

CONFORMED COPY

CREDIT NUMBER 3379-TA

Development Credit Agreement

(Programmatic Structural Adjustment Credit)

between

THE UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 21, 2000

CREDIT NUMBER 3379-TA

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 21, 2000 between THE UNITED REPUBLIC OF TANZANIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received from the Borrower a letter dated May 8, 2000, (hereinafter called the Letter of Development Policy or LDP) describing a program of actions, objectives and policies designed to achieve structural adjustment of the Borrower's economy for the period FY2000-2004 (the Program), declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during the execution thereof;

(B) On the basis, inter alia, of the foregoing, the Association has decided, in support of the first phase of the Program covering FY2000-2002 to provide such assistance to the Borrower by making the Credit in five tranches as hereinafter provided;

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, (as amended through December 2, 1997) with the modifications thereof set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) Section 2.01, paragraph 12, is modified to read:

"'Project' means the program, referred to in the Preamble to the Development Credit Agreement, in support of which the Credit is made.";

(b) A new paragraph (c) is added to Section 3.04 to read:

"If the Association shall at any time receive less than the full amount then due and payable to it under the Development Credit Agreement, the Association shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Development Credit Agreement as the Association shall in its sole discretion determine."

(c) Section 4.01 is modified to read:

"Except as the Borrower and the Association shall otherwise agree, withdrawals from the Credit Account shall be made in the currency of the deposit account specified in Section 2.02 of the Development Credit Agreement.";

(d) Section 5.01 is modified to read:

"The Borrower shall be entitled to withdraw the proceeds of the Credit from the Credit Account in accordance with the provisions of the Development Credit Agreement and of these General Conditions";

(e) The last sentence of Section 5.03 is deleted;

(f) Section 9.06 (c) is modified to read:

"(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, the Borrower shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the program referred to in the Preamble to the Development Credit Agreement, the performance by the Borrower and the Association of their respective obligations under the Development Credit Agreement and the accomplishment of the purposes of the Credit.";

(g) Section 9.04 is deleted and Sections 9.05, 9.06 (as modified above), 9.07 and 9.08 are renumbered, respectively, Sections 9.04, 9.05, 9.06 and 9.07; and

(h) Section 11.01 is modified by replacing, in the second sentence, the word "radiogram" with the word "facsimile" and adding a new sentence at the end of the said Section to read:

"Deliveries made by facsimile transmission shall also be confirmed by mail."

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) "Deposit Account" means the account referred to in Section 2.02 (b) of this Agreement;

(b) "FY" means Fiscal Year of the Borrower commencing July and ending June 30;

(c) "MTEF" means Medium Term Expenditure Framework;

(d) "Land Act" means the Land Act Number 4 of 1999 of the laws of the Borrower;

(e) "TRA" means Tanzania Revenue Authority established pursuant to the Tanzania Revenue Authority Act Number 11 of 1995 of the laws of the Borrower;

(f) "TANROADS" means Tanzania National Roads Agency, an Executive Agency of the Ministry of Works established, pursuant to the Executive Agencies Act, 1997 of the laws of the Borrower;

(g) "TIC" means the Tanzania Investment Center, established pursuant to the Tanzania Investment Act Number 26 of 1997 of the laws of the Borrower;

(h) "BOT" means Bank of Tanzania, the Borrower's Central Bank, established pursuant to the Bank of Tanzania Act Number 1 of 1995 of the laws of the Borrower;

(i) "VAT" means Value Added Tax established pursuant to the Value Added Tax Act November 24 of 1997 of the laws of the Borrower;

(j) "TTCL" means Tanzania Telecommunications Company Ltd established pursuant to the Tanzania Telecommunications Company Incorporation Act Number 20 of 1993 of the laws of the Borrower;

(k) "TANESCO" means Tanzania Electric Supply Company, incorporated under the Companies Ordinance Cap 212 of the laws of the Borrower,

(l) "DAWASA" means the Dar es Salaam Water Supply and Sewerage Authority, established pursuant to Water Laws (Miscellaneous Amendment) Act 1997 which amended the National Urban Authority Act of 1981 of the laws of the Borrower;

(m) "NMB" means National Microfinance Bank established, pursuant to the National Microfinance Bank Limited Incorporation Act Number 22 of 1997 of the laws of the Borrower;

(n) "NIC" means National Insurance Corporation of Tanzania Ltd established, pursuant to the Insurance (Vesting of Interest and Regulation) Act, 1967 of the laws of the Borrower;

(o) "MOF" means the Ministry of Finance;

(p) "Tranche" means each of the following: (i) the Effectiveness Tranche; (ii) the Short-Term Tranche; (iii) the Economic Governance Tranche; (iv) the Business Environment Tranche or (v) the Privatization and Regulation Tranche, as hereinafter defined;

(q) "Effectiveness Tranche" means the Tranche referred to in Category 1 of paragraph 1 of Schedule 1 to this Agreement to be released

by the Association on or after the Effective Date;

(r) "Short-Term Tranche" means the Tranche referred to in Category 2 of paragraph 1 of Schedule 1 to this Agreement, to be released by the Association on or after the date on which the conditions referred to in Part 1 of Schedule 2 to this Agreement have been met;

(s) "Economic Governance Tranche" means the Tranche referred to in Category (3) of paragraph 1 of Schedule 1 to this Agreement, to be released by the Association on or after the date on which the conditions referred to in Part 2 of Schedule 2 to this Agreement have been met;

(t) "Business Environment Tranche" means the Tranche referred to in Category (4) of paragraph 1 of Schedule 1 to this Agreement, to be released by the Association on or after the date on which the conditions referred to in Part 3 of Schedule 2 to this Agreement have been met;

(u) "Privatization and Regulation Tranche" means the Tranche referred to in Category (5) of paragraph 1 of Schedule 1 to this Agreement, to be released by the Association on or after the date on which the conditions referred to in Part 4 of Schedule 2 to this Agreement have been met;

(v) "bring to the point of concession" means that the Borrower has taken the following steps: (i) invited firms to prequalify; (ii) carried out the prequalification exercise and has announced the prequalified bidders (if any); (iii) invited the prequalified bidders to submit financial proposals; (iv) announced in the press the results of financial proposals submitted by bidders; and (v) selected the concessionaire (if any), all in accordance with the Manual for Privatization Procedures and Process Guidelines, November 1999, issued by the Borrower;

(w) "NARCO" means National Ranching Company established in 1974 under the Companies Ordinance, Cap 212 of the laws of the Borrower; and

(x) "NAFCO" means National Agricultural and Food Corporation established by Act Number 17 of 1969 of the laws of the Borrower.

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 the Development Credit Agreement, an amount in various currencies equivalent to one hundred forty-one million eight hundred thousand Special Drawing Rights (SDR 141,800,000).

Section 2.02. (a) Subject to the provisions of paragraphs (b), (c) and (d) of this Section, the Borrower shall be entitled to withdraw the proceeds of the Credit from the Credit Account in support of the Program.

(b) The Borrower shall open, prior to furnishing to the Association the first request for withdrawal from the Credit Account, and thereafter maintain in its central bank, a deposit account in US dollars on terms and conditions satisfactory to the Association. All withdrawals from the Credit Account shall be deposited by the Association into the Deposit Account.

(c) The Borrower undertakes that the proceeds of the Credit shall not be used to finance expenditures excluded pursuant to the provisions of Schedule 1 to this Agreement. If the Association shall have determined at any time that any proceeds of the Credit shall have been used to make a payment for an expenditure so excluded, the Borrower

shall, promptly upon notice from the Association, (i) deposit into the Deposit Account an amount equal to the amount of said payment, or (ii) if the Association shall so request, refund such amount to the Association. Amounts refunded to the Association upon such request shall be credited to the Credit Account for cancellation.

(d) No withdrawals shall be made from the Credit Account after the aggregate of the proceeds of the Credit withdrawn from the Credit Account shall have reached the equivalent of SDR 22,400,000, unless the Association shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Association:

- (i) with the progress achieved by the Borrower in the carrying out of the Program;
- (ii) that the macroeconomic policy framework of the Borrower is satisfactory, as measured on the basis of indicators agreed between the Borrower and the Association ; and
- (iii) that the actions described in Schedule 2 to this Agreement have been taken in respect of the respective Tranche.

If, after said exchange of views, the Association is not so satisfied, the Association may give notice to the Borrower to that effect and, if within 90 days after such notice, the Borrower shall not have taken steps satisfactory to the Association, in respect of (i), (ii) and (iii) above, then the Association may, by notice to the Borrower, cancel the unwithdrawn amount of the Credit or any part thereof.

Section 2.03. The Closing Date shall be June 30, 2002 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 and 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 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 April 1 and October 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below,

the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each April 1 and October 1, commencing October 1, 2010 and ending October 1, 2040. Each installment to and including the installment payable on April 1, 2020 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 per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; 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 the Association of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by: (A) 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; and (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above 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.

(d) 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 States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Particular Covenants

Section 3.01. (a) The Borrower and the Association shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Schedule 2 to this Agreement.

(b) Prior to each such exchange of views, the Borrower shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request.

(c) Without limitation upon the provisions of paragraph (a) of this Section, the Borrower shall exchange views with the Association on any proposed action to be taken after the disbursement of the Credit which would have the effect of materially reversing the objectives of the Program, or any action taken under the Program, including any action specified in Schedule 2 to this Agreement.

Section 3.02. Upon the Association's request, the Borrower shall:

(a) have the Deposit Account audited in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(b) furnish to the Association as soon as available, but in any case not later than four months after the date of the Association's request for such audit, 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

(c) furnish to the Association such other information concerning the Deposit Account and the audit thereof as the Association shall have reasonably requested.

ARTICLE IV

Additional Event of Suspension

Section 4.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional event is specified, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

ARTICLE V

Termination

Section 5.01. 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 VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of the Borrower at the time responsible for Finance is designated as the representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. 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
United Republic of Tanzania

Facsimile:

Cable address:

Telex:

TREASURY
Dar es Salaam

255 51 110 326 41329

For the Association:

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

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

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Dar-es-Salaam, Tanzania, as of the day and year first above written.

UNITED REPUBLIC OF TANZANIA

By /s/ Daniel N. Yona
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Benno Ndulu
Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the
Credit and Excluded Expenditures

1. Subject to the provisions set forth or referred to in this Schedule, the table below sets forth the amounts allocated to specific Tranches to be withdrawn from the Credit Account:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	Percent of Expenditures to be Financed
(1) Effectiveness Tranche	22,400,000	100%
(2) Short Term Tranche	29,850,000	100%
(3) Economic Governance Tranche	29,850,000	100%
(4) Business Environment Tranche	29,850,000	100%
(5) Privatization and Regulation Tranche	29,850,000	100%
TOTAL	141,800,000	

Notwithstanding the provisions of paragraph 1 above, for purposes of Section 2.02 (c) of this Agreement, the proceeds of the Credit shall not be used to finance any of the following expenditures:

1. expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;

2. expenditures for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association shall have financed or agreed to finance, or which the Bank or the Association shall have financed or agreed to finance under another credit or a loan;

3. expenditures for goods included in the following groups or subgroups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Borrower:

Group	Subgroup	Description of Items
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured, tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semiprecious stones, unworked or worked
718 fuel	718.7	Nuclear reactors, and parts thereof; elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	-	Gold, non-monetary (excluding gold ores and concentrates)

4. expenditures for goods intended for a military or paramilitary purpose or for luxury consumption;

5. expenditures for environmentally hazardous goods (for purposes of this paragraph the term "environmentally hazardous goods" means goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party, and any other goods designated as environmentally hazardous by agreement between the Borrower and the Association);

6. expenditures (a) in the territories of any country which is not a member of the Bank or for goods procured in, or services supplied from, such territories or (b) on account of any payment to persons or entities, or any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations;

7. expenditures under a contract in respect of which the Association determines that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Credit during the procurement or execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Association to remedy the situation; and

8. Notwithstanding the provisions of paragraph (1) above, withdrawals may be made by the Borrower in respect of Categories (2), (3), (4) or (5) of the table in paragraph 1 of this Schedule, at any time when the

Association shall be satisfied after an exchange of views as described in Section 3.01 of this Agreement, based on evidence satisfactory to the Association that (a) the requirements of Schedule 2 to this Agreement attached to the respective Tranche have been fulfilled, and (b) the Borrower has fulfilled the requirements of Section 2.02 (d) of this Agreement.

SCHEDULE 2

Actions Referred to in Section 2.02 (d) of this Agreement

Part 1: Conditions for the Release of the Short-Term Tranche

1. The Borrower has (a) prepared a MTEF for FY01-03, and (b) approved the budget for FY01, consistent with the MTEF, which reflects (i) an increase in the share of the total allocation to the priority areas (basic education, primary health, water, rural roads, judiciary, agricultural research and extension, activities to combat HIV/AIDS) in total discretionary recurrent expenditures of at least two percentage points over the FY00 budget; and (ii) an increase in the share of the allocation to "Other Charges" for the priority areas, referred to in (i) above, in total discretionary recurrent expenditures of at least two percentage points over the FY00 budget, as provided in paragraph 20 of the LDP.
2. The Borrower has: (a) based on the business plan adopted by the NMB Board on November 9, 1999 revised and approved the memorandum of understanding, dated December 5, 1998, between NMB, the Borrower's Ministry of Finance and the Bank of Tanzania; and (b) approved a strategy for divestiture of NMB; all in accordance with paragraph 46 of the LDP.
3. The Borrower has: (a) issued (published in its Official Gazette) the Land Regulations (i) making the new Land Act effective, and (ii) ensuring that land can be used as collateral for commercial transactions; and (b) disseminated the Land Regulations widely to the public through the local press; all in accordance with paragraph 28 of the LDP.
4. The Borrower has adopted policies to be applied consistently for the treatment of: (a) retrenched employees of the public enterprises, and (b) public enterprise debt; all in accordance with paragraph 39 of the LDP.
5. The Borrower has brought DAWASA to a point of concession/lease, in accordance with paragraph 43 of the LDP.

Part 2: Conditions for the Release of the Economic Governance Tranche

1. The Borrower has: (a) rolled out the computerized Integrated Financial Management System (IFMS) to all ministries and all sub-treasuries; (b) taken measures to ensure that only IFMS is used as the central government budgeting, accounting and financial management system for the recurrent expenditures; and (c) reclassified the development budget according to the Government Finance Statistics (GFS) classification; all in accordance with paragraph 21 of the LDP.
2. The Borrower has: (a) carried out corruption diagnostic surveys with the objective of identifying systemic weaknesses which may be conducive to corrupt practices in the Ministries of Works, Education and Culture, Health, and Home Affairs; the Judiciary, Attorney General's office, and TRA; and (b) approved operational strategies to combat and prevent corruption in each of the institutions referred to in (a) above; all in accordance with paragraph 22 of the LDP.
3. (a) The Borrower has presented to Parliament for approval a new procurement law and has issued regulations to permit greater transparency and promote integrity in the procurement of public works, goods and

services, as provided in paragraph 22 of the LDP.

(b) The Central Tender Board has adopted a decision to publish in the local press the results of public tenders, as provided in paragraph 22 of the LDP.

4. The Borrower has developed and approved strategic and annual plans, and performance budgets in the ministries of Agriculture and Cooperatives, Education and Culture, Health, Water, and in the Civil Service Department with the objective of enhancing efficiency and quality in the delivery of public services, as provided in paragraph 23 of the LDP.

5. The Borrower has transferred the responsibility for the management and operation of the trunk and regional roads network to TANROADS, in accordance with paragraph 23 of the LDP.

Part 3: Conditions for the Release of the Business Environment Tranche

1. The Borrower has restructured TIC consistent with the revised Investment Act 1997, and implemented the new organization structure with new corporate strategy, including competitive recruitment of TIC staff based on qualification, experience and integrity, in accordance with paragraph 25 of the LDP.

2. The Borrower has approved the commercial court project plan, taking into account relations with the existing court system, as provided in paragraph 26 of the LDP.

3. The Borrower has submitted the new companies legislation to Parliament for approval, as provided in paragraph 27 of the LDP.

4. The Borrower has issued regulations under the Local Government Act rationalizing the use of physical controls constraining crop movements within the country and across international borders to periods of national emergency only; and subjected such movements to the existing trade procedures, in accordance with paragraph 30 of the LDP.

5. The Borrower has: (a) issued regulations/rules to make the unified tax appeal system operational; (b) expedited the payments of VAT refunds within the period provided under the law; (c) under the Finance Bill 2000 (i) eliminated 46 items out of the 52 items subject to excise tax; and (ii) rationalized the differential rates of withholding taxes among the different economic sectors, other than mining, infrastructure, and the stock exchange; all as provided in paragraph 32 of the LDP.

6. The Borrower has: (a) begun to enforce the limit for crop/livestock cess as provided under the Finance Act, 1999; and (b) begun to implement exemptions from stamp duty on proceeds from agricultural trade transactions; all as provided in paragraph 33 of the LDP.

7. The Borrower has approved and implemented a proposal to relax restrictions on foreign portfolio investment in the Dar es Salaam Stock Exchange, with appropriate safeguards, as provided in paragraph 29 of the LDP.

Part 4: Conditions for the Release of the Privatization and Regulation Tranche

1. The Borrower has: (a) presented to Parliament for approval the necessary enabling legislation for the establishment of independent cross-sectoral regulatory institutions covering telecommunication, broadcasting, electricity, water, railways, aviation and ports/maritime sectors, with the objective of establishing a coherent, modern and pro-competition market structures and regulatory frameworks; and (b)

presented to Parliament for approval the necessary amendments to current legislation related to the sectors referred to in (a) above with the objective of making such legislation consistent with the enabling legislation referred to in (a) above, as provided for in paragraphs 35, 36 and 37 of the LDP.

2. The Borrower has issued technical regulations under the Petroleum Conservation Act of 1981 ensuring the quality and safety of petroleum products, in accordance with paragraph 38 of the LDP.

3. The Borrower has approved a strategy for the privatization of all Tanzania Harbors Authority (THA) services and the sale of non-core assets, with the exception of the Dar es Salaam Container Terminal, in accordance with paragraph 40 of the LDP.

4. The Borrower has approved a strategy for reorganizing TANESCO and restructuring the electricity sector with the objective of introducing competition in the generation and distribution of electric power, in accordance with paragraph 42 of the LDP.

5. The Borrower has brought TRC's rail services to a point of concession/lease, in accordance with paragraph 45 of the LDP.

6. The Borrower has: (a) carried out an audit, property valuation, and actuarial study of NIC, and (b) approved a strategy for the divestiture of NIC, in accordance with paragraph 47 of the LDP.

7. The Borrower has developed and approved options for divesting or liquidating: (a) the remaining cashew nut processing plants, (b) NARCO ranches, and (c) NAFCO wheat, rice and maize farms, in accordance with paragraph 49 of the LDP.

