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**CREDIT NUMBER 73610-TZ**  
**CREDIT NUMBER 73620-TZ**

# **Financing Agreement**

**(Additional Financing for the Productive Social Safety Net Project II)**

**between**

**THE UNITED REPUBLIC OF TANZANIA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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**CREDIT NUMBER 73610-TZ**  
**CREDIT NUMBER 73620-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. The capitalized terms used in the cross-referred provisions of the Original Financing Agreement not otherwise defined in the General Conditions or in the Appendix of this Agreement, shall have, the meaning ascribed to them in the Appendix to that Agreement.

**ARTICLE II — CREDIT**

- 2.01. The Association agrees to extend to the Recipient a credit in two portions to assist in financing the project described in Schedule 1 to the Original Financing Agreement (“Project”), as follows:
  - (a) A first portion, deemed as Concessional Financing for purposes of the General Conditions, in the amount of one hundred million United States Dollars (USD100,000,000) (variously “Portion A of the Credit” or the “PBA Portion of the Credit”); and
  - (b) A second portion, deemed also Concessional Financing for purposes of the General Conditions, in the amount of one hundred million United States Dollars (USD100,000,000) (variously Portion “B of the Credit” or the “SUW-SML Portion of the Credit”)

(Portions A of the Credit and Portion B of the Credit, collectively referred to a variously the “Credit” or the “Financing”).

- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section II of Schedule 1 to this Agreement.
- 2.03. The Maximum Commitment Charge is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Payment Dates are March 15<sup>th</sup> and September 15<sup>th</sup> in each year.
- 2.05. The principal amount of Portion A the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.06. The principal amount of Portion B of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is United States Dollar

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project, and cause each Project Area Authority (“PAA”) to carry out their Respective PAA Level Activities under the Project, in accordance with the provisions of Article V of the General Conditions and Schedule 1 to this Agreement.

### **ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Condition of Effectiveness consists of the following:
  - (a) The DFATD Grant Agreement and the Amendment Letter have been executed and delivered and all conditions precedent to their effectiveness or to the right of the Recipient to make withdrawals under the DFATD Grant Agreement (other than the effectiveness of this Agreement) have been fulfilled.
  - (b) The Recipient has updated the Project Implementation Manual in a manner and substance satisfactory to the Association.
- 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 the 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

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

Facsimile:

1-202-477-6391

AGREED as of the Signature Date.

**THE UNITED REPUBLIC OF TANZANIA**

**By**

*Dr. Natu El-Maamry Mwamba*

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**Authorized Representative**

**Name:** Dr. Natu El-Maamry Mwamba

**Title:** Permanent Secretary, Ministry of Finance

**Date:** 13-Aug-2023

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

*Nathan M. Belete*

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**Authorized Representative**

**Name:** Nathan M. Belete

**Title:** Country Director

**Date:** 10-Aug-2023

## SCHEDULE 1

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

1. The Recipient shall implement the Project, and cause the PAAs to implement their Respective PAA Level Activities under the Project, in accordance with the provisions of Sections I and II of Schedule 2 to the Original Financing Agreement, which are hereby incorporated by reference and, *mutatis mutandis*, form part of this Agreement. To this end:
  - (a) the references to “*this Agreement*” and the “*Financing*” in the above referred Sections of the Original Financing Agreement shall be deemed to also refer to both the Original Financing Agreement and this Agreement, as well as the Original Financing and the Credit extended hereunder, respectively;
  - (b) so long as any part of the Original Financing provided for under the Original Financing Agreement shall remain outstanding and unless the Recipient has been notified otherwise by the Association:
    - (i) all actions taken, including approvals given, by the Association pursuant to any section of, and/or schedule to, the Original Financing Agreement, shall be deemed to also be taken or given in the name, and on behalf of, the Association under this Agreement; and
    - (ii) all information or documentation furnished by the Recipient to the Association pursuant to the provisions of any sections of the Original Financing Agreement, and/or any appendices, schedules or supplemental agreements thereto, shall be deemed to be furnished to the Association for purposes of, and in respect to, the provisions, sections, appendices and schedules of, and supplemental agreements to, this Agreement;
  - (c) if the Original Financing Agreement terminates prior to the termination of this Agreement, the provisions of the Original Financing Agreement referred to in this Agreement shall continue in full force and effect between the Recipient and the Association.
2. Without prejudice to the provisions of paragraph 1 (above) in this Section, and for purposes of complying therewith, the Recipient shall update the Project

Implementation Manual in a manner and substance satisfactory to the Association, to adjust its content to the expanded scope and implementation period of the Project, including, inter alia, the revised results framework and geographical coverage of the Project as well as the revised financing allocation among Project components, and any adjustments required (if any) to the eligibility criteria of beneficiaries from, and defrayment mechanisms for, the Cash Transfers Program, the Labor Payments for Subprojects and the Grants for the Livelihood Enhancement Program. In the event of any conflict between the provisions of the updated Project Implementation Manual and those of this Agreement, the DFATD Grant Agreement, and the Original Financing Agreement, the provisions of these latter documents shall prevail.

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

**A. General**

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category in the following table:

<b>Category</b>	<b>Amount of Portion A of the Credit Allocated (expressed in USD)</b>	<b>Amount of Portion B of the Credit Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Cash Transfers Program under Part 1.1.(a), (b) and (c) of the Project	50,000,000	50,000,000	0% until the amount allocated to the equivalent disbursement category (1) in the table in Section II.A of Schedule 1 to the DFATD Grant Agreement has been fully disbursed; and 100% thereafter, to be disbursed first from Portion A of the Credit and then Portion B of the Credit

Category	Amount of Portion A of the Credit Allocated (expressed in USD)	Amount of Portion B of the Credit Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
<p>(2) (a) Labor Payments for Subprojects under part 1.2 of the Project</p> <p>(b) Goods, works, non-consulting services, consulting services, and Operating Costs for Subprojects under Part 1.2 of the Project</p>	<p>18,169,127</p> <p>6,667,915</p>	<p>18,169,127</p> <p>6,667,915</p>	<p>0% until the amount allocated to the equivalent disbursement sub-categories in category (2) of the table in Section III.A of Schedule 2 to the Original Financing Agreement has been fully disbursed; and 100% thereafter, to be disbursed first from Portion A of the Credit and then Portion B of the Credit</p>
<p>(3) (a) Grants for the Livelihoods Enhancement Program under Part 1.3 of the Projects</p> <p>(b) Goods, works, non-consulting services, consulting services, Training and Operating Costs under Part 1.3 of the Project</p>	<p>3,647,943</p> <p>5,471,914</p>	<p>3,647,943</p> <p>5,471,914</p>	<p>0% until the amount allocated to the equivalent disbursement sub-categories in category (3) of the table in Section III.A of Schedule 2 to the Original Financing Agreement has been fully disbursed; and 100% thereafter, to be disbursed first from Portion A of the Credit and then Portion B of the Credit</p>



<b>Category</b>	<b>Amount of Portion A of the Credit Allocated (expressed in USD)</b>	<b>Amount of Portion B of the Credit Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(4) Goods, non-consulting services, consulting services, audits, Training and Operating Costs under Part 2 of the Project	16,043,101	16,043,101	0% until the amount allocated to the equivalent disbursement category (4) in the table in Section III.A of Schedule 2 to the Original Financing Agreement has been fully disbursed; and 100% thereafter, to be disbursed first from Portion A of the Credit and then Portion B of the Credit
<b>TOTAL AMOUNT</b>	100,000,000	100,000,000	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made under the Credit for payments made prior to the Signature Date.
2. The Closing Date is September 30, 2025

**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, which are wholly and exclusively for the purpose of the execution of the Project and financed with the proceeds of the Credit, will be exempted from taxes and duties.

**SCHEDULE 2**

**Repayment Schedule for Portion A of the Credit**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each March 15 <sup>th</sup> and September 15 <sup>th</sup> :	
commencing September 15 <sup>th</sup> , 2033, to and including March 15 <sup>th</sup> , 2073	<b>1.25%</b>

\* 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.

**SCHEDULE 3****Repayment Schedule for Portion B of the Credit**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each March 15 <sup>th</sup> and September 15 <sup>th</sup>	
commencing September 15 <sup>th</sup> , 2029, to and including September 15 <sup>th</sup> , 2034	<b>8.33334%</b>
on March 15 <sup>th</sup> , 2035	<b>8.33326%</b>

\* 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.      “Amendment Letter” means the first amendment letter to the Original Financing Agreement, dated the same date as this Agreement.
2.      “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016.
3.      “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4.      “Cash Transfers Program” means the program of cash transfers implemented under Part 1.1 of the Project.
5.      “DFATD” means the Department of Foreign Affairs, Trade and Development within the Ministry for International Development of Canada.
6.      “DFATD Grant” means the grant in the amount of seven million four hundred and ninety thousand seven hundred eighty-nine United States Dollars (USD7,490,789) made available by the International Development Association acting as administrator of the Tanzania Second Productive Social Safety Net Project Single Donor Trust Fund (TF073946), and out of the funding provided by DFATD, pursuant to the terms and conditions set forth in the DFATD Grant Agreement.
7.      “DFATD Grant Agreement” means the grant agreement for the Project between the Recipient and the International Development Association, acting as administrator of the Tanzania Second Productive Social Safety Net Project Single Donor Trust Fund (TF073946), dated the same date as this Agreement, as such grant agreement may be amended from time to time. The term “DFATD Grant Agreement” includes all appendices, schedules and agreements supplemental to such agreement.
8.      “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
9.      “Grant” means a cash grant provided to a beneficiary of the Livelihood Enhancement Program.

10. “Labor Payment” means a payment made to beneficiaries of the Public Works Program.
11. “LGA” means each of the Recipient’s local government authorities recognized in Article 145 of the Recipient’s Constitution and established under the Local Government (District Authorities) Act, Cap. 287 and/or the Local Government (Urban Authorities), Cap. 288.
12. “Livelihood Enhancement Program” means the program implemented under Part 1.3 of the Project.
13. “Operating Costs” means the reasonable incremental operating costs incurred by the Recipient and/or the PAAs on account of implementation of their respective activities under the Project, including: (a) utility fees; (b) offices supplies; (c) bank charges; (d) communications expenses; (e) vehicle operation, maintenance, and insurance; (f) office space rental; (g) building and equipment maintenance; (h) public awareness-related media expenses; (i) domestic and international travel and subsistence; and (j) salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, bonuses, and any other salary supplements of members of the Recipient’s and/or PAAs’ civil service and/or employees.
14. “Original Financing” means the credit in the amount of three hundred twenty-three million seven hundred thousand Special Drawing Rights (SDR 323,700,000) (Cr. 6489-TZ) extended to the Recipient by the Association pursuant to the terms and conditions set forth in the Original Financing Agreement.
15. “Original Financing Agreement” means the financing agreement for the Project between the Recipient and the Association, dated October 7, 2019, for Credit No.6489-TZ, as such credit agreement may be amended from time to time. The term “Original Financing Agreement” includes all appendices, schedules and agreements supplemental to such agreement
16. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
17. “Project Area Authority” and the term “PAA” mean in the case of mainland Tanzania the LGAs, in the case of Zanzibar, the local authorities of Unguja and Pemba.
18. “Project Implementation Manual” means manual prepared and adopted by the Recipient pursuant to Section I.B of Schedule 2 to the Original Financing Agreement.

19. “Public Works Program” means the employment program for labor-intensive public works implemented under Part 1.2 of the Project.
20. “Respective PAA Level Activities” means for a given PAA the activities under the Project within said PAA’s jurisdiction.
21. “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.
22. “Subproject” means any public works community sub-project approved for financing under the Public Works Program.
23. “Training” means the reasonable costs of training, workshops and conferences conducted in the territory of the Recipient, or, subject to prior approval by the Association, attended abroad by the Recipient’s and/or the PAA’s officials and/or staff in connection with the Project, including the purchase and publication of materials, rental of facilities, course fees and travel and subsistence of trainees.

**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 66 (Interest Charge) in the Appendix is modified to read as follows:  
  
“66. “Interest Charge” means the interest charge for the purpose of Section 3.07.
3. Paragraph 100 (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.