

A.I.D. Project No. 621-0166  
A.I.D. Program No. 671-T-603D  
Dollar Appropriation No. 72-114/51014  
Budget Plan Code: GSS4-94-31621-KG39  
Reservation Control No. T946043  
Program Grant Agreement NO.88-01- AM07  
Amount FY94 Obligation: \$1,000,000.00

SEVENTH AMENDMENT TO PROGRAM GRANT AGREEMENT  
FOR  
AGRICULTURAL TRANSPORT ASSISTANCE PROGRAM

Date: July 29, 1994

Between

The United Republic of Tanzania (hereinafter referred to as the "Grantee")

and

The United States of America, acting through the Agency for International Development ("A.I.D.").

Purpose of Amendment

This Seventh Amendment to the above named Program Grant Agreement dated August 31, 1988 is hereby entered into between the Parties above named to grant the Grantee additional United States ("U.S.") Dollars under this Program, to specify the conditions precedent to the disbursement of such dollars, to add certain covenants, to extend the terminal date for requesting disbursements, and to make such other changes as specified below. Article and Section numbers specified herein refer to the provisions of the Sixth Amendment of Program Grant Agreement dated July 20, 1993 between the Parties.

Article 1: The Grant:

In order to implement the Program described below, A.I.D. pursuant to the United States Foreign Assistance Act of 1961, as amended, hereby grants to the Government of the United Republic of Tanzania under the terms of this Agreement an additional amount of One Million United States Dollars (U.S.\$1,000,000). The total amount of the Grant is now Forty Million Six Hundred Fifty Thousand U.S. Dollars (U.S. \$40,650,000), which comprises the U.S. Dollars 10,410,000 obligated by the Third Amendment and Restatement of Program Grant Agreement dated August 30, 1991, U.S. \$17,590,000 obligated by the Fourth Amendment to Program Grant Agreement dated September 25, 1991, U.S. \$8,650,000 obligated by the Fifth Amendment to Program Grant Agreement dated September 17, 1992, U.S. \$3,000,000 obligated by the Sixth Amendment to Program Grant Agreement dated July 20, 1993 and the additional \$1,000,000 obligated by this Seventh Amendment.

Article 3: Conditions Precedent to Disbursement:

The following sections 3.12, 3.13, 3.14, and 3.15 are hereby added to Article 3, "Conditions Precedent to Disbursement":

"Section 3.12 Conditions Precedent to Seventh Tranche. Except as A.I.D. may otherwise agree in writing, prior to the disbursement of the Seventh Tranche under the Grant, which shall be in the amount of One Million (\$1,000,000) dollars, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee shall furnish or have furnished to A.I.D., in form and substance satisfactory to A.I.D.:

- (a) evidence that the Ministry of Works (MOW) has designated 2,000 kms of rural roads in five selected regions (Mwanza, Kilimanjaro, Shinyanga, Iringa, and Ruvuma) for priority routine maintenance and 400 kms of rural roads in the same regions for priority periodic maintenance;
- (b) evidence that the MOW has executed contracts from its own resources of at least the shilling equivalent of US \$500,000 for routine maintenance and at least US \$500,000 for periodic maintenance in the same specified regions from July 1, 1994 through June 30, 1995;
- (c) evidence that the MOW has awarded eighty percent of the shilling volume of periodic maintenance contracts and ninety five percent of the rehabilitation contracts, in the five regions specified above, to private sector contractors from July 1, 1994 to June 30, 1995; and
- (d) evidence that the MOW has begun to widen the resource base of the maintenance Roads Fund from sources other than the existing fuel levy.

"Section 3.13 Terminal date for Conditions Precedent. If all the conditions specified in Section 3.12 above have not been met by August 31, 1995, or such later date as A.I.D. may specify in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

"Section 3.14 Notification. When A.I.D. has determined that all the conditions precedent specified in Section 3.12 have been met it will promptly notify the Grantee.

"Section 3.15 Prior Conditions Precedent. It shall be a continuing condition precedent to release of all tranches under the Program that Grantee shall have taken no action to materially impede or reverse any action taken in satisfaction of a condition precedent to any prior tranche.

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Article 4: Grantee Resources for the Program:

Article 4 (b) of the Agreement is hereby deleted and the following substituted in its stead.

"(b) The resources provided by Grantee for the Program will be not less than the equivalent of U.S. \$40,650,000 including costs borne on an "in kind" basis. These resources will include, but are not necessarily limited to, the funds to be deposited in the Special Local Currency Account under the Program.

Article 6: General Covenants:

Two additional sections are hereby added to Article 6 which shall read as follows:

"Section 6.10. Professional Staffing Requirements: Except as A.I.D. may otherwise agree in writing, the Grantee Covenants that it shall, prior to August 31, 1995:

- (a) add two engineers to the staff of the Rural Roads Division at headquarters in addition to those added pursuant to Section 6.9. (a) set forth in Amendment Number six to the Program Grant Agreement;
- (b) assign road inspectors and accountants in Mbeya and Kagera regions as contracts for rehabilitation and maintenance begin to be implemented in those regions;
- (c) train 20 staff in the five regions specified in paragraph 6.9. (c) above in contract and maintenance management.

Article 7. Terminal Date for Disbursement:

Article 7, the Terminal Date for Disbursement is amended to provide that no disbursement shall be made after December 31, 1995, except at A.I.D. may otherwise agree in writing.

Article 8. Amplified Program Description:

Annex 1, Section C, entitled Local Currency Uses, is supplemented by adding the following paragraphs on Trust Funds.

Trust Fund: From the Special Local Currency Account, an equivalent of not less than ten percent (10 percent) of the Forth Tranche in the amount of Dols. 12.59 million, ten percent (10 percent) of the Fifth Tranche in the amount of Dols. 8.65 million, ten percent (10 percent) of the Sixth tranche in the amount of Dols. 3 million, and ten percent (10 percent) Seventh tranche in the amount of Dols. 1 million calculated by using the highest official exchange rate permitted by the

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most current foreign exchange manual issued by the Bank of Tanzania (BOT) on the dates deposits were made to the Special Local Currency Account, shall be made available to the USAID operating expense and program trust fund for the purposes specified in the Trust Fund Agreement between the GOT and USAID.

Any interest earned on funds in the Special Local Currency Account prior to their use of agreed upon activities will be retained in such Account and used for purposes authorized in Annex 1 hereto. No portion of the interest earned shall accrue to or be deposited into the USAID Operating Expense and Program Trust Fund account.

Other Term and Conditions

Except as amended hereby, all terms and conditions of the Program Grant Agreement including its Annex 1, Amplified Program Description shall remain in full force and effect.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Fifth Amendment to Program Grant Agreement to be signed in their names and delivered as of the day and year first above written.

UNITED REPUBLIC OF TANZANIA

BY: M. T. Kibwana

NAME: MR. MOSES T. KIBWANSA

TITLE: Commissioner for External Finance

UNITED STATES OF AMERICA

BY: Paul A. Morris

NAME: PAUL D. MORRIS

TITLE: A/MISSION DIR.

07/28/94

*7/29*  
Drafter: ENG: YMu lugeta: 07/29/94  
Clearance: A/PDO: JAHepp: *JA*  
PO: PDMorris: \_\_\_\_\_  
CONT: JAHepp: *8.7*

FUNDS AVAILABLE  
*YMu lugeta*  
Office of the Controller USAID/TANZANIA  
Date *07/27/94*

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