June 13, 2019

Ministry of Finance and Planning
Treasury Square Building
18 Jakaya Kikwete Road
P.O. Box 2802
40468 Dodoma
United Republic of Tanzania

Dear Honorable Minister:

Re: The United Republic of Tanzania: Second Water Sector Support Project
(Regular IDA credit 5950 and SUF Credit 5949)
Second Amendment to Financing Agreement

We refer to the Financing Agreement ("Agreement"), dated March 20th 2017 between the United Republic of Tanzania ("Recipient") and the International Development Association ("Association") for the above-mentioned Project as (amended.) As a follow up to our discussion, the Association proposes to amend the Agreement as follows:

1. All references to “DAWASCO” and “collectively” in the Financing Agreement are hereby deleted and replaced with “DAWASA”.

2. All references to “Entities” in the Financing Agreement are hereby deleted and replaced with “entity”.

3. Section 3.01(c) is amended by deleting the words “and DAWASCO.”

4. Section 4.01. (c) is deleted in its entirety and the former Section 4.01. (d) is now renumbered as Section 4.01. (c)

5. Part B.2 of the Project in Schedule 1 is amended by deleting the words “and DAWASCO.”

6. Section I.A.3 of Schedule 2 to the Agreement is deleted.

7. Section I.C.1 of Schedule 2 to the Agreement is deleted and replaced with the following:

“1. To facilitate the carrying out of the Project Implementing Entity’s Respective Part of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time under Category 2 to DAWASA on a grant basis under a Subsidiary Agreement,
all under terms and conditions approved by the Association, which shall require each of
the Project Implementing Entities to, inter alia:

(a) carry out its Respective Part of the Project with due diligence and efficiency and in
conformity with appropriate administrative, technical, financial, economic, environmental
and social standards and practices, including the provisions of the Anti-Corruption
Guidelines and in accordance with the provisions of this Agreement and the Project
Implementation Manual;

(b) without limitations on the forgoing, carry out its Respective Parts of the Project in
accordance with the ESMF and the RPF and the provisions of Section I.H of this Schedule;

(c) (i) procure all goods, works, and services required for its Respective Parts of the Project
and to be financed out of the proceeds of the Financing in accordance with the provisions
of Section III of this Schedule; and (ii) ensure that all such goods, works, and services are
used exclusively for the purposes of its Respective Parts of the Project;

(d) ensure that all facilities relevant to its Respective Part of the Project shall at all times be
properly operated and maintained and that all necessary repairs and renewals of such
facilities shall be made promptly as needed;

(e) with respect to monitoring and evaluation: (i) maintain policies and procedures adequate
to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators
acceptable to the Recipient and the Association, the progress of its Respective Part of the
Project and the achievement of its objective; (ii) prepare periodic reports, including a mid-
term review report in form and substance satisfactory to the Recipient and Association,
integrating the results of such monitoring and evaluation activities and setting out measures
recommended to ensure the continued efficient and effective execution of its Respective
Part of the Project, and to achieve its objective; (iii) furnish each such report to the
Recipient within two weeks after such period to enable the Recipient to incorporate such
report in its Project Report for the same period and to comply with its reporting obligations
under Section II of this Schedule 2; and (iv) prepare, and furnish to the Recipient a final
report, of such scope and in such detail as the Recipient and the Association shall
reasonably request, on the execution of its Respective Part of the Project, and furnish the
same to the Recipient within two weeks after the end of such period to enable the Recipient
to incorporate such report in its report and comply with its obligations under Section II.A
of this Schedule 2; and

(f) with respect to financial management: (i) maintain a financial management system and
prepare financial statements in accordance with consistently applied accounting standards
acceptable to the Recipient and the Association, in a manner adequate to reflect its
operations and financial condition, including the operations, resources and expenditures
related to its Respective Part of the Project; (ii) avail the records pertaining to the Project
to external and internal auditors; (iii) prepare as part of the Project Report, interim
unaudited financial reports covering each quarter, and furnish them to the Recipient not
later than two (2) weeks after the end of the period covered by such reports for
incorporation and forwarding by the Recipient to the Association, and provide such other
information concerning such unaudited financial statements as the Recipient or the
Association may from time to time reasonably request; and (iv) have its financial
statements audited by independent auditors in accordance with auditing standards
acceptable to the Association at least once in each Fiscal Year.”
8. Section I.D.(a) of Schedule 2 to the Agreement is deleted and replaced with the following:

"The Recipient shall through MOWI, no later than three (3) months after the Effective date, enter into a Memorandum of Understanding with each of the BWBs and TMA for coordination of implementation of Part A of the Project, and a Memorandum of Understanding among the Regional Administration, the municipalities under Dar es Salaam and DAWASA for coordination of implementation of off grid water supply and sanitation under Parts B and C of the Project; and cause Project to be implemented in accordance with the provisions of the Memorandum of Understandings; provided, however, that in case of any conflict between the provisions of said MOUs and this Agreement, the provisions of this Agreement shall prevail."

9. The table in Section IV (Withdrawal of the Proceeds of the Financing) is amended by deleting the table in its entirety and replacing it with the table attached in the Annex.

10. Section IV (Withdrawal of the Proceed of the Financing) is amended as follows:

   a. Paragraph B.1. (b)(i) is amended by deleting the words “a DAWASCO Subsidiary Agreement, acceptable to the Association, has been duly executed on behalf of the Recipient and DAWASCO;”

   b. Paragraph B.1. (b)(ii) is amended by adding a period (.) after the words “and DAWASA in accordance with its terms” and deleting the following “: and the DAWASCO Subsidiary Agreement has been duly authorized, executed and delivered on behalf of the Recipient and DAWASCO; and is legally binding upon the Recipient and DAWASCO in accordance with its terms”

11. The Appendix (Definitions) to the Agreement is amended as follows:

   a. Paragraph 8 is deleted in its entirety and the former paragraphs 9 to 38 are renumbered as paragraphs 8 to 37.

   b. Paragraph 14 is deleted and replaced with the following:

      “14. “Implementation Agencies” means MOWI, DAWASA, BWBs, and EWURA.”

   c. Paragraph 24 is deleted and replaced with the following:

      “24. “Project Implementing Entity” means DAWASA.”

   d. The new paragraph 33 is amended by deleting the word “Agreements” and replacing it with “Agreement” deleting the words “collectively”, “and the DAWASCO Subsidiary Agreement; all.” and “and DAWASCO.”

All the provisions of the Agreement, except as amended herein, shall remain in full force and effect. Please confirm your agreement with the foregoing on behalf of the Recipient by signing, dating and returning to us the enclosed copy of this letter. This Amendment letter will become effective as of the date of the countersignature.
## Annex

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Regular Credit allocated (expressed in SDR)</th>
<th>Amount of the SUF Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (Exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting, services, works, consulting services, Training and Workshops and Sub-grants under MOWI, BWBs and EWURA's Respective Parts of the Project</td>
<td>23,400,000</td>
<td>21,960,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Non-consulting, services, works, consulting services, Training and Workshops under the Project Implementing Entities' Respective Parts of the Project</td>
<td>49,200,000</td>
<td>70,209,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>1,300,000</td>
<td>0</td>
<td>Amount payable pursuant to Section 2.07 (a) of the General Conditions</td>
</tr>
<tr>
<td>(4) Front-End Fee</td>
<td>0</td>
<td>231,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 3.01 (a) of the General Conditions</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>73,900,000</strong></td>
<td><strong>92,400,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
INTERNATIONAL DEVELOPMENT ASSOCIATION,

Sincerely,

[Signature]

Bella Bird
Country Director, Tanzania, Burundi, Malawi and Somalia
Africa Region

AGREED:

UNITED REPUBLIC OF TANZANIA

By: [Signature]
Authorized Representative

Name: Doto Mgosta Simba

Title: Permanent Secretary

Date: 06/08/2019