

CONFORMED COPY

CREDIT NUMBER 2413 TA

(Financial and Legal Management Upgrading Project)

between

UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 4, 1992

CREDIT NUMBER 2413 TA

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 4, 1992, between UNITED REPUBLIC OF TANZANIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS: (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) the Borrower intends to obtain a grant from the Kingdom of Sweden (Swedish Grant) in an amount equivalent to \$225,000 pursuant to an agreement (the Swedish Grant Agreement) to be entered into between the Borrower and the Kingdom of Sweden; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to a letter dated April 3, 1992, from the Association to the Borrower and confirmed by the Borrower on April 16, 1992;

(b) "Special Accounts" means the accounts referred to in Section 2.02 (b) of this Agreement;

(c) "NBAA" means National Board of Accountants and Auditors, a statutory body established pursuant to the Accountants and Auditors (Registration) Act No. 33 of 1972;

(d) "IAA" means the Institute of Accountancy, Arusha, a statutory body established pursuant to the Institute of Accountancy, Arusha Act, No 1 of 1990;

(e) "IFM" means the Institute of Finance Management a statutory body established pursuant to the Institute of Finance Management Act, No. 3 of 1992;

(f) "OCAG" means the Office of the Controller and Auditor-General; and

(g) "TAC" means the Tanzania Audit Corporation, a statutory corporation established pursuant to the Tanzania Audit Corporation Act, No. 1 of 1968.

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to fourteen million six hundred thousand Special Drawing Rights (SDR 14,600,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars two special deposit accounts in its central bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be December 31, 1998, or such later date as the Association shall establish. The Association

shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next payment date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on March 1 and September 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each March 1 and September 1 commencing September 1, 2002, and ending March 1, 2032. Each installment to and including the installment payable on March 1, 2012, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United Kingdom of Great Britain and North Ireland is hereby specified for the purposes of Section 4.02 of the General Conditions.

## ARTICLE III

### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end:

- (i) shall carry out Parts A.2, B and C of the Project with due diligence and efficiency and in conformity with appropriate administrative and financial practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for such Parts of the Project; and
- (ii) without limitation or restriction upon any of its other obligations under this Agreement, the Borrower shall cause NBAA, IFM and IAA, to carry out their respective parts of Part A of the Project and shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable NBAA, IAA and IFM to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) Without limitation upon the provisions of paragraph (a) of this Section, and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out Parts A.2, B and C and cause NBAA, IFM and IAA to carry out Parts A.1, A.3 and A.4 of the Project, respectively, in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

(c) The Borrower shall make the proceeds of the Credit for Parts A.1, A.3 and A.4 of the Project, available to NBAA, IAA and IFM respectively, as grants.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. The Borrower shall: (a) ensure that the Administrator-General's Department charges realistic fees for the services rendered by the department; and (b) provide in its annual budget, a minimum amount equivalent to \$300,000 each year, adjusted for inflation, for the Administrator General's Department.

## ARTICLE IV

### Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

- (ii) furnish to the Association, as soon as available, but in any case not later than nine months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special Accounts was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE V

##### Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

(a) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that NBAA, IAA or IFM will be able to perform their respective obligations under the Project.

(b) The various Acts referred to in Section 1.02 (c), (d) and (e), shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of NBAA, IAA or IFM to perform any of their respective obligations under the Project.

(c) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of NBAA, IAA or IFM or for the suspension of their operations.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional event is specified, namely, that any event specified in paragraph (b) and (c) of Section 5.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Association to the Borrower.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely, that the Borrower has appointed the two Project Coordinators referred to in paragraphs A.2 and B.1 of Schedule 4 to this Agreement.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. Except as provided in Section 2.09 of this Agreement, the Minister at the time responsible for Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

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

|                           |        |
|---------------------------|--------|
| Cable address:            | Telex: |
| TREASURY<br>Dar es Salaam | 41329  |

For the Association:

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

|                             |  |
|-----------------------------|--|
| Cable address:              | Telex:   |
| INDEVAS<br>Washington, D.C. | 248423 (RCA)<br>82987 (FTCC)<br>64145 (WUI) or<br>197688 (TRT) |

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, 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 /s/ Charles Nyirabu  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ F. J. Aguirre-Sacasa  
Acting Regional Vice President  
Africa

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 so to be financed in each Category:

| Category                                     | Amount of the<br>Credit Allocated<br>(Expressed in<br>SDR Equivalent) | % of<br>Expenditures<br>to be Financed                              |
|--|---|---|
| (1) Civil works<br>for:                      |   | 100% of foreign<br>expenditures and<br>85% of local<br>expenditures |
| (a) NBAA                                     | 1,660,000   |   |
| (b) IAA                                      |   |   |
| (i)  | 1,160,000   |   |
| (ii)   | 1,100,000   |   |
| (2) Vehicles and<br>equipment                |   | 100% of foreign<br>expenditures and<br>90% of local<br>expenditures |
| (a) for Part A of<br>the Project             | 1,070,000   |   |
| (b) for Part B of<br>the Project             | 440,000   |   |
| (3) Training                                 |   | 100%  |
| (a) for Part A of<br>the Project             | 1,430,000   |   |
|  |   |   |
| Category                                     | Amount of the<br>Credit Allocated<br>(Expressed in<br>SDR Equivalent) | % of<br>Expenditures<br>to be Financed                              |
| (b) for Part B of<br>the Project             | 1,030,000   |   |
| (4) Consultants'<br>services                 |   | 100%  |
| (a) for Part A of<br>the Project             | 1,850,000   |   |
| (b) for Part B of<br>the Project             | 280,000   |   |
| (5) Printing for<br>Part B of the<br>Project | 1,770,000   | 100% of foreign<br>expenditures and<br>90% of local<br>expenditures |
| (6) Library books                            |   | 100% of foreign   |

|  |   |   |
|--|---|---|
| and equipment  |   | expenditures and<br>90% of local<br>expenditures                      |
| (a) for Part A of<br>the Project                     | 500,000   |   |
| (b) for Part B of<br>the Project                     | 260,000   |   |
| (7) Studies  |   | 100%  |
| (a) for Part C.1 of<br>the Project                   | 180,000   |   |
| (b) for Parts C.2 and<br>and C.3 of the<br>Project   | 100,000   |   |
|  | Amount of the<br>Credit Allocated<br>(Expressed in<br>SDR Equivalent) | % of<br>Expenditures<br>to be Financed                                |
| (8) Project Coordina-<br>tion                        |   | 100%  |
| (a) for Part A of<br>the Project                     | 150,000   |   |
| (b) for Part B of<br>the Project                     | 130,000   |   |
| (9) Refunding of<br>Project Prepara-<br>tion Advance | 180,000   | Amounts due pur-<br>suant to Section<br>2.02 (c) of this<br>Agreement |
| (10) Unallocated                                     | 1,310,000   |   |
|  | -----   |   |
| TOTAL  | 14,600,000  |   |
|  | =====   |   |

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) "Project Coordination Costs" means expenditures for the following activities with respect to Project Coordination: incremental salaries, office expenses, transport, costs of running the Project Coordinators' offices and costs involved in launching the Project Workshop.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. No withdrawal shall be made and no commitment shall be entered into to pay amounts to or on the order of the Borrower in respect of:

(a) expenditures under Category 1 (a), unless evidence satisfactory to the Association has been furnished to the Association that NBAA will make available to TAA at least three offices in the new NBAA building; and



(b) expenditures under Category 1 (b) (ii), unless the Borrower has furnished to the Association evidence satisfactory to the Association that the number of students at IAA has increased to 150.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to improve: (i) accounting and auditing; (ii) the legal and regulatory framework; and (iii) the administration of justice.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

#### Part A: Financial Management

##### 1. NBAA

(a) Strengthening of NBAA to improve the quality of accounting and auditing in the Borrower's territories through the provision of training and technical support, preparation of study manuals, and the acquisition of office equipment and vehicles.

(b) Construction of office accommodation for NBAA.

##### 2. OCAg

Strengthening of OCAg to enable it to carry out its functions of auditing all civil service accounts, through the provision of staff training and acquisition of computers, office equipment and vehicles.

##### 3. IAA

(a) Strengthening IAA to enable it to better train students for the final stages of the CPA examinations, through the provision of overseas and local training for trainers, acquisition of library books, periodicals and other library equipment, computers, other office equipment and vehicles.

(b) Extension and remodeling of IAA buildings.

##### 4. IFM

(a) Strengthening of IFM, to enable it to expand its curriculum to introduce computing courses and update other courses, through the provision of local and overseas training, acquisition of library books, periodicals and essential library equipment, as well as computer, office and classroom equipment.

(b) Acquisition of furniture for classrooms, a cooling system for their library and assembly hall and other equipment and vehicles.

#### Part B: Legal Sector

##### 1. Attorney-General's Office

(a) Strengthening and upgrading the capabilities of the staff in the Civil and International Division, Legislative Division and Administrator-General's Department in the Attorney-General's office, through the provision of training.

(b) Acquisition of library books, legal journals, shelving, office equipment and other materials, and the printing of forms for the Administrator-General's Department.

(c) Revision and printing of the Laws of Tanzania.

(d) Review of commercial and related laws, including laws that impact on private sector development.

## 2. Judiciary

(a) Strengthening the judiciary in the area of commercial law developments, and streamlining procedures to ensure speedy disposal of cases, through the provision of training for High Court Judges, Resident and District Magistrates, Registry Assistants and Registrars of the Court of Appeal and High Court.

(b) Upgrading of the High Court Library through the streamlining of procedures, training of library assistants and the acquisition of books, legal journals and materials, some shelving and library equipment.

(c) Acquisition of typewriters for the most busy magistrates courts and computers for the High Court Registries in Dar es Salaam and the eleven zonal centers.

(d) Publication of the Tanzania Law Reports.

## 3. Law Reform Commission (LRC)

Strengthening the LRC through the provision of staff training and acquisition of computers and other office equipment.

4. Strengthening of the Registrar of Companies and streamlining of its systems, to enable it to provide accurate and timely information about companies and businesses through staff training, acquisition of computers and other equipment.

## Part C: Studies

### 1. Legal Sector Study:

Carrying out of several in-depth studies of various aspects of the legal sector and the development of strategy to improve its performance.

### 2. Cost Recovery Study:

Carrying out of study of methods of increasing cost recovery in the institutions, both financial and legal, benefitting under the Project.

### 3. TAC Study:

Carrying out a study designed to recommend specific ways of giving effect to the decision to remove TAC's monopoly on the auditing of parastatals.

\* \* \*

The Project is expected to be completed by June 30, 1998.

## SCHEDULE 3

### Procurement and Consultants' Services

#### Section I. Procurement of Goods and Works

##### Part A: International Competitive Bidding

1. Except as provided in Part D hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

2. To the extent practicable, contracts for civil works shall be

grouped into bid packages estimated to cost the equivalent of \$2,000,000 or more and contracts for goods shall be grouped into bid packages estimated to cost the equivalent of \$100,000 or more.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Tanzania may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. Items or groups of items for goods estimated to cost the equivalent of \$100,000 or less per contract, up to an aggregate amount equivalent to \$600,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Items or groups of items for goods to cost the equivalent of \$30,000 or less per contract, up to an aggregate amount equivalent to \$300,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part E: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for civil works estimated to cost the equivalent of \$1,000,000 or more and goods estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Accounts, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Accounts in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Accounts, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project,

the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

#### SCHEDULE 4

##### Implementation Program

###### Part A of the Project

###### 1. Project Coordination

The Borrower shall appoint and maintain until Project completion a Project Coordinator (FMCC) in NBAA to coordinate the financial management component of the Project. The FMCC shall coordinate and report on Project implementation and supervision, as well as acting as liaison with the Association with respect to all documentation. The FMCC shall prepare, by June 30 in each year, a detailed Annual Work Program for Part A of Project including budgets, financial and physical targets, procurement, disbursements, and training targets all in accordance with a form and context acceptable to the Association.

2. NBAA, IFM and IAA shall each be responsible for implementing its respective Project components.

3. NBAA shall issue accounting and auditing standards in accordance with a schedule acceptable to the Association.

###### Part B of the Project

###### 1. Project Coordination

The Borrower shall appoint and maintain until Project completion a Project Coordinator (LSCC) in the Attorney-General's office to coordinate on the implementation of all components concerned with the legal sector. The LSCC shall prepare, by June 30 in each year, a detailed Annual Work Program for Part B of the Project, including budgets, targets for procurement, disbursements and training, all in accordance with a form and context acceptable to the Association.

2. The Borrower shall maintain, until Project completion, a Legal Component Committee (LCC), chaired by the Deputy Attorney-General, and consisting of representatives from the Civil and International, and Legislative Divisions, Administrator-General's Department, Law Reform Commission, Judiciary and Registrar of Companies. The LCC shall meet at least once every quarter and shall review progress in carrying out Part B of the Project and resolving any outstanding issues.

3. The Borrower shall, by May 31, 1993, complete the review of the laws referred to in Part B.1 (d) of the Project and furnish to the Association for its review and comments the recommendations of such review.

4. The Borrower shall complete the revision of the Laws of Tanzania by March 31, 1993.

5. The Borrower shall, not later than October 31, 1992, take measures to ensure that the LSCC and FMCC attend procurement training at the Eastern and Southern Africa Management Institute (ESAMI).

###### Part C of the Project

###### 1. Legal Sector Study

(a) The Borrower shall, by December 31, 1992, establish a Task Force to coordinate activities for the legal sector study. The Task Force shall be headed by an eminent lawyer, with representation from inter alia the Judiciary, Attorney-General's Office, Law Society, and the Law Faculty of the University of Dar es Salaam. The Task Force shall supervise the work of the various specialists undertaking the studies and organize workshops to discuss the studies.

(b) The Borrower shall furnish to the Association and Donors, the strategy for the sector and organize a Donor's conference to discuss the strategy no later than December 31, 1993.

## 2. Cost Recovery Study

The Borrower shall, by December 31, 1993, furnish to the Association for its review the report of the cost recovery study.

## 3. TAC Study

The Borrower shall, by June 30, 1993, furnish to the Association for its review and comments the recommendations of the TAC Study, and promptly thereafter implement such recommendations taking the Association's comments into account.

## Mid-term Review

The Borrower shall, no later than June 30, 1995, carry out jointly with the Association and Sweden a mid-term review of the Project. The review shall, inter alia, review progress in implementation, continued relevance of Project assumptions, the need for expanded student and staff residential accommodations at IAA, actions needed to start implementation of the various aspects of the legal sector strategy, including the review of various laws.

## SCHEDULE 5

### Special Account

#### 1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) (a), (1) (b)(i) and (ii), (2) (a), (3) (a), (4) (a), (6) (a), (7) (a) and (8) (a) for the Financial Special Account, and Categories (2) (b), (3) (b), (4) (b), (5), (6) (b), (7) (b) and (8) (b) for the Legal Special Account set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$500,000 for the Financial Special Account, and \$500,000 for the Legal Special Account to be withdrawn from the Credit Account and deposited in the Special Accounts pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Accounts have been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Accounts shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the

Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Accounts such amount or amounts as the Borrower shall have requested.

- (b) (i) For replenishment of the respective Special Accounts, the Borrower shall furnish to the Association requests for deposits into a Special Account at such intervals as the Association shall specify.
- (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Accounts such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of that Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Accounts, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Accounts:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to Parts A and B of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for the Project shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Accounts: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association (A) provide such additional evidence as the Association may request, or (B) deposit into the Special Accounts

(or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Accounts shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Accounts will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Accounts.

(d) Refunds to the Association made pursuant to paragraph 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

