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CREDIT NUMBER 1741 TA
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Development Grant Agreement

(Multisector Rehabilitation Credit)

between

UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator on behalf of the
MINISTER FOR DEVELOPMENT COOPERATION
OF THE NETHERLANDS

Dated

January 15, 1987

DEVELOPMENT GRANT AGREEMENT

AGREEMENT, dated as of *January 15*, 1987 between UNITED REPUBLIC OF TANZANIA (hereinafter called the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as Administrator on behalf of the MINISTER FOR DEVELOPMENT COOPERATION OF THE NETHERLANDS (hereinafter called the Association).

WHEREAS the Borrower has requested the assistance of the International Development Association and of the Government of the Netherlands in the financing of a program described in the letter of Development Policy dated October 29, 1986 referred to in Recital A of the Development Credit Agreement dated November 21, 1986, between the Recipient and the International Development Association (hereinafter called the IDA Credit Agreement);

WHEREAS in consideration of the above-mentioned requests, the Minister for Development Cooperation of the Government of the Netherlands has opened a trust account and deposited therein an amount of thirty million Dutch Guilders (DFLs 30,000,000) and has, pursuant to an Agreement dated December 11, 1986 (hereinafter called the Administration Agreement), appointed the International Development Association as Administrator of the said trust account for the purpose of providing assistance to the Recipient; and

WHEREAS, the International Development Association, as Administrator as herein before mentioned has agreed on the basis, inter alia, of the foregoing to extend the Grant to the Recipient upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the International Development Association, dated January 1, 1985, with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the International Development Association, as so modified, being hereinafter called the General Conditions):

(a) the term "Association", whenever used in the General Conditions, means the International Development Association acting as Administrator of a trust account opened pursuant to the provisions of an Agreement dated December 11, 1986, entered into between the Minister for Development Cooperation of the Netherlands and the International Development Association;

(b) the term "Development Credit Agreement", whenever used in the General Conditions, means this Development Grant Agreement;

(c) the term "Credit", whenever used in the General Conditions, means the Grant hereunder;

(d) the term "Credit Account", whenever used in the General Conditions or in this Agreement, means the account opened by the Association in its books in the name of the Recipient to which the amount of the Grant is credited;

(e) the term "Project" means the program for which the Grant is extended, as described in the IDA Credit Agreement dated November 21, 1986, and as the description thereof may be amended from time to time by agreement between the Association and the Borrower;

(f) Sections 3.02, 3.03, 3.04, 3.05, 4.01, 4.02, 4.03, 4.04, 4.06, 6.05, 7.01, 8.01 (a), 12.02 and 12.05 of the General Conditions are deleted; and

(g) in Sections 2.01 (9) and 6.02 of the General Conditions, the term "Association" shall include also the International Development Association acting in its own capacity.

ARTICLE II

The Grant

Section 2.01. The Association agrees to extend to the Recipient, on the terms and conditions herein set forth or referred to a grant in an amount of thirty million Dutch Guilders (DFLs 30,000,000).

Section 2.02. (a) The amount of the Grant may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to the IDA Credit Agreement, as such Schedule may be

amended from time to time by agreement among the parties, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods required for the Project and to be financed out of the proceeds of the Grant.

(b) Withdrawals from the Credit Account shall be made in the respective currencies in which the expenditures to be financed out of the proceeds of the Grant have been paid or are payable or, at the option of the Association, in Dutch Guilders.

Section 2.03. Except as the Association shall otherwise agree, procurement of the goods required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Schedule 2 to the IDA Credit Agreement as amended.

Section 2.04. The Closing Date shall be December 31, 1988 or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. Except as the Association shall otherwise agree, Articles III and IV of the IDA Credit Agreement are hereby incorporated into this Agreement with the same force and effect as if they were fully set forth herein, it being understood that all references in such Articles III and IV to the "Association" shall be deemed to be reference to the Association, as Administrator on behalf of the Minister for Development Cooperation of the Netherlands under this Agreement, all references to the "Development Credit Agreement" shall be deemed to be reference to this Development Grant Agreement and all references to the "Credit" shall be deemed to be reference to the Grant hereunder.

ARTICLE IV

Termination; Representation

Section 4.01. The date February 28, 1987, is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 4.02. This Agreement and all obligations of the Borrower and the Association hereunder shall terminate on the

date on which the IDA Credit Agreement shall terminate in accordance with its terms.

Section 4.03. The representative designated in Section 6.01 of the IDA Credit Agreement shall be the representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 4.04. The addresses specified in Section 6.02 of the IDA Credit Agreement shall be the addresses specified for the purposes of Section 11.01 of the General Conditions.

Section 4.05. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the IDA Credit Agreement.

ARTICLE V

Transfer of Rights and Obligations

Section 5.01. In accordance with the Administration Agreement, the rights and obligations of the Association under this Agreement may be transferred to the Minister of Development Cooperation of the Netherlands. The Recipient accepts and agrees that, upon notice by the Association to the Recipient to that effect, the Minister of Development Cooperation of the Netherlands shall ipso facto, from the date specified in such notice, be substituted in all rights and obligations of the Association under this Agreement as if the Minister of Development Cooperation of the Netherlands had been an original party to this Agreement, without any further action or formality required on the part of any party, and from such date the International Development Association shall cease to have any rights or obligations as a party under this Agreement.

IN WITNESS WHEREOF, the parties hereto, acting through representatives thereunto duly authorized, have caused this 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 *Isi A. Hyera*

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION,
as Administrator on behalf of the
MINISTER FOR DEVELOPMENT COOPERATION
OF THE NETHERLANDS

By *Isi Hans Ikysa*
Acting

Regional Vice President
Eastern and Southern Africa