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CREDIT NUMBER 4584-TA

# Financing Agreement

(Sustainable Management of Mineral Resources Project)

between

UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 22, 2009

Public Disclosure Authorized



**CREDIT NUMBER 4584 - TA**

**FINANCING AGREEMENT**

AGREEMENT dated July 22, 2009, entered into 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 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, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to thirty three million five hundred thousand Special Drawing Rights (SDR 33,500,000) (variously, “Credit” and “Financing”) 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 IV 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 July 1 and January 1 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

- 2.07. The Payment Currency is Dollar.

**ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through MEM in accordance with the provisions of Article IV of the General Conditions.
- 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 — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Condition of Effectiveness shall be that the Recipient has prepared and submitted to the Association the Project Implementation Manual, in form and substance satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.03. For purposes of Section 8.05 (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 date of this Agreement.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is the Minister responsible for finance.
- 5.02. The Recipient's Address is:

Ministry of Finance and Economic Affairs  
P. O. Box 9111  
Dar es Salaam  
United Republic of Tanzania

Facsimile:

(255) 222 11 77 90

5.03. 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)	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/ Ramadhani Khijjah**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By /s/ John McIntire**

**Authorized Representative**

## SCHEDULE 1

### Project Description

The objective of the Project is to support the Recipient's efforts to strengthen its capacity to manage the mineral sector to improve the socio-economic impacts of large and Small-scale Mining for the Recipient and its citizens, and enhance private local and foreign investments.

The Project consists of the following parts:

**Part A:           Improving the Benefits of the Mineral Sector: Artisanal and Small-scale Mining, Local Economic Development and Skills Development**

1. Supporting the provision of baseline information for the Project and for monitoring and evaluation, including building on previous studies to: (a) conduct assessment, map the extent of Artisanal and Small-scale Mining activities, and data interpretation and compilation into an Artisanal and Small-scale Mining database; (b) carry out a study on socio-economic impacts and benefits of *Geita* (*Geita Gold Mining*), *Kahama* (*Bulyanhulu Gold Mine*) and *Mirerani* (*TanzaniteOne*); (c) assess institutional capacity for acquisition of mining statistics and capacity for data management; and (d) prepare a strategy and framework for Project monitoring and evaluation.
  
2. (a) Strengthening the capacity of MEM to provide extension services through the Zonal Mines Offices and Resident Mines Offices to stimulate legal and responsible mining activity and to provide adequate technical and extension service support to Community-based Artisanal and Small-scale Mining.
  
- (b) Supporting MEM's Minerals Division to: (i) strengthen the capacity of the Small-scale Mining Section at the MEM's headquarters; (ii) strengthen the capacity for provision of extension services in Zonal Mines Offices and Resident Mines Offices; (iii) strengthen the capacity of the Mineral Resource Institute, Vocational Education and Training Authority, Small Industries Development Organization, and Southern and Eastern African Mineral Center to provide short term training to Small-scale miners; (iv) establish Small-scale mining centers for extension services and provide demonstration center mines with training manuals, demonstration materials, and training of trainers at *Chunya*, *Mpanda*, *Morogoro*, *Manyoni*, *Geita*, *Bukombe*, *Mirerani* and *Mbinga*; (v) strengthen the capacity of Zonal Mines Offices and Resident Mines Offices to support extension services through the provision of Training to extension officers to provide extension support, train and equip extension officers to enhance their capacity for quick response; (vi) prepare

standard training manuals and codes of practice for Small-scale Mining on mining practice, health, safety, basic geology, and mineral processing for specific minerals and on cross-cutting issues such as HIV/AIDS, environment, entrepreneurship, and social responsibility; and (vii) promote initiatives by large-scale mining companies for training and extension services for Small-scale Miners in *Geita, Mirerani, Kahama, and Kabanga* to capture lessons learned and strategies to manage potential conflict between Artisanal and Small-scale Mining and large-scale mining.

3. Provision of technical assistance for domestic entrepreneurs to develop the production and marketing of industrial minerals, and support value addition in gemstones and semi-precious minerals as well as the establishment of an integrated pilot breeder for downstream products including: (a) strengthening the Arusha Carving Center; (b) establishing lapidary and jewelry sections and training programs at the Arusha Carving Center; (c) empowering entrepreneurs to produce and market specified industrial minerals locally; and (d) supporting fair trade initiatives.
4. Supporting Artisanal and Small-scale Miners' operations, raising the standards in Small-scale Mining, and managing self-employment and micro-enterprises including, *inter alia*, working with Regional Miners Associations and other stakeholders to promote: (a) Training Artisanal and Small-scale Miners in entrepreneurial skills; (b) strengthening and supporting schemes for equipment leasing and local fabrication of tools and equipment in Small-scale Mining centers; and (c) developing a program to provide Grants to support Small-scale Miners and Community-based Mining Organizations.
5. Establishing linkages between mining and the local economy through support to selected Local Government Authorities to: (a) mainstream mining into strategic planning at the District level; (b) integrate Artisanal and Small-scale Mining activities into the District administrative structure; and (c) develop mechanisms to empower Communities in selected mining areas to invest strategically.
6. Supporting human resource development for the mining industry through the provision of technical advisory services and Training to:
  - (a) facilitate the formulation of a framework for skills development planning, training, certification, and maintenance of standards to support productivity and occupational health and safety in the mining industry; and
  - (b) support MEM in: (i) conducting a needs assessment for human resource development for the mining industry; and (ii) establishing and supporting

a framework to administer skills planning, qualifications, apprenticeship and learning for the mining industry.

**Part B: Strengthening Governance and Transparency in Mining**

1. Supporting the on-going review and updating of legal, fiscal and regulatory frameworks for the mineral sector including: (a) strengthening MEM's legal services unit; (b) supporting review of the Mineral Policy, the Mining Act , and related laws with emphasis on harmonization of the laws relating to mining; (c) establishing a legal and regulatory framework on value addition activities; (d) creating public awareness on the Mineral Policy and legal and regulatory frameworks, and on the fiscal regime; and (e) supporting activities related to the implementation of an extractive industries transparency initiative.
2. Building MEM's institutional capacity including: (a) carrying out a functional review of MEM; (b) strengthening the Mines Inspection Section within MEM; (c) strengthening the Minerals Audit Section within MEM; (d) provision of Training to MEM staff; and (e) improving the working tools and equipment for Zonal Mines Offices and Resident Mines Offices.
3. Improving the mining cadastral information management system including carrying out: (a) an assessment of cadastral needs and strategy, hardware, software and training; (b) system upgrades; (c) staff Training in mining cadastral information management system operations; (d) improvement of central registry and sub-registries at Zonal Mines Offices and Resident Mines Offices; (e) field verification of Artisanal and Small Scale mining licenses; and (f) strengthening of the mining cadastral information management system and clearance of the backlog of license applications.
4. Supporting the Environmental Management Unit within MEM including: (a) strengthening the Environmental Management Unit to execute its functions effectively; (b) conducting a Strategic Environmental and Social Assessment; (c) conducting a poverty and social impact analysis; (d) establishing an environmental database linked to mining cadastral and geological and mineral information system; (e) preparing and updating environmental and social guidelines and codes of practice; (f) carrying out environmental and social awareness programs in small and large –scale mining areas; (g) developing a framework for abandoned mines; and (h) strengthening environmental and social monitoring capacity at MEM headquarters, Resident Mines Offices, Zonal Mines Offices and Local Government Authorities, all through the provision of technical advisory services, Training and acquisition of goods.



**Part C: Stimulating Mineral Sector Investment**

1. Strengthening the geologic infrastructure including supporting the Geological Survey of Tanzania in: (a) the completion of high resolution airborne geophysical survey and conducting ground follow up in *Chunya, Dodoma, Kiomboi, Kondo, Manyoni, Babati, Handeni, Kilindi, Mvomero, Bahi, Chamwino* Districts and other selected areas; (b) acquiring and updating of geo-data and information through geological mapping and geophysical and geochemical surveys, and publish related maps and reports; (c) computerizing, digitizing and upgrading the existing geological and mineral information system; (d) carrying out laboratory upgrade and staff training to ISO accreditation; (e) updating and maintaining the geological map library, rock and mineral core sample archives; and (f) facilitating the accessibility of geoscientific data and information to potential investors, infrastructure planning authorities and stakeholders.
2. Conducting a strategic assessment for the future direction of the State Mining Corporation.
3. Strengthening mineral resources promotion, statistics development and communication, including: (a) strengthening the Mineral Economics and Trade Section within MEM; (b) enhancing the Information, Education and Communication Unit within MEM; (c) upgrading the Management Information System Unit within MEM; (d) improving data capture, preparation and dissemination of sector statistics and promotional materials; and (e) implementing a communications and promotion strategy to improve communications in the mineral sector.

**Part D: Project Coordination and Management**

Strengthening the capacity of MEM for coordination and management of the Project including supporting the enhancement of, *inter alia*: (a) day to day management of the Project; (b) procurement; (c) monitoring and evaluation; and (d) coordination of Project exit studies to evaluate the overall performance of the Project, and achievement of the Project's objective, through the provision of technical advisory services and Training.

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

- (a) The Recipient shall ensure that the MEM is maintained at all times during the implementation of the Project with mandate, staffing and resources satisfactory to the Association for the purpose of ensuring the prompt and efficient overall coordination, monitoring, reporting, evaluation and communication of Project activities.
- (b) Without limitation to sub-paragraph (a) of this paragraph, the Recipient shall maintain within MEM a project team with the responsibility for day-to-day management of the Project, procurement, financial management, monitoring and evaluation of the Project activities.

**2. Steering Committee**

- (a) Without limitation upon the provisions of Part A.1 of this Section, the Recipient shall maintain, at all times until the completion of the Project, a Steering Committee with a composition, mandate and resources satisfactory to the Association.
- (b) Without limitation to sub-paragraph (a) of this paragraph, the Steering Committee shall be responsible for, *inter alia*: (i) reviewing and endorsing for joint approval by the Recipient and the Association of the Annual Work Plans and Budgets; (ii) reviewing progress made towards achieving the Project's objective; (iii) making recommendations for removal of any obstacles to the implementation of the Project; and (iv) providing comments on reports and reviews prepared by the Technical Committee for the benefit of the Association.

**3. Technical Committee**

- (a) Without limitation upon the provisions of Parts A.1 and A.2 of this Section, the Recipient shall ensure that the Technical Committee is maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the Association, for the purpose of ensuring the prompt and efficient implementation of the Project.

- (b) Without limitation to sub-paragraph (a) of this paragraph the Technical Committee shall be responsible for reviewing and recommending to the Steering Committee for approval the Annual Work Plans and Budgets, and the MEM's day to day management and implementation of the Project, including the reports on publicizing, dissemination, appraisal, administration, fiduciary supervision, monitoring, reporting and evaluation of Artisanal and Small-scale Miners Programs to be carried out by Beneficiaries under Part A.4 of the Project.

**B. Implementation Arrangements**

**1. Artisanal and Small-scale Miners Grant Program Manual and the Project Implementation Manual**

The Recipient shall carry out Part A.4(c) of the Project in accordance with the arrangements and procedures set out in the Artisanal and Small-scale Grant Program Manual and the Project Implementation Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the Artisanal and Small-scale Miners Grant Program Manual or the Project Implementation Manual, and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of any of the Artisanal and Small-scale Miners Grant Program Manual or the Project Implementation Manual, without prior written consent of the Association.

**2. Annual Work Plan and Budgets**

The Recipient shall prepare and furnish to Association for its approval, not later than April 30 of each year during the implementation of the Project, or such later date as the Association may agree, the Annual Work Plan and Budgets containing all proposed activities to be carried out 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.

**C. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**D. Grants for Artisanal and Small-scale Miners Grant Program**1. (a) **General**

Without limitation upon the provisions of Section I.B.1 of this Schedule, the Recipient shall appraise, approve and monitor Artisanal and Small-scale Programs and administer the Grants in accordance with the provisions and procedures set forth or referred to in this Section D and to be established in more detail in the Artisanal and Small-scale Miners Grant Program Manual.

(b) **Eligibility Criteria for Artisanal and Small-scale Miners Grant Program**

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

- (i) The proposed Artisanal and Small-scale Miners Grant Program activity shall fall within the areas described under Parts A.4 of the Project in Schedule 1 to this Agreement, and to be described more specifically in the Artisanal and Small-scale Miners Grant Program Manual, and shall exclude any activities and expenditures specified as ineligible in the Artisanal and Small-scale Miners Grant Program Manual;
- (ii) the proposed Artisanal and Small-scale Miners Grant Program shall be initiated by a Beneficiary which has met the eligibility criteria in the Artisanal and Small-scale Miners Grant Program Manual;
- (iii) the proposed Artisanal and Small-scale Miners Grant Program shall be compliant with the procedures and guidelines set forth in the ESMF and the RPF;
- (iv) the Beneficiary has adequate technical, financial management and procurement capacity to implement the proposed Artisanal and Small-scale Miners Grant Program in compliance with the

guidelines set forth in the Artisanal and Small-scale Miners Grant Program Manual; and

- (v) the Beneficiary shall be eligible to receive subsequent Grants if it has completed the preceding Artisanal and Small-scale Miners Grant Program to the satisfaction of the MEM and the Technical Committee, in accordance with the terms of the Grant Agreement.

(c) **Approval of Grants**

Based on the appraisal and recommendation of the project team, in accordance with sub-paragraph (b) of this paragraph, MEM shall approve the Artisanal and Small-scale Miners Grant Programs whose cost falls below the threshold to be specified in the Artisanal and Small-scale Miners Grant Program Manual.

(d) **Terms and Conditions of Grants**

A Subproject shall be carried out pursuant to a Grant Agreement, to be concluded between MEM, on behalf of the Recipient, and the respective Beneficiary, under terms and conditions to be described in more detail in the Artisanal and Small-scale Miners Grant Program Manual, and in form and substance satisfactory to the Association, which, *inter alia*, shall include the following:

- (i) the description of the activities to be implemented, including the outputs and performance targets to be achieved, and the arrangements for monitoring and reporting on the implementation of the Artisanal and Small-scale Miners Program;
- (ii) the obligation of the Beneficiary to contribute, in cash and/or in-kind, a minimum percentage of the projected Artisanal and Small-scale Miners Grant Program cost as shall be specified in the Artisanal and Small-scale Miners Grant Program Manual;
- (iii) the modalities of transfer of funds by MEM to the Beneficiary for the financing of the Artisanal and Small-scale Miners Grant Program;
- (iv) the obligation of the Beneficiary to carry out the proposed Artisanal and Small-scale Miners Grant Program in accordance with the Anti-Corruption Guidelines;

- (v) the obligation of the Beneficiary to: (A) carry out the Artisanal and Small-scale Miners Grant Program with due diligence and efficiency and in accordance with sound technical, engineering, environmental, financial, and managerial practices; and (B) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Artisanal and Small-scale Miners Program;
- (vi) the obligation of the Beneficiary to refund any Grant, if it is determined by the Association that such Grant has been used for ineligible expenditures;
- (vii) the requirement that the goods, works and consultants' services to be financed from the proceeds of the Grant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of this Schedule, and shall be used exclusively in the carrying out of the Subproject; and
- (viii) the right of the MEM, on behalf of the Recipient, to: (A) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants and construction included in the Artisanal and Small-scale Miners Program, the operations thereof and any relevant records and documents; (B) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation and financial conditions of Artisanal and Small-scale Miners Grant Program and (C) suspend or terminate the right of any Beneficiary to use the proceeds of the Grant upon failure by the Beneficiary to perform any of its obligations under the Grant Agreement.

(e) **Administration of Grant Agreements**

MEM shall exercise its rights under the Grant Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Project, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Grant Agreement or any provision thereof without the prior written approval of the Association.

**E. Environmental and Social Safeguards**

1. The Recipient shall carry out the Project in accordance with the environmental, social and resettlement guidelines, rules and procedures defined in the Environmental and Social Management Framework, and the Resettlement Policy

Framework. To this end, in cases of any activity, or Artisanal and Small-scale Miners Grant Program requiring the adoption of an ESMP and RAP, the Recipient shall:

- (a) prepare, disclose and implement ESMPs in accordance with the ESMF and in form and substance acceptable to the Association, defining (i) the measures to be taken during the implementation of the Subprojects to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels, and (ii) the actions needed to implement these measures; and
  - (b) prepare, disclose and implement Resettlement Action Plans in accordance with the RPF and in form and substance acceptable to the Association, defining a program of actions, measures and policies for compensation and resettlement of Affected Persons, including the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the RAPs.
2. The Recipient shall not amend or waive, or permit to be waived, the ESMF, RPF, RAPs, the ESMPs, or any provision of any one thereof, without the prior written consent of the Association.
  3. The Recipient shall ensure that all measures for carrying out the recommendations of the ESMF, RPF, RAPs, ESMPs are taken in a timely manner.
  4. Without limitation upon its other reporting obligations under this agreement and under Section 5.08 of the General Conditions, the Recipient shall:
    - (a) include in the Project Reports referred to in Section II.A of this Schedule adequate information on monitoring the measures defined in the ESMF, ESMPs, RPF and RAPs, giving details of:
      - (i) measures taken in furtherance of such ESMF, ESMPs, RPF and RAPs;
      - (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, ESMPs, RPF and RAPs;

- (iii) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such ESMF, ESMPs, RPF and RAPs; and
- (b) afford the Association a reasonable opportunity to exchange views with the Recipient on such reports.

5. Each such report shall be furnished to the Association not later than one month after the end of the six months covered by such report and the first such report shall be furnished to the Association not later than one month after the end of the six months in which the activities of the Project commenced.

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

### **A. Project Reports**

1. (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 shall cover the period of six calendar months, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
  - (i) percentage household income levels in selected Artisanal and Small-scale Mining Communities;
  - (ii) percentage of citizens in participating Communities who consider that their views have been taken into account in the local economic development strategic planning process;
  - (iii) time to process mineral rights (months);
  - (iv) annual publication of mineral sector revenue;
  - (v) improvement in Recipient's ranking as a mining investment destination as evidenced by independent investor survey (Fraser Institute); and



(vi) percentage increase in mining revenue.

2. For the purpose of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than the date twenty four (24) months after the Effective Date.

**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 forty-five (45) 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.
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, commencing with the Fiscal Year in which the first withdrawal was made under the Preparation Advance for the Project. 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.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the 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 Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the 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 (ICB).
2. **Other Methods of Procurement of Goods and Works.** The following methods of procurement, other than International Competitive Bidding, may be used for goods and works under the circumstances specified in the Procurement Plan for each such method: (a) National Competitive Bidding may be used, except for the provisions of Domestic Preference given to domestic supplier and contractors; (b) Shopping; (c) Direct contracting; and (d) established procedures for Community Procurement.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods of procurement, other than Quality and Cost-based Selection, may be used for consultants' services under the circumstances specified in the Procurement Plan for each such method: (a) Quality Based Selection; (b) Least Cost Selection; (c) Selection Based on Consultants' Qualifications; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (e) Single Source Selection; and (f) Sole Source Procedures for the Selection of Individual Consultants.

**D. Review by the Association of Procurement Decisions**

1. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank Prior Review.
2. All other contracts shall be subject to Post Review by the Association.

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

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made

applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Works, Goods, Consultants’ services, Training and Operating Costs under Parts A.1 through A.4(a) and (b) and Parts A.5 through Part D of the Project	29,000,000	100%
(2) Grants for Artisanal and Small-scale Miners Grant Program under Part A.4 (c) of the Project	2,700,000	100% of the amounts disbursed
(3) Refund of Project Preparation Advance	400,000	Amount payable pursuant to Section 2.07 of the General Conditions
(4) Unallocated	1,400,000	
<b>TOTAL AMOUNT</b>	<b>33,500,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

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

- (b) for Eligible Expenditures for any Grant under Category (2), unless the Recipient has prepared and submitted to the Association the Artisanal and Small-scale Miners Grant Program Manual, in form and substance satisfactory to the Association.

2. The Closing Date is June 30, 2014.

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

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each July 1 and January 1:	
commencing July 1, 2019 to and including January 1, 2029	<b>1%</b>
commencing July 1, 2029 to and including January 1, 2049	<b>2%</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 Section 3.03 (b) of the General Conditions.

**APPENDIX****Definitions**

1. “Affected Persons” means persons who, on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, and referred to in Section I.E.1(b) of Schedule 2 to this Agreement.
2. “Annual Work Plan and Budgets” means the work plan and budget for the Project prepared annually and consolidated by MEM, in accordance with Section I.B.2 of Schedule 2 to this Agreement.
3. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
4. “Artisanal and Small-scale Mining” means mining activities carried out on the Recipient’s territory by individual miners, or a group of miners employing basic mining tools.
5. “Artisanal and Small-scale Miners Grant Program” means a set of specific activities carried out or to be carried out by a Beneficiary under Part A.4 (c) of the Project and financed or proposed to be financed through a Grant.
6. “Artisanal and Small-scale Miners” means the miners who qualify as Beneficiaries of a Grant in accordance with the criteria in the Artisanal and Small-scale Miners Manual.
7. “Artisanal and Small-scale Grant Program Manual” means the Recipient’s manual for Part A.4 of the Project, in form and substance satisfactory to the Association, and containing or referring to detailed arrangements and procedures for the implementation of Part A.4 of the Project, including: (i) institutional administration, coordination and day-to-day execution of activities of Part A.4 of the Project; (ii) capacity building activities for sustained achievement of Part A.4 of the Project’s objectives; (iii) disbursement and financial management; (iv) procurement; (v) procedures for defining eligibility criteria and approval, disbursement, administration and monitoring and evaluation arrangements for proposals, together with a model form grant agreement formats for Part A.4 of the Project; as such manual may be amended and supplemented from time to

time, with the prior written approval of the Association, and such term includes all schedules and annexes to said manual.

8. “Arusha Carving Center” means a carving center established and operating under MEM.
9. “Beneficiary” means an Artisanal or Small-scale Miner, or association established under the laws of the Recipient, and which meets the criteria in the Artisanal and Small-scale Miners Grant Program Manual, and which is a recipient of a Grant.
10. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
11. “Community” means an organized group living within a District (as hereinafter defined).
12. “Community-based Mining Organizations” means a mining organization established within a Community.
13. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
14. “District” means a district established as an administrative local government area pursuant to the Recipient’s Constitution.
15. “Environmental and Social Management Framework” or “ESMF” means the document of the Recipient dated April 2009 as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association, setting forth the modalities for environmental screening and procedures for the preparation and implementation of environmental assessments and management plans under the Project pursuant to Section I.E.1 of Schedule 2 to this Agreement, and such term includes all schedules and annexes to the ESMF.
16. “Environmental and Social Management Plan” or “ESMP” means an environmental and social management plan, acceptable to the Association and consistent with the ESMF, adopted for the purposes of Project activities, and giving details of the magnitude of the environmental and social impacts, as well as the specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF under the Project activities, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies, as such ESMP

may be amended from time to time with the prior written agreement of the Association.

17. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
18. “Geological Survey of Tanzania” means a government executive agency under MEM, and charged with the responsibility for geological survey.
19. “Grant” means funds allocated or proposed to be allocated out of the proceeds of the Financing to a Beneficiary, for the purpose of financing a proposal in accordance with the provisions of Section I.D.1 (a) through (e) of Schedule 2 to this Agreement.
20. “ISO” means the International Organization for Standardization.
21. “Local Government Authorities” means the Local Government District Authorities established and operating pursuant to the Local Government (District Authority) Act (CAP 287 R.E. 2002) of the laws of the Recipient.
22. “MEM” means the Recipient’s Ministry of Energy and Minerals, or any successors thereto.
23. “Mining Act” means the Mining Act (CAP 123 R.E. 2006) of the laws of the Recipient.
24. “Mineral Resource Institute” means the institute established and operating under MEM.
25. “Mineral Policy” means the Mineral Policy of Tanzania of 1997 guiding the development of the Mineral sector, as such policy may be amended or supplemented from time to time.
26. “Operating Costs” means the incremental costs incurred by the MEM, on account of the implementation of the Project, and on the basis of annual work plans and budgets for the Project approved by the Association, including hire of venues for meetings and Training, purchase of materials for approved Training, operation and maintenance costs for Project vehicles, office supplies, consumables, travel costs and per diems, and accommodation, but excluding salaries of the Recipient’s civil servants.
27. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on September 5, 2007 and on behalf of the Recipient on September 17, 2007.



28. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
29. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 21, 2007 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
30. “Project Implementation Manual” means the Recipient’s manual, referred to in Section 4.01(b) of this Agreement, and containing or referring to detailed arrangements and procedures for the implementation of the Project, including: (i) institutional administration, coordination and day-to-day execution of activities of the Project; (ii) capacity building activities for sustained achievement of the Project’s objectives; (iii) disbursement and financial management; (iv) procurement; (v) monitoring, evaluation, reporting, information, education and communication; and (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as such manual may be amended and supplemented from time to time, with the prior written approval of the Association, and such term includes all schedules and annexes to said manual.
31. “Regional Miners Association(s)” means an association or associations established and operating in the Regions pursuant to the Societies Act (CAP 337 R.E. 2002) of the laws of the Recipient.
32. “Resident Mines Office” means the Recipient’s office established and operating pursuant to the Mining Act.
33. “Resettlement Action Plan” or “RAP” means the plan referred to in Section I.E.1 (b) of Schedule 2 to this Agreement; and “RAPs” means, collectively, each such RAP.
34. “Resettlement Policy Framework” or “RPF” means the Resettlement Policy Framework of the Recipient dated April 2009 as the said framework may be amended and/or supplemented from time to time with the prior concurrence of the Association, setting forth the modalities for resettlement and compensation of Affected Persons under the Project and referred to in Section I.E.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Association.
35. “Small Industries Development Organization” means the organization established and operating pursuant to the Small Industries Development Organization Act (CAP 112 R.E. 2002) of the laws of the Recipient.

36. “State Mining Corporation” means the corporation established and operating pursuant to the Public Corporations Act (CAP 257 R.E. 2002).
37. “Strategic Environmental and Social Assessment” means an assessment referred to in Part B.4 of the Project, to be carried out by the Recipient to assess the Recipient’s policies and practices in implementation, management, monitoring and evaluation of environmental and social issues in the mining sector.
38. “Steering Committee” means the committee referred to in Section I.A.2 of Schedule 2 to this Agreement.
39. “Technical Committee” means the committee referred to in Section I.A.3 of Schedule 2 to this Agreement.
40. “Training” means the costs associated with the training and workshops, based on annual plans and budgets approved by the Association pursuant to Section III.D.1 of Schedule 2 to this Agreement, including travel and subsistence costs for training and workshops participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation.
41. “Vocational Education and Training Authority” means the authority established and operating pursuant to the Vocational Education and Training Act (CAP 82 R.E. 2002) of the laws of the Recipient
42. “Zonal Mines Offices” means the Recipient’s office established and operating pursuant to the Mining Act.