

Public Disclosure Authorized

OFFICIAL DOCUMENTS

CREDIT NUMBER 5819-TZ

Financing Agreement

(Education and Skills for Productive Jobs Program)

between

Public Disclosure Authorized

THE UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 28, 2016

CREDIT NUMBER 5819-TZ

FINANCING AGREEMENT

AGREEMENT dated July 28, 2016, entered into between THE 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 eighty five million two hundred thousand Special Drawing Rights (SDR 85,200,000) (variously, "Credit" and "Financing"), to assist in financing the program described in Schedule 1 to this Agreement ("Program").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.
- 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 May 1 and November 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 — PROGRAM

- 3.01. The Recipient declares its commitment to the objective of the Program. To this end, the Recipient shall carry out the Program - or cause the Program to be carried out - through its MoESTVT 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 Program is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that an action has been taken or a policy has been adopted which results in any significant reversal of Program activities and/or any activity implemented pursuant to the Program Action Plan.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement has occurred and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Recipient has approved the National Skills Development Strategy; and
 - (b) the Recipient has adopted the Program Implementation Plan satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.03. 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 (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. Except as provided in Section 2.02 of this Agreement, the Recipient's Representative is its minister responsible for finance.

6.02. The Recipient's Address is:

Ministry of Finance and Planning

1 Madaraka Street
P.O. Box 9111
11468 Dar es Salaam
The United Republic of Tanzania

Facsimile:

(255) 222 11 0326

6.03. The Association's Address is:

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

Cable:

INDEVAS
Washington, D.C

Telex:

248423 (MCI)

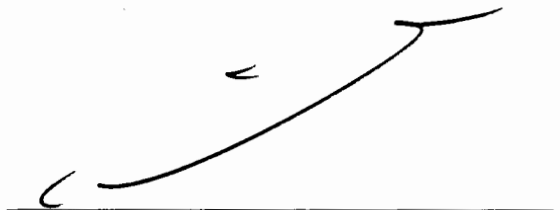
Facsimile:

1-202-477-6391

AGREED at Dar es Salaam, The United Republic of Tanzania, as of the day and year first above written.

THE UNITED REPUBLIC OF TANZANIA

By



Authorized Representative

Name: Dr. S. B. Libeshele

Title: Permanent Secretary

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: PREETI ARORA

Title: AI COUNTRY DIRECTOR

SCHEDULE 1

Program Description

The objective of the Program is to strengthen the institutional capacity of the Recipient's skills development system and to promote the expansion and quality of labor market driven skills development opportunities in select economic sectors.

The Program consists of, *inter alia*, the following:

1. Support for: (a) the Recipient's National Skills Development Strategy (NSDS) in the Targeted Sectors and Implementation Plan over the 2016-2021 period; (b) the following, *inter alia*, skills within the Targeted Sectors: (i) alternative training, including short term training, entrepreneurship training, apprenticeships for low skilled youth, internships and other firm-based training; (ii) vocational and technical education and training; and (iii) university level programs; and (c) a variety of institutions at different levels and under different line ministries to build up the skills base for particular sectors across a wide range of competency levels.
2. Support to: (a) strengthen the institutional capacity of the skills development system through measures to improve, *inter alia*: (i) coordination of skills development policies and initiatives at the national and sector levels; (ii) effective quality assurance; (iii) public-private sector cooperation in the governance and delivery of education and training; and (iv) forecasting and monitoring information system for skills demand and supply to inform skills policies and programs; and (b) promote the expansion and quality of training service delivery for beneficiaries at different education levels in the Targeted Sectors, including through: (i) the establishment of a competitive, results-based Skills Development Fund (SDF) accessible to public and private training providers; and (ii) the establishment of a need-based Trainee Voucher Scheme (TVS) for low income youth.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article IV of the General Conditions: the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Association including those set forth in the ESSA and the Program Action Plan (“Program Fiduciary, Environmental and Social Systems”) which are designed to ensure that:

- (a) the Financing proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
- (b) the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Anti-Corruption

Without limitation on the provisions of Part A of this Section, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines.

C. On-financing Arrangements

- 1. To facilitate the carrying out of the Program, the Recipient shall make the proceeds of the Financing available to institutions and entities involved in Program implementation in accordance with the Recipient’s standard arrangements for education sector financing.
- 2. Notwithstanding paragraph 1 above, in the event that any provision of this Agreement, including the instructions that the Association shall have specified by notice to the Recipient pursuant to Section IV.A.1 of this Schedule, were to be found inconsistent with the Recipient’s standard arrangements for education sector financing, the provisions of this Agreement and related instructions shall govern.

3. The Recipient shall protect its own interests and the interests of the Association while implementing the on-financing arrangements, in order to accomplish the purposes of the Financing.

D. Program Institutions

Without limitation upon Part A of this Section, the Recipient shall maintain at all times during Program implementation adequate institutional arrangements as further detailed in the Program Operational Manual, satisfactory to the Association, as necessary to achieve the objectives of the Program, , including the following Program Institutions:

MoESTVT

The Recipient through its MoESTVT shall be responsible for overall implementation of Program activities at all times during the implementation of the Program and shall take or cause to be taken, all actions including the provision of funds, personnel and other resources to enable the MoESTVT to perform its respective functions under the Program.

E. Program Operational Manual

1. The Recipient shall prepare no later than four months after the Effective Date a Program operational manual in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Program including *inter alia*: (a) disbursement and flow of funds arrangements; (b) institutional arrangements; (c) financial management, governance and procurement systems; (d) environmental and social management systems including the ESSA and operation of grievance redress mechanism; (e) monitoring and evaluation, reporting and communication, including Program indicators; (f) Program Action Plan; (g) detailed arrangements for verification of achievement of the DLIs (including the Verification Protocol); (h) an operations manual for the Skills Development Fund; (i) an operations manual for the Trainee Voucher Scheme; (j) the earlier adopted Program Implementation Plan; and (k) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Program.
2. The Recipient shall: (a) furnish to and exchange views with the Association on such manual promptly upon its preparation; and (b) thereafter adopt such manual as shall have been approved by the Association (“Program Operational Manual”).
3. The Recipient shall ensure that the Program is carried out in accordance with the arrangements and procedures set out in the Program Operational Manual (“POM”) (provided, however, that in case of any conflict between the arrangements and procedures set out in the POM and the provisions of this Agreement, the provisions

of this Agreement shall prevail), and shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the POM or any of its provisions without prior approval in writing by the Association. Notwithstanding the foregoing, if any provision of said Program Operational Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

F. DLI Verification Arrangements

1. The Recipient shall appoint and thereafter maintain, at all times during the implementation of the Program, an independent verification agent under terms of reference acceptable to the Association (Independent Verification Agent), to verify the data and other evidence supporting the achievement of one or more Disbursement Linked Indicators (DLIs) as set forth in the table in Section IV.A.2. of this Schedule 2 and recommend corresponding payments to be made, as applicable.
2. The Recipient shall: (a) ensure that the Independent Verification Agent carries out verification process(es) in accordance with the Verification Protocol agreed with the Association; (b) submit to the Association the corresponding verification reports in a timely manner and in form and substance satisfactory to the Association.
3. In the event there is a need for verification services prior to the appointment of the Independent Verification Agent in accordance with paragraph 1 above, the Recipient shall put in place adequate interim arrangement satisfactory to the Association and approved in writing by the Association for verification of the DLIs.

G. Program Action Plan

Without limitation to the provision of Section I.D of this Schedule the Recipient shall carry out the Program Action Plan, or cause the Program Action Plan to be carried out, in a manner satisfactory to the Association.

Section II. Excluded Activities

The Recipient shall ensure that the Program excludes any activities which:

- A. in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- B. involve the procurement of: (1) works, estimated to cost U.S. Dollars fifty million (USD 50,000,000) equivalent or more per contract; (2) goods, estimated to cost U.S. Dollars thirty million (USD 30,000,000) equivalent or more per contract; (3)

non-consulting services, estimated to cost U.S. Dollars twenty million (USD 20,000,000) equivalent or more per contract; or (4) consultants' services, estimated to cost U.S. Dollars fifteen million (USD 15,000,000) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation; Audits

A. Program Reports

1. The Recipient shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 4.08 of the General Conditions. Each Program Report shall cover the period of one Fiscal Year, and shall be furnished to the Association not later than six (6) months after the end of the period covered by such report.
2. The Recipient shall: (a) on or about the date twenty four (24) months after the Effective Date (or such earlier or later date as agreed with the Association), prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Program during the period preceding the date of the mid-term report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Part A, and setting out the measures recommended to ensure the continued efficient carrying out of the Program and the achievement of its objectives during the period following such date; (b) undertake in conjunction with all Program Institutions as set forth in the POM a comprehensive mid-term review of the Program during which it shall exchange views with the Association and Program Institutions on all matters relating to the progress of the Program and the mid-term report, on or about the date one month after its submission; and (c) following the mid-term review, the Recipient shall act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Program and shall take all measures required to ensure the continued efficient implementation of the Program and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter.

B. Program Financial Audits

1. Without limitation on the generality of Section I.A of this Schedule 2 and Section 4.09 of the General Conditions, the Recipient shall have the 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. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

2. Without limitation on the generality of Section I.A of this Schedule 2 and Section 4.09 of the General Conditions, the Recipient shall ensure that the Program Institutions, as detailed in the POM, shall each produce quarterly internal audit reports and their audit committees shall meet on a quarterly basis to follow up on audit recommendations.

C. Procurement Audit and Value for Money Audit

Without limitation upon the provisions of Part B of this Section III, the Recipient shall carry out under terms of reference satisfactory to the Association: (a) in each Fiscal Year (“FY”) beginning with FY2017/18 an audit of contracts procured in the preceding FY and furnish said audit to the Association not later than six months after the end of the FY to which said audit relates; and (b) a Value for Money Audit, such audit to be undertaken every two years until the Closing Date referred to in Section IV.B.4 of this Schedule. To this end, the Recipient shall take all actions including the provision of funding, personnel and other resources to carry out said audits.

D. Annual Performance Assessment

Without limitation upon the provisions of Part A of this Section III, the Recipient shall, for each Fiscal Year during the implementation of the Program: (a) carry out, in accordance with the POM, an Annual Performance Assessment (“APA”) covering the previous FY; (b) furnish said APA, not later than six (6) months after the end of said FY, to the Association; and (c) ensure that the APA takes into account the findings of the Procurement Audit in Part C of this Section III above.

Section IV. Withdrawal of Program Credit Proceeds

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 may specify from time to time by notice to the Recipient to finance the Program Expenditures, on the basis of the results achieved by the Recipient, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”); all as set forth in the table in paragraph 2 of this Part A.
2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the Disbursement Linked Indicators as applicable) (“Category), the allocation of the amounts of the Financing to each Category, and the disbursement calculation formula for each Category (as applicable):

Category (including Disbursement Linked Indicator as applicable)	Amount of the Financing Allocated (expressed in SDR)	DLI Baseline	Indicative Timetable for DLI achievement	Disbursement Calculation Formula
DLI 1: National Skills Council and NSC Secretariat operational	7,100,000	No	FY2016/17	Full amount on completion if completed within the first 24 months upon the Effective Date; 10% reduction on the full amount for each successive FY
DLI #2: Skills Development Fund operational	4,970,000	No	FY2016/17	Full amount on completion if completed within the first 24 months upon the Effective Date; 20% reduction on the full amount for each successive FY
DLI 3: Trainee Voucher Scheme operational	4,970,000	No	FY2016/17- FY2017/18	Full amount on completion if completed within the first 24 months upon the Effective Date; 25% reduction on the full amount for each successive FY
DLI 4: Completion of annual capacity building activities for Program Institutions as set forth in the POM	4,260,000	No	FY2016/17, FY2017/18, FY2018/19, FY2019/20, FY2020/21	SDR2,130,000 in FY2016/17, SDR532,500 in each remaining FY; payment pro-rated for proportion of planned capacity building budget spent according to annual Capacity Building Plan

Category (including Disbursement Linked Indicator as applicable)	Amount of the Financing Allocated (expressed in SDR)	DLI Baseline	Indicative Timetable for DLI achievement	Disbursement Calculation Formula
DLI 5: Agreed allocations of additional sources of funds, including SDL, deposited into SDF and/or TVS accounts as set forth in the POM	7,100,000	0	FY2018/19, FY2019/20, FY2020/21	SDR4,260,000 in FY18/19; SDR1,420,000 annually in FY2019/20, FY2020/21 if agreed amount paid into both or one of the accounts
DLI 6: Sector Skills Councils established	5,680,000	0	FY2016/17, FY2017/18, FY2018/19, FY2019/20, FY2020/21	SDR 1,420,000 per SSC established in FY2016/17, FY2017/18, FY2018/19; SDR 710,000 per SSC established in FY2019-20; FY2020/21. Disbursement for maximum of four SSCs.
DLI 7: Number of training providers submitting complete data set upon agreed variables list in POM to TCU, VETA, NACTE, and TCU records/SMIS	4,260,000	0	FY2016/17, FY2017/18, FY2018/19, FY2019/20, FY2020/21	SDR1,065,000 maximum per year, payable as % of target reached
DLI 8: Number of students benefitting from at least one month internship/ apprenticeship work-based opportunities relevant to their field	7,100,000	0	FY2016/17, FY2017/18, FY2018/19, FY2019/20, FY2020/21	SDR888 per trainee up to a total maximum amount of SDR7,100,000
DLI 9: Number of training programs receiving financing from the Skills Development Fund	4,260,000	0	FY2016/17, FY2017/18, FY2018/19, FY2019/20, FY2020/21	SDR42,600 per training program up to a total maximum amount of SDR4,260,000

Category (including Disbursement Linked Indicator as applicable)	Amount of the Financing Allocated (expressed in SDR)	DLI Baseline	Indicative Timetable for DLI achievement	Disbursement Calculation Formula
DLI 10: Number of trainees enrolled in alternative, TVET and university training programs in key economic sectors funded by the Skills Development Fund or the Trainee Voucher Scheme	35,500,000	0	FY2016/17, FY2017/18, FY2018/19, FY2019/20, FY2020/21	SDR1,136 per trainee up to a total maximum of SDR35,500,000
TOTAL	85,200,000			

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for purposes of Section 2.05 of the General Conditions, for payments for Program Expenditures made prior to the date of this Agreement;
 - (b) for any DLI unless and until the Recipient has furnished evidence satisfactory to the Association that said DLI has been achieved and verified, all in accordance with the Verification Protocol.

2. Notwithstanding the provisions of Part B.1(b) of this Section, if the Association is not satisfied that any of the DLI(s) has/have been achieved by end of each Fiscal Year or of the date by which the said DLI(s) is/are set to be achieved and/or the allocated Financing of such DLI(s) has/have not been fully withdrawn, the Association may, at any time, by notice to the Recipient, decide, in its sole discretion, to:
 - (a) authorize the withdrawal of such lesser amount of respective allocated Financing allocated to any of DLI(s) which in the opinion of the Association, corresponds to the extent of achievement of said DLI(s);
 - (b) withhold all or a portion of the proceeds of the Financing then allocated to said DLI(s) until such DLI(s) is/are satisfactorily met;

- (c) reallocate all or a portion of the proceeds of the Financing then allocated to said DLI(s) to any other DLI(s); and/or
 - (d) cancel all or a portion of the proceeds of the Financing then allocated to said DLI(s).
- 3. Notwithstanding the provision of Part B.1(b) of this Section, the Recipient may, at any point in time, withdraw the proceeds of the Financing up to an aggregate amount not to exceed the equivalent of twenty-five percent (25%) of the amounts of the Financing proceeds (net of any cancellations), as advance for purposes of achieving one or more DLIs for which the Recipient shall subsequently furnish the evidence referred to in Part B.1(b) of this Section; provided, however, that if by the end of the acceptable period for the verification of DLI(s) the Recipient has withdrawn amounts in excess of the allocated Financing authorized for disbursement in respect of achieved and verified DLIs, the Association shall require the Recipient to refund the amount of such excess to the Association promptly upon notice thereof by the Association, in order for the Association to proceed with its cancellation. Notwithstanding the foregoing, the Association may, at any time, in its own discretion, exercise any of the actions set forth in paragraphs (a) and/or (b) of Part B.2 of this Section in respect of any such amounts.
- 4. The Closing Date is June 30, 2021.
- 5. Notwithstanding the foregoing provisions of this Section IV, if at any time after the Closing Date the Recipient has failed to provide evidence satisfactory to the Association that the Withdrawn Financing Balance does not exceed the total amount of Program Expenditures paid by the Recipient, exclusive of any such expenditures financed by any other financier or by the Association or the Association under any other loan, credit or grant, the Recipient shall, promptly upon notice from the Association, refund to the Association such excess amount of the Withdrawn Financing Balance. The Association shall cancel the refunded amount of the Withdrawn Financing Balance.

Section V. Other Undertakings

The Recipient shall take all measures necessary to ensure that the chart of accounts for MoESTVT shall be revised no later than six (6) months after the Effective Date to include the Targeted Sectors so that Program expenditures per Targeted Sector can be produced by the Epicor system.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 1 and November 1, commencing November 1, 2022, to and including May 1, 2054.	1.5625%

* 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

Section I. Definitions

- (1) “Annual Performance Assessment” or “APA” each means the performance assessment set forth in Section III.D of Schedule 2 to this Agreement.
- (2) “Anti-Corruption Guidelines” means the Association’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012.
- (3) “Capacity Building Plan” means a detailed training and technical assistance plan with specific activities and estimated budget.
- (4) “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
- (5) “DLI Baseline” means the initial collection of data which serves as a basis for comparison with the subsequently acquired data.
- (6) “Disbursement Linked Indicator” or “DLI” each means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said DLI may be withdrawn in accordance with the provisions of said Section IV.
- (7) “Epicor” means the Recipient’s accounting system used in central and local government levels.
- (8) “ESSA” means the Environmental and Social System Assessment dated March 15, 2016, and applicable to the Program which assesses the Recipient’s environmental and social management systems, detailing the Program’s environmental and social benefits, risks and impacts and recommending remedial measures to strengthen the social and environmental systems performance.
- (9) “Fiscal Year” or “FY” mean the Recipient’s fiscal year commencing July 1 and ending June 30 in each calendar year.
- (10) “Five Year Development Plan II” means the Recipient’s second medium term plan for the period 2016-2021, which centers on industrialization and emphasizes addressing skills gaps.

- (11) "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
- (12) "ICT" means information and communications technology.
- (13) "Implementation Plan" means the Recipient's plan for implementation of the NSDS.
- (14) "Independent Verification Agent" means the verification agent referred to in Section I.F.1 of Schedule 2 to this Agreement.
- (15) "MoESTVT" means the Recipient's ministry responsible for education, science, technology and vocational training, or any successor thereto.
- (16) "NACTE" means National Council for Technical Education, the Recipient's regulatory body for technical education and training, or any successor thereto.
- (17) "NSC" means the National Skills Council to be established by the Recipient to be responsible for the oversight and monitoring of the NSDS or any successor thereto.
- (18) "NSC Secretariat" means the secretariat of the NSC to be established by the Recipient or any successor thereto.
- (19) "National Skills Development Strategy" or "NSDS" each means the Recipient's strategy in support of the Five Year Development Plan II, for the period 2016-2021, with the vision of developing a skilled workforce to enable achievement of middle income status by 2025.
- (20) "Performance Indicators" means the performance indicators for the Program as defined in the POM.
- (21) "Procurement Audit" means the independent audit referred to in Section III.C(a) of Schedule 2 to this Agreement.
- (22) "Program Action Plan" means the set of priority actions agreed by the Association and the Recipient for the strengthening of the Recipient's sectoral and institutional framework referred to in Section I.G of Schedule 2 to this Agreement, as the same may be amended from time to time with prior written approval of the Association.
- (23) "Program Fiduciary, Environmental and Social Systems" means the Recipient's systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.
- (24) "Program Implementation Plan" means the Recipient's detailed plan for the implementation of the Program, to be included in the POM.

- (25) “Program Institutions” means the institutions referred to in Section I.D of Schedule 2 to this Agreement as further detailed in the POM.
- (26) “Program Operational Manual” or “POM” each means the manual for the Program referred to in Section I.E. of Schedule 2 to this Agreement, adopted by the Recipient to facilitate the fiduciary and coordination mechanisms under the Program, as the same may be amended from time with the prior written approval of the Association.
- (27) “Sector Skills Councils” or “SSCs” each means employer-led organizations (at least one Skills Council for each of at least four of the Targeted Sectors) which identify and address sector skills gaps and facilitate public-private sector collaboration, or any successor thereto.
- (28) “Skills Development Fund” or “SDF” each means the fund to be established by the Recipient consisting of results-based competitive grants for training providers in the Targeted Sectors and consisting of four windows: (i) university education; (ii) technical education and training; (iii) vocational education and training; and (iv) alternative training, all as set forth in the POM.
- (29) “Skills Development Levy” or “SDL” each means a levy collected by the Tanzania Revenue Authority under the Vocational Education Training Act and Income Tax Act.
- (30) “SMIS” means skills management information system.
- (31) “Tanzania Revenue Authority” means the Recipient’s revenue authority or any successor thereto.
- (32) “Trainee Voucher Scheme” or “TVS” each means the scheme to be established by the Recipient through its MoESTVT to subsidize students’ costs in procuring training in registered organizations offering programs for alternative, informal and short-term training; and vocational training in relation to the Targeted Sectors on the basis of certain eligibility criteria, all as set forth in the POM.
- (33) “Targeted Sectors” means the Recipient’s sectors of: (i) agriculture, agribusiness, and agriprocessing; (ii) tourism and hospitality; (iii) oil and gas (energy); (iv) construction; (v) transport and logistics; and (vi) ICT, as defined in the NSDS and as may be amended with the prior agreement of the Association.
- (34) “TCU” means the Tanzania Commission for Universities or any successor thereto.
- (35) “TVET” means technical and vocational education and training.

- (36) "Value for Money Audit" means the independent audit referred to in Section III.C(b) of Schedule 2 to this Agreement carried out to assess the economy, effectiveness and efficiency of utilization of funds.
- (37) "Verification Protocol" means the protocol set forth in the POM as agreed with the Association, setting forth actions and mechanisms required for verifying the achievement of DLIs, and referred to in Section I.F.2 of Schedule 2 to this Agreement as the same may be amended from time to time with prior written approval of the Association.
- (38) "VETA" means the Recipient's Vocational Educational and Training Authority or any successor thereto.
- (39) "Vocational Education Training Act and Income Tax Act" means the Recipient's Acts CAP 82 R.E. 2002 and CAP 332 R.E. 2002, respectively.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Wherever used throughout the General Conditions, the term "the Project" is modified to read "the Program", the term "the Project Agreement" is modified to read "the Program Agreement", the term "Project Implementing Entity" is modified to read "the Program Implementing Entity", the term "Project Report" is modified to read "Program Report"; and the term "Eligible Expenditures" is modified to read "Program Expenditures".
2. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
3. Section 2.02, *Special Commitment by the Association*, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
4. In Section 2.02 (originally numbered as Section 2.03), the heading "*Applications for Withdrawal or for Special Commitment*" is replaced with "*Applications for Withdrawal*", and the phrase "or to request the Association to enter into a Special Commitment" is deleted.
5. The section originally numbered as Section 2.04, *Designated Accounts* is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), *Eligible Expenditures* (renamed "Program Expenditures" in accordance with paragraph 1 of this Section II), is modified to read: "(a) the payment is for the financing of the

reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Financing in accordance with the provisions of the Legal Agreements;”.

7. The last sentence of Section 2.04 (originally numbered as Section 2.06), *Financing Taxes*, is modified to read: “To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Financing, as required to ensure consistency with such policy of the Association.”
8. Section 2.06 (originally numbered as Section 2.08), *Reallocation*, is modified to read: “Notwithstanding any allocation of an amount of the Financing to a withdrawal category under the Financing Agreement, the Association may, by notice to the Recipient, reallocate any other amount of the Financing to such category if the Association reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.
9. Section 6.01, *Cancellation by the Recipient*, is modified to read: “The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Financing Balance.”
10. Paragraph (d) of Section 6.03, *Cancellation by the Association*, entitled “Misprocurement”, is deleted, and subsequent paragraphs are relettered accordingly.
11. Section 6.04, *Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association*, is deleted in its entirety, and subsequent Sections in Article VI and references to such Sections are renumbered accordingly.
12. In the **Appendix, Definitions**, all references to Section numbers are modified, as necessary, to reflect the modifications set forth above. In addition, the definition of the term “Special Commitment” set forth in paragraph 50 is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.