

GRANT PROJECT AGREEMENT

Between the United States of America, acting through the Agency for International Development (AID)

AND

The Republic of Botswana

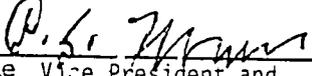
(Grantee)

1. Project Title Plowing Subsidy-Matching Grant	2. AID Project Number 633-0243
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The above-named parties hereby mutually agree to carry out the Project described in this Agreement in accordance with (1) the terms of this Agreement, including any annexes attached hereto, and (2) any general agreement between the two governments regarding economic or technical cooperation.

3. Amount of AID Grant U.S. \$1,000,000	4. Grantee Contribution to the Project: Pula equivalent of U.S. \$1,000,000	5. Project Assistance Completion Date: December 11, 1986
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6. This Agreement consists of: This title page and Annex A, Project Description; and Annex B, PROAG Standard Provisions Annex.

7. For the Grantee Typed Name Peter S. Mmusi	8. For the United States of America Typed Name Natale H. Bellocchi
Signature 	Signature 
Title Vice President and Minister of Finance and Development Planning	Title Ambassador
Date December 11, 1985	Date December 11, 1985

Appropriation: 72-115/61035

Allotment: BPC JFD5-86-29633-HG41

Controller: 

Certified to be a true and complete copy of the original document signed December 11, 1985 by P. S. Mmusi, Vice President and Minister of Finance and Development Planning and Mr. Natale H. Bellocchi, Ambassador.

AID 1330-17A (5-79)


Paul Guedet, Mission Director

GRANT PROJECT AGREEMENT

ANNEX A

PROJECT DESCRIPTION

1. Project Title: Plowing Subsidy-Matching Grant
2. Project Number 633-0243
3. This project consists of matching assistance to the Government of Botswana in its program to subsidize small farmers badly affected by drought.

For the current fiscal year the Grantee requires an estimated U.S. \$22,000,000 for drought relief activities including approximately \$2,350,000 (Pula 4.7 million) for contract plowing on small farmer fields.

This is one of the most important components of the Grantee's scheme to rehabilitate drought affected agriculture. The subsidy is provided to plow land for small farmers who are unable to do so themselves. In many cases farmers have lost their oxen during the drought, or their numbers have been reduced so that farmers have not been able to lend/share oxen with others. Almost all the subsidized program to date has been performed by tractor, although the subsidy can also be provided to those farmers who hire oxen from others.

The plowing subsidy program has proved to be a successful form of assistance, and combined with free seed provided to farmers, has enabled many small farmers to grow a small portion of their own food. It has also proved to be a significant boost to private enterprise. There are an estimated 3,000 to 4,000 tractors in Botswana, although only twenty percent of all farmers claim they have access to one. This means that each tractor owner is plowing for three or four other farmers. The program has also provided incentive for tractor owners to get deadlined tractors back into service.

Participating farmers have to be approved by the local Agricultural Demonstrator (AD) who has to certify that they qualify for the subsidy. No farmer can have more than three hectares plowed under this Subsidy Plowing project. Participating tractor/oxen owners also require approval of the AD. Participating farmers and tractor/oxen owners are given a form which both must sign when plowing is completed. Reimbursement to the tractor/oxen owners is made by the Ministry of Agriculture (MOA) on the presentation of the completed form. Ministry of Finance and Development Planning advances funds to the MOA for this program.

4. Special Provisions:

A. Source of Services: Services financed by AID under the Grant shall have their nationality in Botswana, except as AID may otherwise agree in writing.

B. Disbursement under the Grant: As frequently as once a quarter after execution of this Grant, Grantee may submit to USAID evidence satisfactory to AID, of payments for plowing subsidies of small farmer plots. USAID shall reimburse the Grantee in a pula amount equal to one-half of the plowing subsidy payments, not to exceed the amount of this Grant.

PROAG STANDARD PROVISIONS ANNEX

- A. Reference to 'this Agreement' means the original Project Agreement as modified by any revisions which have entered into effect. Reference to 'cooperating country' means the country or territory of the Grantee.
- B. (1) AID will make available the amount specified in Block 3 of this Agreement, as necessary for the Project, as may be further described in Annex A.
- (2) The Grantee will make available the amount specified in Block 4 of this Agreement, as necessary for the Project, as may further be described in Annex A. The Grantee will also make, or arrange to have made, additional contributions of property, services, facilities and funds required for carrying out the Project as specified in Annex A.
- C. AID and the Grantee may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Agreement. The two parties may agree to accept contributions of property, services, facilities and funds for purposes of this Agreement from other public and private agencies, and may agree upon the participation of any such third party in carrying out activities under this Agreement.
- D. Except as otherwise specified herein or subsequently agreed by the parties, all contributions of the parties pursuant to this Agreement shall be made on or before the Project Assistance Completion Date, or amended date. A contribution of goods or services shall be considered to have been made when the services have been performed and the goods furnished as contemplated in this Agreement. Disbursement of funds may take place after final contributions have been made, but AID shall not be required to disburse funds hereunder after the expiration of nine months following the estimated Project Assistance Completion Date (Block 5 of this Agreement) or any amended Project Assistance Completion Date specified.
- E. The procurement of commodities and services to be financed in whole or in part by AID may (where so required by AID procedures) be undertaken only pursuant to Project Implementation Orders (PIOs) issued by AID.
- F. Unless otherwise specified in the applicable PIO or Project Implementation Letter (PIL), the procurement of commodities imported specifically for the Project and financed with the AID contribution referred to in Block 3 of this Agreement shall be subject to the provisions of AID Regulation 1.
- G. Unless otherwise agreed by the parties or otherwise specified in the applicable PIO, title to all property procured through financing by AID pursuant to Block 3 of this Agreement shall be in the Grantee, or such public or private agency as it may authorize.
- H. (1) Any property furnished to either party through financing by the other party pursuant to this Agreement shall, unless otherwise agreed by the party which financed the procurement, be used effectively for the purposes of the Project in accordance with this Agreement, and upon completion of the Project, will be used so as to further the objectives sought in carrying out the Project. Either party shall offer to return to the other, or to reimburse the other for, any property which it obtains through

financing by the other party pursuant to this Agreement which is not used in accordance with the preceding sentence.

(2) Any funds provided to either party pursuant to this Agreement which are not used in accordance with this Agreement, shall be refunded to the party providing the funds.

(3) Any interest or other earnings on funds provided by AID to the Grantee under this Agreement will be returned to AID by the Grantee.

L (1) If AID and any public or private organization furnishing commodities through AID financing for operations hereunder in the cooperating country, is, under the laws, regulations or administrative procedures of the cooperating country, liable for customs, duties and import taxes on commodities imported into the cooperating country for purposes of carrying out this Agreement, the Grantee will pay such duties and taxes unless exemption is otherwise provided by any applicable international agreement.

(2) If any personnel (other than citizens and residents of the cooperating country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with AID, the Grantee or any agency authorized by the Grantee, who are present in the cooperating country to provide services which AID has agreed to furnish or finance under this Agreement, are under the laws, regulations or administrative procedures of the cooperating country, liable for income and social security taxes with respect to income which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes on personal property intended for their own use, or for the payment of any tariff or duty upon personal or household goods brought into the cooperating country for the personal use of themselves and members of their families (not including such personal or household goods as may be sold by any such personnel in the cooperating country) or if any firm, not normally resident in the cooperating country, is liable for income, receipts, or other taxes on work financed by AID hereunder, the grantee will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

J. If funds provided by AID are introduced into the cooperating country by AID or any public or private agency for purposes of carrying out obligations of AID hereunder, the Grantee will make such arrangements as may be necessary so that such funds shall be convertible into currency of the cooperating country at the highest rate which, at the time the conversion is made, is not unlawful in the cooperating country.

K. AID shall expend funds and carry on operations pursuant to this Agreement only in accordance with the applicable laws and regulations of the United States Government.

L. The two parties shall have the right at any time to observe operations carried out under this Agreement. Either party during the term of the Project and for three years after the completion of the Project shall further have the right (1) to examine any property procured through financing by that party under this Agreement, wherever such property is located, and (2) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this Agreement, wherever such records may be located and maintained. Each party, in arranging for any disposition of any property procured through financing by the other party under this Agreement, shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which did the financing.

AID 1330-17D (5-79)

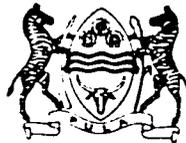
M. AID and the Grantee shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.

N. The present Agreement shall enter into force when signed. Either party may terminate this Agreement by giving the other party thirty (30) days written notice of intention to terminate it. Termination of this Agreement shall terminate any obligations of the two parties to make contributions pursuant to Blocks 3 and 4 of this Agreement, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of the Agreement. It is expressly understood that the obligations under paragraph H relating to the use of property or funds shall remain in force after such termination. In addition, upon such termination: AID may, at AID's expense, direct that title to goods financed under the Grant be transferred to AID if the goods are from a source outside the Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of the Grantee's country.

O. To assist in the implementation of the Project, AID from time to time, may issue PILs that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon PILs to confirm and record their mutual understanding on aspects of the implementation of this Agreement.

P. The Grantee agrees, upon request, to execute an assignment to AID of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. Dollar contract with AID financed in whole or in part out of funds granted by AID under this Agreement.

DAILY NEWS



REPUBLIC OF BOTSWANA
GABORONE

Thursday December 12, 1985

No. 239



The Vice President, Mr Peter Mmusi and the new American Ambassador, Mr Natale Bellocchi signing an agreement.

Botswana, US sign P2.17 m agreement

By **Motshhegetsi Masoba**

GABORONE: The Vice President and Minister of Finance and Development Planning, Mr Peter Mmusi, and the American Ambassador to Botswana, Mr Natale Bellocchi, this week signed an agreement under which the United States will provide Botswana with a one million US dollar (P2.17 million) to assist the Drought Recovery Programme by financing ploughing services for small scale farmers.

Before the signing

ceremony, the Vice President told the American Ambassador that although it was not the first time that the American Government assisted Botswana, the present agreement marked another milestone in cooperation between the two countries.

He said Botswana has come to realise that despite its vast mineral wealth which will one day be depleted, its future, like that of any other country, was in agriculture, hence the need to provide assistance

to the people

Mr Mmusi expressed hope that one day Botswana will be self-sufficient in food production so that its dependence on the international community for agricultural production could be lessened.

Mr Bellocchi in response, said he also hopes drought would break this year and that the grant would provide assistance to many small farmers to plough and plant as early as possible.

A press release from the

Ministry of Finance and Development Planning states that the assistance would contribute to the Botswana Government's Draft Hire Subsidy Project, so that as many small farmers as possible would be able to have three hectares ploughed and plant it with the seed provided under the Free Seed Distribution Project.

According to the release, the Draft Power Subsidy Project started in 1983/84 when about two-thousand farmers benefited.

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