

AGREEMENT

between

THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

and

THE GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA

regarding

Financial Support to the Rural Energy Fund

WHEREAS Tanzania in letter dated 15 October 2012 has requested Norway for financial support to the Rural Energy Fund,

WHEREAS The Norwegian Ministry of Foreign Affairs (MFA), within the context of the Clean Energy Initiative, has decided to comply with the request,

NOW THEREFORE MFA and Tanzania (the Parties) have reached the following understanding which shall constitute an Agreement (the Agreement) between the Parties:

Article I Scope and objectives

1. This Agreement sets forth the terms and procedures for MFA's support to Rural Energy Fund (the Programme) as outlined in the Agreed Programme Summary in Annex I, and further described in the Programme Document "Proposal Document for Submission to Norwegian Government for Financing Support to Rural Energy Projects through the Rural Energy Fund (REF), Tanzania", dated March 2013.
2. The Goal of the Programme is increased access to modern energy services in rural Tanzania Mainland for sustainable socio-economic development and poverty alleviation.
3. The Purpose of the Programme is to promote and enable efficient energy production, procurement, transportation, and distribution to all people in Tanzania Mainland in an environmentally sound manner and with due regard to gender issues.
4. The Parties may agree on extending existing or including new Programme elements within the Programme, as well as on re-allocating funds within the Programme. Any such agreement shall be in writing, e.g. recorded in the Agreed Minutes from the consultations mentioned in Article VI.

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Article II Cooperation – Representation

1. The Parties shall communicate and cooperate fully with the aim to ensure that the Goal and Purpose are successfully achieved. The Parties further agree to cooperate on preventing corruption within and through the Programme, and undertake to take rapid legal action to stop, investigate and prosecute in accordance with applicable law any person suspected of misuse of resources or corruption. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to the Programme.
2. In matters pertaining to the implementation of the Programme the Norwegian Embassy in Dar es Salaam (the Embassy) and the Tanzanian Ministry of Finance shall be competent to represent MFA and Tanzania respectively. All communication to MFA regarding the Agreement shall be directed to the Embassy.
3. The Rural Energy Agency (REA) will be the implementing agency partner and responsible for the daily implementation and coordination of the Project.

Article III Contribution of MFA

1. MFA shall, subject to Parliamentary appropriations, make available to Tanzania a financial grant not exceeding NOK 700,000,000 (Norwegian kroner seven hundred millions (the Grant) to be used exclusively to finance the Programme in the planned period of 2013 to 2016.
2. The Grant will be made available over two phases as follows:
 - Up to NOK 300,000,000 (Norwegian kroner three hundred million) is allocated for Phase I (tentatively the first two years of the Programme), in support for an agreed Work Programme further outlined in Article VII Clause 3 below. Projects larger than TSH 1 billion (Tanzanian Shilling one billion) included in the work plan and for which Norwegian funding is sought shall be submitted MFA for non-objection.
 - Up to the remaining funds is allocated for Phase II for a period of tentatively 2 years. The volume and conditions for support to Phase II will be contingent on the findings of the external review outlined in Article X Clause 2 below. The decision to continue support for Phase II rest solely with MFA. Any changes in the conditions for the support will have to be agreed in an Addendum to the Agreement.
3. Any accrued interests on the Grant may be used for the benefit of the Programme if agreed on by the Parties in writing.
4. Any unspent disbursed funds and accrued interests shall be returned to MFA upon completion of the Programme or completion of Phase I should MFA decide not to finance Phase II.

Article IV Contributions and obligations of Tanzania

Tanzania shall be responsible for implementing the Programme, and shall hereunder:

1. Have the overall responsibility for the planning, implementation, reporting and monitoring of the Programme,
2. provide the financial and other resources required in addition to the Grant including the Government Budget Allocation of TZS 463.4 billion in three years as stated in the Programme budget in Annex I,
3. ensure that the Grant is used according to annual Work Plan and Budget approved at the Bi-Annual Meeting. Changes to the Work Plan and Budget must be submitted to MFA for approval,
4. ensure that Programme funds, which shall include any accrued interests, are properly accounted for, and that the Grant is reflected in the plans, budgets and accounting of Tanzania,
5. promptly inform MFA of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme,
6. exempt any customs duties, fees, levies and other taxes on all equipment, materials and supplies financed by the Grant for the benefit of the Programme, in accordance with existing tax laws,
7. ensure that all permits, import licenses and foreign exchange permissions that may be required in relation to the Agreement are granted,
8. ensure that representatives of Norway are permitted to visit any part of Tanzania for purposes related to the Agreement and examine any relevant records, goods and documents.

Article V Disbursements

1. MFA's decision on the annual allocation of funds from the Grant will be based on the Work Plan and Budget approved at the Bi-Annual Meeting. The decision will also be contingent on an actual contribution from Tanzania of at least an equal amount to the Rural Energy Fund, as well as continued efforts to reach financial viability for TANESCO and sustainability in operation and maintenance of distribution infrastructure.
2. Disbursement of the annual allocation of the Grant will be undertaken semi-annually upon written requests from Tanzania. The first disbursement, amounting up to NOK 100,000,000 (Norwegian Kroner one hundred million) will be made upon an approved of Work Plan and Budget for Phase I and confirmation that the amount will not exceed the cash requirements for the first 6 months period of the Programme.
3. When determining the amount to request, Tanzania shall base the request on the financial need of the Programme taking into account the approved Work Plans and

Budgets, and uncommitted amounts and income from all sources, as well as any accrued interests which the Parties have agreed on using for the benefit of the Programme according to Article III, Clause 2.

4. Along with the requests Tanzania shall present a consolidated financial statement for the Programme showing total use and availability of funds from all sources.
5. Funds will be transferred into a separate USD account held by a reputable bank upon MFA's approval of the request, and shall be made available to the Programme immediately.
6. Tanzania shall immediately, in writing, acknowledge receipt of the funds. The date of receipt shall be stated as well as the exchange rate applied.
7. All disbursements to suppliers of goods or services shall be made by Tanzania.
8. MFA may in exceptional cases and if considered necessary for the progress of the Programme, upon request from REA, effect disbursements directly to suppliers for procurement costs incurred under contracts entered into by Tanzania. Such disbursements will only be made against requests accompanied by:
 - a copy of the contract (if applicable),
 - original and specified invoice from the supplier (including enclosures to such invoice) and
 - a written approval of the invoice by the chief financial officer of REA.

MFA shall report payments made according to this clause to Tanzania.

Article VI Bi-Annual Meetings

1. Representatives of the Parties shall have Bi-Annual Meetings each calendar year to initiate policy dialogue of the Programme, including results and fulfillment of agreed obligations as follows:
 - The first one each year, no later than 31 March, in order to discuss, propose changes to and if possible approve the Annual Work Plan and Budget for the following financial year.
 - The second one each year, no later than 15 October, in order to assess the performance of the Programme based on the draft Annual Progress Report including results and fulfillments of agreed obligations.

In both Bi-Annual Meetings the following issues shall be discussed:

- REA achievement of the agreed milestones for progressing to Phase II.
- Issues of special concern for the implementation of the Programme, such as the major risk factors set out in the Agreed Programme Summary in Annex 1, and how to manage such risks/issues.

Each of the Parties may include others to participate as observers or as advisors to their delegations.

2. The documentation specified in Articles VII and IX shall form the basis for the consultations.
3. The Bi-Annual Meetings shall be called and chaired by REA.
4. Main issues discussed and points of view expressed as well as any decisions shall be recorded in Agreed Minutes. The Agreed Minutes shall be prepared and, if possible, signed before the Bi-Annual Meetings are closed.

Article VII Reports

Tanzania shall submit to MFA the reports and documentation specified below. MFA shall respond within two weeks upon reception of the reports and documentation.

1. The Quarterly Progress Reports for the Rural Energy Board shall be presented to MFA for information.
2. A draft Annual Progress Report shall be presented to MFA within 30 days before the second Bi-Annual Meeting and no later than September 15. The report shall summarize the obtained and expected results in relation to REAs framework for Results Based Management/Monitoring & Evaluation system, or other agreed framework until the revised Management/Monitoring & Evaluation system is established, and contain an analysis of any deviation there from.

In addition to providing an update on progress toward financial viability for the power sector and an assessment of any other problems and risks (internal or external) that may affect the success or sustainability of the Programme, the draft Annual Progress report shall include the following information:

- A description of actual outputs compared to planned outputs (as defined in the work plans),
- a brief summary of the use of funds compared to budget,
- an assessment of the efficiency of the Programme (how efficiently resources/ inputs are converted into outputs),
- an explanation of major deviations from plans and consequence analysis of deviations,
- an assessment of the need for adjustments to activity plans and/or inputs and outputs, including actions for risk mitigation.

The Bi-Annual Meeting may decide that this report shall be revised, in which case a date for the provision of the final report shall be stated in the agreed minutes.

3. Annual Work Plans and Budget

A draft first Annual Work Plan and Budget shall be presented to MFA for approval within two months after signing of the Agreement.

The Work Plan shall include all planned investment projects and other activities for the Rural Energy Fund and REA regardless of the source of funding. The Budget shall show estimated income from all sources and all planned expenditures specifying planned outputs and time schedule. The Work pPlan shall present a sequencing of priority investment projects as well as description of technical assistance for achieving Phase I milestones and processes. .

The Work Plan shall include or be accompanied by a program for on the job training, backstopping and quality control in actually applying the Operational Manual, a joint Action Plan for REA's follow-up of Sida Midterm Review (MTR) and Norad appraisal recommendations, as well as a mutually agreed Programme Management and Monitoring System.

If needed an extraordinary Bi-Annual Meeting to discuss and approve on the first Work Plan and budget shall be convened by Tanzania.

A draft Annual update of the Work Plan and budget shall be presented to MFA 30 days before the first Bi-Annual Meeting and no later than February 28, for analysis and subsequent approval at the Bi-Annual Meeting.

The final Annual Work Plan based on agreements reached at the Bi-Annual Meeting shall be submitted to MFA no later than April 31.

4. An Annual Financial Report prepared in accordance with the instruction for reporting included in Annex II shall be presented to MFA 30 days before the first Bi-Annual Meeting and no later than February 28, for analysis and subsequent approval at the Bi-Annual Meeting.

Intermediate financial reporting routines shall be agreed between the Parties taking into account than an approved financial report is a prerequisite for disbursements ref. Article V.

5. A Completion Report shall be submitted to MFA as a draft no later than 45 days before the final Bi-Annual Meeting. The report shall summarize obtained and expected results in relation to the M&E, and contain an analysis of any deviation there from. After joint consideration of the draft, the report shall be amended and finalized and submitted to MFA within 45 days after the meeting. If the final Bi-Annual Meeting for some reason will not be held, the Draft Completion Report shall be submitted to Norway no later than October 30 on the year of completion of the Programme and the Final Completion Report within 45 days of receiving comments.

The Completion Report shall include:

- The topics listed in Clause 2 above for the whole Agreement period,

- an assessment of the effectiveness of the Programme, i.e. the extent to which the Purpose has been achieved,
 - an assessment of impact (if possible), i.e. the changes and effects positive or negative, planned and unforeseen of the Programme seen in relation to target groups and others who are affected,
 - an assessment of sustainability of the Programme, i.e. an assessment of the extent to which the positive effects of the Programme will still continue after the external assistance has been concluded,
 - a summary of main "lessons learned".
6. In preparation for Phase II REA shall prepare a Phase I Completion Report which documents achievements, progress and/or deficiencies in terms of achieving the Phase I Milestones listed in Annex I.

Article VIII Procurement

1. Tanzania undertakes to effect all procurements of goods and services necessary for the implementation of the Programme and shall be responsible for the contracting of technical assistance under this Agreement.
2. Norway may, however, upon request from Tanzania, assist in such procurement and contracting. In such cases the procurements shall be undertaken in accordance with the rules and regulations of Norway. Terms of Reference and Specifications for any services and goods thus procured shall be prepared in cooperation and agreement with Tanzania.
3. The procurements by Tanzania shall be performed in accordance with generally accepted procurement principles, good procurement practices and the procurement regulations of Tanzania. Norwegian suppliers shall be given the same opportunities as other suppliers to compete for deliveries.
4. Tanzania shall observe the highest ethical standards during the procurement and execution of contracts, and shall ensure in its national legislation adequate and effective means to punish and prevent illegal or corrupt practices.
5. No offer, gift, payment or benefit of any kind, which would or could, either directly or indirectly, be construed as an illegal or corrupt practice, e.g. as an inducement or reward for the award or execution of procurement contracts, shall be accepted. Invitations to make offers as well as the procurement contracts shall, respectively, include a clause stating that the offer will be rejected and/or the contract cancelled in case any illegal or corrupt practices have taken place in connection with the award or the execution of the contract.
6. Tanzania shall upon request furnish MFA with all relevant information on its procurement practices and actions taken, and provide access to all related records and documents. MFA may require access to information even during the stage in the procurement procedure when it is restricted to the officers performing the

procurement. Restrictions on such information shall be respected until the information can be made public without any risk of detriment to the result of the procurement.

Article IX Audit

1. The annual audit of the Programme accounts shall be performed by the Tanzania Controller and Auditor General or an equivalent government body or an independent professional accountant/accountancy firm in public practice (external auditor/ audit firm) engaged by the Tanzania Controller and Auditor General and approved by MFA according to a Terms of Reference approved by MFA.
2. The cost for the audit shall be paid by Tanzania and shall be a part of the Programme budget.
3. The audit shall be carried out in accordance with international standards issued by International Organisation of Supreme Audit Institutions (INTOSAI) or International Federation of Accountants (IFAC).
4. The audit report shall state the auditor's opinion/findings as to:
 - Whether the financial statements present fairly, in all material respects, the Programme's cash receipts/income and expenditures as well as the cash/bank/financial position in accordance with an acceptable financial reporting framework,
 - whether the audit has uncovered any material weaknesses in relevant internal control(s),
 - whether the audit has uncovered any illegal or corrupt practices,
 - whether funds have been used exclusively to cover Programme expenditures,
 - whether cash receipts/income and expenditures are properly accounted for,
 - whether the counter funds from Tanzania have been made available according to the budget in Annex 1.
 - whether the Grant is reflected in the budgets and accounting of Tanzania,
 - whether appropriate internal controls to counteract illegal or corrupt practices have been established and are complied with.
5. The Auditor's report shall express an opinion whether the submitted annual financial report is in accordance with Tanzania's accounting records and MFAs instructions for reporting according to ISA 800/805 or ISSAI 1800/1805.
6. The auditor shall submit a Management Letter/Audit Memorandum, which shall contain the audit findings made during the audit process and shall also state which measures have been taken as a result of previous audit and whether measures taken have been adequate to deal with reported shortcomings.

7. Tanzania shall present the auditor's reporting to MFA within December 31 each year. A Management response including an Action plan shall be produced by the REA and submitted to MFA within January 31 each year.
8. Tanzania shall co-operate with and assist MFA in the performance of any additional audits, follow-ups and financial studies that MFA may request. If Tanzania shall channel funds to a recipient organization Tanzania shall be responsible for that yearly audits of those funds are performed according to the above stated requirements.

Article X Monitoring - Reviews -- Evaluation

1. Additional costs related to technical assistance and administrative strengthening for MFA's monitoring of Programme implementation shall be covered by the Grant.
2. Upon the completion of Phase I, at the latest within 24 months after signing the agreement, an external review shall be carried out to determine the volume of support to be allocated for Phase II, as well as whether the continued support shall take the form of non-earmarked contributions, fully utilizing REA's own internal Operational Manual. This external review will involve the an assessment of progress on the Phase I Milestones listed in Annex I.
3. An end review focusing on progress to date and the effectiveness of the Programme, i.e. the extent to which the Purpose is being/has been achieved, shall be carried out. An assessment of the Programme's impact may also be included in the review(s). The cost of the reviews shall be covered by the Grant.
4. Norway reserves the right to carry out independent reviews or evaluations of the Programme as and when MFA deems it necessary. The cost for such reviews will be covered by funds over and above the Grant.

Article XI Reservations

1. MFA reserves the right to withhold disbursements at any time in case e.g.:
 - The Programme develops unfavorably in relation to the Goal and Purpose,
 - substantial deviations from agreed plans or budgets occur,
 - resources to be allocated by Tanzania are not provided as agreed,
 - the documentation specified in Articles VII and IX has not been submitted as agreed,
 - the financial management of the Programme has not been satisfactory,
 - efforts to reach financial viability for TANESCO fails so that lack of funding for operation and maintenance of distribution infrastructure remain unsustainable.

2. MFA reserves the right to reclaim all or parts of the Grant and cancel the Agreement if Programme funds are found not to have been used in accordance with the Agreement or are found not to be satisfactorily accounted for.
3. MFA has the right to cancel the Agreement or portion of the Agreement, and has the right to demand the cancellation of any contract financed under the Agreement, with immediate effect if it determines that corrupt or fraudulent practices were engaged in by representatives of Tanzania or by a beneficiary of Programme funds during procurement or execution of the contract without Tanzania having taken timely and appropriate action satisfactory to Norway to remedy the situation.
4. Before MFA withholds disbursements, reclaims funds or cancels the Agreement, the Parties shall consult with a view to reaching a solution in the matter.

Article XII Distribution of the Agreement

The Parties shall distribute copies of the Agreement to the respective ministries, authorities and other institutions involved in the Programme or otherwise in need of information on its content.

Article XIII Entry into force – Termination – Disputes

1. The Agreement shall enter into force on the date of its signature, and shall remain in force until the Parties have fulfilled all obligations arising from it. Whether the obligations are fulfilled, shall be determined in consultations by the Parties.
2. Notwithstanding the previous clause each Party may terminate the Agreement upon three months written notice.
3. If any dispute arises relating to the implementation or interpretation of the Agreement, the Parties shall consult with a view to reaching a solution.

IN WITNESS WHEREOF the undersigned, acting on behalf of their respective parties, have signed the Agreement in two originals in the English language.

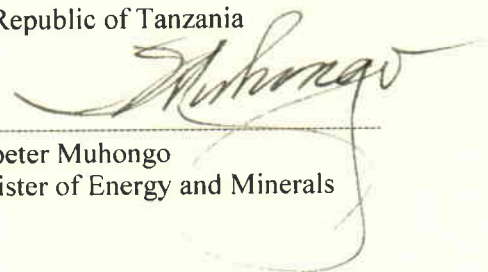
Done in Oslo the 9th day of April of 2013.

For the Government of Norway



Heikki Eidsvoll Holmås
Minister of International
Development

For the Government of
the Republic of Tanzania



Sospeter Muhongo
Minister of Energy and Minerals

Agreed Programme Summary

Identification of the Programme

Financial support to the Rural Energy Fund Tanzania

Description of the Programme

Goal: “Increase access to modern energy services in rural Tanzania Mainland for sustainable socio-economic development and poverty alleviation”.

Purpose: “Efficient energy production, procurement, transportation, and distribution to all people in Tanzania Mainland in an environmentally sound manner and with due regard to gender issues”.

Immediate objectives:

- Increased access and energy utilization for productive use;
- Scaling up and access expansion of modern energy services to rural population in main land Tanzania;
- Promote energy efficiency devices and energy use conservation;
- Enhanced project developers capacity to implement rural energy projects;
- Increase off-grid access to electricity and modern energy services in un-served rural areas through conventional and renewable energy resources and technologies;
- Enhanced technical capacity within REA to execute its obligations in the short and long term perspective; and
- Disseminate knowledge on different renewable energy technologies and their use

Main focal areas:

- To facilitate mainstreaming of energy development initiatives into sector, regional and district development policies and plans.
- To accelerate the delivery of modern energy services to rural communities in Tanzania with a focus on household energy sources for cooking and lighting
- To add value and facilitate energy as means for sustainable development through capacity development
- Support grid extension and off grid –green field development projects.

Outputs:

REF shall generate the following outputs:

1. Electrification of villages and economic centers along the national grid;
2. Installation of solar home systems to remote isolated rural households to include public facilities such as health centers and schools.
3. Replacement of the use of kerosene and wick lamps with solar lighting systems;
4. Establishment of a functional system for promoting and monitoring of environmental and energy efficiency issues;
5. Promotion of private participation and public-private sector partnership in rural energy sector development.
6. Increased utilization of energy for productive use

7. Expanded access to modern energy services to rural population in main land Tanzania.
8. Promote energy efficiency and energy use conservation
9. Enhanced project developers capacity to implement rural energy projects
10. Increased off-grid access to electricity and modern energy services in un-served rural areas through conventional and renewable energy resources and technologies
11. Enhanced technical capacity within REA to execute its obligations in the short and long term perspective.

Two Phased Programme Implementation

The Programme will be implemented two phases, with earmarked funding to an agreed work programme and budget in Phase I and possible scaled up programmatic support in Phase II. The final decision on the volume of and conditions for support in Phase II will be contingent upon achievement of the following Phase I Milestones:

- Presented a revised Result Based Management System (goal hierarchy and M&E system) with clear targets and indicators for measuring and verifying performance,
- Demonstrated capacity and commitment to implementing the approved Management and Monitoring System
- Demonstrated systematic and appropriate application of REA's own Operational Manual when identifying, prioritizing, implementing and monitoring REF-supported projects. This will be measured by way of a Performance Audit, documenting the completeness, appropriateness and actual application of the Operational Manual procedures, guidelines and templates. The Audit shall especially consider the quality of Tanesco-promoted projects to ensure conformity with REA's standards.
- Adopted and implemented a zero-tolerance for corruption policy, including in agreements with all project developers (including Tanesco).
- Considered the recommendation to strengthen REA and the Rural Energy Board in the areas of commercial business development and technical/technological issues.
- Demonstrated that all implemented projects are accountable and in full compliance with the Environmental Management Act and REA's own environmental, social and resettlement framework. This should also include the adoption and monitoring of a gender action plan.
- Submitted an appropriate Strategic Plan for how REA will continue to improve its response to commercial investors and increase financial support to non-Tanesco promoters.
- Submitted an internal Capacity Strategy that ensures continued management quality oversight in line with the significant increase in funds.
- Demonstrated progress by the Government of Tanzania to promote sustainable rural electrification investments (e.g. moving towards cost reflective tariffs, increased financial sustainability for Tanesco, etc.).

Type of Projects, Products and Eligible Expenses

Type of projects:

- Grid connected: All renewable or non-renewable generation options or hybrid systems replacing diesel to some/significant/quantified degree.
- Off-grid: Irrespective of the generation source. Renewable options to be considered.
- No limitations with regard to generation capacity or investment cost.

Products:

- Supply of electricity to the national grid or isolated mini-grids
- Transmission and distribution networks and consumer connections to serve consumers on the mini-grids
- Solar photovoltaic systems ranging from solar lanterns to larger systems to meet household- and institutional requirements.
- Efficient production and use of bioenergy.

Expenses:

- Feasibility studies, Environmental Impact Assessments, development of Resettlement Action Programmes etc.
- Capital investments (capital works and goods), provided technical and economic feasibility assessment and Environmental and Social Impact Assessments has been carried out according to REA guidelines.
- Technical assistance including provision of consultancy services related to REAs planning, operations and project implementation (including but not limited to development of policies, plans, operational guidelines and standards), capacity building and training for REA staff, project developers as well as partner institutions to REA.

Inputs

- REA facilitation to rural energy projects
- Project developers
- Financial resources
- Technical assistance to project developers
- Contractors for rural electrification
- Equipment, logistical support and/or facilities

Major risk factors (internal and external)

- Implementation Capacity of REA
- Operation and maintenance of the grid by Tanesco
- Low budget allocation by Government of Tanzania
- Expected load and number of connections
- Power generation capacity and capacity growth in relation to increase in number of new connections
- Political influence and conflict sensitivity
- Corruption

Request for funding to REF for the financial year 2013/14 to 2015/16

	2013/14	2014/15	2015/16	Total
A: Requirements (Billion TZS)	321.8	370.2	425.7	1,117.7
A.1: Ongoing projects	80.3	92.4	106.2	278.9
i) Grid extension (TANESCO)	25.0	28.8	33.1	86.9
ii) Grid extension (TURNKEY)	26.0	29.9	34.4	90.3
iii) Off grid renewables	28.5	32.8	37.7	99.0
iv) Technical assistance	0.8	0.9	1.0	2.7
A.2: New Projects	241.5	277.8	319.5	838.8
v) Grid extension (TANESCO)	25.0	28.8	33.1	86.9
vi) Grid extension (TURNKEY)	190.0	218.5	251.3	659.8
vii) Off grid renewables	25.0	28.8	33.1	83.9
viii) Technical assistance	1.5	1.7	2.0	5.2
B: Forecasted sources of funds	239.7	263.7	290.2	793.6
i) Government budgetary allocations	140.0	154.0	169.4	463.4
ii) Electricity Levy	17.0	18.7	20.6	56.3
iii) Pre Destination Inspection Fee on Petroleum Products	5.0	5.5	6.1	16.6
iv) World Bank (TEDAP)	45.0	49.5	54.5	149.0
v) Swedish Government (REF)	17.0	18.7	20.6	56.3
vi) EU (Energy Facility)	5.0	5.5	6.1	16.6
vii) Sweden/Norway (Backbone)	9.0	9.9	10.9	29.8
viii) Interest from fixed deposits	0.2	0.2	0.2	0.6
ix) Others	1.5	1.7	1.8	5.0
Difference (bill TZS)	403.9	476.5	561.0	1,441.4
Difference (mill USD)	51.3	66.5	84.7	202.6
Request from Norway (mill USD)	50.0	60.0	75.0	185.0
Request from Norway (mill NOK)	297.3	357.0	446.3	1,100.6
Monitoring, Reviews and Evaluation (mill. NOK)	2.0	2.5	3.0	5.5

(Rate TZS/USD: 1600 USD/NOK: 5.95)

Instruction for financial reporting

The financial report shall compare actual activity for the current reporting period with the agreed budget for the same period. If applicable, cumulative activity from inception of the programme should be compared with cumulative agreed budget.

The financial report shall give complete and detailed information on the financing of the Programme, including:

- A statement showing cash receipts/income and expenditures for the previous period structured as and compared to approved budgets for such previous period as well as accumulated for the Agreement period. The statement shall capture all sources of funding, with sufficient segregation of data to permit identification of individual sources of funds and disbursements on major Programme activities or types of expenditure.
- A statement of cash and bank balances.
- Relevant notes to the above mentioned statements including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Programme.
- Budget for the Programme for the coming fiscal year showing estimated income from all sources and planned expenditures.

The notes to the financial reports shall contain additional explanatory information: specify the basis of accounting used (cash or accrual). Tanzania shall specify the principle for the allocation of payroll expenses in the notes to the financial report.

Reported costs should be derived from Tanzania's accounting records. The financial report shall be signed by a person authorized according to Tanzania's regulation for organisation, delegation of work and decision-making procedure. Tanzania shall certify in the report that all funds are subject to annual audit and that Tanzania has acted on the information in the audit reports. Important deviations should be highlighted in the reports to MFA.

Tanzania shall certify in the report that MFA's requirements regarding audit is included in all agreements. Important deviations should be highlighted in the reports to MFA.

Other requirements

Tanzania's accounting records should be prepared in accordance with national acceptable accounting standards. Tanzania shall follow national laws regarding taxes.

REA is according to Tanzanian record keeping regulations obliged to keep full supporting documentation to justify the costs claimed on file (at least 7 years).

In case REA channels funds through other partners (e.g. the Trust Agent):

- REA shall certify in the report that all funds are subject to annual audit and that Tanzania has acted on the information in the audit reports. Important deviations should be highlighted in the reports to MFA.
- REA shall certify in the report that MFA's requirements regarding audit is included in all agreements. Important deviations should be highlighted in the reports to MFA.