

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

(202) 473-1000
Cable Address: INTBAFRAD
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August 20, 2014

Honorable Saada Mkuya Salum
Minister of Finance
Ministry of Finance
P.O. Box 9111
Dar es Salaam
Tanzania

**Tanzania: Advance Agreement for Preparation of Proposed
Southern Agricultural Growth Corridor of Tanzania (SAGCOT) Investment Project
Supplemental Project Preparation Advance No. Q9280 -TZ**

Honorable Minister Salum:

In response to the request for financial assistance made on behalf of the United Republic of Tanzania ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient a supplemental advance out of the World Bank's Project Preparation Facility in an amount not to exceed eight hundred thousand United States Dollars (\$800,000) ("Supplemental Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). An initial advance of three million United States Dollars (US\$3,000,000) ("Initial Advance") (PPF Q787-TZ) was granted to the Recipient on September 23, 2011, bringing the total amount of the Initial Advance and Supplemental Advance to three million eight hundred thousand United States Dollars (\$3,800,000). The objective of the Activities is to facilitate the preparation of the proposed Southern Agricultural Growth Corridor of Tanzania (SAGCOT) Investment Project ("Project"), for the carrying out of which the Recipient has requested the World Bank's financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Supplemental Advance does not constitute or imply any commitment on the part of the World Bank to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Supplemental Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement,

and return it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By Sajjad Ali Shah

Sajjad Ali Shah
Acting Country Director for Tanzania, Uganda and Burundi
Africa Region

AGREED AND CONFIRMED:

UNITED REPUBLIC OF TANZANIA

By [Signature]
Authorized Representative

Name: DR S.B. LIKWELILE

Title: PERMANENT SECRETARY

Date: 01-09-2014

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010.
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "World Bank Disbursement Guidelines for Projects", dated May 1, 2006.
- (3) Guidelines for "Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011.
- (4) Guidelines: "Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011.
- (5) Guidelines on "Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions (as defined in the following Section 1.02 of this Annex) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms shall have the following meanings:

(a) “Anti-corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.

(b) “Consultants’ Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.

(c) “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.

(d) “Standard Conditions” means the “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility” dated July 31, 2010.

Article II
Execution of the Activities

2.01. **Description of the Activities.** The Activities for which the Supplemental Advance is provided consist of the following:

(a) Provision of support for the Project coordination unit established within the Office of the Prime Minister for preparing the Project through the provision of consultant services, Goods and Equipment and Operating Costs.

(b) Provision of support for the finalization of the operational manuals and strategic planning for the Project’s implementation and operationalization through the provision of consultant services, goods and equipment, Workshops and Operating Costs.

(c) Provision of support for the SAGCOT Catalytic Trust Fund for preparing the Project through the provision of consultant services and Operating Costs.

(d) Provision of support for the SAGCOT Center for preparing the Project through the provision of consultant services and Operating Costs.

(e) Provision of support for the finalization of the social assessment for the Project.

2.02. ***Execution of the Activities Generally.*** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the Anti-Corruption Guidelines.

2.03. ***Monitoring, Reporting and Evaluation of the Activities.*** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions. Without the limitation of the forgoing, the Recipient shall ensure that progress reports for the Activities are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

2.04. ***Financial Management.***

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.09 (b) of the Standard Conditions.

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Supplemental Advance, commencing with the fiscal year in which the first withdrawal under the Supplemental Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of the Recipient's fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.05. ***Procurement***

(a) **General.** All goods, non-consulting services and consultants' services required for the Activities and to be financed out of the proceeds of the Supplemental Advance shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Activities in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

Goods and non-consulting services shall be procured under contracts awarded on the basis of Shopping.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Least Cost Selection; (B) Selection based on Consultants’ Qualifications; (C) Single-source Selection of consulting firms; (D) Selection of Individual Consultants; and (E) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of the Supplemental Advance

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Supplemental Advance in accordance with the provisions of: (i) Article III of the Standard Conditions; (ii) this Section; and (iii) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Supplemental Advance (“Category”), the amount of the Supplemental Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Supplemental Advance Allocated (expressed in Dollars)	Percentage of Expenditures to the Financed (inclusive of Taxes)
(1) Goods, consultants’ Services, Workshops, and Operating Costs	800,000	100%
TOTAL AMOUNT	800,000	

For the purpose of this paragraph, the term:

(a) “Operating Costs” means incremental expenditures incurred for the preparation of the Project including maintenance and operation of vehicles, transport costs, accommodation and per diem costs while travelling, office supplies, utilities, and expenditures for telephones, facsimiles, communication and advertising, but excluding salaries of civil servants; and

(b) “Workshops” includes services for the organization of the workshops and conferences, materials and rental of facilities and equipment, local travel and per diem for participants, travel, accommodation and *per diem* of participants, printing of documents, communications, and various supplies needed for the workshops and conferences.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is December 31, 2014.

Article IV
Terms of the Supplemental Advance

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Supplemental Advance Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Supplemental Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Supplemental Advance Balance shall be repaid by the Recipient to the World Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) *Refinancing under the Refinancing Agreement:* If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Supplemental Advance Balance shall be repaid to the World Bank (together with any service charges accrued on the Supplemental Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Supplemental Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) *Repayment in the absence of a Refinancing Agreement:* If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then:

- (i) if the amount of the Withdrawn Supplemental Advance Balance does not exceed \$50,000, it shall be repaid by the Recipient to the World Bank (together with service charges accrued on the Withdrawn Supplemental Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and
- (ii) if the amount of the Withdrawn Supplemental Advance Balance exceeds \$50,000, it (together with service charges accrued on the Withdrawn Supplemental Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

Article V

Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is the Recipient's minister responsible for finance.

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

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

Cable Address:

Facsimile:

TREASURY
Dar es Salaam

(255) 222 11 77 90

5.03. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391