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CREDIT NUMBER 7456-TZ

# Financing Agreement

**(Tanzania Accelerating Sustainable and Clean Energy Access Transformation in  
Eastern and Southern Africa Program (ASCENT Tanzania))**

between

**THE UNITED REPUBLIC OF TANZANIA**

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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**CREDIT NUMBER 7456-TZ**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between THE UNITED REPUBLIC OF TANZANIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS:

- A. The Participating Countries, including the Recipient, and the Regional Bodies have agreed to participate in the MPA Program, and intend to coordinate among each other for the carrying out of activities under projects and programs to be implemented by the Participating Countries and the Regional Bodies to accelerate access to sustainable, reliable and clean energy in Eastern and Southern Africa;
  
- B. To facilitate the implementation of the MPA Program:
  - 1. by a financing agreement to be entered into on or about the date hereof between the Republic of Sao Tome and Principe (“STP”) and the Association (“STP Financing Agreement”), the Association will extend to STP financings to assist STP in financing activities related to the MPA Program, on the terms and conditions set forth in the STP Financing Agreement;
  
  - 2. by a financing agreement to be entered into on or about the date hereof between the Federal Republic of Somalia (“Somalia”) and the Association (“Somalia Financing Agreement”), the Association will extend to Somalia financing to assist Somalia in financing activities related to the MPA Program, on the terms and conditions set forth in the Somalia Financing Agreement;
  
  - 3. by a financing agreement to be entered into on or about the date hereof between the Republic of Rwanda (“Rwanda”) and the Association (“Rwanda Financing Agreement”), the Association will extend to Rwanda financings to assist Rwanda in financing activities related to the MPA Program, on the terms and conditions set forth in the Rwanda Financing Agreement; and
  
  - 4. by a financing agreement to be entered into on or about the date hereof between the Association and the Common Market for Eastern Africa (“COMESA”) (“COMESA Financing Agreement”), the Association will extend to COMESA financing to assist COMESA in financing activities

related to the Program, on the terms and conditions set forth in the COMESA Financing Agreement;

5. by a financing agreement to be entered into on or about the date hereof between the Association and the Eastern and Southern African Trade Development Bank (“TDB”) (“TDB Financing Agreement”), the Association will extend to TDB, financings to assist TDB in financing activities related to the MPA Program, on the terms and conditions set forth in the TDB Financing Agreement.

NOW THEREFORE, 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 the amount of three hundred million Dollars (USD 300,000,000) (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 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Payment Dates are March 1 and September 1 in each year.
- 2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

- 2.06. The Payment Currency is Dollar.

### **ARTICLE III — PROGRAM**

- 3.01. The Recipient declares its commitment to the objective of the Program and the MPA Program. To this end, the Recipient shall cause the Program to be carried out by the Program Implementing Entity in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement, and the Program Agreement.

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

- 4.01. The Additional Event of Suspension consist of the following, namely, the Program Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Program Implementing Entity to perform any of its obligations under this Agreement or the Program Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Recipient has prepared and adopted the Program Operations Manual, in form and substance satisfactory to the Association; and
  - (b) the Recipient has prepared and executed the Subsidiary Agreement with the Program Implementing Entity, in form and substance satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.
- 5.03. 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 years after the Signature Date.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is its minister responsible for finance.

6.02. 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) 262 96 3109

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

(a) the Association's address is:

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

(b) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

**UNITED REPUBLIC OF TANZANIA**

**By**

*Dr. Natu El-Maamry Mwamba*

\_\_\_\_\_  
**Authorized Representative**

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

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

**Date:** \_\_\_\_\_  
12-Sep-2024

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

*Nathan M. Belete*

\_\_\_\_\_  
**Authorized Representative**

**Name:** \_\_\_\_\_  
Nathan M. Belete

**Title:** \_\_\_\_\_  
Country Director

**Date:** \_\_\_\_\_  
12-Sep-2024

## **SCHEDULE 1**

### **Program Description**

The objective of the Program is to accelerate access to sustainable, reliable and clean energy in Tanzania.

The Program constitutes Phase 1 of the MPA Program, and consists of the following activities:

#### **A. Expanding On-Grid Access to Electricity**

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

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

Implementation of the renewable energy investment facility (REIF) including, strengthening and scaling-up of: (i) Sub-loans to eligible Investment Enterprises, through Participating Financial Institutions (“PFIs”), to refinance Small Power Projects; (ii) Short-term Loan Window to provide Renewable Energy Sub-loans to eligible Renewable Energy Companies to increase access to renewable energy in the Recipient’s rural areas; (iii) results-based financing (RBF) program through a solar home systems fund facility and a clean-cooking solutions fund facility and; (iv) renewable energy project preparation support facility for provision of Consulting Grants.

#### **C. National Access Acceleration Program**

Strengthening the capacity of relevant government institutions to expand on-grid and distributed renewable solutions, and implement the Rural Energy Master Plan, including: (a) development of Small Power Producers (SPP) Standard Financing Framework; (b) enhancing coordination and collaboration between REA, EWURA, Ministry of Energy and TANESCO; and (c) developing strategies for increasing productive uses of energy and alternate clean energy solutions in electrified villages.

**SCHEDULE 2****Program Execution****Section I. Implementation Arrangements****A. Institutional arrangements****1. Ministry of Energy**

The Recipient shall vest in the Ministry of Energy, the responsibility for the overall coordination and oversight of Program implementation.

**2. Program Steering Committee**

(a) the Recipient shall maintain, throughout the implementation of the Program, a steering committee (“Program Steering Committee”), with a composition, mandate, and resources acceptable to the Association, and which shall be chaired by the Permanent Secretary of the Ministry of Energy; and

(b) without limitation to sub-paragraph (a) immediately above, the Program Steering Committee shall be responsible for, inter alia: (i) providing strategic guidance and oversight to ensure prompt and efficient implementation of the Program; and (ii) ensuring overall coordination of Program implementation, all in accordance with the provisions of the Program Operations Manual.

**3. Program Implementing Entity**

Without limitation to paragraph (2) immediately above, the implementation by the Program Implementing Entity shall include the day-to-day administration of planning, coordination, technical, fiduciary (*i.e.*, procurement and financial management), environmental and social safeguards compliance, monitoring, evaluation, reporting and communication of activities of the Program, all in accordance with the provisions of this Agreement, the Program Agreement and the Program Operations Manual.

**B. Subsidiary Agreement**

1. To facilitate the carrying out of the Program, the Recipient shall make part of the proceeds of the Financing available to the Program Implementing Entity under a subsidiary agreement between the Recipient and the Program Implementing Entity (“Subsidiary Agreement”), under terms and conditions approved by the Association, which shall include the following:



- (a) the Recipient's obligation to provide to the Program Implementing Entity part of the proceeds of the Credit allocated in the table set forth in paragraph 2 of Section IV.A of Schedule 2 to this Agreement;
  - (b) the Program Implementing Entity's obligation to carry out the Program with due diligence and efficiency, in conformity with appropriate administrative, financial, technical, environmental and social practices, under the supervision of qualified and experienced management assisted by competent staff in adequate numbers, and in accordance with the provisions of this Agreement, the Program Agreement, and the Program Operations Manual;
  - (c) the Program Implementing Entity's obligation to procure goods, works and services required for carrying out the Program and to be financed out of the proceeds of the Credit, in accordance with the provisions of Section II of Schedule 2 to this Agreement, as said provisions may be further elaborated in the Program Operations Manual;
  - (d) the Program Implementing Entity's obligation to implement the Program in accordance with the Anti-Corruption Guidelines;
  - (e) the Program Implementing Entity's obligation to: (i) maintain a financial management system for implementing the Program; (ii) prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect its operations and financial condition; and (iii) register separately the operations, resources and expenditures related to the Program;
  - (f) the Program Implementing Entity's obligation to promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of the Program and the performance of its obligations under the Subsidiary Agreement; and
  - (g) the Program Implementing Entity's obligation to neither take nor concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Agreement.
2. The Subsidiary Agreement shall provide that in the case of conflict between the Subsidiary Agreement on the one hand, and this Agreement and the Program Agreement on the other, the provisions of this Agreement and the Program Agreement shall prevail.
3. 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. Without limitation on the generality of Parts A and B of this Section I, the Recipient shall ensure that the Program Implementing Entity prepares and adopts an operations manual (“Program Operations Manual”), in form and substance satisfactory to the Association, containing detailed institutional, administrative, financial, environmental and social, technical and operational guidelines and procedures for the implementation of the Program, including: (i) description of the activities to be financed under the Program and the associated DLIs/DLRs; and (ii) performance assessment guidelines containing detailed protocols, guidelines, procedures and other arrangements for the carrying out of Annual Performance Assessments, including, *inter alia*, a methodology for determining the achievement of DLRs for each Fiscal Year.
2. The Recipient shall thereafter ensure that the Program is carried out in accordance with the Program Operations Manual.
3. The Recipient shall not amend, abrogate, suspend, or permit to be amended, abrogated or suspended, any provision of the Program Operations Manual, without the prior written consent of the Association. Notwithstanding the foregoing, if any provision of said Program Operations Manual is inconsistent with the provisions of this Agreement and the Program Agreement, the provisions of this Agreement and the Program Agreement shall prevail.

**D. Program Administrative Agreement**

1. To facilitate the carrying out of Part B of the Program, the Recipient shall ensure that the administrative agreement entered into between the Program Implementing Entity and the Fund Administrator (“Program Administrative Agreement”), under terms and conditions approved by the Association, which shall be updated, not later than three (3) months after the Effective Date, to reflect the activities under Part B of the Program as set forth in Schedule 1 to this Agreement, and include, *inter alia*:
  - (a) that the Program Implementing Entity shall provide the Fund Administrator with the funds allocated under the Program for the purpose of carrying out Part B of the Program; and
  - (b) the requirement that the Fund Administrator performs its functions to assist the Program Implementing Entity in carrying out Part B of the Program with due diligence and efficiency, in conformity with appropriate administrative and financial management practices, and in accordance with the Program Operations Manual.

2. The Recipient shall ensure that the Program Implementing Entity exercises its rights under the Program Administrative Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall ensure that the Program Administrative Agreement or any of its provisions is not assigned, amended, abrogated or waived.

**E. Additional Program Implementation Arrangements**

1. The Recipient shall maintain throughout the implementation of the Program, the operating guidelines and arrangements for PFI Agreements, Short Term Loan Window, RBF Program fund facilities, and Consulting Grants, established under the Tanzania Rural Electrification Expansion Program.
2. Without limitation upon the generality of Part A of this Section I, the Recipient shall carry out the Program Action Plan, or cause the Program Action Plan to be carried out, in accordance with the schedule set out in the said Program Action Plan, in a manner satisfactory to the Association.

**F. Regional Level Coordination Arrangements**

1. The Recipient shall during implementation of the Program, collaborate and coordinate with COMESA to outline arrangements that will facilitate the Recipient's participation in the regional energy access acceleration platform established under the MPA Program, and to draw on the technical assistance and other benefits available to the Recipient and other Participating Countries through said platform.
2. Without limitation to the provisions of sub-paragraph (a) immediately above, the Recipient shall not later than one hundred eighty (180) days after the Effective Date, or (i) one hundred eighty (180) days after the Effective Date of COMESA Financing Agreement (whichever shall be the later date), establish a memorandum of understanding with COMESA, outlining the collaboration and coordination arrangements, satisfactory to the Association, that will enable Recipient to participation in the regional energy access acceleration platform on the same terms as the Recipient's member states.

**Section II. Excluded Activities**

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: (1) works, estimated to cost seventy-five million Dollars (\$75,000,000) equivalent or more per contract; (2) goods, estimated to cost fifty million Dollars (\$50,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost fifty million Dollars (\$50,000,000) equivalent or more per contract; or (4) consulting services, estimated to cost twenty million Dollars (\$20,000,000) equivalent or more per contract.

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

**A. Program Reports**

The Recipient shall furnish to the Association each Program Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

**B. Annual Performance Assessment**

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

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

**A. General**

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Program Expenditures (inclusive of Taxes), on the basis of the results (“Disbursement

Linked Results” or “DLRs”) achieved by the Recipient/Program Implementing Entity, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”) all as set forth in the table in paragraph 2 of this Part A.

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

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Disbursement Calculation Formula</b>	<b>Amount of the Financing Allocated (expressed in USD)</b>
(1) <b>DLI #1:</b> Cumulative number of grid electricity connections, made under the Program.	<b>DLR #1:</b> 2,397,606 connections	(i) The Recipient will receive \$ 316.521 per connection after the first 1,585,000 Connections until 2,135,000 connections (Baseline is 1,585,000) Up to \$ 174, 086,569  (ii) the Recipient will receive \$ 394.391 per connection after the first 2,135,000 connections until 2,397,606 connections. Up to \$ 103,569,413	<b>277,655,982</b>
(2) <b>DLI #2:</b> Renewable Energy Investment Facility operationalized	<b>DLR # 2.1:</b> (i) REA Board approves updated REIF Operating Guidelines, including establishment of REIF special fund account, (ii) appointment of the REIF independent committee, and (iii) launch of pilot round of	(i) The Recipient will receive \$ 3,943,924	<b>19,719,544</b>

	<p>application for REIF support.</p> <p><b>DLR #2.2:</b> REA Board approves evaluation report of <i>pilot round</i> of selection process of private companies applying for REIF support.</p> <p><b>DLR #2.3:</b> (a): REIF cumulatively disburses US\$5 million to private companies selected as per REIF Operating Guidelines and REA Board approved evaluation report</p> <p><b>DLR #2.3:</b> (b) REIF cumulatively disburses US\$10 million to private companies selected as per REIF operating guidelines and REA Board approved evaluation report</p>	<p>(ii) The Recipient will receive \$ 5,258,540</p> <p>(iii) The Recipient will receive \$ 5,258,540 after the disbursement of an equal amount through REIF to selected private companies.</p> <p>(iv) The Recipient will receive \$ 5,258,540 after the disbursement of an equal amount through REIF to selected private companies.</p>	
<b>DLI #3:</b> Policy and regulatory framework for renewable energy and	<b>DLR #3.1:</b> Strategy for encouraging productive uses of energy in electrified villages developed.	(i) The Recipient will receive \$ 362,510	<b>2,624,474</b>

<p>electrification strengthened.</p>	<p><b>DLR #3.2:</b> Development of SPP Standard Financing Framework (including, TANESCO periodic publication of strategic areas, sector financial model, pilot application of model, invitation to private sector and roll out by EWURA)</p>	<p>(ii) The Recipient will receive 2,261,964</p>	
<p><b>TOTAL AMOUNT</b></p>			<p><b>300,000,000</b></p>

**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 DLR until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved.
  
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw: (i) an amount not to exceed \$ 60,000,000 as an advance; provided, however, that if the DLR(s) in the opinion of the Association, is/are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advance (or portion of such advance as determined by the Association in accordance with the provisions of paragraph (3) of this Part B) to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.

3. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Categories (1) to (3) have not been achieved by the date by which the said DLR is set to be achieved or such later date as the Association has established by notice to the Recipient, the Association may, by notice to the Recipient: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the formula set out in the table in Part A above; (b) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR ; and/or (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.
4. The Closing Date is December 29, 2028.

**Section V. Other Undertakings**

**A. Tax Exemption**

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 Program and financed with the proceeds of the Credit, will be exempted from taxes and duties.



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

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each March 1 and September 1:	
commencing March 1, 2034 to and including September 1, 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.

**APPENDIX****Section I. Definitions**

1. “Annual Performance Assessment” or “APA” means each assessment, referred to in Section III.B of Schedule 2 to this Agreement; and “Annual Performance Assessments” or “APAs” means more than one such Annual Performance Assessment.
2. “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.
3. “Beneficiaries” means those Investment Enterprises or Small Power Producers selected in accordance with the criteria to be set forth in the Program Operations Manual to receive a Consulting Grant pursuant to the terms of a Consulting Grant Agreement.
4. “COMESA” means the regional organization established and operating pursuant to the Treaty Establishing the Common Market for Eastern and Southern Africa, signed on November 5, 1993.
5. “Consulting Grants” means sub-grants provided to Beneficiaries under Part B of the Program pursuant to the terms of a Consulting Grant Agreement for the purpose of financing consulting services for assisting Beneficiaries in the preparation of essential project documents and underlying analyses to enable renewable energy projects to obtain financing.
6. “Consulting Grant Agreement” means an agreement between the Recipient through REA and a Beneficiary for the financing of a Consulting Grant Agreement, pursuant to the terms set forth in the Program Operations Manual.
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 Section IV.A.2 of Schedule 2 to this Agreement.
9. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.

10. “Eastern and Southern Africa” means the region of Sub-Saharan Africa consisting of the member states of the Recipient, and Participating Countries, and members of Regional Bodies, including those that will participate in future operations under the MPA Program.
11. “Eastern and Southern African Trade Development Bank” or “TDB” means an organization established by a charter adopted at the sixth meeting of the Council of Ministers of the Preferential Trade Area for Eastern and Southern African States held in Bujumbura on July 12, 1985, as amended and supplemented from time to time.
12. “Energy and Water Utilities Regulatory Authority” or “EWURA” means autonomous multi-sectoral regulatory authority established by an Act, Cap 414-2006 of the laws of Tanzania, as amended, responsible for technical and economic regulation of the electricity, petroleum, natural gas and water sectors in Tanzania.
13. “Eligibility Criteria” means the Recipient’s list of criteria, acceptable to the Association, to determine whether an entity qualifies to be a Participating Financial Institution for purposes of this Program, including the following eligibility requirements: (a) adequate profitability, capital and portfolio quality; (b) acceptable level of loan collections; (c) appropriate capacity, including staffing, for carrying out subproject appraisals, including environment assessments; and (d) appropriate prudential policies, administrative structure and business procedures.
14. “Fiscal Year” or “FY” means the Recipient’s fiscal year from July 1 through June 30 of each calendar year.
15. “Fund Administrator” means TIB under the Tanzania Rural Electrification Expansion Program, or any other entity recruited or selected to administer the refinancing and any other activities under Part B of this Agreement.
16. “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.
17. “Independent Verification Agent” means an independent entity engaged by the Program Implementing Entity under the Tanzania Rural Electrification Expansion Program, which shall be responsible for certifying achievement of the DLRs under this Agreement, as referred to in Section III.B(2) of Schedule 2 to this Agreement.
18. “Investment Enterprise” means an entity that receives a Sub-loan for the purpose of carrying out a Small Power Project; and “Investment Enterprises” means more than one such Investment Enterprise.

19. “Ministry of Energy” means the Recipient’s ministry responsible for energy, or any successor thereto.
20. “Ministry of Finance” means the Recipient’s ministry responsible for finance, or any successor thereto.
21. “MPA Program” means the multiphase programmatic approach program designed to accelerate access to sustainable and clean energy in Eastern and Southern Africa.
22. “Participating Countries” mean the Recipient and all the countries referred to in the preamble to this Agreement, and those that will participate in the future operations under the MPA Program.
23. “Participating Financial Institution” or “PFI” means any financial institution established and operating in accordance with the laws of the Recipient that satisfies the Eligibility Criteria to participate in the Program and executes a PFI Agreement for this purpose; “Participating Financial Institutions” or “PFIs” means more than one such Participating Financial Institution.
24. “PFI Agreement” means an agreement under Part B of Schedule 1 to this Agreement, for refinancing Small Power Projects, with such details as provided in the Program Operations Manual; and “PFI Agreements” means more than one such PFI Agreement.
25. “Program Administrative Agreement” means the agreement between the Program Implementing Entity and a Fund Administrator (as such agreement may be amended from time to time with the approval of the Association, or any other subsequent agreement entered into for the purpose and on the terms set forth in Section I.D.(1) of Schedule 2 to this Agreement, between the PIE and a Fund Administrator in form and manner satisfactory to the Association.
26. “Program Action Plan” means the Recipient’s plan referred to in Section I.E.2 of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.
27. “Program Implementing Entity” means Rural Energy Agency.
28. “Program Implementing Entity’s Legislation” means the Rural Energy Act. No. 8 of 2005.
29. “Program Operations Manual” means the manual, acceptable to the Association, prepared by the Program Implementing Entity pursuant to the provisions of Section I.C(1) of Schedule 2 to this Agreement.

30. “Program Steering Committee” means the steering committee established under the Tanzania Rural Electrification Expansion Program, as referred to in Section I.A.2(a) of Schedule 2 to this Agreement.
31. "RBF" means results-based financing.
32. "Regional Bodies" mean the regional organizations participating in the MPA Program, namely, COMESA, and TDB, and other regional organizations that may participate in future projects under the MPA Program.
33. “REIF Operating Guidelines” means the guidelines/manual dated November 2021, which provides the framework for REIF’s operations to tackle the challenges in the renewable energy mini-grid sector and catalyze mini-grid electrification effectively in Tanzania, as may be amended pursuant to this Agreement.
34. “Renewable Energy Investment Facility” or “REIF” means the facility established under the REA, responsible for, *inter alia*, enabling the scaling up of local private sector investment/participation in the country’s rural/renewable energy and national electrification targets, including by providing innovative funding instruments to off-grid and mini-grid developers which ensures a sustainable and affordable source of financing.
35. “Renewable Energy Company” means an entity that meets the eligibility criteria set out in the Program Operations Manual, supplies quality-verified renewable energy products, including solar products, and receives a Renewable Energy Sub-loan; and “Renewable Energy Companies” means more than one such Renewable Energy Company.
36. “Renewable Energy Sub-loan” means a short-term loan with a maturity not exceeding five (5) years, made, or proposed to be made, to a Renewable Energy Company under the Short-term Loan Window in accordance with the procedures and requirements set out in the Program Operations Manual; and “Renewable Energy Sub-loans” means more than one such Renewable Energy Sub-loan.
37. “Rural Energy Agency” means the Recipient’s agency dedicated to promoting and facilitating improved access to modern energy services in rural areas, established and operating pursuant to the Rural Energy Act, or any successor thereto.
38. “Rural Energy Act” means the Rural Energy Act, 2005 of the laws of the Recipient.
39. “Rural Energy Board” means the board of directors of the Rural Energy Agency established under the Rural Energy Act.
40. “Rural Energy Master Plan” means the Recipient’s plan for rural electrification that includes, *inter alia*, comprehensive annual investment plans and connection

numbers, description of subprojects and their cost estimates, and investment priorities for electrification.

41. “Short-term Loan Window” means a financing window for the provision of Renewable Energy Sub-loans, to be established and operated within the renewable energy credit line established under the Energy Development and Access Expansion Project financed by the Association.
42. “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.
43. “Small Power Producer” or “SPP” means a small electric power producer, established and operating under the laws of the Recipient, which has entered into a standardized power purchase agreement with TANESCO; and “Small Power Producers” or “SPPs” means more than one such Small Power Producer.
44. “SPP Standard Financing Framework” means the financing framework to be developed for SPP, with such details as may be contained in the Program Operations Manual.
45. “Small Power Project” means a small power project for renewable energy or energy conservation that qualifies under the Program Operations Manual as eligible for a Sub-loan; and “Small Power Projects” means more than one such Small Power Project.
46. “SPP Loan” means a loan made, or proposed to be made, to an Investment Enterprise by a PFI to finance one or more Small Power Projects; and “SPP Loans” means more than one such SPP Loan.
47. “Sub-financing Agreement” means an agreement to be entered into between a PFI and an Investment Enterprise (for the purpose of an SPP Loan) under Part B of Schedule 1 to this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Sub-financing Agreement; and “Sub-financing Agreements” means more than one such Sub-financing Agreement.
48. “Sub-loan” means a loan made, or proposed to be made, to an Investment Enterprise by a PFI out of the proceeds of a PFI Agreement to refinance one or more Small Power Projects; and “Sub-loans” means more than one such Sub-loan.
49. “Subsidiary Agreement” means the agreement referred to in Section I.B(a) of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Credit available to the Program Implementing Entity.

50. “TANESCO’s Articles of Association” means TANESCO’s constituent articles of incorporation adopted on November 26, 1931.
51. “Tanzania Electric Supply Company Limited” or “TANESCO” means the limited liability electric power generation, transmission and distribution company, established and operating pursuant to the Companies Act, CAP 212 (R.E 2002) of the laws of the Recipient and TANESCO’s Articles of Association, or any successor thereto.
52. “Tanzania Rural Electrification Expansion Program” means the program pursuant to which a financing agreement was signed between the Recipient and the Association dated August 15, 2016, as amended, for the provision of the sum of one hundred and forty-one million, two hundred thousand Special Drawing Rights (SDR 141,200,000), for increasing access to electricity in rural areas and scaling up the supply of renewable energy in rural areas while strengthening sector institutional capacity (Credit Number 5894-TZ).
53. “TIB Development Bank” or “TIB” means the Recipient’s development bank established and operating pursuant to the Companies Act, CAP 212 (R.E 2002) of the laws of the Recipient.
54. “Verification Protocol” means the Recipient’s protocol detailing the means by which the fulfillment of the Disbursement Linked Results will be verified under the Program, as described in the Program Operations Manual.

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

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.