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UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
EAST AFRICA REGIONAL CAPITAL DEVELOPMENT OFFICE

UNITED STATES POSTAL ADDRESS
NAIROBI (ID)
DEPARTMENT OF STATE
WASHINGTON, D.C., 20521

INTERNATIONAL POSTAL ADDRESS
POST OFFICE BOX 30261
NAIROBI, KENYA

March 16, 1971

The Honorable A. H. Jamal
United Republic of Tanzania
Minister of Finance
Dar es Salaam, Tanzania

Subject: A.I.D. Loan No. 621-H-016
Tsetse Barrier Loan
Implementation Letter No. 1

Dear Mr. Minister:

This letter sets forth the procedures for utilizing the proceeds of the loan and provides information to facilitate the implementation of the project in accordance with the Loan Agreement. Nothing in this letter and its attachments alters the scope of the Loan Agreement or the terms of the specific sections of the Loan Agreement that are referred to or explained in this communication. This letter and its attachments may be supplemented or modified by subsequent implementation letters to meet special situations which may arise.

1. Conditions precedent to Disbursement of Loan Proceeds. The conditions precedent to financing under the Loan Agreement are found in Section 3.01. Although the provisions therein are largely self-explanatory, the following information is provided to assist you in complying with them:

A. Please refer to Attachment A, Guide for Counsel of Borrower Government, which will assist you in preparing the legal opinion required in Section 3.01(a).

B. Upon fulfillment of the conditions precedent under Section 3.01, A.I.D. will be prepared to issue a Letter of Commitment, pursuant to your Government's request, for up to \$800,000 for the project. Section III below describes the procedures for issuance of a Letter of Commitment.

C. Please note that Section 3.02 of the Loan Agreement specifies the terminal dates for fulfillment of conditions precedent.

11. Procurement of Goods and Services.

A. Source of procurement. Code 941, referred to in various sections of the Loan Agreement, is described in the A.I.D. Geographic Code Book available at the USAID Office in Dar es Salaam or from EARCDO in Nairobi. At the present time, Code 941 refers to goods and services having both their source and origin in the United States and any other independent country in the free world excluding: Algeria, Andorra, Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, W. Germany, Greece, Hong Kong, Iceland, Iraq, Ireland, Israel, Italy, Japan, Kuwait, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, New Zealand, Norway, Portugal, S. Rhodesia, San Marino, Somalia, South Africa, Spain, Sudan, Syria, Sweden, Switzerland, United Arab Republic, United Kingdom, Yemen, and Yugoslavia. For this purpose "free world" excludes any area or country listed under A.I.D. Geographic Codes 156, 180, 181, 431, 432, 435, 439, and 516; i.e., Union of Soviet Socialist Republics, Albania, Bulgaria, Czechoslovakia, E. Germany, Estonia, Hungary, Latvia, Lithuania, Romania, Poland, North Vietnam, North Korea, Mainland China, Outer Mongolia, and Cuba.

Code 935, referred to in Section 5.06 of the Loan Agreement, is also described in the A.I.D. Geographic Code Book. At the current time, Code 935 includes all "free world" countries.

B. Procurement procedures. Attachment B, A.I.D. Capital projects Guidelines for Borrower Procurement of Equipment and Materials of United States Source and Origin, describes the procedures acceptable to A.I.D. in procuring the equipment to be financed under the project. The attachment is under revision by AID/W. Until copies of the completed revision are received, you may assume the Guidelines apply to procurement in all Code 941 countries. The procedures and requirements described in the Guidelines will result in the formulation of bidding documents acceptable under Section 5.03 of the Loan Agreement. Please note that Section 5.04 provides for A.I.D. approval of bid documents prior to issuance, and A.I.D. approval of the proposed award prior to execution of the contract.

C. Procurement and Services. The Loan Agreement provides funds for U.S. procurement services to assist your Government in handling procurement from the United States if deemed necessary. Attachment C, A.I.D. Capital projects Guidelines for Borrower Procurement of Engineering and Other Professional Services of United States Source and Origin, describes procedures acceptable to A.I.D. in preparing a contract meeting A.I.D. requirements. Representatives of A.I.D. are prepared to assist your Government in developing the appropriate procedures for the successful procurement of the services.

D. Eligible Items. Annex I of the Loan Agreement identifies a list of items eligible for financing under the Loan, which served as the basis for the amount of the Loan. A.I.D. is prepared to consider revisions in the project listing upon submission of adequate justification by your Government.

E. Shipping Limitations. In regard to the provisions of Section 5.06 of the Loan, A.I.D. requires that at least 50% of the gross tonnage of all goods financed hereunder shipped on ocean vessels be shipped on United States flag vessels. Responsibility for this requirement will be placed on the Government of Tanzania. It is also A.I.D. policy to deny shipment on ineligible vessels (non-free world flag vessels, and vessels which have called at Cuban or North Vietnamese ports). Lists of such ineligible vessels are published from time to time in the U.S. Federal Register by the Maritime Administration and are available for inspection at the USAID Office in Dar es Salaam or from EARCDO in Nairobi. Costs of shipping on vessels under the registry of eligible source countries (Code 941) will be dollar financed under the A.I.D. loan. A.I.D./Washington will monitor compliance with the U.S. flag requirements, and refunds will be required for deficits.

III. Disbursement Procedures and Documentation (Loan Agreement Sections 5.01 through 5.04). A.I.D. anticipates that foreign exchange costs of the project will be financed through the Letter of Commitment procedure. Attachment D, Disbursement of Loan Funds, Letter of Commitment Procedure, describes the procedure for requesting the issuance of Letters of Commitment, actions to be taken after they are issued, and the documentation required by A.I.D. as a basis for disbursement of loan funds. A.I.D. Form 1460-3 which is annexed to Attachment D shall be used to provide the information required by Section C.1c of Attachment D. Since banking charges are eligible for A.I.D. loan financing under Section 5.01 of the Loan Agreement, we assume that the borrower wishes to permit financing of banking charges under each Letter of Commitment issued. Unless you notify us to the contrary, each Letter of Commitment will cover banking charges of the U.S. bank to which the Letter of Commitment is issued.

IV. Information and marking (Loan Agreement Section 5.03). Arrangements shall be made for marking goods and shipping containers. Attachment B, Sections 5.5, 5.5.1 and 5.5.2 will assist you in complying with these requirements.

V. Records and Reports

A. Records. With reference to Section 4.09 of the Loan Agreement, records which relate to the acquisition of Eligible Items shall be maintained for at least five years after the final disbursement under the loan.

3. Reports. The reports required under Section 4.10 of the Loan Agreement shall include the following: Quarterly Progress Reports, Quarterly Shipping Reports, an Annual Operations Report, and any other periodic or special reports as A.I.D. may reasonably request. Three copies of all reports should be sent to the USAID Mission in Dar es Salaam which will transmit copies to EARCDO in Nairobi.

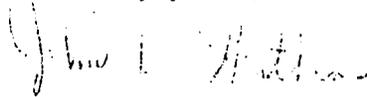
1. Quarterly Progress Report. Quarterly reports are required during the period the procurement takes place. Guidelines for preparing this report are contained in Attachment E. Quarterly reports should conform to calendar quarters, and should be received by A.I.D. within forty-five (45) days of the end of the quarter in which procurement begins.

2. Quarterly Borrower's Shipping Statement. This statement is required until all shipping under the loan has been completed, and should be submitted within forty-five (45) days of the end of each calendar quarter. Attachment I, Borrower's Shipping Statement, contains the format for this report. The Summary Statement part I should give the cumulative actual tonnages shipped, beginning with the initial report through the month of the last report, for U.S. and non-U.S. flag vessels, by category of vessel, as applicable. If the summary indicates a lag in compliance with Section 5.05 of the Loan Agreement, a statement should be included indicating how the deficit in shipping on U.S. flag vessels will be made up.

3. Annual Operations Report. By December 31, 1971 and annually thereafter for five years, the Tanzanian Government is to submit a report on the uses of the equipment being financed under the Loan. This report should also comment on the progress of the project in meeting the original objectives and should highlight both successes and problems in carrying out the project.

We will be pleased to discuss with your representative any aspect of implementation of the loan, or any matter relating to this letter or the attachments thereto.

Sincerely yours,



John L. Withers
Director, EARCDO

Attachments:

- Attachment A - Guide for Counsel of Borrower Government (6/64)
- Attachment B - A.I.D. Capital Projects Guidelines: Borrower Procurement of Equipment and Materials of United States Source and Origin (M.O. 1441.3)(1/69)
- Attachment C - A.I.D. Capital Projects Guidelines: Borrower Procurement of Engineering and Other Professional Services of United States Source and Origin (M.O. 1441.1) (1/69)
- Attachment D - Disbursement of Loan Funds - Letters of Commitment Procedure (7/69)
- Attachment E - Reporting Requirements (9/63)
- Attachment F - Borrowers Shipping Statement (10/62)

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

Attachment A

GUIDE FOR COUNSEL OF BORROWER GOVERNMENT

Among the conditions precedent to financing under the Loan Agreement, A.I.D. requires an opinion of the Legal Counsel of the Borrower Government to the effect that the Loan Agreement is legal and binding insofar as the Government is concerned. In preparing the required legal opinion please be guided by the following criteria:

1. A.I.D. prefers the opinion of the senior legal officer of the Government (the Attorney General of the Government or other counsel satisfactory to A.I.D.):

2. The legal opinion should reach, in substance, the essential conclusions concerning the legality and enforceability of the Loan Agreement that are specified under "Conditions Precedent" in the Loan Agreement.

3. A.I.D. will look for an explanation of the legal basis on which such conclusions were reached. This should include a citation of the basic legal authority for entering into the Agreement, a verification of the authority of the Government signator to sign for the Government, and an affirmative representation that all requirements of law have been met to make the Loan Agreement or the actions taken pursuant to it valid and binding.

4. A.I.D. will expect counsel to include relevant excerpts in English from the Constitution, statutes, executive orders or decrees, public notices, etc., relied upon in such opinion.

Two copies of the legal opinion, in English, should be provided to A.I.D. by the Borrower without delay so as to facilitate disbursement of Loan proceeds.

Attachment B

UNITED STATES
EQUIPMENT AND MATERIALS

A.I.D. CAPITAL PROJECTS GUIDELINES

BORROWER PROCUREMENT OF EQUIPMENT AND
MATERIALS OF UNITED STATES
SOURCE AND ORIGIN

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D.C. 20523

M.O. 1441.3
January 1969
TL 13:272

Attachment C

UNITED STATES
ENGINEERING AND OTHER
PROFESSIONAL SERVICES

A.I.D. CAPITAL PROJECTS GUIDELINES

BORROWER PROCUREMENT OF ENGINEERING AND
OTHER PROFESSIONAL SERVICES OF UNITED STATES
SOURCE AND ORIGIN

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D.C. 20523

M.O. 1441.1
January 1969
TL 13:270

AGENCY FOR INTERNATIONAL DEVELOPMENT -

Washington, D. C. 20523

**DISBURSEMENT OF LOAN FUNDS
LETTERS OF COMMITMENT PROCEDURE**

Under AID loan agreements the borrower may request AID to issued letters of commitment to banking institutions in the United States, designated by the borrower, as a basis for disbursing loan funds. The procedures to be followed by the borrower to obtain the issuance of letters of commitment and by suppliers to obtain payment pursuant to letters of credit or other orders for payment issued under the letter of commitment are as follows:

A. Form and Content of Request for Letter of Commitment. Requests for the issuance of letters of commitment shall be submitted to AID in duplicate in the English language, shall set out the AID number of the loan, and shall contain the following:

1. The U.S. dollar amount of the letter of commitment;
2. The name of the U.S. banking institution to which the letter of commitment is to be issued;
3. The name and address of the approved applicant (the borrower or a person or organization, such as a bank in the borrower's country, authorized by the borrower to request the U.S. banking institution to open letters of credit or to make payment to suppliers by other means);
4. The expiration date to be stated in the letter of commitment. In no case may this be later than the date specified in the loan agreement as the final date for submitting documentation to the U.S. banking institution as a basis for disbursements against the letter of commitment;
5. An identification of the items to be financed under the letter of commitment. Equipment, and materials shall be described by categories in commercial terminology or in terms of the AID 3-digit commodity code, showing estimated quantities and dollar costs, whether costs include delivery to the borrower's country, and whether the borrower wishes to provide for any flexibility between individual category amounts within the total amount of the letter of commitment. In the case of services, three copies of the governing contract shall be submitted with the request for issuance.

B. Notification of and Action After Issuance of Letter of Commitment. Upon issuance of a letter of commitment, a copy will be sent to the borrower as notification of such issuance. After such notification, the borrower or its approved applicant may request the designated U.S. banking institution to open commercial letters of credit or to provide for payment to suppliers by other means. Each such request shall include the AID serial number of the loan and of the pertinent letter of commitment. The request, and instructions to U.S. banking institutions in connection therewith, may include any special directions, consistent with the terms of the letter of commitment, that the borrower may specify.

C. Documentation for Payment. AID requires that claims by suppliers for payment pursuant to letters of credit or other orders for payment issued under an AID letter of commitment be supported by the following documents, except when waived in writing by AID.

1. Costs of Goods, Including Costs of Freight and/or Marine Insurance Where Paid by the Supplier. (See paragraphs 3 and 4 below for documentation to support prepayments and progress payments under contracts.)

a. Voucher SF 1034. Original and three copies, normally prepared by the U.S. banking institution.

b. Supplier's Detailed Invoice. One copy or photostat, showing quantity, description gross sales price, net sales price (after deducting discounts and purchasing agents' commission), and basis of delivery (e.g., C&F, FAS) of the goods or details of the services. Such invoice shall be accompanied by a certificate from a banking institution indicating that payment has been made. Where the invoice covers goods shipped from a free port or bonded warehouse, it shall include an endorsement so indicating and designating also the country or area from which shipment was made to the free port or bonded warehouse. Where an invoice covering costs of freight and/or marine insurance is rendered separately (i.e., where these costs are not billed on the invoice covering the costs of the goods), an appropriate reference must be furnished to the voucher (SF 1034) and invoice under which the cost of the goods was paid.

c. Source/Origin Provision. Suppliers are required to certify that the commodities shipped hereunder have a source and an origin in a country or area included in the AID Geographic Code indicated in the loan agreement. The term "source" means the country or area from which a commodity is shipped to the cooperating country. When, however, a commodity is shipped from a free port or bonded warehouse in the form in which received therein, "source" shall mean the country or area from which commodity was shipped to the free port or bonded warehouse. The term "origin" means the country or area where the commodity was mined, grown or produced through manufacturing, processing or assembly; provided, however, that neither a commodity produced in an authorized source country which contains components from a Free World source (AID Geographic Code 899) other than authorized source countries, the total costs (delivered at the point of production) of which amounts to more than 10% of the lowest price (excluding the cost of ocean transportation and marine insurance) at which the supplier makes the commodity available for export sale (whether or not financed by AID) nor a commodity containing any components from a source not included in AID Geographic Code 899 will be considered to be of eligible "origin." In addition, any commodity transaction which is prohibited by U.S. Treasury Department Foreign Assets Control Regulations or Cuban Assets Control Regulations will not be eligible for AID financing.

The following certification on "source" and "origin" must be attached to or endorsed on each invoice presented for payment and must be signed by the supplier or his authorized representative:

I (We) hereby certify that the source and origin (as defined by AID) of the commodities listed on the attached invoice or invoiced herein is as shown below and as shown on the AID Supplier's Certificate and that such invoiced commodities were mined, grown or produced in a country or countries covered by AID Geographic Code _____. (Insert the Geographic Code number specified by the borrower.)

I (We) further certify that, to the best of my (our) information and belief, with respect to any produced commodity invoiced, the cost of components (delivered to point of production) the source of which is a Free World country other than countries authorized as sources in the Agreement, does not exceed in total cost 10 percent of the lowest price (excluding the cost of ocean transportation and marine insurance) at which I (we) make the commodity available for export, that the produced commodity does not contain any components imported from countries not included in Geographic Code 899 or prohibited by FAC or CAC Regulations.

SOURCE OF COMMODITIES _____

AUTHORIZED SIGNATURE OF SUPPLIER _____

TITLE _____

DATE _____

d. Evidence of Shipment

(1) Bill of Lading or Substitute. One copy or photostat of ocean or charter party bill of lading, airway bill, parcel post receipt, or other commercially acceptable documentation,

(2) Bank Certificate for Shipments from United States. In the case of any commodity shipped from the United States and financed by A.I.D. under a letter of commitment to a U.S. banking institution, A.I.D. will accept in lieu of the documents referred to in d.(1) above, a certificate from the banking institution to the effect that it has been informed by the approved applicant or supplier that the sale is on an FOB or FAS basis and it is impracticable to furnish an ocean or charter party bill of lading, airway bill, or parcel post receipt, and that either:

(a) Shipment Document Sent by Bank. The banking institution has received a common carrier bill of lading, negotiable warehouse receipt, mate's receipt, master's receipt, dock receipt, or domestic parcel post receipt (if in nonnegotiable form, showing that the goods have been consigned to or are being held for a person or organization designated by the approved applicant); it has delivered or sent the same, in accordance with instructions of the approved applicant, to a person or organization designated by the approved applicant; and it has in its possession a written undertaking of such person or organization (1) to arrange for ocean shipment and to deliver to the banking institution a copy (or photostat) of the ocean or charter party bill of lading, airway bill, or parcel post receipt for forwarding to A.I.D., or (2) if unable to arrange for ocean shipments within 90 days of the date of the undertaking, to so notify A.I.D., Washington, D.C., and at such time as A.I.D. may request, to deliver to the banking institution for forwarding to A.I.D., a common carrier bill of lading or warehouse receipt in negotiable form for the commodity; or

(b) Shipment Document Held by Bank. The banking institution has received a common carrier bill of lading or warehouse receipt in negotiable form and is in possession of the same; it has been unable to deliver the same to a person or organization designated by the approved applicant against the written undertaking described in (2)(a)(1) above, and it is holding the negotiable common carrier bill of lading or negotiable warehouse receipt subject to the instructions of A.I.D. and will forward same to A.I.D. when and if so instructed, except that if it becomes possible before any such instructions are received, it will proceed in accordance with (2)(a)(1) above.

(3) Banking Certificate for Shipments from Outside United States. In the case of commodities financed by A.I.D. under a letter of commitment to a U.S. banking institution and shipped to a borrower, by means other than ocean vessel or aircraft, from an authorized source country or other area other than the United States, in lieu of the documents referred to in subdivision d.(1) of this subparagraph A.I.D. will accept (1) a certification from the banking institution to the effect that it has been informed by the approved applicant or the supplier that it is impracticable to furnish any of the documents described in (2)(a) above, and (2) such other documents evidencing shipment to or receipt by the borrower as are acceptable under good commercial practice (such as railway, barge, or truck bills of lading or importers' receipts).

e. A.I.D. Supplier's Certificate and Invoice-and-Contract Abstract. The original and two copies of the A.I.D. Supplier's Certificate and Invoice-and-Contract Abstract, executed by the supplier, covering the following:

(1) The cost of the commodity, including the cost of ocean freight and/or marine insurance (including war risk insurance) when such costs are paid by the supplier for his own or the buyer's account, to be executed by the supplier of the commodity.

(2) The cost of ocean freight, to be executed by the ocean carrier.

(3) The cost of marine insurance (including war risk insurance) to be executed by the insurer, insurance broker, or underwriter.

f. Other Documentation. Such additional or substitute documentation as A.I.D. may require.

2. Costs of Services

a. Voucher SF 1034. Original and three copies, normally prepared by the U.S. banking institution.

b. Supplier's Detailed Invoice. One copy or photostat, describing the services performed and itemizing in detail the costs for which payment is invoiced (except in the case of lump-sum contracts in which case the invoice shall identify the covering contract and the section or paragraphs which provide for such payment and the terms of payment), setting out separately costs of travel, materials, and equipment, if any. Such invoice shall be accompanied by a certificate from a banking institution indicating that payment has been made.

c. Certificate of Performance. This must be executed by an authorized representative of the borrower, as follows:

The undersigned certifies that (1) the services for which reimbursement is requested have been satisfactorily rendered; (2) the costs thereof are properly reimbursable and the fees earned, in accordance with the terms of the contract; (3) any reports or recommendations required under the terms of the contract have been received and are in accordance with the terms of the loan agreement.

Signed _____

Date _____

Title _____
Authorized Representative

d. A.I.D. Supplier's Certificate and Invoice-and-Contract Abstract. The original and two copies of the A.I.D. Supplier's Certificate and Invoice-and-Contract Abstract, executed by the supplier, covering the total amount for which reimbursement is requested.

e. Other Documentation. Such additional or substitute documentation as A.I.D. may require.

3. Prepayments and Progress Payments Under Contracts. Where prepayments and/or progress payments are required under a contract with a supplier (and such financing has been approved by A.I.D. in advance), the value thereof may be financed under a letter of commitment, subject to prior performance of such special provisions as may be required by A.I.D. Documentation to support disbursements covering prepayments and progress payments is as follows:

a. Voucher SF 1034. Original and three copies, normally prepared by the U.S. banking institution.

b. Supplier's Detailed Invoice. One copy or photostat of the invoice, identifying the covering contract and showing (a) the total value of the contract (excluding escalation); (b) the total of amounts previously received and/or claimed as prepayment or progress payments, detailed by amounts and dates; (c) the amount being invoiced for payment; (d) the total value of goods delivered (including shipping and related costs) and separately the total value of technical or other noncommodity-related services performed under the contract as of the date of the invoice; and (e) the total value of goods delivered (including shipping and related costs), broken down by calendar year and quarter of shipment, since the date of the previous invoice, and the total value of technical or other noncommodity-related services performed since the date of the previous invoice.

The copy or photostat of the invoice shall be marked "PAID" by the supplier or shall be endorsed by or accompanied by a certificate of a bank certifying that payment has been made in the amount shown on the invoice.

c. AID Supplier's Certificate and Invoice-and-Contract Abstract. The original and two copies of the AID Supplier's Certificate and Invoice-and-Contract Abstract, executed by the supplier, covering the total amount for which reimbursement is requested.

d. Works Progress Certificate. For progress payments, one copy of a Works Progress Certificate, signed by the supplier, in the following form attached to, or endorsed on, the invoice.

The undersigned certifies that (1) the amount expended for engineering services, labor, materials, and payments on account of commitments for materials and services supplied or to be supplied under contract [or order] No. _____ are in excess of the total payments already received or claimed against this contract [or order] including payments claimed against this invoice; (2) the value of said contract [or order] excluding escalation is _____; (3) the undersigned is complying with the terms and conditions of the subject contract [or order]; (4) the commodity is presently under the General License, or, if not, a validated export license has been issued by the Department of Commerce covering the commodity, and the undersigned has not received notice that it has been canceled or terminated; and (5) the commodity is being specially manufactured or produced for the importer under the contract [or order], does not conform to the undersigned's standard specifications for domestic or foreign sale, or if it does, is not of a type normally manufactured by or for the undersigned for inventory, and to the best of the undersigned's belief, would, in the event of nondelivery, neither be resaleable nor convertible for resale at, or above, the contract price.

Signature _____

Date _____

Title _____

Authorized Representative

e. Other Documentation. Such additional or substitute documentation as AID may require.

4. Partial or Final Payments Where Prepayments or Progress Payments Have Been Made. Where prepayments or progress payments have been made under a contract financed out of AID loan funds, in addition to documentation as provided in section 1 of this part, a certification, signed by the supplier, in the following form is required to be attached to or endorsed on the invoice.

The undersigned certifies that (1) the sales value of the equipment covered by this invoice, plus the value of equipment already delivered, plus the sales value of engineering services, labor, and purchased material for which expenditures have been made, plus the amount expended on account of commitments for equipment remaining to be supplied under the subject contract are not less than the total payments already received or claimed against this contract [or order] including payments claimed under this invoice, and (2) it is complying with the terms and conditions of the subject contract [or order].

Signature _____

Date _____

Title _____

Authorized Representative

5. Final Payment Where Amount Previously Withheld Under Contract. Where a contract financed out of AID loan funds authorizes final payment for goods upon acceptance by the purchaser, certification by the purchaser's engineer, or other comparable condition, documentation to support such final payment shall be as follows:

a. Voucher SF 1034. Original and three copies normally prepared by the U.'S. banking institution.

b. Supplier's Detailed Invoice. One copy or photostat identifying the covering contract and showing (a) the total value of the contract (excluding escalation), (b) total of amounts previously received as payments under the contract, and (c) the amount invoiced for final payment. Such invoice shall be accompanied by a certificate from a banking institution indicating that payment has been made.

c. Certificate of Acceptance. There shall be attached to or endorsed on the supplier's invoice a certification substantially as follows, executed by the borrower or its authorized representative.

The undersigned certifies that the [machinery-equipment] for which final payment is invoiced, meets in all respects the specifications prescribed in the covering contract, and the amount invoiced is properly due and payable to the supplier under the contract.

Signature _____

Date _____

Title _____

Authorized Representative

d. AID Supplier's Certificate and Invoice-and-Contract Abstract. The original and two copies of the AID Supplier's Certificate and Invoice-and-Contract Abstract executed by the supplier, covering the total amount for which reimbursement is requested.

e. Other Documentation. Such additional or substitute documentation as AID may require.

REPORTING REQUIREMENTS

In accordance with the Agreement, we are requesting that you adopt a reporting system which will provide information on the physical and financial progress made in carrying out your project. Therefore, progress and final reports shall be prepared according to the following guidelines. The reporting periods, timing and distribution of these reports are specified in the Implementation Letter.

I. Guidelines for Preparing Progress Reports

A. General

The progress reports submitted to the Agency for International Development shall be in the English language.

Progress reports shall ordinarily be prepared on 8-1/2" x 11" sheets and bound with a suitable and inexpensive binder. The face of the binder shall show the country, project title and number, name of the responsible reporter, period of the report and the consecutive number of the report. (See sample 1 attached.)

It is not required that the reporter change the format which he normally uses. However, as a minimum requirement, progress reports must be capable of meaningfully reflecting, against determined plans and goals, the extent of tangible progress, the quality of performance and the utilization of funds. The contents shall be presented in an orderly and consistent manner and provide a mechanism for the speedy identification and analysis of trouble areas to allow for expeditious corrective action when required.

Statistical, narrative and visual sections shall be included in the progress report. For guidelines to their preparation, see following Sections B., C. and D.

B. Statistical

The fundamental requirement of all progress reports is a schedule against which actual progress can be measured. The schedule should include the major work items under each natural division of the project. The most suitable and convenient mechanisms for this purpose are:

1. A bar chart schedule on which the actual % of completion of each major item can be plotted against that scheduled. (See sample 2 attached.) Trouble areas may be speedily identified on a bar chart;
2. A % of Progress Completion curve on which actual % project completion can be plotted against that schedule. (Curve may be separate from, or superimposed upon the bar chart.) (See sample 2 attached.) In addition to % of project completion, this curve indicates the rate of progress;
3. A Procurement Schedule, in tabular form, showing date required, promised, and actual delivery dates for the major units of equipment and materials required for each item on the Progress Schedule. (See sample 3 attached.);
4. Financial Plan and Cash Flow Charts, in tabular form, showing the plans for U.S. dollar and Other Funds financing of the major items of the project and the dates when funds are committed. (See samples 4 and 5 attached.);
5. A tabulation of charges accrued to, and payments received by, the consulting engineer and/or construction contractor. (See sample 6 attached.) and;
6. A project personnel chart, in tabular form. (See sample 7 attached.)

C. Narrative

Elaborate, as necessary, on the progress of the items included on the bar chart schedule. Report on any unusual circumstances adversely affecting the character and progress of the work or

affecting the availability of funds to continue the project, including change orders, etc. Explain steps taken or planned to overcome these circumstances. Any substantial change of over-all project schedule should be explained and a revised schedule submitted as part of the report. Describe the nature and extent, as may be applicable, of the:

1. Engineering work accomplished during the reporting period, the work load and proposed schedule of engineering design, as well as preparation of detailed drawings, specifications, bills of material, etc. State the percentages of completion prior to the reporting period, during the reporting period and at the end of the reporting period;

2. Construction work accomplished during the reporting period, the work load and proposed schedule of construction as well as the status of materials deliveries. State the percentage of completion prior to the reporting period and at the end of the reporting period. List any subcontracts let during the period showing the subcontractor's name and a brief scope of his work.

3. Training program including training for adequate maintenance of the completed facility. How it is being conducted and the progress being made, and;

4. Management consulting progress made during the reporting period. Show significant changes in the number of employees and the number of key members of the management staff.

Executive time required for preparation of the narrative will not be considered as an acceptable excuse for delay in delivery of the progress report. That part of the narrative which cannot be completed within the ten day delivery deadline, shall be included in the following months report.

D. Visual

Photographs - The report shall include photographs with appropriate titles and dates noted thereon. Where possible, these photographs shall be taken from the same location as the job progresses so that there will be a pictorial history of the job showing the site before construction started, during construction and after construction is completed. The photographs shall be good clear prints and are preferred in the 8" x 10" size but if smaller they may be mounted on 8-1/2" x 11" paper for binding in the report.

Map or maps - Where the project includes operations at various locations a map should be included with the report, preferably 8-1/2" x 11", showing the area of the project and the various portions of the project in that area.

Reduced scale plans may be included to show progress visually, using color or symbol marking to indicate the progress of each period.

II. Guidelines for Preparing Final Reports

A. General

The final report submitted to the Agency for International Development shall be in the English language.

It shall ordinarily be prepared on 8-1/2" x 11" sheets and bound with a suitable and inexpensive binder. The face of the binder shall show the country, project title and number, name of the responsible reporter and period of the report.

As a minimum requirement, the final report shall provide:

1. A history of the project from its beginning through to completion and acceptance by the owner.
2. An explanation of each significant delay in completion and increase in costs during implementation of the project, and;
3. A comparison of the estimated and actual completion dates and costs of the various elements of the project.

The final report shall include the same statistical, narrative and visual sections that are included in the progress reports. For guidelines to their preparation see the following Sections B., C. and D.

B. Statistical

By means of the same statistical mechanisms which are used in the progress reports, this section shall provide a comparison between the estimated and actual completion dates and costs of various elements of the project and show all significant changes which occurred in the schedule, costs, personnel, etc., during the life of the project.

C. Narrative

The narrative shall include a description of, and the reason for, each significant delay in completion and/or increase in costs of the project and information of a general nature such as weather, labor conditions, etc., which had a bearing on the quantity, quality and schedule of the work.

Also, the narrative shall include a short history of the project from its beginning through to completion and acceptance by the owner.

D. Visual

This section shall include photographs taken as the work progressed, with appropriate titles and dates noted thereon, so that there will be a pictorial history of the project from its beginning through to completion. The photographs shall be good clear prints and are preferred in the 8" x 10" size but if smaller they may be mounted on 8-1/2" x 11" paper for binding in the report.

Maps, plot plans, etc., should also be included, preferably 8-1/2" x 11" in size.

E. Completion Reports

On capital projects where the Agreement provides for a substantial period (one year or more) of technical assistance to the owner in post-construction training, management, operation and maintenance, a completion report, including substantially the same information requested above, should be submitted when physical construction of the project has been completed and accepted by the owner.

Progress reporting, on the technical assistance activities, shall continue after submission of the completion report and the final report shall be submitted after the overall project is completed.

The Progress Schedule, sample 2 attached, includes a bar chart for scheduling and report-progress on major items of the project and a % of project completion curve against which actual progress can be plotted.

Only major work items shall be included (Column 2). These items may be sub-divided if necessary. The items should be numbered consecutively (Column 1) and listed in the same order in other sections of the report. The method used in calculating Weighted % of Project (Column 3) shall be clearly defined, approved by the engineer/contractor and borrower and used when calculating actual Item % Complete. Item % (Column 4) is based on physical completion. Project % (Column 5) is calculated by multiplying Columns 3 and 4. For each reporting period, the item % complete should be shown by shading of the corresponding bar. Project % complete (TOTAL of Column 5) should be plotted against ending date of reporting period. In cases of more than one contractor, use both individual and composite Project Schedules.

Interpreting the Progress Schedule, the sample % of completion curve indicates that the project is on schedule and that the rate of progress is satisfactory. However, the bar chart indicates that work items 2, 3 and 9 are behind schedule. The bar chart is a method of pinpointing the exact item where a delay is developing which obviously is reflected in the overall progress curve.

The Procurement Schedule, sample 3 attached, is based on the identical breakdown used for the Progress Schedule. Major units of equipment and materials (Column 2) must be listed under the major items of the project for which they are required. Equipment and material, not specifically included, should be listed as "other" under the major item for which they are required (No. 3, d - Sulphuric Acid Plant). Units of equipment and material should be identified in Column 1 by letter instead of number.

The scheduled delivery at site (Column 3) is determined for the Progress Schedule.

Dates are to be entered in Columns 4, 5, 6 and 7 as they are determined during each reporting period.

COUNTRY NAME

Project Title

Project or Loan Number

QUARTERLY PROGRESS REPORT NO.

for

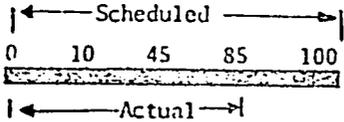
October 1, 1963 - December 31, 1963

REPORTER

(Borrower, Grantee, Engineer, Consultant or Participating Agency)

PROGRESS SCHEDULE
(Construction & Erection)

PROGRESS: Scheduled ---
Actual _____



MONTH OF
DECEMBER 1962

Submitted: _____ Date _____

Approved: _____ Date _____

Approved: _____ Date _____

FERTILIZER PLANT AID 293

NO	WORK ITEM	Weighted % of Project	Item % Complete	Project % Complete	1963					1964					%	
					J	A	S	O	N	D	J	F	M	A		M
	TOTAL	100	--	60.0	0	10		25				60	75		100	100
1	Main Plant	19	60	11.4			0	20				40		75	100	90
2	Nitrophosphate Plant	16	65	10.4			0	80				70	100			80
3	Sulphuric Acid Plant	17	50	8.5	0	20			70			80	100			70
4	Bagging Plant	8	40	3.2					0			40		100		60
5	Steam Generation Plant	12	75	9.0			0	40				40	100			50
6	Water Treatment Plant	10	85	8.5			0		30			60	75	100		40
7	Work Shop	4	40	1.6					0			35	100			30
8	Electrical Shop	4	60	2.4					0			40	100			20
9	Auxiliary Facilities	10	50	5.0			0	20	40			60	100			10
										50						0

CONTRACT PROCUREMENT SCHEDULE

	Major Units Equipment & Materials	Scheduled Delivery at Site	Orders Placed	Promised Delivery	Date Shipped	Delivered to Site
1	Main Plant	12/31/63				
2	Nitrophosphate Plant					
a	—————	10/31/63				
b	—————	11/15/63				
c	—————	12/13/63				
3	Sulphuric Acid Plant					
a	—————	8/31/63				
b	—————	9/15/63				
c	—————	10/20/63				
d	Other	11/30/63				
4	Bagging Plant	1/31/64				
10	Auxiliary Facilities	12/31/63				

FINANCIAL PLAN AND CASH FLOW

U.S. DOLLARS (thousands)

WORK ITEM	Contract Cost		Commitments			Funds Required to Complete Project			
	Original	Revised	Previous Total	Report Period	Total	1963 (Quarter 1964			
						3	4	1	2
TOTAL									
1 Main Plant									
2 Nitrophosphate Plant									
3 Sulphuric Acid Plant									
4 Bagging Plant									
5 Steam Generation Plant									
6 Water Treatment Plant									
7 Work Shop									
8 Electrical Shop									
9 Auxiliary Facilities									
Funds Remaining in Loan (not Committed)									
Funds Required to Complete (total all quarters)									

AID-3-74 (2-63)

SAMPLE 4

FINANCIAL PLAN AND CASH FLOW:

OTHER FUNDS (thousands)

NO	WORK ITEM	CONTRACT COST		COMMITMENTS			FUNDS REQUIRED TO COMPLETE PROJECT			
		Original	Revised	Previous Total	Report Period	Total	1963 Quarter 1964			
							3	4	1	2
	TOTAL									
1	Main Plant									
2	Nitrophosphate Plant									
3	Sulphuric Acid Plant									
4	Bagging Plant									
5	Steam Generation Plant									
6	Water Treatment Plant									
7	Work Shop									
8	Electrical Shop									
9	Auxiliary Facilities									
	Funds Remaining in Loan (not committed)									
	Funds Required to Complete (total all quarters)									

ACCRUED CHARGES
AND
PAYMENTS RECEIVED

CONSULTING ENGINEER

	U. S. FUNDS		OTHER FUNDS	
	ACCRUED CHARGES	PAYMENTS RECEIVED	ACCRUED CHARGES	PAYMENTS RECEIVED
PREVIOUS REPORT PERIOD				
TOTAL				

CONSTRUCTION CONTRACTOR

Use individual & composite reports if more than one contractor.

	U.S. FUNDS		OTHER FUNDS	
	ACCRUED CHARGES	PAYMENTS RECEIVED	ACCRUED CHARGES	PAYMENTS RECEIVED
PREVIOUS REPORT PERIOD				
TOTAL				

PROJECT PERSONNEL

(As Of The Last Day Of The Reporting Period)

Use Individual And Composite Report If More Than One Contractor

	U.S.	LOCAL	THIRD COUNTRY
Owner			
Consulting Engineer			
Management Consultant			
Prime Contractor			
Sub-Contractors (list)			
Other			
Total			

BORROWERS SHIPPING STATEMENT			2. Borrower		FOR A.I.D. USE			
To: Agency for International Development Washington, D. C. 20523 Our progress in meeting our obligation under the Loan Agreement to ship on U.S. flag vessels at least fifty percent of the gross tonnage of loan financed goods transported on ocean vessels is as shown in the following tabulation.			3. Loan Number		Attachment:			
			4. Date Submitted		Implementation Letter			
			5. For Quarterly Period Ended (Date)		Date Received			
			Signature		Date Copy to Trans.			
			Title					
1. Shipments From			Gross Tonnage		Freight Cost (U.S. Dollar Equivalent)		Supplier Invoice Reference	
PART I - SUMMARY STATEMENT			Total Long Tons	U.S. Vessels		Total	Paid With Loan Funds	1. Number and Date 2. F.O.B. Value of Goods (U.S. Dollar Equivalent)
				Long Tons	Percent of Total			
Cumulative Totals - Shipments in Previous Quarters.....								
Total - Shipments This Quarter.....								
Cumulative Totals Through This Quarter.....								
PART II - SHIPMENTS THIS QUARTER			(d)	(e)	(f)	(g)	(h)	(i)
Vessel	Ports	Bill of Lading						
1. Name	1. Exit	1. Date						
2. Registry	2. Destination	2. Description of Cargo						
(a)	(b)	(c)						

Instruction: Two statements are required: one for shipments from the U.S.; one for shipments from other sources. Identify the statement by inserting in Block 1 either "The United States" or "Areas Other Than The United States."

Mail two copies of each statement to:
 Agency for International Development
 Bureau for Africa and Europe
 Office of Capital Development and Finance
 Washington, D. C. 20523

If the tabulation requires more than one page, use continuation sheet(s) in the form illustrated on reverse side of this form.

Thompson
To Record File

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
EAST AFRICA REGIONAL CAPITAL DEVELOPMENT OFFICE

UNITED STATES POSTAL ADDRESS
NAIROBI (ID)
DEPARTMENT OF STATE
WASHINGTON, D.C., 20521

INTERNATIONAL POSTAL ADDRESS
POST OFFICE BOX 30261
NAIROBI, KENYA

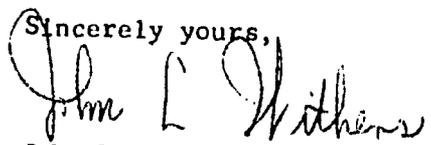
August 10, 1971

Permanent Secretary
The Treasury
P. O. Box 9111
Dar es Salaam, Tanzania

Subject: A.I.D. Loan No. 621-H-016
Tsetse Barrier Loan
Implementation Letter No. 2

Dear Mr. Secretary:

I am pleased to inform you that the material submitted in your Government's letter of July 15, 1971, to USAID/Tanzania, is sufficient to satisfy the Conditions Precedent contained in Section 3.01(e) of the subject Loan Agreement. A.I.D. has previously approved the material required to satisfy Section 3.01(a), (b), (c) and (d). On this basis, you may proceed with the procurement provided for under the loan.

Sincerely yours,

John L. Withers
Director, EARCDO

6210118-(4)
Thompson
PD-AAB-596

CONFORMED COPY

A.I.D. Loan No. 621-H-016

34p

LOAN AGREEMENT
BETWEEN THE
GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA
AND THE
UNITED STATES OF AMERICA
FOR
TSETSE FLY ERADICATION

DATE:

May 20, 1971

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LOAN AGREEMENT dated the 25th day
of MAY 1971 between THE GOVERNMENT OF THE UNITED
REPUBLIC OF TANZANIA ("Borrower") and the UNITED STATES OF AMERICA,
acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

ARTICLE I

The Loan

SECTION 1.01. The Loan. A.I.D. agrees to lend to the Borrower pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed Eight Hundred Thousand United States Dollars (\$800,000) ("Loan") to assist the Borrower in carrying out the Project referred to in Section 1.02 ("Project"). The Loan shall be used exclusively to finance Foreign Exchange costs of goods and services required for the Project ("Foreign Exchange Costs"). The aggregate amount of disbursements under the Loan is hereinafter referred to as "Principal."

SECTION 1.02. The Project. The Project shall consist of the acquisition (including transportation and insurance) of Equipment, supplies and related services in support of a Tsetse Eradication Program.

The Project is more fully described in Annex 1, attached hereto, which Annex may be modified in writing.

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ARTICLE II

Loan Terms

SECTION 2.01. Interest. The Borrower shall pay to A.I.D. interest which shall accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 6.03) and shall be computed on the basis of a 365-day year. Interest shall be payable semiannually. The first payment of interest shall be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

SECTION 2.02. Repayment. The Borrower shall repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semiannual installments of Principal and interest. The first installment of Principal shall be payable nine and one-half (9-1/2) years after the date on which the first interest payment is due in accordance with Section 2.01. A.I.D. shall provide the Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

SECTION 2.03. Application, Currency and Place of Payment.

All payments of interest and Principal hereunder shall be made in United States dollars and shall be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, all such payments shall be made to the Controller, Agency for International Development, Washington, D.C., U.S.A., and shall be deemed made when received by the Office of the Controller.

SECTION 2.04. Prepayment. Upon payment of all interest and ~~refunds then due to the~~ Borrower may prepay, without penalty, all or any part of the Principal. Any such prepayment shall be applied to the installments of Principal in the inverse order of their maturity.

SECTION 2.05. Renegotiation of the Terms of the Loan. The Borrower agrees to negotiate with A.I.D., at such time or times as A.I.D. may request, an acceleration of the repayment of the Loan in the event that there is any significant improvement in the internal and external economic and financial position and prospects of the country of the Borrower.

ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.01. Conditions Precedent to Initial Disbursement.

Prior to the first disbursement or to the issuance of the first Letter of Commitment under the Loan, Borrower shall, except as A.I.D. may

otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) An opinion of the Attorney General of the Borrower or of other counsel acceptable to A.I.D. that this Agreement has duly been authorized or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;
- (b) The names of the persons holding or acting in the office of the Borrower specified in Section 8.02, and a specimen signature of each person specified in such statement;
- (c) A written assurance from an appropriate official of Borrower that sufficient funds will be budgeted to support the recurrent costs of the Tsetse Eradication program in the West Lake Region for at least three years;
- (d) Evidence that a heavy equipment maintenance expert will be engaged for the project;
- (e) A program outlining a three-year plan for clearing/spraying operations in the project area;
- (f) Such other information as A.I.D. may request with respect to the project.

SECTION 3.02. Terminal Date for Meeting Conditions Precedent to Disbursement. If all of the conditions specified in Section 3.01 shall not have been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D. at its option may terminate this Agreement by giving written notice to the Borrower. Upon the giving of such notice, this Agreement and all obligations of the parties thereunder shall terminate.

SECTION 3.03. Notification of Meeting of Conditions Precedent to Disbursement. A.I.D. shall notify the Borrower upon determination by A.I.D. that the conditions precedent to disbursement have been met.

ARTICLE IV

General Covenants and Warranties

SECTION 4.01. Execution of the Project.

- (a) The Borrower shall carry out the Project with due diligence and efficiency, and in conformity with sound engineering, administrative and financial practices.
- (b) The Borrower shall cause the Project to be carried out in conformity with all of the plans, specifications, contracts, schedules, and other arrangements, and with all modifications therein, approved by A.I.D. pursuant to this Agreement.
- (c) Borrower warrants that, unless A.I.D. shall otherwise agree in writing, the equipment financed by this loan will be used only for the West Lake Region Tsetse Eradication Project during the six year life of the Project.

(d) Borrower warrants that a plan will be adopted on a yearly basis for utilizing those lands to be cleared during the subsequent year's clearing operations.

(e) Borrower warrants that the Tsetse control barriers will be properly maintained after completion of the six year clearing program.

SECTION 4.02. Funds and Resources to be Provided by Borrower.

The Borrower shall provide promptly as needed all funds in addition to the Loan, including those specified in Section 3.01(c) hereof, and all other resources required for the punctual and effective carrying out of the Project.

SECTION 4.03. Continuing Consultation. The Borrower and A.I.D. shall cooperate fully to assure that the purpose of the Loan will be accomplished. To this end, the Borrower and A.I.D. shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under this Agreement, the performance of the consultants, contractors and suppliers engaged on the Project, and other matters relating to the Project.

SECTION 4.04. Operation and Maintenance. The Borrower shall operate, maintain and repair the goods financed hereunder, in conformity with sound engineering, financial, administrative and operating practices and in such manner as to insure the continuing and successful achievement of the purposes of the Project.

SECTION 4.05. Taxation. This Agreement, the Loan, and any evidence of indebtedness issued in connection herewith shall be free from, and the Principal and interest shall be paid without deduction for and free from, any taxation or fees imposed under the laws in effect within the country of the Borrower. To the extent that supplies, materials, equipment or funds are introduced into or acquired in Tanzania by any contractor financed hereunder they shall, while used in Tanzania in connection with the Project, be exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in Tanzania. No direct tax (whether in the nature of an income, profits, business tax or otherwise) shall be imposed on any contractor financed hereunder. Personnel employed by, or under contract with, such contractors, shall be accorded the customs and taxation treatment set forth in Section 5(d) of the Economic, Technical and Related Assistance Agreement between A.I.D. and Borrower dated February 8, 1968.

SECTION 4.06. Utilization of Goods and Services.

(a) Goods and services financed under the Loan shall be used exclusively for the Project, except as A.I.D. may otherwise agree in writing. Upon completion of the Project, or at such other time as goods financed under the Loan can no longer usefully be employed for the Project, the Borrower may use or dispose of such goods in such manner as A.I.D. may agree in writing prior to such use or disposition.

(b) Except as A.I.D. may otherwise agree in writing, no goods or services financed under the loan shall be used to promote or assist any foreign aid project or activity associated with or financed by any country not included in Code 93 of the A.I.D. Geographic Code Book as in effect at the time of such use.

SECTION 4.07. Disclosure of Material Facts and Circumstances.

The Borrower represents and warrants that all facts and circumstances that it has disclosed to A.I.D. in the course of obtaining the loan are accurate and complete, and that it has disclosed to A.I.D., accurately and completely, all facts and circumstances that might materially affect the Project and the discharge of its obligations under this Agreement. The Borrower shall promptly inform A.I.D. of any facts and circumstances that may hereafter arise that might materially affect, the

- 1 -

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2/8/71

Project or the discharge of the Borrower's obligations under this Agreement.

SECTION 4.08. Commissions, Fees and Other Payments.

(a) Borrower warrants and covenants that in connection with obtaining the Loan, or taking any action under or with respect to this Agreement, it has not paid, and will not pay or agree to pay, nor to the best of its knowledge has there been paid nor will there be paid or agreed to be paid by any other person or entity, commissions, fees or other payments of any kind, except as regular compensation to the Borrower's full time officers and employees or as compensation for bona fide professional, technical or comparable services. The Borrower shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical or comparable services to which it is a party or of which it has knowledge (indicating whether such payment has been made or is to be made on a contingent basis), and if the amount of any such payment is deemed unreasonable by A.I.D., the same shall be adjusted in a manner satisfactory to A.I.D.

(b) The Borrower covenants that no payments have been or will be received by the Borrower, or any official of the Borrower, in connection with the procurement of goods and services financed hereunder, except fees, taxes or similar payments

legally established in the country of the Borrower.

SECTION 4.09. Maintenance and Audit of Records. The Borrower shall maintain, or cause to be maintained, in accordance with sound accounting principles and practices consistently applied, books and records relating both to the Project and to this Agreement. Such books and records shall, without limitation, be adequate to show:

- (a) the receipt and use made of goods and services acquired with funds disbursed pursuant to this Agreement;
- (b) the nature and extent of solicitations of prospective suppliers of goods and services acquired;
- (c) the basis of the award of contracts and orders to successful suppliers; and
- (d) the progress of the Project.

Such books and records shall be regularly audited, in accordance with sound auditing standards, for such period and at such intervals as A.I.D. may require, and shall be maintained for five years after the date of the last disbursement by A.I.D. or until all sums due A.I.D. under this Agreement have been paid, whichever date shall first occur.

SECTION 4.10. Reports. The Borrower shall furnish to A.I.D. such information and reports relating to the Loan and to the Project as A.I.D. may request.

SECTION 4.11. Inspections. The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Project, the utilization of all goods and services financed under the Loan, and the Borrower's books, records and other documents relating to the Project and the Loan. The Borrower shall cooperate with A.I.D. to facilitate such inspections and shall permit representatives of A.I.D. to visit any part of the country of the Borrower for any purpose relating to the Loan.

ARTICLE V

Procurement

SECTION 5.01. Procurement of Goods and Services. Except as A.I.D. may otherwise agree in writing, disbursements made pursuant to Section 6.01, except those for marine insurance, shall be used exclusively to finance the procurement for the project of goods and services having both their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts are entered into therefor. Transportation services shall qualify for financing under the loan provided the carrier furnishing the transportation service is registered in a country included in Code 941 of the A.I.D.

Geographic Code Book as in effect at the time of shipment. Marine insurance may be financed under the loan provided (i) such insurance is placed at the lowest available competitive rate in Tanzania or in any country included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time of placement, and (ii) claims thereunder are payable in freely convertible currency.

SECTION 5.02. Eligibility Date. Except as A.I.D. may otherwise agree in writing, no goods or services may be financed under the Loan which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement.

SECTION 5.03. Implementation of Procurement Requirements. The definitions applicable to the eligibility requirements of Sections 5.01 and 5.09 will be set forth in detail in Implementation Letters.

SECTION 5.04. Plans, Specifications and Contracts.

(a) Except as A.I.D. may otherwise agree in writing, the Borrower shall furnish to A.I.D., promptly upon preparation, all plans, specifications, procurement schedules, bid documents and contracts relating to the Project, and any modifications therein.

(b) Except as A.I.D. may otherwise agree in writing, all plans, specifications, procurement schedules, and bid documents furnished pursuant to sub-section (a) above shall be approved by A.I.D. in writing prior to their issuance.

(c) All plans, specifications and other documents relating to goods and services financed under the Loan shall be in terms of United States standards and measurements, except as A.I.D. may otherwise agree in writing.

SECTION 5.05. Reasonable Price. No more than reasonable prices shall be paid for any goods or services financed, in whole or in part, under the Loan. Such items shall be procured on a fair and, except for professional services, on a competitive basis in accordance with procedures therefor prescribed in Implementation Letters.

SECTION 5.06. Shipping and Insurance.

(a) Goods financed under the Loan shall be transported to the country of the Borrower on flag carriers of any country included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of shipment.

(b) At least fifty percent (50%) of the gross tonnage of all goods financed under the Loan (computed separately for dry bulk carriers, dry cargo liners and tankers) which shall be transported on ocean vessels shall be transported on privately-owned United States-flag commercial vessels unless A.I.D. shall determine that such vessels are not available at fair and reasonable rates for United States flag commercial vessels. No such goods may be transported on

any ocean vessel (or aircraft) (i) which A.I.D., in a notice to the Borrower, has designated as ineligible to carry A.I.D.-financed goods or (ii) which has been chartered for the carriage of A.I.D. financed goods unless such charter has been approved by A.I.D.

(c) If in connection with the placement of marine insurance on shipments financed under United States legislation authorizing assistance to other nations, the country of the Borrower, by statute, decree, rule or regulation, favors any marine insurance company of any country over any marine insurance company authorized to do business in any state of the United States of America, goods financed under the Loan shall during the continuance of such discrimination be insured against marine risk in the United States of America with a company or companies authorized to do a marine insurance business in any state of the United States of America.

(d) The Borrower shall insure, or cause to be insured, all goods financed under the Loan against risks incident to their transit to the point of their use in the Project. Such insurance shall be issued upon terms and conditions consistent

with sound commercial practice, shall insure the full value of the goods, and shall be payable in the currency in which such goods were financed, or in any freely convertible currency. Any indemnification received by the Borrower under such insurance shall be used to replace or repair any material damage or any loss of the goods insured or shall be used to reimburse the Borrower for the replacement or repair of such goods. Any such replacements shall have their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts are entered into for such replacements and shall otherwise be subject to the provisions of this agreement.

SECTION 5.07. Notification to Potential Suppliers. In order that all United States firms shall have the opportunity to participate in furnishing goods and services to be financed under the Loan, the Borrower shall furnish to A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Implementation Letters.

SECTION 5.08. Information and Marking. Borrower shall give publicity to the Loan and the Project as a program of United States aid and mark goods financed under the Loan, as prescribed in Implementation Letters.

SECTION 5.09. Goods and Services Not Financed Under Loan.

Goods and services procured for the Project, but not financed under the Loan, shall have their source and origin in countries included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time orders are placed for such goods and services.

SECTION 5.10. United States Government-owned Excess Property.

The Borrower shall utilize, with respect to goods financed under the Loan to which the Borrower takes title at the time of procurement, such reconditioned United States Government-owned Excess Property as may be consistent with the requirements of the Project and as may be available within a reasonable period of time. The Borrower shall seek assistance from A.I.D. and A.I.D. will assist the Borrower in ascertaining the availability of and in obtaining such Excess Property. A.I.D. will make arrangements for any necessary inspection of such property by the Borrower or its representative. The costs of inspection and of acquisition, and all charges incident to the transfer to the Borrower of such Excess Property, may be financed under the Loan. Prior to the procurement of any goods, other than Excess Property, financed under the Loan and after having sought such A.I.D. assistance, the Borrower shall indicate to A.I.D. in writing, on the basis of information then available to it, either that such goods cannot be made available from reconditioned United States Government-owned Excess Property on a

timely basis or that the goods that can be made available are not technically suitable for use in the Project.

ARTICLE VI

Disbursements

SECTION 6.01. Disbursements for Foreign Exchange Costs - Letters of Commitment to United States Banks. Upon satisfaction of conditions precedent, the Borrower may, from time to time, request A.I.D. to issue Letters of Commitment for specified amounts to one or more United States banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments by them to contractors or suppliers, through the use of letters of credit or otherwise, for Foreign Exchange Costs of goods and services procured for the Project in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Implementation Letters.

Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Borrower and shall be financed under the Loan unless the Borrower otherwise advises A.I.D. in writing.

SECTION 6.02. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means as the Borrower and A.I.D. may agree to in writing.

SECTION 6.03. Date of Disbursement. Disbursements by A.I.D. shall be deemed to occur, in the case of disbursements pursuant to Section 6.01, on the date on which A.I.D. makes a disbursement to the Borrower, to its designee, or to a banking institution pursuant to a Letter of Commitment.

SECTION 6.04. Terminal Date for Disbursement. Except as A.I.D. may otherwise agree in writing, no Letter of Commitment or amendment thereto shall be issued in response to requests received by A.I.D. after June 30, 1973, and no disbursement shall be made against documentation received by A.I.D. or any bank described in Section 6.01 after December 31, 1973. A.I.D., at its option, may at any time or times after December 31, 1973, reduce the Loan by all or any part thereof for which documentation was not received by such date.

ARTICLE VII

Cancellation and Suspension

SECTION 7.01. Cancellation by the Borrower. The Borrower may, with the prior written consent of A.I.D., by written notice to A.I.D.

cancel any part of the Loan (i) which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse or (ii) which has not then been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit.

SECTION 7.02. Events of Default; Acceleration. If any one or more of the following events ("Events of Default") shall occur:

- (a) The Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;
- (b) The Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out the Project with due diligence and efficiency;
- (c) The Borrower shall have failed to comply with any provision of the Project Agreement between it and A.I.D. required pursuant to Section 3.01 of this Agreement;
- (d) The Borrower shall have failed to pay when due any interest or any installment of principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and A.I.D. or any of its predecessor

agencies;

then A.I.D. may, at its option, give to the Borrower notice that all or any part of the unrepaid Principal shall be due and payable sixty (60) days thereafter, and, unless the Event of Default is cured within such sixty (60) days:

- (i) such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately, and
- (ii) the amount of any further disbursements made under then outstanding irrevocable Letters of Credit or otherwise shall become due and payable as soon as made.

SECTION 7.03. Suspension of Disbursements. In the event that at any time:

- (a) An Event of Default has occurred;
- (b) An event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement;
- (c) Any disbursement would be in violation of the legislation governing A.I.D., or

(d) The Borrower shall have failed to pay when due any interest or any installment of principal or any other payment required under any other loan agreement, any guaranty agreement or any other agreement between the Borrower or any of its agencies and the Government of the United States or any of its agencies:

then A.I.D. may, at its option:

- (i) Suspend or cancel outstanding commitment documents to the extent that they have not been utilized through the issuance of irrevocable Letters of Credit, in which event A.I.D. shall give notice to the Borrower promptly thereafter,
- (ii) Decline to make disbursements other than under outstanding commitment documents,
- (iii) Decline to issue additional commitment documents, and
- (iv) At A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside the country of the Borrower, are in a deliverable state and have not been offloaded in ports of entry of the country of the Borrower. Any disbursement made or to be made under the Loan with respect to such

transferred goods shall be deducted from Principal.

SECTION 7.04. Cancellation by A.I.D. Following any suspension of disbursements pursuant to Section 7.03, if the cause or causes for such suspension of disbursements shall not have been eliminated or corrected within sixty (60) days from the date of such suspension, A.I.D. may, at its option, at any time or times thereafter, cancel all or any part of the Loan that is not then either disbursed or subject to irrevocable Letters of Credit.

SECTION 7.05. Continued Effectiveness of Agreement. Notwithstanding any cancellation, suspension of disbursement or acceleration of repayment, the provisions of this Agreement shall continue in full force and effect until the payment in full of all Principal and any accrued interest hereunder.

SECTION 7.06. Refunds.

(a) In the case of any disbursement not supported by valid documentation in accordance with the terms of this Agreement, or of any disbursement not made or used in accordance with the terms of this Agreement, or of any disbursement not made or used in accordance with the terms of this Agreement, A.I.D., notwithstanding the availability or exercise of any of the other remedies provided for under this Agreement, may require the Borrower to refund such amount in United States

dollars to A.I.D. within thirty days after receipt of a request therefor. Such amount shall be made available first for the cost of goods and services procured for the Project hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of Principal in the inverse order of their maturity. Notwithstanding any other provision in this Agreement, A.I.D.'s right to require a refund with respect to any disbursement under the Loan shall continue for five years following the date of such disbursement.

(b) In the event that A.I.D. receives a refund from any contractor, supplier, or banking institution, or from any other third party connected with the Loan, with respect to goods or services financed under the Loan, and such refund relates to an unreasonable price for goods or services, or to services that were inadequate, A.I.D. shall first make such refund available for the cost of goods and services procured for the Project hereunder, to the extent justified, the remainder to be applied to the installments of Principal in the inverse order of their maturity.

SECTION 7.07. Expenses of Collection. All reasonable costs incurred by A.I.D., other than salaries of its staff, in connection with the collection of any refund or in connection with amounts due A.I.D. by reason of the occurrence of any of the events specified in Section 7.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

SECTION 7.08. Non-Waiver of Remedies. No delay in exercising or omission to exercise any right, power, or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of any of such rights, powers or remedies.

ARTICLE VIII

Miscellaneous

SECTION 8.01. Communications. Any notice, request, document or other communication given, made or sent by the Borrower or A.I.D. pursuant to this Agreement shall be in writing or by telegram, cable or radiogram and shall be deemed to have been duly given, made or sent to the party to which it is addressed when it shall be delivered to such party by hand or by mail, telegram, cable or radiogram at the following addresses:

TO BORROWER:

Mail Address: Principal Secretary of the Treasury
Treasury
P.O. Box 9111
Dar es Salaam, Tanzania

Cable Address: Treasury
Dar es Salaam

TO A.I.D.:

Mail Address: Director, East Africa Regional Capital
Development Office
P.O. Box 30261
Nairobi, Kenya

Cable Address:

Borrower, in addition, shall provide the USAID Mission in Tanzania with a copy of each communication sent to A.I.D. Other addresses may be substituted for the above upon the giving of notice. All notices, requests, communications and documents submitted to A.I.D. hereunder shall be in English.

SECTION 8.02. Representatives. For all purposes relative to this Agreement, the Borrower will be represented by the individual holding or acting in the office of Permanent Secretary of the Treasury. Such individual shall have the authority to designate by written notice additional representatives. In the event of any replacement or other designation of a representative hereunder, Borrower shall submit a

statement of the representative's name and specimen signature in form and substance satisfactory to A.I.D. Until receipt by A.I.D. of written notice of revocation of the authority of any of the duly authorized representatives of the Borrower designated pursuant to this Section, it may accept the signature of any such representative or representatives as conclusive evidence that any action effected by such instrument is duly authorized.

SECTION 8.03. Implementation Letters. A.I.D. shall from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the implementation of this Agreement.

SECTION 8.04. Promissory Notes. At such time or times as A.I.D. may request, the Borrower shall issue promissory notes or such other evidences of indebtedness with respect to the Loan, in such form, containing evidences of indebtedness with respect to the Loan, in such form, containing such terms and supported by such legal opinions as A.I.D. may reasonably request.

SECTION 8.05. Termination Upon Full Payment. Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under this Loan Agreement shall terminate.

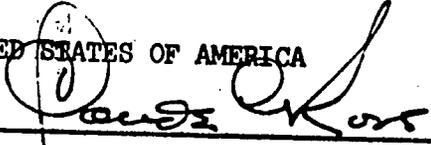
IN WITNESS WHEREOF, Borrower and the United States of America, each acting through its respective duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA

By: 

Title: Minister for Finance

UNITED STATES OF AMERICA

By: 

Title: Ambassador

ANNEX 1

PROJECT DESCRIPTION

This loan is to provide the Tsetse Control Division of the Ministry of Agriculture, Food and Cooperatives, with the necessary equipment, supplies and related services to support a Tsetse Eradication program in the West Lake Region of Tanzania. Successful implementation of this project would eradicate the Tsetse fly from this area, thus permitting its development into useful range lands that would support livestock development and smallholder settlement schemes planned for this region.

The loan-funded equipment would support one team for bush clearing in connection with the construction of tsetse control barriers and one aircraft equipped for aerial spraying for tsetse fly eradication. The team would also perform other important functions on development projects within the controlled areas such as small water impoundment works (valky tanks), feeder road construction and possibly some soil conservation works. It is anticipated that equipment will consist of:

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- (a) heavy duty tractors with dozer blades, anchor chains and other accessories;
- (b) one motor grader;
- (c) agricultural tractors;
- (d) transport equipment for movement of above machinery, fuel, operational supplies and personnel in the field;
- (e) maintenance and repair equipment;
- (f) portable, prefabricated structures with camp and office equipment to house stores and staff in the field; and
- (g) one light aircraft equipped for aerial spraying operations.

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621-H-016

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ACTION MEMORANDUM FOR THE ADMINISTRATOR

THROUGH: EXSEC

FROM : AA/AFR, Samuel C. Adams

Problem: Request for procurement origin and source waiver from Geographic Code 941 to Geographic Code 935.

- (a) Cooperating Country : Tanzania
- (b) Authorizing Document: Loan Agreement No. 621-H-016
- (c) Project : Tsetse Fly Eradication
- (d) Nature of Funding : Development Loan
- (e) Description of Goods: Insecticide for tsetse eradication - Endosulfan 20% ULV (Thiodan 20 ULV)
- (f) Approximate Value : \$125,000
- (g) Procurement Origin : West Germany
- (h) Procurement Source : Kenya or Tanzania

Purpose of Loan: The AID loan of \$800,000 finances necessary equipment and supplies for use by the Tsetse Control Division of the Ministry of Agriculture to support a tsetse eradication program in the West Lake Region of Tanzania. Successful implementation of this project will eradicate the tsetse fly from this area, thus permitting its development into useful range lands that will support livestock development and small holder settlement schemes planned for this region. Most of the AID loan equipment (including bulldozers, tractors, a motor grader, semi-trailer shop vans and a Cessna spray plane) has already arrived in Tanzania.

Tsetse eradication activities have been underway in this area for some years using hand labor for sheer clearing of the perimeter of a small area and then spraying residual insecticide within the perimeter. Large-scale ranching was initiated in the area as part of a \$1.3 million IDA credit for the First Livestock Development Project which was approved in 1968. Further development of large-scale ranches in the region is planned as part of the 1973 IDA credit of \$13.5 million for the Second Livestock Development Project.

The AID program in Tanzania is concentrated in the agriculture sector with emphasis on food crops and livestock development. Other projects in the livestock sub-sector complement the Tsetse Fly Eradication Loan: Masai Livestock and Range Management (621-11-130-093), Research on Sterility Methods of Tsetse Fly Control (931-17-130-030-72), and Livestock Marketing and Development (621-11-130-172). The recently approved Livestock Marketing project will provide technical assistance to the Tanzania Livestock Marketing Company. Capital funds for the improvement of existing and the development of new stock routes, holding grounds and livestock markets for the marketing company are included in the IDA credit for the Second Livestock Development Project. This infrastructure will benefit both large and small stockholders in the West Lake Region.

Discussion: The only practical means of application of pesticide for the eradication of tsetse flies over a large, sparsely-settled area (approximately 700 square miles) is by fixed-wing aircraft, and Endosulfan (Thiodan) in the

ULV 20% formulation is the most effective field-tested pesticide suitable for this purpose. The 20% ULV formulation is manufactured only in Europe, and neither the rights to this formulation nor the equipment to formulate it is available in the United States.

Alternative U.S. formulations of Thiodan and other U.S. pesticides have been deemed unsuitable for the project by the Tanzanian Ministry of Agriculture. Formulations of 4% and 8% Thiodan are not suitable for tsetse control, and 50% wettable Thiodan powder is not appropriate for aerial spraying. Dimethoate 400 has not been field-tested against tsetse flies. Diazinon MG8 does not meet the Ministry's requirements for successful application, being very costly and uneconomical to use. These conclusions have been concurred in by A.I.D. technical experts.

The Ministry of Agriculture has found that Thiodan 20 ULV is the most suitable pesticide for purposes of aerial tsetse fly control. In most of the eradication schemes undertaken to date, this pesticide has been able to reduce tsetse populations by 99.9%. In application it produces very fine droplets, thus small quantities cover very large areas. It has the added advantage of not needing to be mixed with water or other chemicals; therefore, it can be transferred directly from the drum into the aircraft insecticide tank. Application costs are low, being approximately 45 cents for five applications per acre.

The Ministry is familiar with Thiodan 20 ULV, has sufficient experience with its application, and is capable of handling it with safety. The Ministry's Tsetse Officer has certified that "Applications of the pesticide can and will safely be made in accordance with the purpose for which procured." A.I.D. technical experts familiar with the Ministry's Tsetse Control Division concur in this statement.

Primary Justification: USAID/Tanzania and REDSO/EA state that Thiodan 20 ULV is a prime factor for the success of the project; this pesticide is not available from the authorized source (Code 941), and non-AID foreign exchange is not available for its procurement.

Recommendation: For the above reasons, I conclude that exclusion of procurement from the sources requested above would seriously impede attainment of U.S. foreign policy objectives and the objectives of the Foreign Assistance Program, and I recommend that you so certify by approving this request for waiver.

APPROVED: J. H. S. [Signature]

DISAPPROVED: _____

DATE: 6/5/74

Enclosures:

- | | |
|---|-------|
| 1. Dar es Salaam 1260 | Tab A |
| 2. State 078701, Para 2-b | Tab B |
| 3. Nairobi 2911 | Tab C |
| 4. Ministry of Agriculture
Certification | Tab D |

Clearances:

TA/AGR:CFrederickson (draft)
TA/AGR:NKonnerup (draft)
AFR/ESA:BGould (draft)
AFR/DS:RBell (draft)
GC/AFR:TMuntsinger (draft)
AFR/DP:EDonoghue (draft)
GC:AGardiner *C. J. Gardiner*
AA/AFR:DBrown *Z*
AFR/ESA:EWLofthouse (draft)
AFR/ESA:EHedrick (draft)
SER/COM/CPS:JChalfant (phone)