

CONFORMED COPY

CREDIT NUMBER 4259-TA

Financing Agreement

(Water Sector Support Project)

between

UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 29, 2007

CREDIT NUMBER 4259-TA

FINANCING AGREEMENT

AGREEMENT dated March 29, 2007, between 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) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Financing Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II—FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one hundred thirty-five million, four hundred thousand Special Drawing Rights (SDR 135,400,000) (“Credit”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section V of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is the Dollar.

ARTICLE III—PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out or cause the Project to be carried out as follows: (a) Part A through the PMO-RALG and Local Government Authorities; (b) Part B through Urban Water and Sewerage Authorities; (c) Part C through the Basin Water Offices; and (d) Part D through the MOW, all in accordance with the provisions of Article IV of the General Conditions. Without limitation to the foregoing, the MOW shall have overall responsibility for the implementation of the Project.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV—REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
 - (a) A situation has arisen which shall make it improbable that the Program or a significant part thereof will be carried out.
 - (b) The LG Act or the Water Legislation shall have been amended, suspended, abrogated or waived so as to materially and adversely affect the ability of the LGAs, the UWSAs, the BWOs, or the MOW, to perform any of their respective obligations.
 - (c) The Recipient or a LGA shall have failed to perform any of their respective obligations under any Participation Agreement which in the opinion of the Association would have a material and adverse effect on the implementation of the Project or a substantial part thereof, or shall have amended or caused to be amended any of the provisions of the said Agreement without the prior approval of the Association.
 - (d) The Recipient, the UWSAs or the BWOs shall have failed to perform any of their respective obligations under any Financial Resources Utilization Agreement, which in the opinion of the Association would have a material and adverse effect on the implementation of the Project or a substantial part thereof, or shall have amended or caused to be amended any of the provisions of the said Agreement without the prior approval of the Association.
 - (e) The Recipient, the UWSAs or the BWOs shall have failed to perform any of their respective obligations under the UWSA MOUs or the BWO

MOUs, which in the opinion of the Association would have a material and adverse effect on the implementation of the Project, or shall have amended or caused to be amended any of the provisions of the said MOUs without the prior approval of the Association.

- (f) The UWSAs shall, have in the opinion of the Association, changed their legal character, ownership or control from that prevailing as of the Effective Date, so as to materially and adversely affect their ability to perform any of their respective obligations arising under or entered into pursuant to this Agreement, or to achieve the objectives of the Project.
- (g) The Basin Water Offices, shall have in the opinion of the Association, changed their legal character, ownership or control from that prevailing as of the Effective Date, so as to materially and adversely affect their ability to perform any of their respective obligations arising under or entered into pursuant to this Agreement, or to achieve the objectives of the Project.
- (h) The EWURA Act shall have been amended, suspended, abrogated, repealed or waived so as to, in the opinion of the Association, affect materially and adversely the ability of EWURA or the UWSAs to perform their respective obligations with respect to the Project.
- (i) The EWURA or the MOW, as the case may be, shall have revoked the operating license of a UWSA.

4.02. The Additional Events of Acceleration consist of the following:

- (a) Any of the events specified in paragraphs (a), (c), (d) and (e) of Section 4.01 of this Agreement occur and continue for a period of 60 days after notice of the event has been given by the Association to the Recipient.
- (b) Any of the events specified in paragraphs (b), (f), (g), (h) and (i) of Section 4.01 of this Agreement occur.

ARTICLE V- EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

- (a) The Recipient has adopted a Program Implementation Manual in form and substance satisfactory to the Association;
- (b) The Recipient has signed the MOU with at least three Development Partners;

- (c) The Recipient has entered into a Participation Agreement with each of the qualifying LGAs for the first year of Project implementation that is satisfactory to the Association;
 - (d) The Recipient has entered into a Financial Resources Utilization Agreement that is satisfactory to the Association with Category A and B UWSAs, and with the Basin Water Offices; and
 - (e) The Recipient and each Basin Water Office have adopted Water Basin Management Operational Guidelines and entered into a BWO MOU, that are satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI – REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient’s Representative is its Minister responsible for Finance.
- 6.02. The Recipient’s Address is:

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

Cable:	Facsimile:
TREASURY Dar es Salaam	(255) 222 11 77 90

- 6.03. The Association’s Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at Dar es Salaam, United Republic of Tanzania, as of the day and year first above written.

UNITED REPUBLIC OF TANZANIA

By /s/ Gray S. Mgonja

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Judy O'Connor

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in: (a) improving integrated water resources management by strengthening water sector institutions; and (b) expanding access to water supply and sanitation services.

The Project consists of the following parts:

Part A Strengthening of the Water Resources Management Governance Framework

Carrying out of Subprogram A as follows:

1. *Basin Level Water Resources Management.* Strengthening the capacity of BWOs to undertake effective water resource development and management activities, and to promote good governance of water resources, through provision of Capacity Building Grants for:

(a) providing operational support to the BWOs including: (i) rehabilitation/construction of offices; (ii) provision of goods such as computers, photocopiers, vehicles, motorcycles, geographical information systems and mapping equipment, communication and networking equipment, laboratory equipment, procurement and installation gauging stations, and vehicles; (iii) assisting BWOs, Basin Water Boards and water user groups in carrying out their respective roles; (iv) provision of technical advisory services for *inter alia* the preparation of river or lake basin plans, and the development of sustainable financing options for BWOs; and (v) provision of training to BWOs in *inter alia* business planning, financial management, and administration.

(b) improving the capacity of BWOs to carry out water resource monitoring, assessment and enforcement including: (i) provision of hydrometric, climactic, ground water and water quality monitoring systems, and land survey equipment; (ii) financing of equipment operation and maintenance costs; (iii) provision of technical advisory services to *inter alia* assist BWOs in carrying out a water resource assessment including environmental flow requirements; and (iv) strengthening the enforcement capacity of BWOs to *inter alia* review and register water users, issue water use permits, monitor compliance and undertake conflict resolution.

(c) improving the capacity of BWOs to undertake water quality management and pollution control through: (i) development of a water quality management and pollution control strategy; (ii) development of a river and lake condition classification system; (iii) setting of permanent water quality standards and improving compliance with

water quality management and pollution control; and (iv) supporting laboratories by providing equipment.

(d) protecting important water sources including water catchments, ground water recharge areas and wetlands.

(e) supporting water demand management through: (i) development of a public awareness education campaign; (ii) management of upstream water uses in water stressed basins; (iii) setting of tariffs and meter flows; and (iv) management of ground water demand and river flows.

2. *Integrated River and Lake Basin Management and Development Plans.* Preparation of five integrated river basin management and development plans for the Rufiji, Pangani, Wami/Ruvu, Ruvuma and Internal Drainage river basins; and four integrated lake basin management and development plans for the Lake Victoria, Tanganyika, Nyasa and Rukwa lake basins using Capacity Building Grants.

3. *WRM Subprojects.* Strengthening water resource management by BWOs, through the provision of Capital Development Grants to finance WRM Subprojects.

Part B Scaling Up the Delivery of Rural Water and Sanitation Services

Carrying out of Subprogram B as follows:

1. *Local Government Authorities Management Support.* Strengthening the capacity of Local Government Authorities by providing Capacity Building Grants to: (a) build the capacity of District Water and Sanitation Teams to prepare DWSPs and appraise RWSS Subprojects proposed by communities, through the provision of technical advisory services, rehabilitation and construction of offices, and provision of goods, such as vehicles, motor cycles, computers and office equipment; (b) establish District rural water and sanitation management information systems; (c) strengthen the capacity of communities to operate and maintain water and sanitation services; and (d) provide training to Districts and communities on hygienic practices, sanitation, and Human Immuno-Deficiency Virus/Acquired Immune Deficiency Syndrome mitigation and prevention measures.

2. *RWSS Subprojects.* Strengthening the delivery of water and sanitation services by LGAs through the provision of Capital Development Grants to: (a) finance RWSS Subprojects, and technical advisory services to assist with the design of the said Subprojects and construction supervision; (b) expand the existing supply chain of private retail outlets to ensure the availability of equipment such as water pumps and spare parts, and maintenance services for the RWSS Subprojects; and (c) promote the use of improved household sanitation technologies and hygienic behavior.

Part C Scaling up of the Delivery of Urban Water and Sanitation Services

Carrying out of Subprogram C as follows:

1. *Urban Water and Sewerage Authorities Management Support.* Strengthening the capacity of Urban Water and Sewerage Authorities through the provision of Capacity Building Grants for: (a) rehabilitation and construction of offices; (b) provision of goods such as computers, photocopiers, vehicles, motorcycles, geographical information systems and mapping equipment, communication and networking equipment, laboratory equipment, meter testing and leak detection equipment, and vehicles; and (c) provision of technical advisory services to assist the UWSAs in activities including network modeling, reduction of “unaccounted for water”, establishment of management information systems, customer databases and billing systems, sanitation policy, financial management, human resources management, preparation of investment plans, and promoting sanitary practices.

2. *UWSS Subprojects.* Strengthening the delivery of water and sanitation services by Category A, B and C UWSAs through the provision of Subloans and/or Capital Development Grants to finance UWSS Subprojects.

Part D Support to Water Sector Institutional Strengthening and Capacity Building

Carrying out Subprogram D through the provision of Capacity Building Grants for:

1. *Operationalization of the MOW.* Supporting the MOW through: (a) provision of technical advisory services to assist with the development of a ten (10) year corporate strategy, corporate charter and management information system; (b) rehabilitation of offices; and (c) provision of goods including computers, office equipment, communication and networking equipment, and vehicles; and (d) financing of Operating Costs.

2. *Strengthening Sub-Sector Planning and Operational Capacities.* Provision of technical advisory services to: (a) provide management support in the rural water and sanitation services, urban water and sanitation services, and water resource management sub-sectors; (b) develop regulations and sub-sector operational procedures and guidelines, including environmental management monitoring; (c) strengthen water resource monitoring, assessment and enforcement including protection of water sources, water demand management, strengthening legislation and enforcement, integrated water resources planning, trans-boundary water management, disaster management, public awareness, and establishment of a water resources management information system; and (d) provide cross-sectoral assistance to strengthen the harmonization and coordination of water resources policy and integrated basin management and development plans between key government sectors.

3. *Sector Coordination and Performance Measurement Support.* Supporting:
(a) the Water Sector Working Group and Central Water Board, through the financing of Operating Costs; (b) annual joint sector reviews and stakeholder consultations; (c) annual technical and financial audits; and (d) development and implementation of a communication strategy.

4. *Sector Capacity Building.* Strengthening the capacity of staff from the MOW, BWOs, the Regional Administration Secretariat, the Water Resources Institute, Drilling Dam and Construction Agency, the EWURA, the private sector, community based organizations and non-governmental organizations.

SCHEDULE 2

Project Execution

Section I. Institutional Arrangements

A. General

Water Sector Working Group

(a) Composition. The Recipient shall maintain at all times during Project implementation a Water Sector Working Group. Without limitation to the foregoing, the Water Sector Working Group shall be chaired by the Permanent Secretary of the MOW, and have representatives from, inter alia, the PMO-RALG, the Ministry of Health, the Vice President's Office, NEMC and selected Development Partners.

(b) Role. The Water Sector Working Group shall be responsible for providing overall Project oversight and strategic policy guidance under terms of reference that are acceptable to the Association and shall meet at least quarterly.

B. Subprogram B

1. Local Government Capital Development Grant Steering Committee

(a) Membership. The Recipient shall maintain the LGCDG Steering Committee under terms of reference and with a membership composition that is satisfactory to the Association which shall include the Permanent Secretary, Prime Minister's Office as the chair, and Permanent Secretaries from the Ministries of Finance; Water; Health and Social Welfare; Infrastructure Development; Education and Vocational Training; Agriculture, Food Security and Cooperatives; Livestock Development; Lands, Housing and Human Settlements Development; Planning, Economy and Empowerment; PMO-RALG; and the Vice President's Office.

(b) Role. The LGCDG Steering Committee shall meet at least quarterly and shall inter alia: (a) ensure that LGAs meet the required eligibility criteria for accessing funds, and approve the corresponding grant allocations; (b) approve changes to the Project implementation arrangements relating to the Local Government Capital Grant Development System, including changes to the LGA Annual Performance Assessment, and resource allocation formulae; and (c) make final administrative decisions on appeals made by LGAs on decisions made.

2. LGCDG Technical Committee

(a) Membership. The Recipient shall maintain the LGCDG Technical Committee under terms of reference and with a membership composition that is

satisfactory to the Association which shall include the Deputy Permanent Secretary, PMO-RALG as the chair, and heads of departments from the Ministries of Finance; Water; Livestock Development; Health; Infrastructure Development; Education and Vocational Training; Agriculture, Food Security and Cooperatives; Lands, Housing and Human Settlements Development; PMO-RALG; and Planning, Economy and Empowerment; and representatives of the Association of Local Authorities of Tanzania; NEMC; Development Partners; and LGAs.

(b) Role. The LGCDG Technical Committee shall meet at least quarterly and shall inter alia: (i) review workplans, budgets and progress reports prepared by PMO-RALG, prior to incorporation into the overall Project's Annual Work Plan and Budget, and progress reports prior to submission to the MOW for consolidation into the overall Project progress reports; (ii) review Annual Performance Assessment reports to be prepared by the Recipient, as set forth in paragraph C (a) of Section II of this Schedule; and (iii) make recommendations to the LGCDG Steering Committee, as appropriate.

3. Local Government Capacity Building Consultative Group

(a) Membership. The Recipient shall maintain the Local Government Capacity Building Consultative Group under terms of reference and with a membership composition that is satisfactory to the Association, as further described in the PIM.

(b) Role. The Local Government Capacity Building Consultative Group shall be responsible for reviewing the management and coordination of capacity building activities including inter alia: (i) assessment of LGA capacity building needs; and (ii) standardization of training materials and quality assurance.

Section II. Implementation Arrangements

A. General

1. Program Implementation Manual and Assessment Manual

(a) The Recipient shall carry out or cause the Project to be carried out in accordance with the PIM and the Assessment Manual, and except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the PIM or the Assessment Manual, if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect implementation of the Project.

(b) Without limitation upon the provisions of sub-paragraph (a) above, the Recipient shall also carry out or cause to be carried out Parts A, B and C of the Project in accordance with the Water Basin Management Operational Guidelines, RWSS Operational Guidelines, and the UWSS Operational Guidelines respectively, throughout the Project implementation period; provided, however, that in case of any conflict

between the provisions of the said Guidelines and this Agreement, the provisions of this Agreement shall prevail.

2. Memoranda of Understanding and the Financial Resources Utilization Agreement

(a) The Recipient shall implement or cause the Project to be implemented in accordance with the provisions of the Memorandum of Understanding, the Participation Agreement, the Financial Resources Utilization Agreement, the UWSA MOU and the BWO MOU; provided, however, that in case of any conflict between the provisions of the said documentation and this Agreement, the provisions of this Agreement shall prevail.

(b) Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Memorandum of Understanding, the Participation Agreement, the Financial Resources Utilization Agreement, the UWSA MOU or the BWO MOU, if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect implementation of the Project.

3. Annual Work Plan and Budget and Annual Joint Reviews

(a) The Recipient shall prepare and furnish to the Association for its agreement with other Development Partners, not later than May 15 of each year of Project implementation, or such later date as the Association may agree in consultation with other Development Partners, an Annual Work Plan and Budget containing all proposed activities to be carried out under the Subprograms in the following Fiscal Year, modified in a manner satisfactory to the Association, taking into account the Association's comments and views on the matter, as expressed in the course of consultations during the annual public expenditure review process.

(b) Without limitation upon the provisions of sub-paragraph (a) above, the Association shall, not later than September 15 of each year of Project implementation, jointly confirm with other Development Partners the Annual Work Plan and Budget, in the event that any changes may have been made to approved ceilings.

(c) The Recipient shall implement, monitor and evaluate the Subprograms in accordance with the provisions set forth in this Agreement and in more detail in the PIM, and shall not make or allow to be made any material change to any of the Subprograms included in the approved Annual Work Plan and Budget without the consultation and approval of the Association.

(d) The Recipient shall jointly with the Association and other Development Partners carry out an annual joint review of the implementation of the Program in September of each year.

4. Technical Audits and Procurement Audits

The Recipient shall cause an independent technical audit including a procurement audit and a review of environmental and social safeguards implementation, to be carried out on an annual basis under terms of reference acceptable to the Association, to monitor the implementation of the Project commencing in FY2007 and furnish to the Association, as soon as available, but in any event not later than six months thereafter, the report of such audit in such detail as the Association shall have reasonably requested.

B. Subprogram A

(a) The Recipient shall ensure that each BWO has in place a Basin Water Board throughout Project implementation and that no funds are provided from the Financing to a BWO without such Board. Each Basin Water Board shall be responsible for inter alia: (i) allocating water among water users within the basin concerned; (ii) controlling water pollution within the basin; and (iii) overseeing all matters concerning water resource use and regulation.

(b) The Recipient shall provide Capacity Building Grants and Capital Development Grants based on the Annual Work Plan and Budget, under terms and conditions that are satisfactory to the Association, as set forth in the Financial Resources Utilization Agreement.

(c) The Recipient shall cause each BWO to prepare a five (5) year business plan that is satisfactory to the Association within one year of the Effective Date.

(d) The Recipient shall cause each BWO to prepare integrated river and lake basin development and management plans, as the case may be. The plans shall be approved by the respective Basin Water Board and submitted to the Central Water Board for its endorsement.

(e) BWOs shall propose WRM Subprojects that meet the eligibility criteria set out in the PIM. The Central Water Board shall be responsible for the approval of Capital Development Grants for the WRM Subprojects proposed by the BWOs, prior to inclusion in the Annual Work Plan and Budget.

C. Subprogram B - RWSS Subprojects

(a) Only LGAs that meet the eligibility criteria to access funds under the LGCDG System, as set forth in the PIM, the Assessment Manual, and the RWSS Operational Guidelines shall be eligible to participate in Part B of the Project. Participation by LGAs shall be reviewed on an annual basis by carrying out an Annual Performance Assessment in September of each year of Project implementation. The Recipient shall submit to the Association a copy of the assessment report that is

satisfactory to the Association by no later than November 15 of each year of Project implementation.

(b) The Recipient shall enter into a Participation Agreement with each LGA which shall set forth terms and conditions that include the following, unless otherwise agreed with the Association:

- (i) funds shall be provided on a non-reimbursable grant basis;
- (ii) procedures for the disbursement of funds to the LGAs that are consistent with the provisions of this Agreement;
- (iii) the LGA must provide at least five (5%) of the CDG either from local community contributions or from its own sources of funds;
- (iv) the LGA must address all the environmental and social impacts of proposed RWSS Subprojects in accordance with the terms and conditions set forth in this Agreement;
- (v) the LGA must carry out the RWSS Subproject with due diligence and efficiency and in accordance with sound technical, financial, managerial, social and environmental standards and practices, and maintain adequate records;
- (vi) the right of the Recipient to obtain all such information, records or documents as the Association or the Recipient shall reasonably request relating to the implementation of a RWSS Subproject or to inspect either by itself or jointly with the Association, if the Association shall so request, the RWSS Subprojects;
- (vii) the LGA shall maintain adequate records reflecting the operations, resources and expenditures incurred under the RWSS Subprojects in accordance with sound accounting practices that are acceptable to the Association;
- (viii) the LGA shall procure the goods, works and services financed from the proceeds of the Financing in accordance with the procedures agreed with the Association, and use these exclusively in the implementation of the RWSS Subprojects;
- (ix) the right of the Recipient to suspend or terminate the right of a LGA to the proceeds of the Financing upon failure by such LGA to perform its obligations under the Participation Agreement; and

- (x) the right of the Recipient to increase or decrease the CDG in accordance with the outcome of the Annual Performance Assessment.

(c) The LGAs shall identify in a participatory manner with the communities the RWSS Subprojects to be financed using the CDGs. The LGAs may use up to fifteen per cent (15%) of the allocated CDG for RWSS Subproject related costs including planning, appraisal, supervision, and monitoring and evaluation.

(d) The LGAs must, prior to approving the proposed RWSS Subprojects, carry out a subproject appraisal in accordance with the procedures and criteria set forth in the PIM including inter alia that:

- (i) the proposed RWSS Subproject is economically and technically viable in accordance with the standards specified in the PIM;
- (ii) an environmental and social impact assessment has been carried out in accordance with the provisions of the ESMF and the RPF, and an ESMP or RAP prepared, as the case may be, to address any environmental or social impacts so identified;
- (iii) the proposed RWSS Subproject has an adequate management and sustainability plan; and
- (iv) the proposed RWSS Subproject is in compliance with the standards set forth in the applicable laws and regulations of the Recipient relating to health, safety and environmental protection.

(e) The District shall prepare and submit through the Regional Administrative Secretariat quarterly progress reports to the PMO-RALG within forty (40) days after the end of each calendar quarter, to facilitate the preparation by the MOW of consolidated Interim Unaudited Financial Reports on which basis disbursements shall be made under the Project.

D. Subprogram C - UWSS Subprojects

(a) Category A UWSAs shall apply to EWURA for an operational license while Category B and C UWSAs shall obtain provisional licenses from either the MOW or the EWURA. Except as otherwise agreed with the Association, only duly licensed UWSAs that have their boards of directors in place shall be eligible to receive Capacity Building Grants, Capital Development Grants or Subloans.

(b) Duly licensed UWSAs shall prepare UWSS Subprojects that are consistent with the investment plan set out in their annual operational plan, as approved by the MOW. Category A UWSAs shall be eligible to apply to the MOW for either Capital Development Grants or Subloans, while Category B and C UWSAs shall be

eligible to apply for Capital Development Grants only for the implementation of the said Subprojects.

(c) The MOW shall provide Capacity Building Grants, Capital Development Grants and Subloans, as the case may be, to each UWSA under terms and conditions that are satisfactory to the Association, as set forth in the Financial Resources Utilization Agreement and the PIM.

(d) In considering the applications submitted by the UWSAs, the MOW shall take into account criteria set out in the PIM which include the technical, financial, economic and social viability of the proposed UWSS Subproject.

(e) Each UWSA shall prepare and submit quarterly progress reports to the MOW within forty (40) days of each calendar quarter, to facilitate the preparation by the MOW of consolidated Interim Unaudited Financial Reports on which basis disbursements shall be made under the Project.

E. Environmental and Social Safeguards

1. General

(a) The Recipient shall at all times carry out or cause the Project to be carried out in accordance with the ESMF and the RPF, as applicable.

(b) The Recipient shall ensure that all environmental and social issues associated with the Project are adequately analyzed and understood, and that all associated adverse impacts are captured through screening, effectively mitigated and monitored, and that the institutional capacity to ensure this happens is maintained and supported throughout implementation. In the event that the screening process carried out determines that a proposed RWSS Subproject, UWSS Subproject or WRM Subproject would have a potential negative environmental or social impact, the Recipient shall ensure that an ESMP that is satisfactory to the Association is prepared and implemented to mitigate against such negative impacts in accordance with the ESMF. In cases where a separate environmental impact assessment (EIA) is considered necessary, the EIA report shall be reviewed by NEMC and approved by the Vice President's Office and the Association.

2. Involuntary Resettlement

(a) Without limitation on the provisions of sub-paragraph (1) above, if it is determined that a proposed RWSS Subproject, UWSS Subproject, or WRM Subproject would result in the involuntary resettlement of persons and/or loss of means of livelihood as a result of the involuntary acquisition of land (the "Affected Persons"), the Recipient shall ensure that a RAP that is satisfactory to the Association is prepared in accordance

with the principles and procedures specified in the RPF and implemented for the benefit of the Affected Persons.

(b) Each RAP prepared as part of a proposed RWSS Subproject, UWSS Subproject or WRM Subproject shall be reviewed and approved by the District Council, the MOW, and the MOW, respectively. Each RAP shall also be subject to the Association's approval.

3. Dam Safety

(a) Without limitation on the provisions of sub-paragraph (1) above, if it is determined that a proposed RWSS Subproject, UWSS Subproject or WRM Subproject would involve:

- (i) construction of a new dam, the Recipient shall adopt and implement Dam Safety Measures acceptable to the Association for the design, bid tendering, construction, operation and maintenance of such dam and associated works; or
- (ii) reliance on the performance of an existing dam or dam under construction, the Recipient shall commission an independent inspection and evaluation of the safety status of such existing dam or dam under construction, its appurtenances, and performance history, and implement any remedial action to upgrade the safety of such existing dam or dam under construction to a standard acceptable to the Association.

(b) If the Association shall determine that a large dam is involved, the Recipient shall appoint an independent panel of experts acceptable to the Association with expertise in technical fields relevant to the safety aspects of the proposed dam. The panel shall advise the Recipient on, inter alia, critical aspects of the dam, its appurtenant structures, the catchment area, the area surrounding the reservoir and downstream areas. The Recipient shall ensure that: (i) panel meetings are convened regularly during Project implementation; (ii) the Association is informed in advance of such meetings and allowed to observe them through a representative; (iii) the Association receives a copy of the panel's report including its conclusions and recommendations as to design, construction and start of operations; and (iv) the panel is retained through the start-up of such new dam.

(c) The Recipient shall ensure that any required plans, such as for dam construction supervision and quality assurance, operation and maintenance, instrumentation and emergency preparedness, are duly prepared to the standards required by the Association and implemented.

(d) After filling and start-up of any new dam, the Recipient shall ensure that periodic dam safety inspections are carried out by independent qualified professionals who have not been involved in the investigation, design, construction or operation of such dam. The Recipient shall also undertake to modify technical criteria for evaluating dam safety and apply such revised criteria to new or existing dams if the advent of new technology or information relating to floods, seismic events, or geological features so necessitates.

Section III. Project Monitoring, Reporting, Evaluation

A. Project Reports

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report (the “annual state of the water and sanitation sector report”) shall cover the period of one year, and shall be furnished to the Association not later than sixty days after the end of the period covered by such report.

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

- (i) 90% of the urban population has access to clean and safe water;
- (ii) 65% of the rural population has access to clean and safe water;
- (iii) 95% of the rural population has access to improved sanitation facilities;
- (iv) 30% of the urban population is connected to sewerage systems;
- (v) 100% of schools have adequate sanitation facilities; and
- (vi) Six (6) Basin Water Offices are fully operational and implementing an integrated basin water development and management plan.

(c) Without limitation on the provisions of sub-paragraph (a) above, the Recipient shall carry out jointly with the Association and the other Development Partners a comprehensive midterm review to assess the status of Project implementation, as part of the annual joint review of the third year of Program implementation.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than sixty days after the end of each calendar quarter, Interim Unaudited Financial Reports for the Project covering the quarter, in form and substance satisfactory to the Association. The Recipient shall cause the LGAs, UWSAs, and BWOs to prepare the said Interim Unaudited Financial Report for their respective components within forty (40) days after the end of each calendar quarter, for consolidation and submission to the Association by the MOW, within sixty (60) days after the end of each calendar quarter.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period. In addition to certifying the Project Financial Statements, the external auditors shall provide: (i) an opinion on the operation of the Sector Holding Designated Account; and (ii) detailed management letters containing an assessment of the internal controls and accounting system, and recommendations for improvement. Without limitation to the foregoing, the Recipient shall carry out on a continuous basis for each year of Project implementation financial audits of the LGAs receiving funds under Subprogram B, under terms of reference agreed with the Association. The Recipient shall submit to the Association quarterly reports in a format to be agreed with the Association outlining the results of the said LGA audits.

Section IV. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.

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

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

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

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Consultant Qualifications
(b) Least Cost Selection
(c) Quality Based Selection
(d) Single Source Selection
(e) Individual Consultants

D. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for works estimated to cost the equivalent of \$1,000,000 or more; (b) each contract for goods estimated to cost the equivalent of \$250,000 or more; (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more; and (d) each contract for individual consultants to cost the equivalent of \$50,000 or more. All other contracts shall be subject to Post Review by the Association.

Section V. Withdrawal of the Proceeds of the Financing

A. General

The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Subprogram A	33,840,000	Such percentage of Eligible Expenditures as the Association may determine for each FY
(2) Subprogram B	40,600,000	Such percentage of Eligible Expenditures as the Association may determine for each FY
(3) Subprogram C	40,600,000	Such percentage of Eligible Expenditures as the Association may determine for each FY
(4) Subprogram D	13,540,000	Such percentage of Eligible Expenditures as the Association may determine for each FY
(5) Unallocated	6,820,000	
TOTAL AMOUNT	<u>135,400,000</u>	

B. Withdrawal Conditions; Withdrawal Period

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

- (a) for payments made prior to the date of this Agreement; or
- (b) under Category 1 for Part A of the Project, for the second and each subsequent year of Project implementation, unless:
 - (i) the Recipient has submitted to the Association and other Development Partners an Annual Work Plan and Budget;
 - (ii) the Recipient confirms that each BWO expected to receive funds in the year under consideration has in place a five year business plan that is satisfactory to the Association; and
 - (iii) the Recipient confirms that each BWO expected to receive funds in the year under consideration has submitted its annual operational plan including information on its financial audit to the MOW for the preceding year; or
- (c) under Category (2) for Part B of the Project, unless for the second and each subsequent year of Project implementation:
 - (i) the Recipient has submitted to the Association and other Development Partners an Annual Work Plan and Budget; and
 - (ii) the Recipient provides to the Association a list of LGAs that have qualified for Subprogram B resources under the Annual Performance Assessment for the year under consideration and enters into a Participation Agreement with the said LGAs; or
- (d) under Category 3 for Part C of the Project for the second and each subsequent year of Project implementation, unless:
 - (i) the Recipient has submitted to the Association and other Development Partners an Annual Work Plan and Budget;
 - (ii) the Recipient confirms that each UWSA expected to receive funds in the year under consideration has obtained an operating license from EWURA; provided, however, that in the case of Category B and C UWSAs a provisional license provided by either the MOW or the EWURA shall be considered satisfactory for this purpose by the Association;
 - (iii) the Recipient confirms that it has entered into the Financial Resources Utilization Agreement with each UWSA expected to receive funds in the year under consideration; and

- (iv) the Recipient confirms that each UWSA expected to receive funds in the year under consideration has submitted its annual operational plan including information on its financial audit to the MOW for the preceding year; or
 - (e) under Category 4 for Part D of the Project for the second and each subsequent year of Project implementation, unless:
 - (i) the Recipient has submitted to the Association and other Development Partners an Annual Work Plan and Budget; and
 - (ii) the MOW has prepared and submitted to the Association and other Development Partners the state of the water and sanitation sector report, including a review of the fulfillment of the annual performance indicators set forth in the Annual Work Plan and Budget, for the preceding year.
2. The Closing Date is February 29, 2012.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15: commencing February 15, 2017 to and including August 15, 2026	1%
commencing February 15, 2027 to and including August 15, 2046	2%

*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX

Definitions

1. “Annual Performance Assessment” means the performance assessment carried out by the PMO-RALG annually under the LGCDG System to determine the eligibility of each LGA to access, or, as the case may be, receive increased or decreased resources, under Subprogram B, taking into account factors set out in the Assessment Manual, the PIM, and the RWSS Operational Guidelines, including without limitation a LGA’s compliance with rules and procedures on accountability, and its accounting and procurement capacity.
2. “Annual Work Plan and Budget” means the work plan and budget prepared annually by the Recipient in accordance with paragraph A.3 of Section II of Schedule 2 to this Agreement.
3. “Assessment Manual” means the manual dated November, 2004, setting forth minimum conditions and annual performance criteria, including those related to water, used to assess each LGA on an annual basis in order to determine whether it should access funds, or as the case may be, receive increased or decreased resources, under Subprogram B, as the said manual may be amended from time to time with the agreement of the Association.
4. “Basin Water Board” means a board established pursuant to the Water Utilization (Control and Regulation) Act, Chapter 331 (revised edition; 2002) of the laws of the Recipient.
5. “Basin Water Office” or “BWO” means the executive office of a Basin Water Board responsible for monitoring water availability, allocating and regulating its use, and pollution control, and for purposes of this Agreement refers to each of the following BWOs: Pangani River Basin; Wami/Ruvu River Basin; Rufiji River Basin; Ruvuma River Basin; Internal Drainage River Basin; Southern Coast River Basin; Lake Nyasa Basin; Lake Rukwa Basin; Lake Tanganyika Basin; and Lake Victoria Basin.
6. “BWO MOU” means the memorandum of understanding to be entered into between the MOW and each BWO setting forth their respective rights and obligations with respect to the water resource management within the Recipient’s territory.
7. “Category” means a category set forth in the table in Section V of Schedule 2 to this Agreement.
8. “Category A UWSA” means a UWSA that can meet: (a) all its direct and indirect costs of operation and maintenance; and (b) part of its investment costs.

9. “Category B UWSA” means a UWSA that: (a) can meet most of its direct and indirect operation and maintenance costs with the exception of electricity; and (b) cannot meet any investment costs.
10. “Category C UWSA” means a UWSA that cannot meet: (a) most of its direct and indirect operation and maintenance costs including staff costs and electricity; and (b) any investment costs.
11. “Capacity Building Grant” or “CBG” means a grant made or to be made by the Recipient for capacity building or institutional strengthening activities, as set forth in Schedule 1 to this Agreement.
12. “Capital Development Grant” or “CDG” means a transfer made or to be made to a LGA, UWSA, or BWO, as the case may be, to finance the implementation of a RWSS Subproject, UWSS Subproject or WRM Subproject.
13. “Central Water Board” means the Board established by the Recipient pursuant to Section 5 (1) of the Water Utilization (Control and Regulation) Act, Chapter 331 (revised edition; 2002) of the laws of the Recipient, or a successor board with like mandate.
14. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
15. “Dam Safety Measures” means the measures included in the ESMF to ensure the safe construction, and operation and maintenance, as the case may be, of any new or existing dam, or dam under construction.
16. “Development Partners” means any government, or national or international agency or organization, providing funds for the implementation of the Program, as either Earmarking Funding or Pooled Funding Partners.
17. “District” means an administrative area established pursuant to Section 6 of the Regions and Districts (Establishment Procedures) Act, Chapter 397 (revised edition; 2002) of the laws of the Recipient, representing a designated area and population within the territory of the Recipient.
18. “DC” means the District Council established and operating in a District in accordance with the Recipient’s Local Government (District Authorities) Act, Chapter 287 (revised edition; 2002) of the laws of the Recipient.
19. “District Water and Sanitation Team” or “DWST” means a District Water and Sanitation Team established in each District to plan and manage the District’s water and sanitation program, as defined in the DWSP.

20. “Drilling Dam and Construction Agency” means an agency established by the Recipient to undertake drilling and construction activities.
21. “DWSP” means the District Water Supply and Sanitation Plan prepared by each District, and updated annually, outlining the water and sanitation program for such District.
22. “Earmarking Funding Partner” means any government, or national or international agency or organization, providing funds for the Program directly to the Recipient without pooling funds in the Sector Holding Designated Account, and is party to the MOU.
23. “Earmarking Funding Partner Designated Account” means an account to be opened by the Recipient for each Earmarking Funding Partner for the deposit of their respective contributions towards the implementation of the Program.
24. “Environmental and Social Management Framework” or “ESMF” means the framework dated September 2006, prepared by the Recipient and approved by the Association, setting forth an environmental and social screening process that will enable Project implementers to identify and assess potential adverse environmental and social impacts, and offset and reduce them to acceptable levels, or enhance positive impacts, and in accordance with which ESMPs will be prepared and submitted to the Association for its approval, such framework to include Dam Safety Measures, as the same may be amended from time to time with the concurrence of the Association.
25. “ESMP” means an environmental and social management plan to be prepared by the Recipient in accordance with the provisions of the ESMF, approved by the Association, setting out measures to mitigate any adverse environmental and social impacts arising from activities to be implemented under the Project.
26. “EWURA” means the Energy and Water Utilities Regulatory Authority established pursuant to section 4 of the EWURA Act, Chapter 414 (revised edition; 2002) of the laws of the Recipient.
27. “Financial Resources Utilization Agreement” means an agreement to be entered into between the Recipient and a BWO or UWSA, as the case may be, setting forth their respective obligations with regard to the implementation of Subprograms A and C, respectively.
28. “Fiscal Year” or “FY” means the Recipient’s fiscal year which commences on July 1 of each calendar year and ends on June 30 of the following calendar year.
29. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.

30. “Interim Unaudited Financial Report” or “IFR” means the report which both describes progress in Program implementation and is the basis upon which disbursements under the Program will take place, and which: (i) sets forth the sources and uses of funds for the Program, both cumulatively and for the period covered by the said report, showing funds provided under the Sector Holding Designated Account and the Earmarking Funding Partner Designated Accounts, and explains variances between the actual and planned uses of such funds; (ii) describes physical progress in Program implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Program implementation; (iii) sets forth the status of procurement under the Program, as at the end of the period covered by said report; and (iv) contains forecasts of projected expenditures for the ensuing two quarters.
31. “LG Act” means Recipient’s Local Government (District Authorities) Act Chapter 287 (revised edition; 2002) of the laws of the Recipient, or the Local Government (Urban Authorities) Act, Chapter 288 (revised edition; 2002) of the laws of the Recipient, either individually or collectively, as the case may be.
32. “Local Government Authority” or “LGA” means a District authority or an urban authority established pursuant to the respective LG Act.
33. “Local Government Capital Development Grant System” or “LGCDG System” means the Recipient’s fiscal transfer system for channeling funds to Local Government Authorities for the delivery of services within their areas of jurisdiction.
34. “Local Government Capital Development Grant Steering Committee” means the committee established by the Recipient with the composition and role described in paragraph B.1 of Section I of Schedule 2 to this Agreement.
35. “Local Government Capital Development Grant Technical Committee” means the committee established by the Recipient with the composition and role described in paragraph B.2 of Section I of Schedule 2 to this Agreement.
36. “Local Government Capacity Building Consultative Group” means the group established by the Recipient with the composition and role described in paragraph B.3 of Section I of Schedule 2 to this Agreement.
37. “Memorandum of Understanding” or “MOU” means the memorandum of understanding between the Recipient, the Association, Earmarking and Pooled Funding Partners, as the same may be amended from time to time, with the concurrence of the Development Partners, providing for common arrangements and procedures on procurement, disbursement, accounting,

monitoring, reporting, auditing, coordination and exchange of information required for implementation of the Program.

38. “MOW” means the Recipient’s Ministry of Water.
39. “National Audit Office” means the Recipient’s constitutionally mandated auditor with responsibility for carrying out financial audits under the Project.
40. “NEMC” means the National Environmental Management Council established by the Recipient in the Office of the Vice President pursuant to the Environment Management Act No. 20 of 2004, with responsibility for the review of environmental impacts, monitoring and enforcement of environmental impact assessments, facilitation of public participation in environmental decision making, and exercise of general supervision and coordination over all matters in relation to the environment.
41. “Operating Costs” means the incremental operating costs arising under the Project on account of Project coordination, implementation and monitoring activities undertaken by the MOW, the Water Sector Working Group, the Central Water Board, and the National Audit Office including office supplies, vehicle operation and maintenance costs, utilities, communication charges, per diems and travel allowances, but excluding the salaries of the Recipient’s civil service and sitting allowances.
42. “Participation Agreement” means an agreement entered into between the Recipient and LGAs that meet the eligibility criteria to receive fund transfers under the Local Government Capital Development Grant System under Subprogram B, setting forth their respective obligations towards the implementation of the said Subprogram.
43. “PMO-RALG” means Prime Minister’s Office – Regional Administration and Local Government.
44. “Pooled Funding Partners” means collectively, the Association, and any government or national or international agencies or organizations that are pooling their funds for the Program into the Sector Holding Designated Account and are party to the MOU.
45. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
46. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 28, 2006, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

47. “Program” means the Recipient’s Water Sector Development Programme (2006 – 2025), dated November 2006, as summarized in the letter dated December 5, 2006, submitted by the Recipient to the Association.
48. “Program Implementation Manual” or “PIM” means the manual specifying, *inter alia*, the procedures for procurement, disbursement, financial management, accounting, reporting, monitoring and evaluation, environmental and social management, and other implementation arrangements agreed upon by the Recipient and the Development Partners, as the same may be amended from time to time with the approval of the Development Partners and such term includes any annexes to the said manual.
49. “Regional Administrative Secretariat” means the secretariat established to service the Recipient’s regional administration.
50. “Resettlement Action Plan” or “RAP” means a plan approved by the Association, to be prepared in accordance with the provisions of the RPF, setting forth principles and procedures governing land acquisition, resettlement and compensation, as well as reporting and monitoring arrangements to ensure compliance with the said plan, as the same may be amended from time to time with the agreement of the Association.
51. “Resettlement Policy Framework” or “RPF” means the framework dated September 2006, prepared by the Recipient and approved by the Association, for land acquisition, resettlement and compensation under the Project, and in accordance with which Resettlement Action Plans shall be prepared and submitted to the Association for its approval, as the same may be amended from time to time with the concurrence of the Association.
52. “Rural Water Supply and Sanitation Operational Guidelines” or “RWSS Operational Guidelines” means the guidelines adopted by each LGA for the implementation of the Recipient’s rural water and sanitation program, as the same may be amended from time to time with the concurrence of the Association.
53. “RWSS Subproject” means a rural water or sanitation investment activity to be implemented by an LGA under Subprogram B.
54. “Sector Holding Designated Account” means the account to be opened by the Recipient in Dollars in the Bank of Tanzania for the deposit of funds by Pooled Funding Partners for activities under Subprogram A, B, C and D.
55. “Subloan” means a loan to be provided by the Recipient to a Category A UWSA for implementation of UWSS Subprojects under such terms and conditions as shall have been agreed with the Association.

56. “Subprogram A” means an annual program of activities and associated budget for Part A of the Project to be financed from the Sector Holding Designated Account.
57. “Subprogram B” means an annual program of activities and associated budget for Part B of the Project to be financed from the Sector Holding Designated Account.
58. “Subprogram C” means an annual program of activities and associated budget for Part C of the Project to be financed from the Sector Holding Designated Account.
59. “Subprogram D” means an annual program of activities and associated budget for Part D of the Project to be financed from the Sector Holding Designated Account.
60. “Subprograms” means Subprogram A, B, C, and D.
61. “Urban Water and Sewerage Authority” or “UWSA” means an Authority established by the Recipient pursuant to the provisions of Section 3 (1) and Regulation 4 (1) of its Water Works Act, Chapter 272 (revised edition; 2002) of the laws of the Recipient.
62. “UWSA MOU” means the memorandum of understanding entered into between the Recipient and each UWSA setting forth their respective rights and obligations with respect to the delivery of water and sanitation services within the jurisdiction of the said UWSA, including water quality standards and performance targets.
63. “Urban Water Supply and Sanitation Operational Guidelines” or “UWSS Operational Guidelines” means the guidelines adopted by each UWSA for the implementation of the Recipient’s urban water and sanitation program, as the same may be amended from time to time with the concurrence of the Association.
64. “UWSS Subproject” means an urban water or sanitation-related activity to be implemented by a UWSA under Subprogram C.
65. “Water Basin Management Operational Guidelines” means the guidelines adopted by the Recipient and each BWO for the implementation of the water resource management program, as the same may be amended from time to time with concurrence of the Association.
66. “Water Legislation” means the following laws of the Recipient as amended, either individually or collectively: (a) the Water Utilization (Control and Regulation) Act, Chapter 331 (revised edition; 2002) of the laws of the Recipient; (b) the Dar es Salaam Water and Sewerage Authority (DAWASA) Act, Chapter 273 (revised edition; 2002) of the laws of the Recipient; and (c) the

Water Works Act, Chapter 272 (revised edition; 2002) of the laws of the Recipient.

67. “Water Sector Working Group” means the group with a composition and role described in paragraph A of Section I of Schedule 2 to this Agreement.
68. “WRM Subproject” means a water resource management investment activity to be implemented by a BWO under Subprogram A.
69. “Water Resources Institute” means the training institute of the Ministry of Water.