

THE UNITED REPUBLIC OF TANZANIA  
NATIONAL WATER FUND



**LOAN APPLICATIONS  
GUIDELINES**

Prepared by:- Secretariat,  
NWF, Dar es Salaam.

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# Table of **CONTENTS**

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TABLE OF CONTENTS	i
LIST OF APPENDICES	ii
DEFINITION OF TERMS	iii
Introduction	1
Criteria for Issuance of Loan	1
Terms and Interest of Loan	3
Procedures for Applying Loans	4
Evaluation of Loan Application	4
Award of loan	4
Issuance and Management of Loans	4
Monitoring of Project Implementation, Loan Disbursement and Recovery	5

## List Of **APPENDICES**

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Appendix I: **NWF LOAN EXPRESSION OF INTEREST FORM**

6

Appendix II: **PROJECT PROPOSAL FORM**

7

Appendix III: **STANDING ORDER LETTER**

18

Appendix IV: **LOAN AGREEMENT**

20

# Definition Of **TERMS**

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In these guidelines, unless the context otherwise requires, the following terms will be defined as indicated below:

**Act** - means the Water Supply and Sanitation Act No.05 of 2019.

**Assets** - The resources controlled by the NWF as a result of past events and from which future economic benefits are expected to accrue to the Fund.

**Budget** - A plan of action expressed in monetary terms that shows how an organisation intends to achieve its objectives.

**Fund** - means the National Water Fund established under section 55 of the Water Supply and Sanitation Act No.05 of 2019.

**Grants** - Any form of assistance from the Government or a donor agency in the form of cash or transfers of assets to the NWF in return for past or future compliance with certain conditions relating to the operating conditions of the NWF.

**Minister** - means the Minister responsible for water.

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**Revenue** - means the gross inflow of economic benefits during the period arising in the course of issuing loans to Water Authorities that operates within Mainland of the United Republic of Tanzania when those inflows result into increase of the revolving fund, other than increases relating to additional fund from the Ministry.

**Secretariat** - means the National Water Fund Secretariat established under section 55 of the Water Supply and Sanitation Act No.05 of 2019.

## STATEMENT OF THE MINISTER

This is the National Water Fund Loan Application Guidelines. These Guidelines are put in place as the fulfillment of the provisions of the Water Supply and Sanitation Act, 2019 which empowers me to set up a requisite framework to allow Water Authorities access funds from the NWF in form of loans on favourable and at the affordable terms. The loans shall be applied for implementation of water supply and sanitation projects in their service areas.

As correctly laid out in the National Water Policy of 2002, availability of the financial resources is one the critical input determining the improvement in the provisions of the water supply and sanitation services in the water sector. Conscious of the fact that, provision of the water supply and sanitation services is a public utility or service in nature, mobilizing funds under pure commercial terms from financial institutions can be very challenging. Hence it is incumbent upon the water sector to have in place a financial lending or access modality which will be friendly to water utilities in terms of obtaining funds for execution of water projects in their jurisdiction.

Operationalization of these Guidelines will mark the commencement of the window for issuing loans to water utilities by the Fund. This is another step in the right direction with regards to the attainment of our water sector objectives as mapped out in our national and international development plans i.e. Tanzania Development Vision 2025, Third Five Years Development Plan, Ruling Party Election Manifesto 2020 – 2025, Sustainable Development Goals 2030 and the African Development Agenda 2063.

I would like to take this opportunity to invite all stakeholders in the water sector to join hand and support this innovative funding initiative which is designed to optimize utilization of the available precious financial resources at our disposal. The successful operation of this window will surely fulfill our target of having a sustainable and stable source of funds necessary for improvement of water supply and sanitation services in the Country.

Finally, I urge the Board and the Secretariat of the National Water Fund to effectively manage this loan facility and ensure that only the water projects which meet the criteria stipulated in these Guidelines are the one which qualify for financing. On the other hand, the successful water utilities should appropriate the loans proceeds in the manner which offers value for public moneys by ensuring relevant water projects are implemented and completed on time, quality and budget.

Hon. Jumaa H. Aweso (MP)

**Minister for Water**

## 1. INTRODUCTION

- 1.1 The National Water Fund (NWF) is established under the provisions of the Water Supply and Sanitation Act (*supra*) for the purpose of financing investments in water supply and sanitation services in areas with inadequate services especially rural areas; and conservation of water catchment areas. The Fund is required, among other things, to mobilize requisite financial resources necessary to address inadequacy of water services in water stress areas as well as to conserve water catchments which are vital for availability of water for socio-economic needs.
- 1.2 Among other things, the Water Supply and Sanitation Act, empowers the Fund to issue loans on favourable terms to water supply and sanitation authorities for undertaking of investments in water supply services with the aim of improving water supply coverage and delivery in their service areas. This avenue of loan is available to water supply and sanitation authorities because of their ability to raise revenues from tariff collections capable of repaying the loan granted to them.
- 1.3 The power to develop these guidelines lies with the Board of the Fund and approval of the same is vested to the Minister responsible for water. These guidelines therefore aim at putting in place requisite framework to allow water authorities to obtain loan from the Fund on the favourable terms. The framework will, *inter alia*, cover the procedures to be followed and the conditions to be complied with by a water authority and implementing agencies intending to obtain loan from the Fund

## 2. CRITERIA FOR ISSUANCE OF LOAN

- 2.1 The Fund shall issue loan for execution of qualified water projects based on the criteria prescribed in these guidelines. The criteria are set to ensure effective utilization of limited available financial resources in the Fund.
- 2.2 The focus of the Fund in providing loan shall be on the outcome and expected results of projects within a specified period. For proposed project to qualify for loan it must be priority to the sector. The criteria for issuance of loan from the Fund are:-
  - (a) possession of the business plan approved by appropriate regulatory authority;
  - (b) submission of the project implementation plan timeline;
  - (c) proposed project must be technically and financially feasible:
    - A. The proposed project is technically feasible if there is:
      - (i) existence of competent technical personnel in construction of water projects;
      - (ii) appropriateness of the technology in terms of use, costs and sustainability;  
and
      - (iii) compliance with social and environmental requirements.
    - B. The proposed project is financially feasible where:
      - (i) Capital required to implement the project can be raised by the borrower at minimum and reasonable cost;

- (ii) Tariff charged to consumer is affordable and approved by the regulatory authority;
  - (iii) Operational costs needed to run the project in long run is affordable by the borrower; and
  - (iv) Availability of free cash-flows sufficient to service the requested loan instalments.
- (d) Approval from board of the Water authority, Written consent from the Ministry,
  - (e) Evidence which shows that the proposed project will improve service delivery, increase revenues or reduces operating costs of the Applicant; this should be clearly described in the project proposal and or business plan;
  - (f) existence of reliable cash flows capable of servicing the loan;
  - (g) having an effective financial control system such as billing and payment systems and competent financial management staff in water sector;
  - (h) proposed project or component of the project under which fund is requested should not be double financed;
  - (i) contribution of at least 5% of the project cost for which the loan is requested; and
  - (j) readiness of the Applicant to comply with loan repayment modality.

### 3. TERMS AND INTEREST OF LOAN

- 3.1 The loan issued by the Fund shall attract interest of not less than the Internal Rate of Return (IRR) of the revolving fund which shall be determined by the Board basing on the following variables;
- (i) The higher of; the recent five years average inflation rate or the current inflation rate reported by the Bank of Tanzania;
  - (ii) Operating and administrative costs of managing the revolving fund;
  - (iii) taxes, if any;
  - (iv) growth rate of the revolving Fund; and
  - (v) contingency.
- 3.2 The prevailing interest rate applicable is 6%. The rate shall be reviewed at least once a year and whenever there is a notable change on the factors that drive the IRR.
- 3.3 Loan repayment shall be by way of constant monthly instalments.
- 3.4 The loan terms shall be into three categories depending on the amount applied, ability to repay the loan and category of the applicant:
- (i) Short term loans of which repayment period does not exceed two years from the date of disbursement;

- (ii) Medium term loans of which repayment period does not exceed four years from the date of disbursement; and
  - (iii) Long term loans of which repayment period does not exceed five years from the date of disbursement.
- 3.5 The amount requested by the applicants shall be subjected to assessment to establish the real need of the applicant. The loan amount applied shall be:
  - (i) **Category AA** and A Water Authorities shall be allowed to borrow up to **TZS three billion;**
  - (ii) **Category B** water Authorities shall be allowed to borrow up to **TZS eight hundred million; and**
  - (iii) **Category C** Water Authorities shall be allowed to borrow up to **TZS two hundred million.**
- 3.6 The loan amount ceiling stipulated under clause 3.5 may be reviewed by the Fund from time to time depending on the growth of the revolving fund.
- 3.7 Grace period of not more than three months may be approved when deemed appropriate to enable the applicant to mobilize and align its resources so as to comply with terms and condition of the loan.

#### 4. PROCEDURES FOR APPLYING LOANS

- 4.1 An Applicant intending to obtain loan from the Fund, shall fill up and submit NWF Loan Expression of Interest Form as prescribed under Appendix I of these Guidelines. If the project is preselected, the Fund will inform the relevant Implementing Agency to submit loan application letter which shall be accompanied with the following documents:-
  - (i) An application letter stating; the amount required, purpose of the fund requested and location of the project. The letter must be on the headed paper and signed by the relevant authorities and accompanied with resolution of the Board of Water Authority/relevant authority approving the loan application;
  - (ii) Written consent from the Ministry responsible for water.
  - (iii) Applicant's Audited Financial statements of past three years;
  - (iv) Most recent six months bank statements for all accounts of the authority held in any bank within the United Republic of Tanzania;
  - (v) Project proposal as prescribed in **Appendix II** and it shall be accompanied with feasibility study;
  - (vi) Business plan approved by relevant regulatory authority which shall include the proposed project as a priority to the applicant;
  - (vii) Project implementation timeline and
  - (viii) Loan repayment commitment letter as prescribed in **Appendix III.**

## 5. EVALUATION OF LOAN APPLICATION

On receiving the application, the Fund shall do the following:-

- (a) scrutinize if the application contains all the required documentations and assess the relevance of information in the submitted documents;
- (b) assess whether the submitted application has met the loan criteria by conducting due diligence of the applicant's ability to implement the project, utilize the funds and repay the loan;
- (c) after evaluation the Board will grant loan to the successful applicant; and
- (d) Board will notify unsuccessful applicants and may give appropriate directives as the case may be.

## 6. AWARD OF LOAN

Upon approval of the loan, the Fund shall notify and award the loan to the applicant by issuing an offer letter. At this stage the borrower shall obtain no objection from the Ministry of Finance and Planning requested through the Ministry of Water and notify the Treasury Registrar the intention to borrow.

The Loan Agreement to be entered between the National Water Fund (Lender) and the Implementing Agency (Borrower) shall contain and specify the purpose of the loan, loan amount to be lent, the conditions of loan and the respective responsibilities of each party. It may also include negative and positive covenants, financial reporting requirements, applicable interest rate and fees, and how the loan will be repaid and duration of repayment. The template of the Loan Agreement has been annexed to these Guidelines as **Appendix IV**.

## 7. ISSUANCE AND MANAGEMENT OF LOANS

7.1 The Fund has the responsibility to handle the issuance and management of loans to successful applicants/borrowers.

- (a) After signing of the loan agreement the Fund shall proceed to issue loan to successful applicant under the terms and conditions provided under these Guidelines.
- (b) The amount and manner of disbursement of the Loan shall be provided in the Loan Agreement to successful applicant and the funds shall be disbursed to the borrower in the manner agreed by the parties.
- (c) In the process of management of loans, the Fund shall:-
  - (i) ensure it is in a position to manage loans granted to borrowers in wide geographic coverage across the Tanzania;

- (ii) possess know-how of project finance, including water projects appraisal, as well as means to deliver, track and monitor funds;
  - (iii) be able to make loan disbursements, monitor implementation of the water projects subject of loan and ensure collection of the repayments of principal plus interest of the loan from the borrowers in an effective and transparent manner;
  - (iv) prepare periodic financial reports and submit to the relevant authority at the directives of the Board; and
  - (v) set up and operate a management information system that enables relevant parties to have timely access to various loan information such as status of disbursement and repayments of loans by borrowers.
- 7.2 The Fund shall be responsible for the administration of loan payments, including financial disbursement, verification and monitoring activities of the targeted water project.
- 7.3 A successful applicant shall instruct its bank to allow remission of the monthly loan repayments to the account of the Fund by standing order as stipulated under **Appendix III.**
- 7.4 A successful applicant shall prepare and submit to the Fund project report showing progress of implementation at the intervals determined by the Fund.

## 8. MONITORING OF PROJECT IMPLEMENTATION, LOAN DISBURSEMENT AND RECOVERY

The Fund shall monitor implementations of water projects by borrowers financed by loans. In doing so, it shall track progress on disbursements, utilisation of funds and loan repayments as per project monitoring framework of the Fund.

## NWF LOAN EXPRESSION OF INTEREST FORM

A	Name of the Applicant					
	Project title:					
	Project Contact Person:	Name:				
		Position				
Tel.:			E-mail:			
B	Location of project:					
	City/town:					
	District:		Division:			
	Area:		Sub-area:			
C	Type of intervention (✓):	Water Supply: Source or Treatment Works Improvements		Water Supply: Distribution system & Storage improvements, Network extensions to new areas		
		Sanitation: Sewerage or Effluent Treatment & Disposal Works improvements		Sanitation: Sewerage network improvements		
		Energy: Supply improvements- grid, solar, diesel		Other (specify):		
D	Has the Utility conducted Technical Assessment of the project (Incl. BoQs & Cost Estimates)?		Yes	Area population:	Nr.:	
			No.	Beneficiary population:	Nr.:	
	Project Estimated cost, Loan Amount:		TZs:			
	Cost per beneficiary:		TZs:			
Period of execution:				Nr. of months:		
E	Does the Utility have Audited Annual Financial Statement for the past 3 years?		Yes	Utility current Average Expenditure	TZs/ month:	
			No			
	Does the Utility Revenue Collection exceed the Utility Overall Expenditure?		Yes	Utility Projected Average Expenditure after the project	TZs/ month:	
			No	Utility current Average Revenue		
				Utility Projected Average Revenue after the project		
Does the Net Revenue accruing/ resulting from the project generate adequate resources to service/ repay the Loan?				Yes		
				No		

## PROJECT PROPOSAL FORM

Project Proposal for \_\_\_\_\_ (Name of Project) \_\_\_\_\_

1. SUBMISSION SUMMARY	
Date of submission	
Financial Year	
Version	
Organizational Address	
Name and email of Contact Person	

2. IMPLEMENTING AGENCY PROFILE AND STRUCTURE	
2.1 IMPLEMENTING AGENCY GENERAL INFORMATION	
Name of Implementing Agency	
Region:	
District:	
City / Municipality / Town:	
Organisational set-up:	Please provide organisational chart as Attachment 2

2.2 EXISTING SITUATION OF WATER SUPPLY AND SANITATION SYSTEM	
2.2.1 GENERAL INFORMATION	
1. Water source and abstraction capacity	
2. Water treatment description	
3. Transmission network (metres)	
4. Distribution network (metres) - (pumping, gravity, centralized, decentralized etc.)	
5. Total population in service area:	
6. Population served with water	
7. Service coverage (%)	
8. Average Service hours per day	
9. Average household size in service area	

### 2.2.2 WATER PRODUCTION INFORMATION

Description:	Current year	1 year ago	2 years ago	3 years ago
1. Designed water production capacity in m <sup>3</sup> /day				
2. Average daily water production in m <sup>3</sup> /day				
3. Average water production in m <sup>3</sup> /year				
4. Average daily water demand in m <sup>3</sup> /d				
5. Average daily water consumption (volume billed) in m <sup>3</sup> /day				
6. Non-Revenue Water in m <sup>3</sup> /year(No. 2 - No. 3)				
7. Non-revenue Water in % / year				

### 2.2.3 WATER SUPPLY CONNECTIONS: ACTIVE /TOTAL CONNECTIONS IN NUMBERS

Type of connection	Current year		1 year ago		2 years ago		3 years ago	
	Active	Total	Active	Total	Active	Total	Active	Total
Domestic								
Water kiosk								
Institutional								
Commercial								
Industrial								
<b>Total</b>								

### 2.2.4 WATER CONSUMPTION PER CUSTOMER CATEGORY IN M3/YEAR

Type of connection	Current year	1 year ago	2 years ago	3 years ago
Domestic				
Water kiosks / public stand taps				
Institutional				
Commercial				
Industrial				
<b>Total</b>				

### 3. FINANCIAL ASPECTS OF WATER UTILITY

#### 3.1 FINANCIAL STATEMENTS

Please provide audited financial statements of the last three consecutive financial years as **Attachment 3**.

#### 3.2 ANNUAL WATER REVENUES PER CUSTOMER CATEGORY AND YEAR IN TZS

Type of connection	Current Year	1 year ago	2 years ago	3 years ago
Domestic connection				
Water kiosks / public stand taps				
Institutional				
Commercial				
Industrial				
<b>Total</b>				

#### 3.3 WATER AND SEWERAGE TARIFFS

	Yes	No
1. Does the utility have tariffs approved from EWURA		
If yes, please provide as <b>Attachment 4</b> a copy of the currently / formerly approved tariffs		

#### 3.4 GRANTS/LOANS RECEIVED BY THE UTILITY TO COVER INVESTMENTS/O&M/ ANY OTHER PURPOSE (IN THE PREVIOUS 3 YEARS)

Has the utility received grants/ Loan /subsidies?		Yes	No
If yes, please state for what and who provided the grant /loan/ subsidy	(1)		
	(2)		
	(3)		
	(4)		
	Starting date	Total amount of grant / subsidy in aTZS	Total amount already received in TZS
If yes, state amount in TZS (1)			
If yes, state amount in TZS (2)			
If yes, state amount in TZS (3)			
If yes, state amount in TZS (4)			

### 3.5 CURRENT LOANS

Has the utility any outstanding loans that need to be serviced?		Yes	No
If yes, please state for what and financing institution	(1)		
	(2)		
	(3)		
	(4)		
		Starting date	Original amount in TZS
If yes, state amount in TZS (1)			
If yes, state amount in TZS (2)			
If yes, state amount in TZS (3)			
If yes, state amount in TZS (4)			

### 3.6 FINANCIAL MANAGEMENT

**Please provide in narrative format as Attachment 3:**

- Which accounting standards / principals does the utility apply
- Describe the composition (i.e. number and qualifications) of key staff in the area of financial management Please attach a list, incl. staff name, qualifications and years of experience
- Describe the procedures of internal audits and provide the qualifications of key staff
- Describe briefly, how the utility ensures that resources are only spent for their stated and agreed purposes (e.g. using a project specific separate bank account), including procedures of approval of financial expenditure
- Describe briefly, how the utility ensures zero tolerance for fraud, financial mismanagement and other forms of malpractice by staff members, consultants, contractors, etc.

## 4. PROJECT DESCRIPTION

### 4.1 PROJECT DESCRIPTION (NARRATIVE FORMAT)

Please provide the following description in the format provided in **Attachment 1**

- Problem statement
- Project objectives
- Project beneficiaries
- Describe the current water sources of the population in the Project area
- Describe the current water supply and sanitation infrastructure, incl. material and physical status
- Describe how customer outreach was carried out to inform the beneficiaries about the Project
- Please state how the utility ensures that customers will pay for connection fees and water supply/ sanitation services in future
- Describe project scope and proposed measures
- Project area (provide maps of proposed system as **Attachment 5**)
- Provide technical drawings as **Attachment 6**
- Project implementation time frame (bar chart)
- Summary of project investment sum in TZS (according to provided BoQs) and proposed financing mix (loan / equity)

### 4.2 PROJECTED WATER CONSUMPTION PER CUSTOMER CATEGORY IN M3/DAY

Type of connection	Demand in l/c/d or litre per connection	Demand per customer type in m <sup>3</sup> /day	Assumed consumption in year 1	Assumed annual increase in %
Domestic connection				
Water kiosks / public taps				
Institutional				
Commercial				
Industrial				
Others				
<b>Total</b>				

#### 4.3 PROJECTIONS FOR PROPOSED PROJECT

Description		Year 1	Year 2	Year 3	Year 10
Annual Production	Volume (m <sup>3</sup> /year)				
Non-revenue water	In %				
Amount of water billed	Volume (m <sup>3</sup> )				
Collection efficiency	In %				

#### 4.4 NEW CONNECTIONS AND METER REPLACEMENTS

Type of connection	1 <sup>st</sup> year of project implementation	2 <sup>nd</sup> year of project implementation	2 <sup>nd</sup> year of project implementation	Total
New connections				
- Domestic connection				
- Water kiosks / public taps				
- Institutional				
- Commercial				
- Industrial				
- Other				
Total new connections				
Replacement of water meters				
Metering of unmetered customers				
Sewerage connections				

#### 4.5 WATER SOURCE / TREATMENT WORKS AUGMENTATION - TECHNICAL DETAILS (PLEASE FILL IN ONLY WHEN RELATED TO THE PROPOSED PROJECT AND N/A WHERE NOT APPLICABLE)

1. Existing source abstraction capacity (m <sup>3</sup> /day):		2. Existing production capacity (m <sup>3</sup> /day):	
3. Estimated current source abstraction (m <sup>3</sup> /day):		4. Existing treatment (m <sup>3</sup> /day):	
5. Additional source abstraction capacity of proposed water supply (m <sup>3</sup> /day), if needed:		6. Additional water production treatment capacity (m <sup>3</sup> /day), if needed:	

## 5. PROJECT COSTS AND FINANCING

Please attach the detailed and summarised **Bill of Quantity (BoQ)** of the proposed project as **Attachment 7**. The BoQ should be structured to cost categories and state contingencies and VAT if applicable. Unit costs for force account works have to be indicated separately; please note that VAT does not apply for force account works.

5.1 GENERAL		
Has the Funding Application been approved by the Relevant Authority?	Yes	No
Has the Funding Application been approved by the Treasury Registrar?		

5.2 PROJECT FINANCING			
Does the utility intend to finance part of the proposed project costs? If <b>YES</b> , Please indicate what part of the Proposed Project Cost the Utility intends to cover through its own sources.	Proposed Project Cost	Loan amount	Utility Contribution

5.3 FINANCIAL ASSESSMENT		
Has the Utility conducted the financial assessment and cash flow projections? If <b>YES</b> , please attach the assessment sheets as Attachment 8	Yes	No

6. LEGAL AND REGULATORY ASPECTS				
6.1 LEGAL STATUS				
1. Does the Utility have a Government registration document/ Gazette notice? if <b>YES</b> please specify the registration/ gazette notice No: _____	Yes		No	
2. Does the Utility have a valid and operational licence from EWURA?	Yes		No	
3. Does the Utility have a business plan approved by EWURA? - Is the proposed project included in the Utility Business Plan? <b>Approved Business Plan covers following years (provide a copy as Attachment 9)</b>	Yes		No	
4. Does the Utility have an approval by the current Board of Directors to apply and participate in this project proposal?	Yes		No	
5. Does the Utility have an approval by Minister to apply and participate in this project proposal?				
6. Does the Utility have an approval by the Treasury Registrar to apply participate this project proposal?	Yes		No	

## 6.2 LEGAL REQUIREMENTS

1. Does the project involve source development works with additional abstraction requirements?	Yes		No	
2. Does the Utility have a valid abstraction licence to cater for the increased requirements? If <b>YES</b> to both the above please specify the licence No:.....  If <b>YES</b> , please state the total amounts of abstraction rights obtained	Yes		No	
	<b>Former:</b> <b>New:</b>			
3. Does the Utility have any pending litigation/unresolved court case (outstanding dispute/ demand/ liability issue with cost implication)? If <b>YES</b> please specify the maximum liability amount (TZS)	Yes		No	

## 7. PROCUREMENT AND PROJECT MANAGEMENT

### 7.1 ORGANISATIONAL SET-UP FOR THE IMPLEMENTATION OF THE PROPOSED PROJECT

1. Does the Utility intend to engage a separate consultant for the supervision of works?  If <b>YES</b> please specify total amount set for engaging the consultant/ manager. Have those costs been included in the project cost estimate?	Yes		No	
2. Does the Utility intend to engage their own staff to oversee / manage whole or part of the project construction / supervision works?  If <b>YES</b> please provide a list of engaged utility key staff and indicate their professional experience and educational background in Attachment 10 Is the remuneration of utility staff paid by the utility?	Yes		No	
3. Will the Utility appoint / delegate a staff member in charge of supervision of project construction works.  If <b>YES</b> please specify name & title of Officer	Yes		No	
4. Will the Utility have other key staff members deployed to the project implementation works? If YES please specify the names & titles of officers (Attach complete list of project taskforce / team members and their responsibilities as <b>Attachment 10</b>	Yes		No	

## 7.2 PROJECT IMPLEMENTATION OF CONSTRUCTION WORKS – CONTRACTOR/ FORCE ACCOUNT

1. Does the Utility intend to implement the whole or part of the project construction works using a Contractor? If <b>YES</b> please specify the total value for the intended works in TZS:	Yes		No	
2. Does the Utility intend to implement the whole or part of the project construction works using a Force Account? If <b>YES</b> please specify the total value for the intended works by Force Account:	Yes		No	
3. Is the Utility aware that project guidelines do not permit any project related payments to a Contractor affiliated to any member / officer of the Utility management staff or Board member and will adhere to this requirement?	Yes		No	

## 7.3 IMPLEMENTATION SCHEDULE - WORK PLAN

1. Does the Utility have a timeline and implementation plan of the project construction works?  If <b>YES</b> please specify below the project key dates and attach the implementation schedule of various activities of the project as Attachment 10	Yes		No	
2. Total period for implementation (months):				
3. Start / Commencement Date (month-year):				
4. Completion date (month-year):				
5. Commissioning date (month-year):				

## 7.4 PROCUREMENT PROCESS

1. Does the Utility have a Procurement Department or System? If <b>YES</b> , does it follow / adhere stipulated procurement regulations and guidelines as stipulated in the Public Procurement Act 2011, its amendment Act 2016 and its regulations?	Yes		No	
	Yes		No	
2. Does the utility have sufficient qualified Staff in the Procurement Unit / Department to handle the required procurement of the project?	Yes		No	
	Yes		No	
3. Does the utility have procurement plan for the project? Please specify name & title of officer who heads the Procurement Unit / Department or is in charge of procurement:	Yes		No	

## 8. ENVIRONMENTAL AND SOCIAL COMPLIANCE

### 8.1 ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

1. Has an Environmental and Social Impact assessment been carried out or an Environmental Management Plan been developed? If <b>Yes</b> , provide copy as Attachment 8 If <b>No</b> , briefly explain reasons	Yes		No	
2. Does the proposed project affect the current inhabitants/ residents so that there will be need for possible resettlement or land acquisition matters?	Yes		No	
	Yes		No	
3. Does the Utility have any pending / unpaid compensation matters that may affect the construction / project implementation as planned?				
4. Has the Utility obtained / or is in possession of land rights, agreements and right of way to implement the project?	Yes		No	

### 8.2 COMMUNITY SOCIAL ENGAGEMENT - COMMUNITY OUTREACH ACTIVITIES

1. Has the Utility conducted or planned any community mobilisation and sensitisation activities for the project participants/ inhabitants/ beneficiaries?  If <b>YES</b> please specify in Attachment 11  If <b>No</b> , explain reasons!	Yes		No	

## SUMMARY OF ATTACHMENTS

Attachment No.	Content	Attached	Comment
<b>Attachment 1</b>	<p><b>Project Proposal</b></p> <p>Detailed written proposal covering at least the following:</p> <p><b>Executive Summary:</b></p> <p><b>Description of Utility in brief (1/4 a page)</b> <i>(incl. organisational chart)</i></p> <p><b>Existing water supply and sanitation</b></p> <p><b>Nature of the problem related to water supply services or sanitation services (1/4 a page)</b></p> <p><b>Brief description of the project being proposed</b> <i>(incl. problem statement, objective, output, scope, beneficiaries)</i></p> <ul style="list-style-type: none"> <li>● <b>Areas of service to be covered</b></li> <li>● <b>Technical details e.g. Km of pipeline</b></li> <li>● <b>Project location and sites</b></li> <li>● <b>Customers to benefit from the project (domestic, institutional and commercial)</b></li> <li>● <b>Expected project implementation period.</b></li> </ul> <p><b>Project implementation</b> <i>(incl. procurement, contractor, force account labour, time schedule)</i></p> <p><b>Project cost and financing</b></p> <p><b>Legal and regulatory aspects</b></p> <p><b>Procurement and Project Management</b></p>		
<b>Attachment 2:</b>	<b>Organisational chart</b>		
<b>Attachment 3:</b>	<b>Audited financial statements of last three financial year, internal audit report, list of financial management staff</b>		
<b>Attachment 4:</b>	<b>Approved tariffs of EWURA</b>		
<b>Attachment 5:</b>	<b>Maps of project area</b>		
<b>Attachment 6:</b>	<b>Technical drawing</b>		
<b>Attachment 7:</b>	<b>Bill of quantities and cost estimates</b>		
<b>Attachment 8:</b>	<b>Proposed project cash flows from financial tool</b>		
<b>Attachment 9:</b>	<b>Business plan</b>		
<b>Attachment 10</b>	<b>Implementation schedule / proposed work plan and list of designed project staff</b>		
<b>Attachment 11:</b>	<b>Environmental management and social activities</b>		

(To be printed in borrower's letter head)

Managing Director/Branch Manager/CEO,

..... Bank,

P.O. Box .....

xxxxxxxx

### **Re: Instruction to set up a standing order to service loan from the National Water Fund**

In connection with the Loan Number ..... of the amount of TZS ..... granted to us by the National Water Fund through TIB Development Bank Limited, we hereby instruct you to set a standing order on our account number xxxxxxxx maintained at xxxxx branch to make monthly deductions and transfer to account number xxxxxxxx maintained at Tanzania Commercial Bank (TCB) for repaying the loan as specified in the attached loan repayment schedule.

Any changes to this standing order shall only be acceptable to you if accompanied by written consent from the National Water Fund.

Signed by: .....

Position: Managing Director

Date: .....

*Official Seal*

Signature: .....Position:

Board Chairman

Date: .....

#### **Copy to:**

1. Chief Executive Officer,  
National Water Fund,  
P.O. Box 2204,  
Dodoma.
2. Managing Director,  
TIB Development Bank,  
Building No. 3,  
Milimani City Office Park,  
Sam Nujoma Road,  
P.O. Box 9373,  
Dar es Salaam.

**THE UNITED REPUBLIC OF TANZANIA**

**MINISTRY OF WATER**



## **LOAN AGREEMENT**

Between

**THE NATIONAL WATER FUND (NWF)**

(The Lender)

And

(NAME OF THE IMPLEMENTING AGENCY)

(The Borrower)

Dated \_\_\_\_\_, 20,

## LOAN AGREEMENT FORM

This **LOAN AGREEMENT** is made on this \_\_\_\_\_, 20 \_\_\_\_\_,

Between

The **NATIONAL WATER FUND (NWF)** of P. O. Box \_\_\_\_\_, Tanzania (herein after referred to as the **“Lender”**)

And

The \_\_\_\_\_ (**INSERT THE NAME OF IMPLEMENTING AGENCY and Physical address**), Tanzania (herein after referred to as the **“Borrower”**);

The **National Water Fund (NWF)** and **Implementing Agency (IA)** shall collectively be known as **“Parties”**.

### WHEREAS:

- (a) The National Water Fund is the Government legal entity established under Section 55 of the Water Supply and Sanitation Act which is responsible for provision of investment support by issuing funds to implementing agencies executing water projects and management of catchment areas serving water supply abstractions, in areas of Mainland Tanzania with inadequate water services;
- (b) \_\_\_\_\_ is the Government legal entity established under Section \_\_\_\_\_ of the Water Supply and Sanitation Act No.05 of 2019 for provision of clean water and sanitation Services in the area of its jurisdiction; and
- (c) The Borrower has willingly agreed to enter into the Loan Agreement with the Lender upon such terms and conditions as prescribed in this Agreement

**NOW IT IS HEREBY AGREED BETWEEN THE PARTIES** that:

### 1.0 The Loan Facility

- 1.01** The Lender agrees to extend to the Borrower Loan facility aggregating to **TZS XYZ** (Tanzania Shillings xyz) as a Short Term /Medium Term / Long term Bridge Finance Facility as defined by NWF.
- 1.02** The Borrower undertakes to contribute timely the amount required to realize fully implementation of the project in excess of the Loan provided, in this case at least 5% of the total project cost.

### 2.0 Terms and Conditions

#### 2.01 Facility Type:

Short /Medium /Long Term Bridge Finance Facility

#### 2.02 Purpose of the Loan

How the loan will be utilized \_\_\_\_\_

#### 2.03 Loan Amount

The Lender has made available to the Borrower, a loan facility of Tanzanian Shillings \_\_\_\_\_ (**TZS**).

#### 2.04 Interest

Interest rate of \_\_\_\_\_ % pa shall be charged daily on the outstanding amount and paid monthly in arrears concurrently with principal amount.

### 2.05 Loan Availability

The loan shall be made available for draw down in Tanzania Shilling, after fulfilling conditions precedent.

### 3.0 Disbursement of Loan

Disbursement of the loan from the project account shall be made to the borrower's account for onward payment of its intended obligations in line with the approved project implementation plan upon receiving written instructions from the borrower.

## 4.0. Repayment of the Loan.

All repayment due to be made by the Borrower under this Agreement shall be made in Tanzanian shillings on the due date for repayment thereof not later than 5th date of each calendar month.

Any sum due for payment hereunder on a day which is not a business day, will be paid on or extended to the next succeeding business day or, if that business day falls in the following month of the year, on the preceding business day.

### 4.01 Mode of Loan Repayment

The Borrower shall on monthly basis make repayment as stipulated on the repayment schedule..

The Borrower shall instruct her respective banker to set a standing order to remit on monthly basis the agreed amount of Loan repayment as specified in the repayment schedule .

The Borrower undertakes that ,at all time of existence of the loan no alteration or withdraw of standing order shall be made unless there is a written consent to do so from the NWF.

## 5.0 Expiry/Tenor:

The facility expires on .....day of 20.....by which date the full amount plus interest accrued shall have been repaid.

## 6.0 Consent Clause:

The Borrower agrees and authorizes NWF or Credit Bureau approved by Bank of Tanzania (BOT) to:

- (i) Make enquiries from any bank, financial institution or BOT approved credit reference bureau in Tanzania to confirm any information provided by the Borrower;
- (ii) Seek any information from any bank, financial institution or BOT approved credit reference bureau when assessing the Borrower at any time during the existence of the Borrower's account;
- (iii) Disclose to BOT approved credit reference bureau information relating to the account maintained at the bank.

## 7.0 Inspection and Reporting

The NWF and its Agent shall have the right, upon giving prior notice, to visit and inspect the operations of the Borrower.

The Borrower shall at any time permit or enable the NWF or its Agent to inspect its books and records, or any other documents, related to the execution or operation and maintenance of the project , or to the Borrower's business in general, and during such inspection no information reasonably requested by the NWF or its Agent shall be willfully withheld.

The Borrower shall without undue delay report on any subject, question or problem related to the project, its planning and execution, or any aspect of its operation or of the Borrower's project in general.

## 8.0 Undertakings

- 8.1 The Borrower undertakes that, until all its principal amount of Loan and interest under this Agreement have been discharged:-
- 8.2 Its Loan principal amount and interest under this Agreement will rank at least equally and ratably (*pari passu*) in point of priority with all its other liabilities (both actual and contingent); It will carry on and conduct its business in a proper and efficient manner.
- 8.3 It will comply with all laws and regulations which are material to the carrying on of its business, and will maintain in full force and effect all relevant approvals, permissions and authorizations and will promptly obtain any further approval, permission and authorization which it may become necessary to obtain from any governmental or administrative authority or organisation to enable it to carry on its business, and to perform any of the transactions contemplated in, or comply with any of the provisions of, this Agreement;
- 8.4 It will notify the Lender forthwith if it becomes aware of the occurrence of an Event of Default under Clause 8 or an event which, with the giving of notice and or the lapse of time and or the relevant determination would constitute such an event and provide the Lender with full details of any steps which it is going to take, or is considering taking, in order to remedy or mitigate the effect of such event or otherwise in connection with it;
- 8.5 It will not be appropriate funds of the loan to discharge expenditures not connected with the project which is subject of the loan and;
- 8.6 It will sign and comply with the provisions of the NWF loan repayment form annex to this Agreement.

## 9.0 Representations and Warranties

The Borrower hereby represents and warrants to the Lender that:-

- (a) approvals from the board of directors has been obtained to borrow and this Agreement will constitute valid and binding obligations on it and enforceable in accordance with its terms;
- (b) It is not and it has not been in default in respect of any indebtedness for borrowed money, and the repayment of a borrowed sum;
- (c) In accordance with the laws governing the Borrower all necessary actions have been taken to authorize it to accept this Agreement and execute the project contemplated.

## 10.0 Default

- 10.1 If any of the events set out in Article 10.2 (an "**Event of Default**") occurs then the Lender may, at any time thereafter, by notice to the Borrower declare that the Loan together with accrued interest and all amounts payable hereunder by the Borrower is immediately due and payable, and that the Loan is cancelled.
- 10.2 The events of default are:
  - 10.2.1 the Borrower fails to pay any amount due under this Agreement on the due date as per repayment schedule or on demand, if so payable;
  - 10.2.2 any representation, warranty or statement which is made (or acknowledged to have been made) by the Borrower in accepting the Loan or on the last day of each Interest Period or upon the date of a proposed drawing or which is contained in any certificate, statement, or notice

provided under or in connection with this Agreement proves to be incorrect in any material respect;

10.2.3 any provision of this Agreement is or becomes, for any reason, invalid or unenforceable;

- 10.4** The Borrower will indemnify the Lender from and against any expense, loss, damage or liability which the Lender may incur as a consequence of the occurrence of any Event of Default. As a result the Borrower shall commit in writing to repay such amount as re - agreed with the Lender that will be able to recover the loan.

## 10.0 Application of Monies

If any sum paid or recovered in respect of the Borrower's liabilities under this Agreement is less than the amount due, the Lender may apply that sum to principal, interest, fees or any other amount due in such proportions and order and generally in such manner as it thinks fit.

## 11.0 Cumulative Rights, Waiver

The Lender's rights under this Agreement are cumulative, may be exercised by when it deems fit and are in addition to its rights under the general law.

The Lender's rights (whether arising under this Agreement or under the general law) shall not be capable of being waived or varied otherwise than by an express waiver or variation in writing; and in particular any failure to exercise or any delay in exercising any of such rights shall not operate as a waiver or variation of that or any other such right; any defective or partial exercise of any such rights shall not preclude any other or further exercise of that or any other such right; and no act or course of conduct or negotiation on the part of the Lender shall in any way preclude the Lender from exercising any such right or constitute a suspension or any variation of any such right.

## 12.0 Modes of Communication

- 12.1** Any notice or communication under this Agreement shall be in writing and shall be delivered personally or sent by post or facsimile to the address and fax number given below or at such other addresses as may be notified in writing. Proof of posting or dispatch of any notice or communication to you shall be deemed to be proof of receipt.
- 12.2** in the case of a letter, seven (7) Official Days after having been posted.
- 12.3** in the case of facsimile at the time of sending, provided that the sender receives a transmission report indicating successful transmission to the recipient's facsimile number.
- 12.4** Notices to the Lender should be sent to the Chief Executive Officer at P.O Box ..... inserted....., fax No. ...inserted....., Dodoma, Tanzania

(appropriate physical address is required) and those to the Borrower, the Managing Director at P.O. Box ....., , fax No. ...., or to any

other such alternative address or facsimile as written by the other party in the Loan Agreement.

**13.0 Counterparts**

This Agreement may be signed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

**13.0 The Laws Governing The Agreement**

This Agreement is governed by, and shall be construed in accordance with, the laws of the United Republic of Tanzania.

**14.0 Dispute Settlement**

The settlement for any dispute which failed to be resolved amicably by the Parties through Consultation may be referred to Arbitration.

**15.0 Commencement**

**15.1** By signing this Agreement, the Lender and the Borrower confirms that the only condition precedent with respect to this Agreement is the commencement of the Agreement.

**15.2** This Agreement shall become effective on the date upon signing by both parties hereto.

**IN WITNESS WHEREOF**, the undersigned has executed this Loan Agreement as of the date first stated above.

**SIGNED FOR THE NATIONAL WATER FUND**

**Signature:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Qualification:** \_\_\_\_\_

**WITNESSED BY:**

**Signature:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Qualification:** \_\_\_\_\_

\_\_\_\_\_

And

**SIGNED FOR (IMPLEMENTING AGENCY)**

**Signature:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Qualification:** \_\_\_\_\_

**WITNESSED BY:**

**Signature:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Qualification:** \_\_\_\_\_

# SCHEDULE 1

## Repayment Schedule

Grace Period: May be granted to borrower depending on the nature of the water project from the Loan Commencement Date

### Repayment Schedule:

1. Repayment of the Loan plus interest accrued during the grace period to be in three equal annual instalments to commence on the third anniversary of the Loan Commencement Date (or such earlier date as may be agreed in advance between the Parties hereto).
2. Payment of interest due during the repayment period of the Loan to be in three annual installments to commence on the third anniversary of Loan Commencement Date (or such earlier date as may be agreed in advance between the Parties hereto).

