

CONFORMED COPY

**CREDIT NUMBER 2908-1 TA
(Amendment)**

Agreement Amending Development Credit Agreement

(Lake Victoria Environment Management Project)

between

UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 5, 2002

CONFORMED COPY

**CREDIT NUMBER 2908-1 TA
(Amendment)**

AGREEMENT AMENDING

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated February 5, 2002, between UNITED REPUBLIC OF TANZANIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower and the Association have entered into a Development Credit Agreement dated September 10, 1996, as amended from time to time (the Development Credit Agreement), for the financing of the Lake Victoria Environment Management Project, Credit Number 2908 TA described in Schedule 1 to the Joint Project Agreement (the Project);

(B) the Borrower has requested the Association to provide additional assistance towards financing of the Project, including civil works, equipment and consultants' services, by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to four million Special Drawing Rights (SDR 4,000,000); and

WHEREAS the Association has agreed on the basis, *inter alia*, of the foregoing, to provide such additional assistance to the Borrower upon the terms and conditions set forth in this Agreement Amending the Development Credit Agreement (as hereinafter defined);

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through October 6, 1999), with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement.

(a) A new paragraph (12) is added to Section 2.01 to read as set forth below, and the existing paragraphs (12) through (14) of said Section are accordingly renumbered as paragraphs (13) through (15):

"12. 'Participating Country' means any country that the Association determines meets the requirements set forth in Section 11 of Resolution No. 194 of the Board of Governors of the Association, adopted on April 8, 1999; and 'Participating Countries' means, collectively, all such countries." ; and

(b) the second sentence of Section 5.01 is modified to read:

"Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a Participating Country or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

Section 1.02. Section 1.02 of the Development Credit Agreement is amended as follows:

(a) the word “and” at the end of sub-section (a) is deleted, and the “.” at the end of sub-section (b) replaced with “;” and

(b) new sub-sections (c), (d) and (e) are added to read as follows:

“(c) “Agreement Amending the Development Credit Agreement” means this Agreement Amending the Development Credit Agreement between the Borrower and the Association, dated February 5, 2002;

(d) “Project Account” means the account referred to in Section 3.04 of the Development Credit Agreement; and

(e) “Project Quarter” means the three-month period beginning from the Effective Date of the Agreement Amending the Development Credit Agreement, and ending three months thereafter (the First Project Quarter) and any three-month period beginning at the end of the First Project Quarter, or at the end of any subsequent Project Quarter.”

Section 1.03. Section 2.01 of the Development Credit Agreement is amended to read as follows:

“Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to eleven million Special Drawing Rights (SDR 11,000,000) (the Credit), which includes: (a) an original amount in various currencies equivalent to seven million Special Drawing Rights (SDR 7,000,000) (the Initial Financing); and (b) a supplemental amount in various currencies equivalent to four million Special Drawing Rights (SDR 4,000,000) (the Supplemental Credit).”

Section 1.04. In Section 2.03, the Closing Date is amended to read “June 30, 2004”.

Section 1.05. Section 2.04 (b) (i) of the Development Credit Agreement is amended by adding after the term “cancelled” the following proviso:

“provided however, that any commitment charge on the Supplemental Credit shall accrue from a date sixty (60) days after the date of the Agreement Amending the Development Credit Agreement.”

Section 1.06. Section 2.07 is amended to read as follows:

“(a) Subject to paragraphs (b) and (c) below, the Borrower shall:

(A) repay the principal amount of the Initial Financing in semiannual installments payable on each March 1 and September 1, commencing September 1, 2006 and ending March 1, 2036. Each installment to and including the installment payable on

March 1, 2016, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount; and

- (B) repay the principal amount of the Supplemental Credit in semiannual installments payable on each March 1 and September 1, commencing March 1, 2012 and ending September 1, 2041. Each installment to and including the installment payable on September 1, 2021 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.”

Section 1.07. A new section 3.04 is added to read as follows:

“Section 3.04. Without limitation to its obligations under Section 3.01 of the Development Credit Agreement, the Borrower shall, for the purposes of making available its counterpart contribution for the financing of the Project:

- (a) open, and thereafter maintain until the completion of the Project, a Project Account in a commercial bank on terms and conditions satisfactory to the Association;
- (b) deposit into the Project Account an initial contribution of \$20,000;
- (c) thereafter replenish said account up to the initial amount of \$20,000 at the end of each Project Quarter until the completion of the Project, or whenever its balance shall be less than \$5,000; and
- (d) ensure that amounts deposited into the Project Account shall be used exclusively to make payments to meet expenditures made or to be made in respect of the reasonable cost of goods, works and services for the Project in addition to those financed from the proceeds of the Credit.”

Section 1.08. The table set forth in paragraph 1 of Schedule 1 to the Development Credit Agreement is deleted and replaced with the table set forth in the attachment to this Agreement Amending the Development Credit Agreement.

ARTICLE II

Effective Date; Termination

Section 2.01. This Agreement Amending the Development Credit Agreement shall not become effective until:

- (a) the Borrower’s Project Account has been opened and the initial contribution

referred to in Section 3.04 (b) of the Development Credit Agreement has been deposited therein; and

(b) evidence satisfactory to the Association shall have been furnished to the Association that the execution and delivery of this Agreement Amending the Development Credit Agreement on behalf of the Borrower has been duly authorized or ratified by all necessary governmental action, and this Agreement Amending the Development Credit Agreement is legally binding upon the Borrower in accordance with its terms.

Section 2.02. As part of the evidence to be furnished pursuant to Section 2.01 of this Agreement Amending the Development Credit Agreement, there shall be furnished to the Association an opinion or opinions satisfactory to the Association showing, on behalf of the Borrower, that this Agreement Amending the Development Credit Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower and is legally binding upon the Borrower in accordance with its terms.

Section 2.03. This Agreement Amending the Development Credit Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Borrower notice of its acceptance of the evidence required by Section 2.01 of this Agreement Amending the Development Credit Agreement.

Section 2.04. If this Agreement Amending the Development Credit Agreement shall not come into force and effect by a date ninety (90) days after the date of this Agreement Amending the Development Credit Agreement, this Agreement Amending the Development Credit Agreement and all obligations of the parties hereunder shall terminate, unless the Association establishes a later date for the purposes of this Section. If this Agreement Amending the Development Credit Agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this Agreement Amending the Development Credit Agreement had not been executed.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement Amending the Development Credit Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

UNITED REPUBLIC OF TANZANIA

By /s/ Alex C. Massinda

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Pamela Cox

Acting Regional Vice President
Africa

Attachment

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil Works		100% of foreign expenditures and 95% of local expenditures
(a) Initial Financing	112,900	
(b) Supplemental Credit	250,000	
(2) Vehicles and Equipment		100% of foreign expenditures and 95% of local expenditures
(a) Initial Financing	1,508,000	
(b) Supplemental Credit	325,000	
(3) Consultants Services and Training		100%
(a) Initial Financing	2,570,000	
(b) Supplemental Credit	1,675,000	
(4) Goods, works and services for Microprojects		95%
(a) Initial Financing	650,000	
(b) Supplemental Credit	325,000	
(5) Operating Costs		95%

(a)	Initial Financing	2,159,100
(b)	Supplemental Credit	1,425,000
(6)	Unallocated	-
	TOTAL	11,000,000
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