
CREDIT NUMBER 75250-TZ

Financing Agreement

**(Public Finance Management and Procurement Systems
for Service Delivery Program)**

between

THE UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 75250-TZ

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the UNITED REPUBLIC OF TANZANIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 fifty million United States Dollars (USD 50,000,000) (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 and Schedule 3 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 February 15th and August 15th in each year.
- 2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 4 to this Agreement.
- 2.06. The Payment Currency is Dollar.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the objective of the Program. To this end, the Recipient shall carry out its Respective Activities under the Program and cause the Program Implementing Entity to carry out its Respective Activities under

the Program in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Program Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Subsidiary Agreement has been duly executed and delivered between the Recipient and the Program Implementing Entity, and all conditions precedents to its effectiveness or to the right of the Program Implementing Entity to receive the proceeds of this Financing thereunder have been fulfilled;
 - (b) The Recipient has: (a) established within MoF the Program Secretariat pursuant to Section I.A.2(c) of Schedule 2 to this Agreement; and (b) appointed a Program Manager, pursuant to Section I.A.2(b) of Schedule 2 to this Agreement; and
 - (c) The Recipient has prepared and adopted a Program Operations Manual, in a manner and substance satisfactory to the Association, pursuant to Section I.C.1 of Schedule 2 to this Agreement.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.03. 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 V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is Recipient's Minister responsible for finance.
- 5.02. For purposes of Section 11.01 of the General Conditions:
- (a) the Recipient's address is:

Ministry of Finance
Government City – Mtumba
Treasury Avenue
P.O. Box 2802
40468 Dodoma
Tanzania; and

(b) the Recipient's Electronic Address is:

Facsimile:

+255-26-296-3109

5.03. 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:

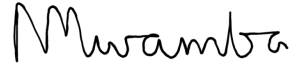
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1-202-477-6391

AGREED as of the Signature Date.

THE UNITED REPUBLIC OF TANZANIA

By



Authorized Representative

Name: Dr. Natu El-Maamry Mwamba

Title: Permanent Secretary, Ministry of Finance

Date: 05-Jul-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Nathan M. Belete

Title: Country Director

Date: 05-Jul-2024

SCHEDULE 1

Program Description

The objective of the Program is to strengthen the institutional capacity, efficiency, transparency and accountability in public resource management.

The Program consists of the following activities:

Results Areas 1: Revenue Mobilization

Enhancing the efficiency and accountability of tax collection systems in order to expand the taxpayer base and increase public revenue through: (a) enhancing the Value Added Tax (“VAT”) e-filing system; (b) carrying out nation-wide taxpayers’ awareness campaigns, including door-to-door ones such as the “*Kampeni ya Mlango kwa Mlango*”; (c) implementing the block management system and introducing improvements in the inter-linkages between the Tanzania Revenue Authority’s ICT systems with the ICT systems of other government entities; (d) providing support to the Tax Revenue Authority to adopt behavioral science and risk-based compliance approaches by analyzing taxpayer’s behavioral patterns in the country; and (e) strengthening institutional capacity including knowledge management practices and employee engagement skills/practices.

Results Areas 2: Strengthening Public Procurement Management

Increasing procurement efficiency and transparency including the reduction of procurement cycles time through: (a) enhancing the National e-Procurement System of Tanzania (“NeST”) with new features like contract management and payment module, international procurement modules, Open Contracting Data Standard (OCDS) data disclosure module; (b) achieving the interoperability of the NeST with the *Mfumo wa Ulipaji Serikalini* (“MUSE”) and other financial management systems of the Recipient; (c) developing a procurement audit module for the NeST powered by artificial intelligence and machine learning features; (d) updating the procurement capacity development/accreditation curriculum of the Procurement and Supplies Professionals and Technicians Board (“PSPTB”); (e) implementing a comprehensive procurement capacity development program by the Public Procurement Regulatory Authority (“PPRA”) covering the public officials, economic operators and other stakeholders of procurement; (f) developing and implementing a strategic communication and change management program for the country-wide roll-out of the electronic government procurement systems both in Mainland and Zanzibar; (g) developing and adopting a supply chain management policy covering sustainability issues such as economic, environmental and social aspect of procurement; (h) implementing a special program to increase participation and awarded contracts to special groups, particularly to women-owned small and medium enterprises; and (i) implementing key policy recommendations of the ongoing Assessment of the Tanzania Public Procurement Systems carried out following the MAPS methodology.

Results Areas 3: Strengthening Financial Management

Strengthening budgeting processes through: (a) improving Mainland’s financial reporting, including: (i) strengthening accountants knowledge and implementation of the International Public Sector Accounting Standards #41, #42 and #43; (ii) reviewing/updating the Public Finance Act and ancillary regulations; (iii) upgrading and rolling out MUSE’s integrated financial management information system across MDAs and PAs; (iv) carrying out a public awareness campaign to encourage young women to become certified accountants; and (v) training of accountants in advanced financial risk management procedures; (b) enhancing comprehensiveness and disclosure of budgetary data and documentation in line with international standards of best practice as set out in the Public Expenditure and Financial Accountability’s (“PEFA”) diagnostic tool; (c) introducing gender-responsive budgetary practices in Mainland, including PEFA supplementary diagnostic, training budget officers in gender awareness and gender budget tools, supporting MDAs and PAs to produce gender budget statements and gender responsive budgeting submissions; (d) enhancing Mainland’s public investments by institutionalizing and operationalizing the public investment management system through implementation of the PIM Operational Manual (2022), factoring climate considerations in the identification, design, appraisal, selection/prioritization and implementation of public investment decision-making processes; (e) developing Zanzibar’s public investment management systems, including developing a public investment management manual; and improving Zanzibar’s assets management policies and practices; and (f) reviewing and updating of the public financial management legal and regulatory framework in Zanzibar to prepare for the transition from cash to accruals accounting.

Results Areas 4: Enhancing Accountability through the Strengthening of External Audit and Parliamentary Oversight

Improving the effectiveness and accountability of public financial audits in Mainland and Zanzibar through: (a) strengthening the institutional capacity of supreme audit institutions (“SAIs”) pursuant to the Institutional Capacity Building Framework (“ICBF”) to ensure higher levels of attainment of certifications as per the AFROSAI-E’s standards and guidelines, including implementing programs to develop staff skills, developing and/or upgrading audit manuals, strategies and guidelines in line with AFROSAI-E standards, enhancing documentation and audit systems including facilitating a forensic audit laboratory and establishing a technical audit laboratory on Mainland, and implementing an electronic performance audit system; (b) enabling the benchmarking of the National Audit Office of Tanzania (“NAOT”) and the Office of Controller and Auditor General Zanzibar (“OCAGZ”) with other SAIs among the African Organization of English-speaking Supreme Audit Institutions (“AFROSAI-E”); and (c) strengthening parliamentarians’ oversight of governmental audit reports.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Institutions

1. The Recipient shall vest the overall responsibility for the implementation of the Program on its Ministry of Finance (“MoF”), which ministry shall receive the cooperation and assistance of the Program Implementing Entity, as well as Mainland’s Tanzania Revenue Authority (“TRA”), the Public Procurement Regulatory Authority (“PPRA”) and the NAOT.
2. Notwithstanding the provisions of paragraph 1 above, the Recipient shall
 - (a) establish by not later than three (3) months after the Effective Date, and thereafter maintain throughout the period of implementation of the Program, a joint steering committee (“Joint Steering Committee”) with terms of reference agreed with the Association; which committee shall: (i) be headed by the Permanent Secretary of MoF, and include representatives from both Mainland’s MDAs and the Program Implementing Entity, as determined from time to time as per the Program Operation Manual; and (ii) be responsible for, *inter alia*: (A) providing policy guidance and strategic direction to the Program Manager and the Program Secretariat on the implementation of the Program; (B) the approval of the Program Operations Manual, and any updates thereto; (C) the approval of the Annual Work Plans and Budgets, the Program Reports, and the funds release requests; (D) any other tasks assigned to it under the Program Operation Manual; as well as (E) securing inter-agency coordination, collaboration and support (both technical and financial) for the Program;
 - (b) appoint, and thereafter maintain throughout the period of implementation of the Program, a Program Manager, with qualifications and experience and under terms of reference acceptable to the Association, to be responsible for the prompt implementation of Program activities as per the approved Annual Work Plan and Budget, and to ensure coordination of efforts across Mainland’s and Zanzibar’s MDAs, including leading the Program Secretariat; and
 - (c) establish, and thereafter maintain throughout the period of implementation of the Program, a Program secretariat (the “Program Secretariat”) which shall: (i) be led by the Program Manager assisted by competent staff, with experience and qualifications, in numbers and under terms of reference, acceptable to the Association, including program coordinators for

Mainland and Zanzibar, as well as monitoring and evaluation officers, social and environmental specialist, procurement and financial management advisors, as well as focal persons from any relevant departments/units and implementing MDAs, and (ii) (A) develop and adopt a Program Operations Manual, and prepare any amendments or updates thereto, for the approval of the Joint Steering Committee; (B) provide guidance and assist the MDAs both in Mainland and Zanzibar with the carrying out of Program activities; and (C) ensure compliance with the fiduciary requirements of this Agreement, including compiling Program data and implementation reports for further submission to the Joint Steering Committee and the Association.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Program Implementing Entity's Respective Part of the Program, the Recipient shall make available to the Program Implementing Entity part of the proceeds of the Financing, (as allocated from time to time to Categories 3 -up to USD 2,000,000 , 10 and 12 in the table set forth in Section IV.A.2 of this Schedule for an aggregate amount of USD 5,000,000) under a subsidiary agreement between the Recipient and the Program Implementing Entity, under terms and conditions approved by the Association ("Subsidiary Agreement").
2. 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 Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Program Operations Manual

1. The Recipient shall develop and adopt a Program operations manual for the (the "Program Operation Manual"), in a manner and substance satisfactory to the Association, and thereafter ensure that the Program is carried out in accordance with such manual, which shall set forth the institutional, administrative, financial, technical and operational guidelines and procedures for the implementation thereof, including: (a) the definition of the contours of Program activities, including results framework, overall budget and detailed Program Expenditures; (b) the composition and terms of reference, satisfactory to the Association, of the Joint Steering Committee, the Program Manager and the Program Secretariat, as well as the Program's intra- and inter-institutional arrangements, including delineation of roles and responsibilities, allocation of functions and decision-making powers at national and sub-national levels; (c) the detailed environmental and social risk mitigation measures and documents for the Program; (d) the financial management protocols and standards applicable to the Program; (e)

detailed guidelines for the administration of the Program proceeds, as well as the flow of funds; (f) procurement arrangements for the Program, the clear allocation of procurement responsibilities thereunder, including record keeping systems and corruption prevention and reporting mechanisms; (g) the procedures for the preparation and approval of the Annual Work Plans and Budgets; (h) the protocols for reporting to the Association on, and sharing the findings of, any case of fraud and corruption denounced and/or investigated under the Program, in accordance with the Anti-Corruption Guidelines; (i) the Verification Protocol agreed with the Association for evaluating the achievement of the DLIs and their respective DLRs, including the annual schedule therefor; (j) the criteria to assess sustainable procurement (to be incorporated into the Verification Protocol); (k) the implementation arrangements and allocation of responsibilities for the execution of/compliance with the Program Action Plan; (l) the grievance mechanism for the Program, as well as their associated protocols and procedures (including timelines) for addressing and reporting on grievance complaints; (m) monitoring and evaluation requirements, including verification systems for the Program; (n) internal and external audit requirements, including regular submissions of audit reports to the Association; (o) quality assurance standards, protocols and review mechanisms; and (p) any other technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall, and shall cause the Program Implementing Entity to, refrain from materially and/or substantially amending, revising, waiving, voiding, abrogating or suspending any provision of the Program Operations Manual, whether in whole or in part, without the prior written concurrence of the Association.
3. In the event of any inconsistency between a provision of the Program Operation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

D. Verification Agent

1. The Recipient shall:
 - (a) hire by not later than nine (9) months after the Effective Date and thereafter maintain, at all times during the implementation of the Program, a verification agent (or agencies) having experience and qualifications in the relevant technical fields, and under terms of reference acceptable to the Association (“Verification Agent”), to verify the data and other evidence supporting the achievement of the Disbursement-Linked Results and to recommend corresponding payments to be made, as applicable; and
 - (b) ensure that the Verification Agent: (i) carries out the verification process(es) in accordance with the Verification Protocol; and (ii) submits

to the Recipient's Permanent Secretary of MoF, the Program Implementing Entity's Principal Secretary of PoFP, and the Association the corresponding verification reports in a timely manner and in form and substance satisfactory to the Association.

E. Program Action Plan

1. The Recipient shall, and shall cause the Program Implementing Entity to:
 - (a) carry out the actions set forth in the Program Action Plan, and/or have them carried out by the Program Implementing Entity, all in accordance with the schedule set out in the said Program Action Plan and in a manner satisfactory to the Association;
 - (b) except as the Association shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any obligation and/or responsibilities set forth in the Program Action Plan, or any provision thereof; and
 - (c) maintain policies and procedures adequate to enable it to monitor and evaluate, in a manner and substance satisfactory to the Association, its own and the Program Implementing Entity's implementation of the respective obligations/commitments under Program Action Plan.

F. Annual Work Plans and Budgets

1. The Recipient shall, and shall cause the Program Implementing Entity to, prepare, by no later than March 31st of each year during the implementation of the Program, and thereafter furnish to the Association a draft annual work plan and budget containing all activities proposed to be carried out under the Program by both the Recipient and the Program Implementing Entity during the following Financial Year, including the annual training plans, as well as the proposed financing plan for the expenditures required thereunder, indicating the envisioned amounts and sources of financing ("the Annual Work Plan and Budget" or "AWPB"), all in accordance with the Program Operation Manual, each said AWPB of such scope and detail as the Association shall reasonably request.
2. The Recipient shall, and shall cause the Program Implementing Entity to, afford the Association a reasonable opportunity to exchange views with each of them with respect to each such AWPB, and, thereafter, ensure, can cause the Program Implementing Entity to ensure that the Program is implemented with due diligence during said following Financial Year in accordance with the AWPB as shall have been approved, as per the prior no-objection of the Association.

3. The Recipient shall not make or allow to be made any change(s) to the approved AWPB without the Association's prior written concurrence.

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 works, goods, non-consulting services or consulting services estimated to cost the equivalent of twelve million five hundred thousand United States Dollars (USD 12,500,000 equivalent) or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

1. The Recipient shall furnish to the Association each Program Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.
2. Without limitation upon the provisions of Section 5.13 of the General Conditions, the Recipient shall prepare or cause to be prepared periodic ACG Reports, in form and substance satisfactory to the Association. The Recipient shall furnish, or cause to be furnished, each ACG Report to the Association not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

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: (a) finance Program Expenditures (inclusive of Taxes), on the basis of the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient and/or the Program Implementing Entity, as the case may be, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table in paragraph 2 of this Part A as well as Schedule 3 to this Agreement.
2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the corresponding Disbursement Linked Indicators) ("Category"), and the allocation of the amounts of the Financing to each Category:

Category (including Disbursement Linked Indicator as applicable)	Amount of the Financing Allocated (expressed in USD)
(1) DLI #1.1: Percentage of taxpayers filing VAT return and making the payments thereunder on time	6,000,000
(2) DLI #1.2: Increase in number of active businesses registered to pay taxes	6,000,000
(3) DLI #2.1: Share of procurement in Mainland and Zanzibar that procuring entities processed through the NeST and e-ProZ system	5,000,000
(4) DLI #2.2: The MDAs and Public Authorities (“PA”) in Mainland have published the contract data (as per the OCDS) corresponding to the "X" percentage of contracts awarded through the NeST system	3,000,000
(5) DLI #2.3: The average processing time for procurement cycle (invitation to award) for national competitive procurement through NeST system for MDAs and PAs of Mainland has been reduced to "120" days or less	3,000,000
(6) DLI #3.1: Percentage of tender documents in NeST (Mainland) following open competitive tender methods by MDAs and PAs that included specific sustainable procurement criteria, whether economic, environmental and/or social	4,000,000
(7) DLI #3.2: Increase of registered active local tenderers in NeST and contracts awarded to the women-owned SMEs	2,000,000
(8) DLI #4: Enhanced budget documentation	7,000,000
(9) DLI #5.1: Increased percentage of Mainland capital expenditures going to appraised public investment projects (including climate change considerations) by the end of the Financial Year	6,000,000
(10) DLI #5.2: Increased percentage of Zanzibar’s capital expenditures going to appraised public	1,000,000

Category (including Disbursement Linked Indicator as applicable)	Amount of the Financing Allocated (expressed in USD)
investment projects (including climate change considerations) by the end of the Financial Year	
(11) DLI #6.1: Improved audit effectiveness: Percentage of ICBF requirements of AFROSAI-E standards and guidelines for Level 4 attained by NAOT	5,000,000
(12) DLI #6.2: Improved audit effectiveness: Percentage of ICBF requirements of AFROSAI-E standards and guidelines for Level 3 attained by OCAGZ	2,000,000
TOTAL AMOUNT	50,000,000

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; and
 - (b) for any DLRs corresponding to the DLIs under Categories (1) through (12), 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: (i) an amount not to exceed twelve million five hundred thousand United States Dollars (USD 12,500,000) as an advance; provided, however, that if the DLRs in the opinion of the Association, are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advances (or portion of such advance as determined by the Association, pursuant to the applicable scalable formulae set forth in Schedule 3 to this Agreement) 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 DLRs 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 forth in respect of such scalable DLR in Schedule 3 to this agreement; (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 March 31, 2028.

C. Additional Provisions

1. It is the Recipient's own undertaking that the importation, procurement, and/or supply of any goods, works and/or services comprised in the Program Expenditures and which are wholly and exclusively for the purpose of the execution of the Program, and are financed with the proceeds of the Credit, will be exempted from taxes and duties.

SCHEDULE 3

Disbursement Linked Indicators, Disbursement Linked Results and Allocated Amounts and Scalable Formulae applicable thereto

DISBURSEMENT LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS			
	EXPECTED RESULTS FOR YEAR 1 (JULY 1 ST , 2024/JUNE 30 ST , 2025)	EXPECTED RESULTS FOR YEAR 2 (JULY 1 ST , 2025/JUNE 30 ST , 2026)	EXPECTED RESULTS FOR YEAR 3 (JULY 1 ST , 2026/JUNE 30 ST , 2027)	EXPECTED RESULTS FOR YEAR 4 (JULY 1 ST , 2027/JUNE 30 ST , 2028)
<i>1.1. Percentage of taxpayers filing VAT return and making the payments thereunder on time</i>	1.1.(a): 83%*	1.1.(b): 85%*	1.1.(c): 87%*	1.1.(d): 89%*
<i>Allocated Amounts (USD6,000,000)</i>	1.1.(a): USD 937,500	1.1.(b): USD 1,302,500	1.1.(c): USD 1,687,500	1.1.(d): USD 2,062,500
<i>Formula</i>	1.1.(a) through 1.1.(d): USD 187,500 for every 1% increase during the respective Year over the 78% baseline of timely taxpayer compliance rate			
<i>1.2. Increase in number of active businesses registered to pay taxes</i>	1.2.: 1,980,000 registered businesses			
<i>Allocated Amounts (USD6,000,000)</i>	1.2.: USD 6,000,000			
<i>Formula</i>	1.2.: USD 16,66 for every new/additional registered active business over the 1,620,000 registered active businesses baseline			
<i>2.1. Share of procurement in Mainland and Zanzibar that procuring entities</i>	2.1.(a): The MDAs and PAs in Mainland have processed at least	2.1.(b)(i): The MDAs and PAs in Mainland have processed at least 70% of all their	2.1.(c)(i): The MDAs and PAs in Mainland have processed at least	2.1.(d): The procurement entities in Zanzibar have processed at least 50% of all their procurement

DISBURSEMENT LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS			
	EXPECTED RESULTS FOR YEAR 1 (JULY 1 ST , 2024/JUNE 30 ST , 2025)	EXPECTED RESULTS FOR YEAR 2 (JULY 1 ST , 2025/JUNE 30 ST , 2026)	EXPECTED RESULTS FOR YEAR 3 (JULY 1 ST , 2026/JUNE 30 ST , 2027)	EXPECTED RESULTS FOR YEAR 4 (JULY 1 ST , 2027/JUNE 30 ST , 2028)
<i>processed through the e-ProZ System</i>	50% of all their procurement through the NeST system*	procurement through the NeST system;* and 2.1(b)(ii): Zanzibar has enhanced its e-ProZ System to make it a full-fledged system covering all procurement methods and all steps of procurement.	90% of all their procurement through the NeST system;* and 2.1.(c)(ii): The procurement entities in Zanzibar have processed at least 25% of all their procurement through the full-fledged e-ProZ System*	through the full-fledged e-ProZ System*
<i>Allocated Amounts (USD5,000,000)</i>	2.1.(a): USD1,500,000	2.1.(b)(i): USD 1,000,000; and 2.1(b)(ii): USD 1,000,000	2.1.(c)(i): USD 500,000; and 2.1.(c)(ii): USD 500,000	2.1.(d): USD 500,000
<i>Formula</i>	2.1.(a): USD 60,000 for every 1% increase over the 25% Mainland's baseline of MDAs' and PAs' procurement through the NeST system	2.1.(b)(i): USD 22,222 for every 1% increase over the 25% Mainland's baseline of MDAs' and PAs' procurement through the NeST system; and 2.1.(b)(ii): N/A	2.1.(c)(i): USD 7,692.31 for every 1% increase over the 25% Mainland's baseline of MDAs' and PAs' procurement through the NeST system; and 2.1.(c)(ii): USD 20,000 for every 1% of the procurement processed through the full-fledged e-ProZ System	2.1.(d): USD 10,000 for every 1% of the procurement processed through the full-fledged e-ProZ System.
<i>2.2. The MDAs and PA in Mainland have published the contract data (as per the OCDS) corresponding to the "X" percentage of contracts awarded through the NeST system</i>	2.2.(a): 25%*	2.2.(b): 50%*	2.2.(c): 75%*	2.2.(d): 90%*

DISBURSEMENT LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS			
	EXPECTED RESULTS FOR YEAR 1 (JULY 1 ST , 2024/JUNE 30 ST , 2025)	EXPECTED RESULTS FOR YEAR 2 (JULY 1 ST , 2025/JUNE 30 ST , 2026)	EXPECTED RESULTS FOR YEAR 3 (JULY 1 ST , 2026/JUNE 30 ST , 2027)	EXPECTED RESULTS FOR YEAR 4 (JULY 1 ST , 2027/JUNE 30 ST , 2028)
<i>Allocated Amounts (USD3,000,000)</i>	2.2.(a): USD 1,500,000	2.2.(b): USD 500,000	2.2.(c): USD 500,000	2.2.(d): USD 500,000
<i>Formula</i>	2.2.(a): USD 60,000 for every 1% of procurement package awarded through the NeST system with contract data published as per OCDS in Year 1	2.2.(b): USD 10,000 for every 1% of procurement package awarded through the NeST system with contract data published as per OCDS in Year 2	2.2.(c): USD 6,666 for every 1% of procurement package awarded through the NeST system with contract data published as per OCDS in Year 3	2.2.(c): USD 5,555 for every 1% of procurement package awarded through the NeST system with contract data published as per OCDS in Year 4
<i>2.3. The average processing time for procurement cycle (invitation to award) for national competitive procurement through NeST system for MDAs and PAs of Mainland has been reduced to "X" days or less</i>			2.3.(a): The average processing time for procurement cycle (invitation to award) for national competitive procurement through NeST system for the MDAs and PAs of the Mainland has been reduced to 150 days in Year 3*	2.3.(b): The average processing time for procurement cycle (invitation to award) for national competitive procurement through NeST system for the MDAs and PAs of the Mainland has been reduced to 120 days in Year 4*
<i>Allocated Amounts (USD3,000,000)</i>			2.3.(a): USD 1,500,000	2.3.(b): USD 1,500,000
<i>Formula</i>			2.3.(a): USD 17,857 for every day-reduction (on average) below the 234 days of average processing time (baseline) for national competitive procurement cycles	2.3.(b): USD 13,157.9 for every day-reduction (on average) below the 234 days of average processing time (baseline) for national competitive procurement cycles

DISBURSEMENT LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS			
	EXPECTED RESULTS FOR YEAR 1 (JULY 1 ST , 2024/JUNE 30 ST , 2025)	EXPECTED RESULTS FOR YEAR 2 (JULY 1 ST , 2025/JUNE 30 ST , 2026)	EXPECTED RESULTS FOR YEAR 3 (JULY 1 ST , 2026/JUNE 30 ST , 2027)	EXPECTED RESULTS FOR YEAR 4 (JULY 1 ST , 2027/JUNE 30 ST , 2028)
<i>3.1. Percentage of tender documents in NeST (Mainland) following open competitive tender methods by MDAs and PAs that included specific sustainable procurement criteria, whether economic, environmental and/or social</i>	3.1.(a): 10%*	3.1.(b): 25%*	3.1.(c): 50%*	3.1.(d): 75%*
<i>Allocated Amounts (USD4,000,000)</i>	3.1.(a): USD 1,000,000	3.1.(b): USD 1,000,000	3.1.(c): USD 1,000,000	3.1.(d): USD 1,000,000
<i>Formula</i>	3.1.(a): USD 100,000 for every 1% of the tender document for competitive tender methods that included specific sustainable procurement criteria	3.1.(b): USD 40,000 for every 1% of the tender document for competitive tender methods that included specific sustainable procurement criteria	3.1.(c): USD 20,000 for every 1% of the tender document for competitive tender methods that included specific sustainable procurement criteria	3.1.(d): USD 13,333 for every 1% of the tender document for competitive tender methods that included specific sustainable procurement criteria
<i>3.2. Increase of registered active local tenderers in NeST and contracts awarded to the women-owned SMEs</i>			3.2.(a): NeST system has reached 12,000 registered local tenderers in Year 3*	3.2.(b)(i): NeST system has reached 13,000 registered local tenderers in Year 4;* and 3.2.(b)(ii): The contracts awarded through NeST by procurement agencies in Mainland to the women-owned SMEs has reached at least 5% of the total contracts awarded in NeST in Year 4*

DISBURSEMENT LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS			
	EXPECTED RESULTS FOR YEAR 1 (JULY 1 ST , 2024/JUNE 30 ST , 2025)	EXPECTED RESULTS FOR YEAR 2 (JULY 1 ST , 2025/JUNE 30 ST , 2026)	EXPECTED RESULTS FOR YEAR 3 (JULY 1 ST , 2026/JUNE 30 ST , 2027)	EXPECTED RESULTS FOR YEAR 4 (JULY 1 ST , 2027/JUNE 30 ST , 2028)
<i>Allocated Amounts (USD2,000,000)</i>			3.2.(a): USD 1,000,000	3.2.(b)(i): USD 500,000; and 3.2.(b)(ii): USD 500,000
<i>Formula</i>			3.2.(a): USD 500 per every additional registered local tender above the 10,000 registered local tender baseline.	3.2.(b)(i): 3.2.(a): USD 166.66 per every additional registered local tender above the 10,000 registered local tender baseline; and 3.2.(b)(ii): USD 10,000 for every 0.1% of contracts in NeST awarded to women-owned SMEs.
4. Enhanced budget documentation		4.(a)(i): The Recipient's Financial Year budget has been presented to Parliament in the same format as the budget proposal approved by the Parliament; and 4.(a)(ii): MoF shall have presented to Parliament the aggregate budget data for a Recipient's Financial Year (including both revenue collected, and expenditures incurred) according to the main heads of economic classification, including data for the previous Financial Year with a detailed breakdown of revenue and expenditure.	4.(b)(i): MoF shall have included in the budget speech and the Plan and Guideline for a Financial Year of the Recipient detailed information on any envisaged budget deficit (including composition) as well as financing source(s) thereof; and 4.(b)(ii): MoF has prepared the budget documentation for the Financial Year of the Recipient with detailed information of the Recipient's financial assets presented in accordance with international good practices for GFS	4.(c). MoF has undertaken an independent assessment of the Recipient's budget documentation using PEFA's methodology and has attained a score of "A" for PEFA's indicators 5.1.

DISBURSEMENT LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS			
	EXPECTED RESULTS FOR YEAR 1 (JULY 1 ST , 2024/JUNE 30 ST , 2025)	EXPECTED RESULTS FOR YEAR 2 (JULY 1 ST , 2025/JUNE 30 ST , 2026)	EXPECTED RESULTS FOR YEAR 3 (JULY 1 ST , 2026/JUNE 30 ST , 2027)	EXPECTED RESULTS FOR YEAR 4 (JULY 1 ST , 2027/JUNE 30 ST , 2028)
<i>Allocated Amounts (USD7,000,000)</i>		4.(a)(i): USD 1,000,000; and 4.(a)(ii): USD 1,000,000	4.(b)(i): USD 1,000,000; and 4.(b)(ii): USD 1,000,000	4.(c): USD 3,000,000
<i>Formula</i>		N/A	N/A	N/A
<i>5.1. Increased percentage of Mainland capital expenditures going to appraised public investment projects (including climate change considerations) by the end of the Financial Year.</i>	5.1.(a) 34%*	5.1.(b) 40%*	5.1.(c) 45%*	5.1.(d) 52%*
<i>Allocated Amounts (USD6,000,000)</i>	5.1.(a): USD470,588	5.1.(b): USD1,176,470	5.1.(c): USD1,764,705	5.1.(d): USD2,588,237
<i>Formula</i>	5.1.(a) through 5.1.(d): USD 117,647 for every 1% increase during the respective Financial Year over the 30% baseline of appraised public investment projects			
<i>5.2. Increased percentage of Zanzibar's capital expenditures going to appraised public investment projects (including climate change considerations) by the end of the Financial Year.</i>		5.2.(a) 45%*		5.2.(b) 57%*

DISBURSEMENT LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS			
	EXPECTED RESULTS FOR YEAR 1 (JULY 1 ST , 2024/JUNE 30 ST , 2025)	EXPECTED RESULTS FOR YEAR 2 (JULY 1 ST , 2025/JUNE 30 ST , 2026)	EXPECTED RESULTS FOR YEAR 3 (JULY 1 ST , 2026/JUNE 30 ST , 2027)	EXPECTED RESULTS FOR YEAR 4 (JULY 1 ST , 2027/JUNE 30 ST , 2028)
<i>Allocated Amounts (USD1,000,000)</i>		5.2.(a): USD 323,530		5.2.(b): USD 676,470
<i>Formula</i>	5.2.(a) and 5.2.(b): USD 29,411.76 for every 1% increase during the respective Financial Year over the 20% baseline of appraised public investment projects			
<i>6.1. Improved audit effectiveness: Percentage of ICBF requirements of AFROSAI-E standards and guidelines for Level 4 attained by NAOT</i>	6.1. NAOT has met 80% of the ICBF requirements of AFROSAI-E standards and guidelines for Level 4			
<i>Allocated Amounts (USD5,000,000)</i>	6.1.: USD 5,000,000			
<i>Formula</i>	6.1: USD 1,000,000 (each) upon meeting 25%, 40% and 60% of the criteria/requirements set in the AFROSAI-E standards and guidelines for level 4 and USD 2,000,000 upon meeting 80% of those criteria/requirements.			
<i>6.2. Improved audit effectiveness: Percentage of ICBF requirements of AFROSAI-E standards and guidelines for Level 3 attained by OCAGZ</i>	6.2. OCAGZ has attained Level 3 as per the AFROSAI-E standards and guidelines			
<i>Allocated Amounts (USD2,000,000)</i>	6.2.: USD 2,000,000			

DISBURSEMENT LINKED INDICATORS	DISBURSEMENT-LINKED RESULTS			
	EXPECTED RESULTS FOR YEAR 1 (JULY 1 ST , 2024/JUNE 30 ST , 2025)	EXPECTED RESULTS FOR YEAR 2 (JULY 1 ST , 2025/JUNE 30 ST , 2026)	EXPECTED RESULTS FOR YEAR 3 (JULY 1 ST , 2026/JUNE 30 ST , 2027)	EXPECTED RESULTS FOR YEAR 4 (JULY 1 ST , 2027/JUNE 30 ST , 2028)
<i>Formula</i>	6.2: USD 500,000 (each) upon meeting 30%, 40% and 60% of the criteria/requirements set in the AFROSAI-E standards and guidelines for Level 3, and USD 500,000 upon certification of Level 3 attainment.			

*These DLRs are time-bound.

SCHEDULE 4

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 th and August 15 th : commencing August 15 th 2034 to and including February 15 th , 2074	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 renumbered Section 3.03 (b) (originally numbered Section 3.05 (b)) of the General Conditions.

APPENDIX

Section I. Definitions

1. “ACG Report” means the Recipient’s periodic report, to be prepared by the Recipient’s Preventing and Combating Corruption Bureau jointly with the Program Implementing Entity’s Zanzibar Anti-Corruption and Economic Crimes Authority, in form and substance satisfactory to the Association, and in accordance with the provisions of the Anti-Corruption Guidelines, including whether or not there has been: (1) any credible and material allegations and other indications of fraud and corruption under the Program which come to the attention of the Preventing and Combating Corruption Bureau and/or the Zanzibar Anti-Corruption and Economic Crimes Authority during such period; and (2) any investigations launched by the Preventing and Combating Corruption Bureau and/or the Zanzibar Anti-Corruption and Economic Crimes Authority into such allegations, their progress and findings, and (3) any remedial or corrective actions taken or planned in response to such allegations or the findings of such investigations.
2. “African Organization of English-speaking Supreme Audit Institutions” or the term “AFROSAI-E” mean the organization established on October 11, 2004, by the heads of the SAIs that were members of the Assembly of English-speaking African Supreme Audit Institutions and the Southern African Development Community Organization of Supreme Audit Institutions, which organization enter into effect/existence as of January 1, 2005.
3. “Allocated Amounts” means the individual amounts in United States Dollars allocated to each individual DLI and DLR (or sub-DLR) in the table in Schedule 3 to this Agreement, or determined for each DLI and/or DLR (or sub-DLR) pursuant to the formula detailed in such Schedule, as such amount might be increase, reallocated and/or cancelled (whether partially or in its entirety) by the Association, from time to time, as the case may be, in accordance with the provision of Section IV.B.3 of Schedule 2 to this Agreement.
4. “Annual Work Plan and Budget” or the term “AWPB” mean each of the yearly work plans and budgets for the Program to be prepared, approved and implemented by the Recipient and the Program Implementing Entity pursuant to Section I.F of Schedule 2 to this Agreement and Section I.E of the Schedule to the Program Agreement, all pursuant to the protocols and requirements further elaborated in the Program Operation Manual.
5. “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.

6. “Assessment of the Tanzania Public Procurement System” means the joint assessment of the Recipient’s procurement systems carried out by the Association in conjunction with the Recipient’s authorities under the Association’s Advisory Services and Analytics product ASA P502039.
7. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
8. “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 Schedule 3 to this Agreement.
9. “Disbursement Linked Result” or “DLR” means in respect of a given DLI and the corresponding disbursement Category, the result under said DLI as set forth in the table in Schedule 3 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 Section IV in Schedule 2 to this Agreement.
10. “e-ProZ Systems” means Program Implementing Entity’s electronic government procurement system adopted and implemented since 2023.
11. “Financial Year” or “FY” means the twelve-month financial reporting period of the Recipient and the Program Implementing Entity beginning July 1 of each year and finishing on June 30 of the next following calendar year.
12. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Program-for-Results Financing”, dated December 14, 2018 (Last revised on July 15, 2023), with the modifications set forth in Section II of this Appendix.
13. “GFS” means government financial statistics.
14. “ICT” means information and communication technology.
15. “Institutional Capacity Building Framework” or the term “ICBF” mean the AFROSAI-E’s guidelines and toolkit for SAIs to undertake general self-assessments to identify areas for improvements of institutional capacity and governance, including benchmarking against other SAIs in the African region.
16. “International Public Sector Accounting Standards” means the set of accounting standards for use by public sector entities, issued by the International Public Sector Accounting Standards Board operating under the International Federation of Accountants.
17. “Joint Steering Committee” means mean the steering committee to be established by the Recipient pursuant to Section I.A.2(a) of Schedule 2 to this Agreement.

18. “Level 3” means the AFROSAI-E’s Level 3 certification as per the criteria set forth ICBF.
19. “Level 4” means the AFROSAI-E’s Level 4 certification as per the criteria set forth ICBF.
20. “Mainland” means the continental portion of the Recipient identified as Mainland Tanzania in the Constitution of the United Republic of Tanzania (1977), as amended.
21. “MAPS” means the methodology for assessing procurement systems created by a joint initiative of the Association and the International Bank for Reconstruction and Development and the Development Assistance Committee of the OECD.
22. “MDAs” means ministries, departments and agencies of the Recipient or the Program Implementing Entity, as the case may be.
23. “*Mfumo wa Ulipaji Serikalini*” or the term “MUSE” means the Recipient’s centralized payment system developed inhouse.
24. “Ministry of Finance” or the term “MoF” means the Recipient’s Ministry of Finance, or any successor to it acceptable to the Association.
25. “National Audit Office of Tanzania” or the term “NAOT” mean the Recipient’s independent Constitutional body which is responsible for auditing central government departments, government agencies and non-departmental public bodies pursuant to Article 143 of The Constitution of The United Republic of Tanzania of 1977, and Section 20 of The Public Audit Act CAP 418 .
26. “National e-Procurement System of Tanzania” or the term “NeST” mean the Recipient’s electronic government procurement system adopted and launched in July 2023.
27. “OECD” means the Organization for Economic Co-operation and Development, an international organization established pursuant to the OECD Convention of December 14th, 1960, which entered into force on September 30th, 1961.
28. “Office of Controller and Auditor General Zanzibar” or the term “OCAGZ” mean the Program Implementing Entity’s Office of the Controller and Auditor General of Zanzibar provided for on the Section 112 of the Constitution of Zanzibar of 1984, and govern by the Program Implementing Entity’s Act, No. 11 of 2003, as amended.
29. “Open Contracting Data Standard (OCDS)” means the free, non-proprietary, internationally endorsed, open data standard for public contracting, committing to

promoting transparency, accountability, and efficiency in public procurement processes.

30. “Parliament” means the legislative body established pursuant to Article 62 of the Recipient’s Constitution of 1977, as amended.
31. “PAs” means public authorities of the Recipient and/or the Program Implementing Entity as the case may be.
32. “PEFA” means the Public Expenditure and Financial Accountability program initiated in 2001 by the International Monetary Fund, the World Bank, the European Commission, and other development partners, establishing standard and setting up a uniformed methodology for the carrying out of public financial management diagnostic assessments using quantitative indicators.
33. “PIM Operational Manual (2022)” means the Recipient’s revised edition (2022) of the Public Investment Management – Operational Manual approved/adopted pursuant to Circular AF.190/419/’01’A’/3 of November 10, 2022.
34. “Plan and Guidelines” means the Plan and Budget Guidelines to be laid out before the Parliament by the Recipient’s Minister responsible for finance pursuant to Section 21 of the Recipient’s Budget Act [Cap 439 R.E. 2020].
35. “President’s Office of Finance and Planning” or the term “PO-FP” mean the Program Implementing Entity’s President’s Office responsible for planning and finance, or any successor to it acceptable to the Association.
36. “Preventing and Combating Corruption Bureau” means the Recipient’s bureau established pursuant to the Prevention and Combating of Corruption Act No. 11 of 2007 (PCCA 11/2007) to prevent and combat corruption in the public, parastatals, and the private sector at large.
37. “Procurement and Supplies Professionals and Technicians Board” and the term “PSPTB” mean the board established as a body corporate pursuant to Section 4 of the Recipient’s Procurement and Supplies Professionals and Technicians Board Act, No. 23 of 2007.
38. “Program Action Plan” means the Recipient’s and Program Implementing Entity’s plan dated February 16, 2024 and referred to in Section I.E of Schedule 2 to this Agreement, and Section I.D of the Schedule to the Program Agreement, as the same may be amended from time to time with the agreement of the Association.
39. “Program Agreement” means the agreement (to be) entered between the Association and the Program Implementing Entity relating to the implementation of the Program Implementing Entity’s Respective Activities under the Program, as

such agreement may be amended from time to time. “Program Agreement” includes these General Conditions as applied to the Program Agreement, and all appendices, schedules, and agreements supplemental to the Program Agreement.

40. “Program Implementing Entity” means the Revolutionary Government of Zanzibar.
41. “Program Manager” means the person to be appointed by the Recipient to lead the Program Secretariat, pursuant to Section I.A.2(b) of Schedule 2 to this Agreement.
42. “Program Operations Manual” means the manual to be developed and adopted by the Recipient, in coordination with the Program Implementing Entity, for carrying out the Program, pursuant to the provision of Section I.C.1 of Schedule 2 to this Agreement.
43. “Program Secretariat” means secretariat to be established by the Recipient pursuant to Section I.A.2(c) of Schedule 2 to this Agreement for purposes of coordinating Program execution by the MDAs and PAs of the Recipient and the Program Implementing Entity.
44. “Public Finance Act” means the Recipient’s Public Financed Act, [CAP.348 R.E. 2020], as amended.
45. “Public Procurement Regulatory Authority” or the term “PPRA” means the Recipient’s procurement authority established as a body corporate pursuant to Section 7 of the Recipient’s Public Procurement Act [CAP. 410 R.E. 2022].
46. “Respective Activities under the Program” means:
 - (a) with respect to the Recipient, all the activities described in all Results Areas. except for those in Results Areas 2(f); 3(e), 3(f); and 4(b); and
 - (b) with respect to the Program Implementing Entity, the activities described in Results Areas 2(f); 3(e), 3(f); and 4(b).
47. “SAIs” means supreme audits institutions.
48. “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.
49. “SMEs” means small and medium enterprises, as defined by the Recipient’s laws.
50. “Subsidiary Agreement” means the agreement to be entered by the Recipient with the Program Implementing Entity for purposes of sharing the Financing resources for the implementation of the Program Implementing Entity’s

Respective Activities under the Program, pursuant to Section I.B.1 of Schedule 2 to this Agreement.

51. “Tanzania Revenue Authority” or the term “TRA” mean the Recipient’s revenue authority established as a body corporate pursuant to Section 4 of the Tanzania Revenue Authority Act, 2019 [CAP. 399 R.E 2019].
52. “Value Added Tax” or the term “VAT” mean the Recipient’s value added tax, i.e., a consumption tax charged established pursuant to the Recipient’s Value Added Tax Act (CAP 148 R.E. 2019).
53. “Verification Protocol” means the protocol agreed between the Recipient and the Association, dated February 16, 2024 setting forth the means, procedures and evidence to be relied upon for certifying the achievement of the DLRs, as well as the responsible entities therefor, and the content and/or formant of the reports to be furnished to the Association in support thereof, as the same may be revised from time to time with prior written agreement of the Association.
54. “Verification Agent” means the verification consultant/s to be selected and appointed in accordance with the provision of Section I.D. of Schedule 2 to this Agreement for purposes of carrying out the verification of the Recipient’s achievement of the DLRs.
55. “Year 1” means the first year of implementation of the Program, commencing on July 1, 2024, and concluding on June 30, 2025.
56. “Year 2” means the second year of implementation of the Program, commencing on July 1, 2025, and concluding on June 30, 2026.
57. “Year 3” means the third year of implementation of the Program, commencing on July 1, 2026, and concluding on June 30, 2027.
58. “Year 4” means the fourth year of implementation of the Program, commencing on July 1, 2027, and concluding on June 30, 2028.
59. “Zanzibar” means the insular portion of the Recipient (comprising the islands of Unguja and Pemba and all small islands and waters surrounding them), governed as a semi-autonomous region pursuant to the Constitution of Zanzibar (1984), as amended.
60. “Zanzibar Anti-Corruption and Economic Crimes Authority” means the Program Implementing Entity’s authority established under the Program Implementing Entity’s Zanzibar Anti-corruption and Economic Crimes Act No. 5 of 2023, to be responsible for carrying out investigations on corruption and economic crimes; educating the public about corruption and economic crimes; preventing corruption

and economic crimes; and conducting research and advise public and private institutions in Zanzibar on how to curb corruption and economic crimes.

61. “Zanzibar Public Procurement and Disposal of Public Assets Authority” means Program Implementing Entity's Public Procurement and Disposal of Public Authority established as an autonomous body entrusted/vested with oversight powers and responsibilities to regulate all public procurement and disposal activities carried out by all public bodies in Zanzibar, pursuant to Section 4 of the Program Implementing Entity’s Public Procurement and Disposal of Public Assets Act No. 11 of 2016.

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.