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THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE AND ECONOMIC AFFAIRS



MILLENNIUM CHALLENGE ACCOUNT – TANZANIA

IMPLEMENTING ENTITY AGREEMENT

By and between

MILLENNIUM CHALLENGE ACCOUNT-TANZANIA

and

ZANZIBAR DEPARTMENT OF ENVIRONMENT

Dated thisday of, 2008

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IMPLEMENTING ENTITY AGREEMENT

This IMPLEMENTING ENTITY AGREEMENT (“*Agreement*”) is made as of this.....day of2008, by and between Millennium Challenge Account-Tanzania, an independent autonomous entity established under the laws of the United Republic of Tanzania through Government Notice No. 202 published in the official gazette on September 21, 2007 (“*MCA-Tanzania*”) on behalf of the Government of the United Republic of Tanzania (“*Government*”) and the Zanzibar Department of Environment, in its capacity as implementing entity (“*ZDoE*” or the “*Implementing Entity*”). MCA-Tanzania and the Implementing Entity are referred to herein collectively as “*Parties*,” and each individually as a “*Party*.”

RECITALS

WHEREAS, the United States of America, acting through the Millennium Challenge Corporation (“*MCC*”), and the Government, acting through the Ministry of Finance, executed that certain Millennium Challenge Compact on February 17, 2008 (“*Compact*”) that sets forth the general terms and conditions on which MCC will provide funding of up to US\$698,136,000 to the Government for a Millennium Challenge Account program to advance economic growth and reduce poverty in the United Republic of Tanzania (“*Program*”);

WHEREAS, the Government has establish MCA-Tanzania as a permitted designee authorized to act on behalf of the Government in order to manage and oversee the implementation of this Compact and the Program;

WHEREAS, the Compact provides that MCA-Tanzania may in turn use certain Government affiliates as implementing entities for the execution of specific components of the Program; and

WHEREAS, the Parties hereby wish to set forth their respective roles and responsibilities in connection with undertaking activities in the Transport and Energy Sector Projects related to environmental certification, management and oversight, in particular the Pemba Rural Roads and the Zanzibar Interconnector Activities (collectively, the “*Defined Projects*”).

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1

DEFINITIONS; PRINCIPAL COMPACT DOCUMENTS

Section 1.1 Capitalized terms used but not defined herein shall have the meanings set forth in the Compact.

Section 1.2 The Parties shall carry out their responsibilities under this Agreement in accordance with the following documents, as amended from

time to time (“Principal Compact Documents”): (a) the Compact; (b) any agreement governing the use of Compact Implementation Funding; (c) the Program Implementation Agreement; (d) any other agreement duly entered into by MCA-Tanzania and relevant to the Defined Projects; and (e) any implementation plan duly adopted by MCA-Tanzania and relevant to the Defined Projects.

**ARTICLE 2
AUTHORIZATION; APPOINTMENT.**

Section 2.1 MCA-Tanzania hereby authorizes and appoints the Implementing Entity to perform, in accordance with the terms and conditions of this Agreement, the obligations and responsibilities set forth in this Agreement, including in Annex I and Annex II hereto (such obligations and responsibilities, collectively, “Responsibilities”).

Section 2.2 The Parties may amend in writing from time to time the Responsibilities in a manner consistent with the terms of the Principal Compact Documents, with the prior written approval of MCC for any material amendments.

Section 2.3 The Implementing Entity shall designate and/or appoint a qualified experienced and reliable Environmental officer as point of contact in matters pertinent to the Defined Projects. An Environmental Officer shall be in direct contact and report directly to the Director of Environment and Social Impact of MCA-Tanzania.

Section 2.4 In accordance with Section 3.2 of the Compact, nothing in this Agreement shall be construed as releasing or discharging the Government, acting through MCA-Tanzania, from its obligations under the Principal Compact Documents.

**ARTICLE 3
MCA-TANZANIA RESPONSIBILITIES**

Section 3.1 MCA-Tanzania shall coordinate with the Implementing Entity and the Fiscal Agent to ensure that all contractors implementing any component of the Project Activity under the Implementing Entity’s supervision will be paid properly and promptly, consistent with the procedures described in the fiscal accountability plan duly adopted by MCA-Tanzania (“Fiscal Accountability Plan”).

Section 3.2 Except as otherwise agreed by the Parties in writing and approved by MCC, MCA-Tanzania shall procure, through the services of their Procurement Agent, all goods, works and services needed to implement the Responsibilities.

**ARTICLE 4
IMPLEMENTING ENTITY RESPONSIBILITIES**

Section 4.1 The Implementing Entity shall exercise all skill, reasonable care, prudence and diligence in the discharge of its duties and obligations as would be expected from a skilled and experienced implementing entity, and shall carry out all Responsibilities in a timely and cost-effective manner and in conformity with professionally sound technical, financial and management practices requisite for successful carrying out of the Responsibilities, and in accordance with internationally accepted practices.

Section 4.2 The Implementing Entity shall cooperate fully with all reasonable requests for information or action by MCA-Tanzania, including assisting MCA-Tanzania with the production of any periodic reports required under the Principal Compact Documents.

Section 4.3 The Implementing Entity shall cooperate fully with the Fiscal Agent and shall ensure prompt processing of any invoices received in connection with any goods, services or works related to the Defined Projects.

Section 4.4 In connection with the performance of the services related to this Agreement, the Implementing Entity, its agents and its employees shall be exempt from Taxes to the extent set forth in Section 2.7 of the Compact. The Implementing Entity shall promptly submit all documentation to the applicable authority for the reimbursement of any Taxes paid, notify the Fiscal Agent and MCA-Tanzania of any Taxes paid, and cooperate fully with the Fiscal Agent and MCA-Tanzania in connection with any action to seek prompt and proper exemption or reimbursement of such Taxes paid consistent with the MCA-Tanzania Fiscal Accountability Plan.

Section 4.5 The Implementing Entity shall obtain all immigration, business and other permits, licenses, consents and approvals ("Licenses") necessary to enable it and its personnel to perform fully its

Responsibilities; provided, that no Taxes shall be paid from MCC Funding for any such Licenses.

Section 4.6 The Implementing Entity shall indemnify, defend and hold harmless each of MCA-Tanzania (including its directors, officers, employees, affiliates, agents, advisors and representatives) and MCC (including its directors, officers, employees, affiliates, agents, advisors and representatives) (MCA-Tanzania, MCC and any such affiliate or person an “MCC Indemnified Party”) from and against any and all claims, losses, actions, liabilities, costs, damages or expenses, including reasonable attorneys’ fees and expenses (but excluding any lost profits or other special, incidental, indirect, punitive or consequential damages (except as set forth in Section 4.6(a)), regardless of the form of action and whether or not any such damages were foreseeable or contemplated (collectively, the “MCA-Tanzania Losses”) arising from or in connection with the negligence, bad faith, willful or intentional misconduct of the Implementing Entity, or a breach of this Agreement by the Implementing Entity, except if and to the extent that any such MCA-Tanzania Losses are attributable to the gross negligence or the willful misconduct of MCA-Tanzania.

(a) In the event that any payment to any vendor or individual is delayed by more than thirty (30) days after the date of receipt of a valid, certified, and acceptable invoice by MCA-Tanzania due to the negligence or willful misconduct of the Implementing Entity, the Implementing Entity shall be liable for, and shall indemnify all MCC Indemnified Parties from and against, any claims (including claims for interest) from such vendors or individuals.

(b) MCA-Tanzania shall indemnify, defend and hold harmless the Implementing Entity (including its directors, officers, employees, affiliates, agents, advisors and representatives) from and against any and all claims, losses, actions, liabilities, costs, damages or expenses, including reasonable attorneys’ fees and expenses (but excluding any lost profits or other special, incidental, indirect, punitive or consequential damages), regardless of the form of action and whether or not any such damages were foreseeable or contemplated (collectively, the “***Implementing Entity Losses***”) arising from or in connection with the negligence, bad faith, willful or intentional misconduct of MCA-Tanzania, or a breach of this Agreement by MCA-Tanzania, except if and to the extent that any such Implementing Entity Losses are attributable to the gross negligence or the willful misconduct of the Implementing Entity.

(c) In the event that any amounts are owed by MCA-Tanzania to the Implementing Entity as the result of any delay or default of MCA-Tanzania, or as a result of Section 4.6(b), MCA-Tanzania shall be solely liable for the payment of such amounts (such payment to be made from national funds), and in no event shall such payments be authorized or made from any MCC Funding, nor shall Program assets be used to satisfy any such obligations.

(d) Except as provided in Section 4.6(a), in no event shall either Party be liable to the other Party or any third party for consequential, special, incidental or punitive losses, damages or expenses (including, without limitation, lost profits) arising from or in connection with this Agreement, even if such Party has been advised of the possible existence thereof.

**ARTICLE 5
REIMBURSEMENTS; NO FEES**

Section 5.1 MCA-Tanzania shall reimburse the Implementing Entity for certain costs and expenses and other direct charges, and the Implementing Entity shall provide to MCA-Tanzania in-kind contributions in the form of staff time and other resources, as set forth in Annex II hereto and in accordance with the Principal Compact Documents, in connection with the Implementing Entity's performance of the Responsibilities. The Parties may amend Annex II provided such amendment is in writing, with the prior written approval of MCC for any material amendments.

Section 5.2 The Implementing Entity shall not be entitled to, and shall not receive, any payment of fees, except for fees explicitly for environmental and social services as detailed in Annex II, for performance of the Responsibilities under this Agreement.

**ARTICLE 6
IMPLEMENTING ENTITY COVENANTS AND REPRESENTATIONS**

Section 6.1 The Implementing Entity shall use only qualified, experienced, and reliable staff for the performance of its Responsibilities. The Implementing Entity shall be responsible for and shall take all necessary action with respect to any misconduct or failure of any staff retained by the Implementing Entity. Further, upon the request of MCA-Tanzania, the Implementing Entity shall take all reasonable action requested by MCA-Tanzania to address any misconduct or failure of the Implementing Entity staff.

(a) The initial selection of, as well as any subsequent replacement, modification or addition to, the Implementing Entity's staff performing the Responsibilities shall be subject to the prior written approval of MCA-Tanzania. Such approval shall not be unreasonably withheld. However, any potential interruption, costs, delay or material alteration of the Implementing Entity Responsibilities shall be a sufficient reason for MCA-Tanzania to deny such approval.

(b) The Implementing Entity shall not enter into any arrangement, agreement or subcontract or grant a sub-award with any other person or entity, including a Government affiliate, involving MCC Funding without the prior written consent of MCA-Tanzania and MCC.

Section 6.2 The Implementing Entity shall provide such certifications, approvals, information and documents or take such other actions (a) as necessary for any Disbursement or re-Disbursement, in accordance with applicable requirements contained in, or incorporated by, reference to the Principal Compact Documents, (b) as otherwise designated to the Implementing Entity in this Agreement (such approvals or certifications will be solely in the context and as appropriate in the course of performing the Responsibilities), or (c) as may reasonably be requested by MCA-Tanzania from time to time. Any such certifications or approvals may not be unreasonably withheld or delayed by the Implementing Entity.

Section 6.3 The Implementing Entity shall undertake not to enter into any agreement in conflict with this Agreement or any other Principal Compact Documents.

Section 6.4 The Implementing Entity hereby represents and warrants that, as of the effective date of this Agreement, neither the Implementing Entity nor any of its officers, directors, or employees involved in the provision of services contemplated by this Agreement has ever been convicted of any narcotics offenses and is not engaging or participating, has never engaged or participated, and will not engage or participate during the term of this Agreement, in drug trafficking, terrorism, sex trafficking, prostitution, fraud, felony, any misconduct injurious to MCC or MCA-Tanzania, any activity contrary to the national security interests of the United States or any other activity that materially and adversely affects the ability of the Government or any other party to effectively implement, or ensure the effective implementation of, the Program or any Project or to otherwise carry out its responsibilities or obligations under or in furtherance of the Principal Compact Documents or that materially adversely affects the Program assets or any Permitted Account.

**ARTICLE 7
TERMINATION**

Section 7.1 Subject to written approval of MCC, this Agreement shall terminate upon the first to occur of the following:

(a) Either Party terminates this Agreement at any time upon not less than thirty (30) days' written notice to the other Party;

(b) In the event of a material breach by the Implementing Entity of a representation, covenant, obligation or responsibility under this Agreement, MCA-Tanzania elects to terminate this Agreement by written notice; or

(c) The Compact terminates or expires in accordance with its terms or otherwise; *provided*, the terms of this Agreement may be extended by notice from MCA-Tanzania in writing for a longer period following the termination or expiration of the Compact if MCC instructs MCA-Tanzania to so extend this Agreement, including if MCC determines that additional time is required to resolve any litigation, claims or audit findings or any statutory requirements.

Section 7.2 Upon termination of this Agreement, the Implementing Entity shall ensure the orderly and timely transfer of all Program assets and all records, documents and information (including all documents containing or relating to confidential information), together with all electronic copies thereof, to MCA-Tanzania or such other agent or representative designated by MCA-Tanzania, and the Implementing Entity shall take, or cause to be taken, any other actions reasonably requested by MCA-Tanzania to ensure the proper transition of any services provided by the Implementing Entity pursuant to this Agreement. Unless otherwise agreed by the Parties, no charges or expenses of any kind shall be charged from the effective date of any suspension or termination of this Agreement, and the Implementing Entity, any of its sub-contractors or Providers shall be entitled solely to payment or reimbursement for permitted and valid charges incurred prior to the effective date of such suspension or termination.

**ARTICLE 8
GENERAL PROVISIONS**

Section 8.1 Any document or other communication required, permitted, or submitted by a Party to another Party under this Agreement (or MCC as applicable) must be in writing, in English, and sent to a Party or Parties

(or MCC as applicable) at the address indicated below, or at such other address as such Party (or MCC as applicable) may designate:

To MCA-Tanzania:

The Chief Executive Officer

Millennium Challenge Account-Tanzania
Attention: Director of Environment and Social Impact
Kivukoni Front/Ohio Street
P.O. Box 8327
Dar es Salaam, Tanzania
Facsimile: +255 22 2124644
Email: emwasubila@mcac.go.tz

emwasubila@yahoo.co.uk

To the Implementing Entity:

The Principal Secretary,
Ministry of Agriculture, Livestock and Environment,
Attention: Director of Environment
Zanzibar Department of Environment (ZDoE),
P.O. Box , 159,
Zanzibar, Tanzania
Facsimile: +255 24 2237008
Email: doe_znz@yahoo.com

To MCC:

Millennium Challenge Corporation
Attention: Vice President for Compact Implementation
(with a copy to the Vice President and General Counsel)
875 Fifteenth Street, N.W.
Washington, D.C. 20005
United States of America
Facsimile: (202) 521-3700
Email: VPImplementation@mcc.gov (for the Vice President for Compact Implementation)
Email: VPGeneralCounsel@mcc.gov (for the Vice President and General Counsel)

Section 8.2 For all purposes relevant to this Agreement, the Implementing Entity shall be represented by the individual holding the position of Director General (the “Principal Representative” of the Implementing Entity) and MCA-Tanzania shall be represented by the individual holding the position of, or acting as, Chief Executive Officer (the “Principal Representative” of MCA-Tanzania), each of whom, by written notice, may designate one or more additional representatives (each, an “Additional Representative”) for all purposes other than signing amendments to this Agreement. The names of each Party’s Principal Representative and any Additional Representatives shall be provided, with specimen signatures, to the other Party, and each Party may accept as duly authorized any instrument signed by such representatives relating to the implementation of this Agreement. A Party may replace its Principal Representative with an individual of equivalent or higher rank and seniority upon written notice to the other Party, which notice will include the specimen signature of such new Principal Representative.

Section 8.3 The Implementing Entity shall not assign, delegate or otherwise transfer its rights or obligations under this Agreement without the prior written consent of MCA-Tanzania and MCC.

Section 8.4 Except as otherwise provided herein, this Agreement may be amended or modified only by written agreement, signed by the Principal Representatives of MCA-Tanzania and the Implementing Entity, and with prior approval by MCC, notwithstanding any law, regulation, or decree that purports to amend or modify any term or condition thereof.

Section 8.5 This Agreement shall become effective on the later of (a) the date on which the Principal Representatives of MCA-Tanzania and the Implementing Entity have signed this Agreement and (b) the date on which MCC provides written approval of this Agreement (the “Effective Date”).

Section 8.6 The General Provisions Annex found on the MCC Website (the “General Provisions Annex”) is incorporated herein by reference. For purposes of this Agreement, references to the “Contract Party” in the General Provisions Annex shall be deemed to be references to the Implementing Entity and references therein to the MCA Entity shall be deemed to be references to MCA-Tanzania.

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Section 8.7 Each annex and schedule to this Agreement constitutes an integral part of this Agreement.

[SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

IN WITNESS WHEREOF, MCA-Tanzania and the Implementing Entity, each acting through its duly authorized representative, have caused this Agreement to be executed in their names and delivered as of this.....day of2008.

For and on behalf of Millennium Challenge Account Tanzania

Name:

Title:

Signature:

Witnessed by:

Name:

Title:

Signature:

For and on behalf of Zanzibar Department of Environment

Name:

Title:

Ministry of Agriculture, Livestock and Environment,

Zanzibar

Signature:

Witnessed by:

Name:

Title:

Signature:

ANNEX I

IMPLEMENTING ENTITY RESPONSIBILITIES

The Implementing Entity shall provide services to MCA-Tanzania, and undertake the obligations and responsibilities, as expressly provided in this Annex I in connection with the implementation of the Defined Projects.

1. General Provisions

1.1 According to this Agreement, ZDoE shall undertake certain activities in related to the Defined Projects.

1.2 Language.

The Implementing Entity shall ensure that all reports and documents required under the Principal Compact Documents and this Agreement are available (and delivered to MCC) in English, unless otherwise specified in the document requiring the report, document.

2. Implementing Entity Responsibilities

The ZDoE shall have the responsibilities relating to the Defined Projects as follows:

2.1 Technical review of each Environmental and Impact Assessment (EIA) and Environmental Management Plan (EMP) that is submitted regarding one of the Defined Projects; identification of inadequacies; and, upon correction of inadequacies, issuance of a certificate within the period required by Zanzibar law.

2.1.1 This effort shall include some or all of the following activities, consistent with ZDoE practice.

2.1.1.1 Review and screening of applications for Environmental Certificates initiated after the date of this Agreement and decision whether an EIA is required

2.1.1.2 Scoping discussions with the Ministry of Communications and Transport and ZECO and their contractors for any EIAs initiated after the date of this Agreement.

2.1.1.3 Circulate draft EIAs to relevant government bodies for comment

2.1.1.4 Site visits as needed to assess environmental issues.

2.1.1.5 Notify the public about the draft EIA and solicit comments from the public and affected parties

2.1.1.6 Review and comment on the EIA, taking into account input from other government agencies and the public, to identify inadequacies of and verify correction of these. Approve the project and issue an EIA certificate.

- 2.1.2 This effort shall include the following documents as well as others that may be submitted pertaining to the Defined Projects:
- EIA for Pemba Rural Roads (Expected to be submitted in 2008 by MoCT)
 - Joint ESIA for the Zanzibar Cable project (Expected in March 2009 by ZECO)
- 2.2 Establish and implement monitoring programs for the Defined Projects to include the review of internal monitoring reports submitted by each MCA-Tanzania implementing entity as well as periodic on-site verification monitoring.
- 2.2.1 This monitoring shall assess the compliance of the Defined Projects with all environmental requirements and mitigation measures identified in the respective EIA and EMP, and with Zanzibar environmental law and regulations.
- 2.2.2 In the event that this monitoring discovers noncompliance, prepare noncompliance reports to be submitted as relevant to MoCT and ZECO and to MCA-Tanzania and initiate or ensure the initiation of corrective/enforcement actions as specified in the associated EMP and/or provided under Zanzibar environmental law.
- 2.2.3 This monitoring shall also assess the effectiveness of the fee collection system discussed in this Annex in paragraph 2.4, including a regular analysis of the fee level and the efficiency of fee collection.
- 2.3 Ensure that adequate personnel and equipment are available at the national level to fulfill in an expedient manner ZDoE responsibilities as defined by Zanzibar environmental law. This shall include the following:
- 2.3.1 Develop and implement a capacity building program (training) for Environmental Management Officer (EMO) - level staff in EIA requirements and review and project environmental monitoring, consistent with Zanzibar environmental law. The training program shall be developed in consultation with MCA-T and must be, submitted to the MCA-Tanzania Environment and Social Impact Director or other authorized representative for review and approval. The capacity building program will identify each proposed EMO training course, the training objectives, the tentative agendas and dates, trainer qualifications and credentials and a list of suggested participants. The program will outline the procedures that will be followed to procure the training. The program will identify results monitoring indicators and reporting mechanisms, including but not limited to, submittal of training course summary reports that include the final daily agenda, a list of participants and summary conclusions. The summary reports shall be submitted to the MCA-Tanzania's Environment and Social Impact Director or other authorized representative of MCA-Tanzania within 5 working days of the training completion. Review of the Defined Projects shall not be delayed to await completion of this item.
- 2.3.2 Provide necessary specifications and information and otherwise support MCA-Tanzania in procuring on the IE's behalf one vehicle, one desktop personal computer (PC), one laptop computer, one printer and two digital cameras as equipment to be used to site

visits for EIA review and project monitoring. The vehicle shall be based in Pemba. Provide for regular maintenance of the equipment and otherwise maintain it in fully functional condition for at least the term of the Compact. Initial monitoring of the Defined Projects shall not be delayed to await completion of this item.

2.3.3 Submit to the MCA-Tanzania Environmental and Social Impact Director a proposal for consultants to serve on technical advisory committees for EIA review, and to assist with environmental monitoring of projects. Review of the Defined Projects shall not be delayed to await completion of this item.

2.4 Develop a program to assess and collect fees for environmental monitoring of projects that are granted Environmental Certificates. The program will include explicit methods for: (a) linking the amount of the fee to the level of effort required; and (b) keeping the collection of monitoring fees wholly independent from the outcome of monitoring activities. A consultant may be hired to design the monitoring fee assessment and collection program, if needed and agreed with MCA-T. Initial monitoring of the Defined Projects shall not be delayed to await completion of this item.

2.4.1 For the proposed design consultant under item 2.4, submit to the MCA-Tanzania Environment and Social Impact Director or other authorized representative for review and approval, the consultant's proposal, evidence of the consultant qualifications and credentials, estimated cost, and evidence that this consultant will be recruited through a competitive and transparent process. This procurement must be developed in collaboration with the MCA-Tanzania external Procurement Agent and be consistent with MCC Program Procurement Guidelines.

2.5 For the capacity building activities described in Item 2.3.1 above, to be funded as indicated in Annex II, agree with MCA-Tanzania upon milestones based payment schedule and milestone payment amounts for each individual training, as follows:

2.5.1 Submittal of specific quarterly training course program including identification of specific trainer(s), evidence of the trainer qualifications and credentials, and a list of suggested participants for 20% of the particular training budget.

2.5.2 Completion of each training course and submittal of course completion report to MCA-T for remaining 80% of the particular training budget.

2.6 Submit invoices according to the budget and payment terms in Annex II.

2.7 Contribute information, data and reports related to the EIA reviews, monitoring activities, , training efforts, development of fee mechanisms, and purchase and maintenance of equipment as may be necessary or requested to document achievement of milestones or to provide information for MCA-Tanzania's annual progress reporting. The IE shall provide all information and data reasonably requested by MCA-T.

Annex II

FEES AND REMUNERATIONS BUDGET

- 1.1 *MCA-Tanzania shall certify payments and invoices delivered by the Implementing Entity during the implementation of the Defined Projects on successful completion of each activity.*
- 1.2 *MCA-Tanzania shall ensure payment of invoices submitted by the Implementing Entity within dates and according to the procedures established by this Agreement and the Principal Compact Agreements or will indicate its justification for any invoice rejected for payment.*
- 1.3 *MCA-Tanzania shall pay regular published environmental and permitting fees and provide financial remuneration for capacity building to the Implementing Entity. For this purpose MCA-Tanzania shall make available to the Implementing Entity the funds indicated in Annex II, for the specific permit and capacity-building purposes indicated in Annex II. MCA-Tanzania shall remit these funds to the Implementing Entity:*
- 1.3.1 *In increments, upon the achievement of milestone actions agreed between MCA-Tanzania and the Implementing Entity. Milestones, schedules, and milestone payment amounts will be agreed between MCA-Tanzania and the Implementing Entity for each of the cost items indicated in Annex II;*
- 1.3.2 *Upon submittal of reports by the Implementing Entity documenting the achievement of milestones, and approval of such reports by MCA-Tanzania;*
- 1.3.3 *Upon receipt and approval of invoices from the Implementing Entity in accordance with the procedures indicated in 1.1 above;*

A summary of the overall expenditures for this Agreement is set forth below (the “**Budget**”). MCA-Tanzania may reimburse the Implementing Entity for certain costs, expenses and other direct charges set forth in the Budget; provided, that such costs, expenses and other direct charges comply with (a) the Detailed Financial Plan as coordinated with the Fiscal Agent and (b) the MCC Cost Principles for Government Affiliates Involved in MCC Compact Implementation (available on the MCC Website).

Remuneration of Approved Expenses

- 1.1. The table below presents the five-year budget for permit charges and remuneration to be paid to the Implementing Entity by MCA-Tanzania. This budget includes: (1) Permitting costs to be paid to the Implementing Entity associated with the Defined Projects, in accordance with ZDoE’s published fees policies; and (2) Remuneration to be provided to the Implementing Entity for approved capacity building expenses. At least annually, this

budget will be re-evaluated by the Implementing Entity, MCA-Tanzania and MCC and any necessary adjustments will be made.

- 1.2. Specific items covered under this budget include the following:
 - 1.2.1. **EIA review fee.** ZDoE currently charges fees for review of EIAs, and Environmental Certificate Application Fees. This item will cover these fees for the Defined Projects as per the Environmental Permitting Budget found in this Annex.
 - 1.2.2. **Environmental monitoring fee.** Part of the capacity-building to be undertaken by the Implementing Entity will be the development of a program to assess and collect fees from Environmental Certificate recipients to cover costs of environmental monitoring. It is assumed that such fees will be assessed for the Defined Projects. This item addresses these fees and any other costs reasonably incurred for monitoring implementation of mitigation measures and compliance with terms and conditions of an EIA or Environmental Audit certificate.
 - 1.2.3. **Support for training Environmental Management Officers (EMOs).** This item will cover the cost of in-house training sessions for EMOs. Training will focus on EIA and the review of EIAs consistent with Zanzibar environmental law and regulations and MCC Guidelines.
 - 1.2.4. **Support for Equipment Improvements.** This item shall cover the cost of improvements to Implementing Entity equipment that is key to its EIA review and environmental monitoring functions. Specifically, this item shall cover the cost of purchase and maintenance for years 1 through 5 for one each of vehicle, desktop PC, laptop PC, printer and two digital cameras.