidding documents, and supervision to ensure coordinated implementation of the commercial management system, technical service management system, resources management system;
- (b) to improve commercial management and customer service, including: (i) designing and implementing a new organizational structure for the marketing department, a centralized call center and a high-value customer cell; (ii) defining and effectively applying operational procedures for optimized performance of the marketing department; (iii) identifying and implementing action plans for short-term sustainable reduction of non-technical losses; and (iv) developing the personnel capacity for new technology and modern utility management; and
- (c) for design, preparation of specification and bidding documents, and supervision of activities for: (i) about 10,000 new customers in the high voltage distribution cluster; (ii) about 25,000 new customers for ongrid access expansion; (iii) replacement of about 60,000 credit meters with prepaid meters; and (iv) installation of about 1,800 solid state meters with remote metering.



6. Strengthening TANESCO's capacity for supervision and management of Part A of the Project, through the provision of technical advisory services, acquisition of goods and motor vehicles.

Part B: Off-Grid Investment Framework and Pilot Investments

Supporting institutional set-up of REA and developing, testing and demonstrating new electrification approaches, including:

1. Carrying out of the following rural electrification demand-driven small power generation and distribution Subprojects: (a) Small Renewable Power Generation Subprojects; (b) Grid-connected Mini-grids Subprojects; and (c) Isolated mini-grids Subprojects, all through the provision of Matching Grants, and Performance Grants.

2. Supporting sustainable solar market development in remote rural areas, including:

- (a) implementing Sustainable Solar Market Packages for supply and installation, maintenance and associated services of solar photovoltaic and other lighting systems to health centers, rural post-primary schools, and other rural public institutions, through the acquisition of goods and services for supply, installation and maintenance, and the provision of technical advisory services; and
- (b) carrying out of Individual System Subprojects to: (i) facilitate sustainable and affordable electricity service with photovoltaic and other lighting systems to rural private schools, private health centers and other private sector enterprises and homes; and (ii) develop commercial supply channel for photovoltaic and other lighting systems all through the provision of Performance Grants, and Matching Grants.

3. Strengthening the institutional and human capacity of REA, MEM, and EWURA for: (a) market assessment and data collection; (b) pipeline development; (c) renewable energy assessments; (d) development of rural electrification and programs; (e) monitoring and evaluation; and (f) providing technical support to the private sector enterprises, public institutions, non-governmental organizations and community-based organizations involved in implementation of Subprojects and activities under Part B of the Project, all through the provision of technical advisory services, and provision of training to personnel of REA, MEM, EWURA, private sector enterprises involved in implementation of off-grid electrification under Part B of the Project.

Part C:            Technical Assistance

1.        Developing human and institutional capacity of TANESCO including:
  - (a)        carrying out an assessment of the needs for capacity and competence of TANESCO personnel; and
  - (b)        strengthening TANESCO's personnel capacity for managerial skills, all through the provision of technical advisory services, training and workshops.
  
2.        Developing the Recipient's capacity to develop private and public power generation projects, through the provision of technical advisory services including, high quality legal, technical, financial, environmental and social expertise.

**SCHEDULE 2****Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements****1. TANESCO**

The Recipient shall ensure that Parts A and C.1 of the Project are carried out by TANESCO in accordance with the provisions of the IDA Financing Agreement and the Project Agreement, and in accordance with the guidelines, procedures, recommendations, and other specifications set forth in the Procurement Plan, and in connection with Part A of the Project, the Environmental Impact and Social Assessment, the Environmental Audit and the Resettlement Policy Framework, and any Resettlement Action Plan for Part A of the Project.

**2. Ministry of Energy and Minerals**

(a) The Recipient shall ensure that the Ministry of Energy and Minerals, including the department responsible for energy, and a coordinating team comprised of a project coordinator, a technical specialist, an accountant and other specialized personnel as may be necessary, is maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the World Bank.

(b) Without limitation upon the provisions of sub-paragraph (a) of this paragraph, MEM shall be responsible for, *inter alia*: (i) day to day implementation of activities under Parts B and C.2 of the Project, including overall planning, coordination, financial management, procurement, monitoring, evaluation, reporting and communication; and (ii) dissemination, appraisal, administration, fiduciary supervision, monitoring, reporting and evaluation of Subprojects under Part B.1 and B.2(b) of the Project, and Sustainable Solar Market Packages under Part B.2(a) of the Project.

**3. REA**

(a) The Recipient shall ensure that REA is maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the World Bank.

(b) Without limitation upon the provisions of sub-paragraph (a) of this paragraph, and upon demonstration of adequate administration capacity, REA shall, pursuant to a memorandum of understanding, or other

administrative arrangement with MEM, be responsible for: (i) day to day implementation of Part B.1 and B.2 of the Project; (ii) procurement; (iii) environmental and social safeguard guidelines; (iv) monitoring, evaluation, reporting and communication; and (v) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for Subprojects carried out by Beneficiaries under Part B.1 and B.2(b) of the Project, and Sustainable Solar Market packages under Part B.2 of the Project. To this end, MEM will develop and implement a capacity building program for REA staff, including integrating key REA staff in its tasks for day to day management and implementation of Part B.1 and B.2 of the Project.

## **B. Operating Guidelines**

1. The Recipient, through MEM shall adopt Operating Guidelines in form and substance satisfactory to the World Bank containing detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of Part B.1 and B.2(b) of the Project; (ii) eligibility criteria for Beneficiaries, terms and conditions, approval and administration of Grants for Subprojects; (iii) budgeting, disbursement and financial management; (iv) procurement; (v) environmental and social safeguard guidelines; (vi) monitoring, evaluation, reporting and communication; and (vii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for Subprojects under Part B.1 and B.2(b) of the Project.
2. The Recipient, through MEM shall carry out Part B.1 and B.2 of the Project in accordance with the arrangements and procedures set out in the Operating Guidelines (provided, however, that in case of any conflict between the arrangements and procedures set out in the Operating Guidelines and the provisions of this Agreement, the provisions of this agreement shall prevail) and, except as the World Bank shall otherwise agree, shall not amend, abrogate or waive any provision of the Operating Guidelines, if such amendment, abrogation or waiver shall, in the opinion of the World Bank, materially or adversely affect the implementation of Part B.1 and B.2 of the Project.

## **C. Subprojects**

### **1. Grants**

Without limitation upon the provisions of Part A of this Section, the Recipient, through MEM shall appraise, approve and monitor Subprojects under Parts B.1 and B.2 (b) of the Project, and administer the Grants in accordance with the provisions and procedures set forth or referred to in this Part E and in more detail in the Operating Guidelines.

## **2. Eligibility Criteria for Subprojects**

No proposed Subproject shall be eligible for financing under a Grant out of the proceeds of the Financing unless the Recipient, through MEM and REA, has determined, on the basis of an appraisal conducted in accordance with this sub-paragraph and the guidelines set forth in the Operating Guidelines, that the proposed Subproject satisfies the eligibility criteria specified below and set forth or referred to in more detail in the Operating Guidelines, which shall include, *inter alia*, the following:

- (a) the proposed Subproject activities shall fall within the areas described under Parts B.1 and B.2(b) of the Project in Schedule 1 to this Agreement, and shall exclude any activities and expenditures specified as ineligible in the Operating Guidelines;
- (b) the proposed Subproject shall be initiated by a Beneficiary 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 Operating Guidelines;
- (c) the Beneficiary has adequate technical, financial management and procurement capacity to implement the proposed Subproject in compliance with the guidelines set forth in the Operating Guidelines, and the Anti-Corruption Guidelines; and
- (d) the Beneficiary shall be eligible to receive subsequent Grants if it has completed the preceding Subproject to the satisfaction of MEM and REA, in accordance with the terms of the Grant Agreement.

## **3. Approval of Grants**

Based on appraisal and recommendation of its task team in accordance with paragraph 2 of this Part C, MEM shall: (a) approve Subprojects whose cost falls below the threshold specified in the Operating Guidelines for prior no-objection by the World Bank or which do not otherwise require such no-objection as specified in the Operating Guidelines; and (b) recommend for the World Bank prior no-objection Subprojects which require such no-objection as specified in the Operating Guidelines.

## **4. Terms and Conditions of Grants**

A Subproject shall be carried out pursuant to the respective Matching Grant Agreement, or Performance Grant Agreement, to be concluded between MEM, on behalf of the Recipient, and the respective Beneficiary, under terms and conditions described or referred to in more detail in the Operating Guidelines and satisfactory to the World Bank, which, *inter alia*, shall 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 Subproject;
- (b) the obligation of the Beneficiary of a Matching Grant, except a public institution Beneficiary, to contribute, in cash and/or in-kind, a minimum percentage of the projected Sub-project as specified in the Operating Guidelines;
- (c) the modalities of transfer of funds by MEM to the Beneficiary for the financing of the Subproject;
- (d) the obligation of the Beneficiary to: (A) carry out the Subproject with due diligence and efficiency and in accordance with sound technical, engineering, environmental, financial, managerial practices, and Anti-Corruption Guidelines; and (B) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Subproject;
- (e) the requirement that the goods, works and consultants' services to be financed from the proceeds of the Grant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the Operating Guidelines and the provisions of Section III of this Schedule, and shall be used exclusively in the carrying out of the Subproject; and
- (f) the right of MEM and REA, on behalf of the Recipient, to: (i) inspect by itself, or jointly with the World Bank, if the World Bank shall so request, the goods, works, sites, plants and construction included in the Subproject, the operations thereof and any relevant records and documents; (ii) obtain all information as it, or the World Bank, shall reasonably request regarding the administration, operation and financial conditions of Subprojects; and (iii) suspend or terminate the right of any Beneficiary to use the proceeds of the Grant upon failure by the Beneficiary to perform any of its obligations under the respective Grant Agreement.

## **5. Administration of Grant Agreements**

MEM and REA shall exercise its rights under the Grant Agreements in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Project, and, except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Grant Agreement or any substantial provision thereof.

**D. Environmental and Social Safeguards**

**1. Part A of the Project**

The Recipient shall ensure that Part A of the Project is carried out by TANESCO in accordance with the Resettlement Policy Framework, any Resettlement Action Plan, and, the Environmental Audit, and the Environmental and Social Impact Assessment, and in accordance with the provisions of Section 1.F of Schedule 2 to the IDA Financing Agreement.

**2. Part B.1 and B.2 of the Project**

- (a) The Recipient shall ensure that Part B.1 and B.2 of the Project is carried out in accordance with the Environmental and Social Management Framework and shall, prior to financing any Subproject, or Sustainable Solar Market Package under Part B.1 and B.2 of the Project, shall cause any Beneficiary, or Sustainable Solar Market Package service provider to prepare, disclose and implement in a manner acceptable to the World Bank an environmental and social impact assessment, or environmental and social management plan in accordance with Environmental and Social Management Framework.
- (b) The Recipient shall: (i) not waive, or permit to be waived, the Environmental and Social Management Framework, or any provision thereof, in a manner which, in the opinion of the World Bank, may materially and adversely affect the implementation of Parts B.1 and B.2 of the Project; (ii) ensure that all measures for carrying out the Environmental and Social Management Framework are taken in a timely manner; and (iii) ensure that the Project Reports referred to in Part A of Section II to this Schedule include adequate information on monitoring the measures defined in the Environmental and Social Management Framework.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

- 1. (a) The Recipient shall monitor and evaluate the progress of the Project and: (i) prepare Project Reports for Parts B and C.2 of the Project in accordance with the provisions of Section 2.06 of the Standard Conditions; and (ii) cause TANESCO to prepare Project Reports for Parts A and C.1 of the Project in accordance with the provisions of Section II.A.1 (a) of the IDA financing Agreement, all on the basis of the indicators set forth below in subparagraph (b) of this paragraph. Each Project Report shall cover the period of six months, and shall be

furnished to the World Bank 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) improvement in TANESCO's operational efficiency as measured by: (A) reduction in total losses; and (B) increase in collection efficiency in targeted areas;
  - (ii) improvement in service quality as measure by: (A) increase in end user voltage; and (B) improved customer satisfaction;
  - (iii) REA is fully functional, as shall be demonstrated by: (A) capacity to develop, finance and implement scale-up of pilot schemes; and (B) pipeline of new rural household connections; and
  - (iv) number of megawatts of renewable energy installed for generation of electricity and the resulting avoided carbon dioxide emissions.

- 2. On or about the date twenty four (24) months after Effective Date, the Recipient shall undertake in conjunction with TANESCO and the World Bank a comprehensive midterm review of the Project during which it shall exchange views generally on all matters relating to the progress of the Project, and the performance by the Recipient of its obligations under the Financing Agreement, the Project Agreement, and this Agreement.
- 3. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date. In order to assist the Recipient in preparing the Completion report, the Recipient shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank.

**B. Financial Management, Financial Reports and Audits**

- 1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
- 2. The Recipient shall ensure that the interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five days after the end of each calendar quarter, in form and substance satisfactory to the World Bank.



3. The Recipient shall: (a) in respect to Parts B and C.2 of the Project have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions; and (b) in respect to Parts A and C.1 of the Project cause TANESCO to audit its Financial Statements in accordance with the provisions of Section II.B.2 of the IDA Financing Agreement. Each audit of such 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 World Bank 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 GEF TF Grant 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 World Bank 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, Works and Services other than Consultants Services**

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 methods of procurement, other than International Competitive Bidding, may be used for goods and works under the circumstances specified in the Procurement Plan for each such method: (a) National Competitive Bidding; (b) Shopping; (c) Direct Contracting; and (d) Established Private or Commercial Practices which have been found acceptable to the Bank.

**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 methods of procurement, other than Quality- and Cost-based Selection, may be used for consultants' services under the circumstances specified in the Procurement Plan for each such method: (a) Least Cost Selection; (b) Selection Based on Consultants' Qualifications; (c) Quality Based Selection; (d) Selection under Fixed Budget; (e) Single-source Selection; (f) Established Private or Commercial Practices which have been found acceptable by the Association; and (g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants.

**D. Review by World Bank of Procurement Decisions**

1. Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (a) each contract for works estimated to cost the equivalent of \$500,000 or more; (b) each contract or goods estimated to cost the equivalent of \$200,000 or more; and (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more.
2. In addition, the following prior review procedures shall apply to each contract for the employment of individual consultants (other than consultants to be selected on a sole source basis) estimated to cost the equivalent of \$50,000 or more: (a) the report on the comparison of the qualifications and experience of candidates, terms of reference and conditions of employment of the consultant shall be furnished to the World Bank for its prior review and approval; (b) the contract shall be awarded only after the World Bank's approval shall have been given; and (c) the provisions of paragraph 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply to the contract.
3. The following prior review procedures shall apply to each contract for the employment of individual consultants to be selected on a sole source basis: (a) the qualifications, experience, terms of reference and conditions of employment of the consultants shall be furnished to the World Bank for its prior review and approval; (b) the contract shall be awarded only after the World Bank's approval shall have been given; and (c) the provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall apply to the contract.
4. All other contracts shall be subject to Post Review by the World Bank.

**Section IV. Withdrawal of GEF TF Grant Proceeds**

**A. General**

1. The Recipient may withdraw the proceeds of the GEF TF Grant in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the World Bank may 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 World Bank 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 GEF TF Grant (“Category”), the allocations of the amounts of the GEF TF Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the GEF TF Grant Allocated (expressed in Dollars)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, including supply and installation, and consultants’ services under Parts B.2(a) and B.3 of the Project	3,200,000	100%
(2) Grants for Subprojects under Parts B.1 and B.2(b) of the Project	3,300,000	100% of the amount disbursed
<b>TOTAL AMOUNT</b>	6,500,000	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement;

- (b) for payments made (or to be made) for expenditures for consultants' services and training under Category (1) supplied (or to be supplied) under a contract which International Development association, the Recipient, or any other financier shall have financed or agreed to finance under any other loan or grant; or
  - (c) in respect of any Grant for a Subproject under Category (2): (i) which requires the World Bank's no-objection pursuant to Section I.C.3(a) unless the World Bank has given its no-objection to such Grant; and (ii) unless a relevant Grant Agreement has been executed between MEM and the Beneficiary, as shall be evidenced by the first of such Grant Agreements in respect of the Subprojects.
- 2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 31, 2012.

**APPENDIX****Definitions**

1. “Affected Person” means a person who on account of execution of Part A of the Project had or would have his or her: (i) standard of living adversely affected; or (ii) right, title or interest in any house, or interest in or right to use any land (including premises, agricultural and grazing land) or right in annual or perennial crops and trees or any other fixed or movable asset, acquired or possessed, temporarily or permanently; or (iii) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently, and “Affected Persons” means, collectively, all persons who qualify as an Affected Person.
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 public institution, or a non-governmental organization, or a private sector power developer, established and operating under the laws of the Recipient, which has met the eligibility criteria specified in the Operating Guidelines (hereinafter defined) and, as a result, has been extended, or is to be extended, a Grant (hereinafter defined) for the carrying out of a Subproject (hereinafter defined).
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “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.
6. “Effective Date” means the date referred to in Section 5.03 of this Agreement.
7. “Environmental Audit” means the environmental audit for construction, rehabilitation and upgrading of approximately 18 electric power substations under Part A of the Project dated November 2005, describing the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of Part A of Project to mitigate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, or to enhance positive impacts; as the said audit may be amended and/or supplemented from time to time with the prior concurrence of the World Bank.
8. “Environmental and Social Impact Assessment” means the environmental impact and social assessment for reinforcement and upgrade of the transmission and

distribution lines in the city of Dar es Salaam, Kilimanjaro and Arusha regions under Part A of the Project dated November 2005, including, describing the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of Part A of the Project to mitigate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, or to enhance positive impacts; as the said environmental impact and social assessment may be amended and/or supplemented from time to time with the prior concurrence of the World Bank.

9. “Environmental and Social Management Framework” means the framework dated July 2007, setting the policy framework, principles, standards, processes and institutional arrangements to be applied to assess potential adverse environmental and social impacts associated with Subprojects, Sustainable Solar Market Packages, or small power plants, under Parts B.1 and B.2 of the Project, and the ways to avoid, minimize, mitigate or offset them, including public consultation, disclosure and reporting, as the said framework may be amended and/or supplemented from time to time with the prior concurrence of the World Bank.
10. “EWURA” means the Energy and Water Utilities Regulatory Authority established and operating pursuant to the Energy and Water Utilities Act, CAP 414 (R.E. 2002), of the Laws of the Recipient.
11. “Fiscal Year” or “FY” means the Recipient’s fiscal year commencing July 1 and ending June 30 of each year.
12. “Grant” means a Matching Grant or a Performance-based Grant (hereinafter defined).
13. “Grant Agreement” means an agreement entered into, or to be entered into, between MEM on behalf of the Recipient, and a Beneficiary, for the purpose of extending a Grant to such Beneficiary on the terms and conditions set forth or referred to in Section I.C of Schedule 2 to this Agreement.
14. “Grid-connected Mini-grids Subproject” means a set of specific activities carried out, or to be carried out by a Beneficiary under Part B.1 (b) of the Project and financed, or proposed to be financed, through a Grant.
15. “High Voltage Distribution System” means a system for distribution of electricity at high voltages of about 11kV or above, introduced to prevent electric power pilferage and reduce distribution losses.
16. “IDA Financing” means an amount of sixty seven million Seven hundred thousand Special Drawing Rights (SDR 67,700,000) equivalent to be provided to the Recipient by the International Development Association to assist in financing the Project.

17. “IDA Financing Agreement” means the agreement of even date between the Recipient and the International Development Association, providing for the IDA Financing.
18. “Independent Power Tanzania Limited” means a limited liability electric power generation company established and operating pursuant to the Companies Act, CAP 212 (R.E, 2002) of the laws of the Recipient, and includes any successors thereto.
19. “Individual System Subproject” means a set of specific activities carried out, or to be carried out by a Beneficiary under Part B.2 (b) of the Project and financed, or proposed to be financed, through a Grant.
20. “Isolated Mini-grids Subproject” means a set of specific activities carried out, or to be carried out by a Beneficiary under Part B.1 (c) of the Project and financed, or proposed to be financed, through a Grant.
21. “Low Voltage Distribution System” means a system for distribution of electricity at low voltages below 11kV.
22. “Matching Grant” means a grant made or proposed to be made out of the proceeds of the Financing to a private sector Beneficiary for the purpose of financing a Small Renewable Power Generation Subproject (hereinafter defined) under Parts B.1 and B.2(a) of the Project.
23. “MEM” means the Recipient’s Ministry of Energy and Minerals.
24. “Operating Guidelines” means the guidelines, in form and substance satisfactory to the World Bank, containing or referring to detailed arrangements and procedures for the implementation of Parts B.1 and B.2 of the Project, including: (i) institutional coordination and day-to-day execution of activities Subprojects; (ii) eligibility criteria and approval, disbursement, administration and monitoring and evaluation arrangements for Subprojects, together with sample grant agreement formats, sample standard power purchase agreements and tariff; (iii) monitoring, evaluation, reporting, information, education and communication; and (iv) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for Parts B.1 and B.2 of the Project.
25. “Performance Grant” means a grant made or proposed to be made out of the proceeds of the Financing to a private sector or non-governmental organization Beneficiary for the purpose of financing a Grid-connected Mini-grid Subproject, an Isolated Mini-grid Subproject, or an Individual System Subproject under Parts B.1 and B.2 (b) of the Project.

26. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
27. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated October 8, 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. “REA” means the Rural Energy Agency established and operating pursuant to the Rural Energy Act, No.8 of 2005] of the laws of the Recipient.
29. “Resettlement Action Plan” means each plan to be prepared pursuant to the Resettlement Policy Framework, as may be required, in accordance with Section I.C.1 of the Schedule to the Project Agreement, setting out the principles, procedures, the time schedule governing acquisition of rights to land, resettlement and compensation, as well as reporting and monitoring arrangements to ensure compliance with said plan.
30. “Resettlement Policy Framework” means the framework satisfactory to the World Bank, dated July 2007, setting forth the guidelines and procedures for preparation of resettlement action plans in the likely event of acquisition of rights to land, resettlement procedures and compensation, institutional arrangements, including valuation procedures, budget, public consultation and participation, monitoring and evaluation, and disclosure, as the same may be amended from time to time with the agreement of the World Bank.
31. “Small Renewable Power Generation Subproject” means a set of specific activities carried out or to be carried out by a Beneficiary under Part B.1 (a) of the Project and financed or proposed to be financed through a Grant.
32. “Standard Conditions” means the “Standard Conditions for Grants Made by the World Bank Out of Various Funds”, dated July 20, 2006.
33. “Subproject” means a Small Renewable Power Generation Subproject, or a Grid-connected Mini-grids Subproject, or an Isolated Mini-grids Subproject, or an Individual System Subproject.
34. “Sustainable Solar Market Package” means a package under Part B.2 (a) of the Project, comprised of services for supply and installation including maintenance of a photovoltaic and other lighting system by a private sector power developer to a rural health center, post-primary school, or other rural public institution.



35. "TANESCO" means the Tanzania Electric Supply Company Limited, (Project Implementing Entity for Parts A and C.1 of the Project), a 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 includes any successors thereto.