

698-0407.05  
Africa Regional

IRT: Tanzania Handmade Paper  
Manufacture

Pro Ag FY 81

**LIMITED SCOPE GRANT PROJECT AGREEMENT**

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

AND

THE GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA  
(Grantee)

|   |  |
|---|--|
| 1. Project Title<br>Improved Rural Technology; Tanzania<br>Handmade Paper Manufacture | 2. AID Project Number<br><br>698-0407.05 |
|---|--|

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<br><br>\$ 48,800.00 | 4. Proposer Contribution to the Project<br><br>\$ 62,100.00 | 5. Project Assistance Completion Date<br><br>Dec. 31, 1981 |
|--|---|--|

6. This Agreement consists of this title page and
- Annex A - Project Description
  - Annex B - Budget
  - Annex C - Disbursement and Reporting
  - Annex D - Standard Provisions

|  |  |
|--|--|
| 7. For the Grantee<br>Typed Name<br><br>A.H. MSHENGAMA | 8. For the Agency for International Dev.<br>Typed Name |
| Signature<br><i>A.H. Mshengama</i>                     | Signature<br><i>J. Williams</i>                        |
| Title<br><b>PRINCIPAL SECRETARY</b>                    | Title<br>USAID/TANZANIA MISSION DIRECTOR               |
| Date<br><b>17-10-80</b><br><b>MINISTRY OF FINANCE</b>  | Date<br>November 3, 1980                               |

AID 1330-17 (5-79) - Cover Page

9. For The Proposer: Nyumba Ya Sanaa (House of Art)  
Typed Name

Sister Jean Prullt

Signature *S. Jean Prullt*

Title *Adviser*

Date *Nov. 3, 1980*

Appropriation: 72-1111021.3  
Allotment: 143-60-621-00-69-11  
Project Agreement No: 81-1

## PROJECT AGREEMENT

### Annex A

## PROJECT DESCRIPTION

1. Project Title

Improved Rural Technology;  
Tanzania Handmade Paper Manufacture

2. Project Number

698-0407.05

3. This project consists of

The Improved Rural Technology (IRT) project provides financial support for small scale experimental activities which promote the development of appropriate technologies which will benefit the rural poor in Tanzania. A general objective of the IRT project is to support the efforts of Tanzanian project proposers who are able to give effective and measured support to a specific rural community in carrying out their rural technology development activities. The project provides support for site specific testing and demonstration activities that may improve the material living standards within Tanzanian rural communities in an environment of concern for cultural conservation and for the continuity of ecological balances. Improved productivity and living conditions are sought by the IRT project through site adaption of simple, effective and low capital investment technical systems and devices which can be economically maintained and replicated by Tanzanian rural communities.

The Handmade Paper Manufacture project is the first activity to be funded in Tanzania under the IRT project. The Handmade Paper project proposes to establish a paper making mill which will manufacture and test handmade paper by combining modern and traditional methods. The mill will be the first one of its kind in Tanzania. It is anticipated that this prototype mill will: a) be duplicated in other regions designated by the Small Industry Development Organization (SIDO); b) serve as a training and research facility for the mechanized Kibo Paper Mill. The paper produced by the mill will be used by the proposer in the production of stationary, drawing paper, and card stock. These products will be marketed primarily through the National Distributors (Elimo Supplies) for use in rural Tanzania where there is an acute and chronic shortage of paper. Rural schools will be primary beneficiaries which in the past have lacked even the most basic paper stock as there have been virtually no imports due to the lack of foreign exchange.

#### 4. Special Provisions

- A. The Grantor and Grantee hereby agree that this project is to be fully executed by the Proposer and that these Grant funds are to be disbursed in U.S. Dollars directly by the Grantor to the Proposer for that purpose; the Proposer accepts the responsibility for project execution as set forth in this Grant Agreement and Annexes thereto. The Grantee and Proposer agree that any conversion of Grant funds to meet local currency costs of the project will be at the most favorable legal rate of exchange in effect at the time of such conversion.
- B. The Proposer's and Grantee's contribution to achieving the project's purposes are detailed in Annex B.
- C. Except as AID may otherwise agree in writing, goods and services financed by AID for the project will have their source, origin or nationality in Tanzania or in countries included in AID Geographic Code 941.
- D. Ocean shipping financed by AID under the project shall, except as AID may otherwise agree in writing, be financed only on flag vessels of the United States or Cooperating Country.
- E. Transportation by air of persons or property financed by AID under the project shall be on carriers holding United States certification to the extent service by such carriers is available.
- F. Prior to the first disbursement, as described in Annex C, under the project, the Proposer will, except as otherwise agreed in writing, furnish to AID in form and substance satisfactory to AID, a statement of the names of the persons holding or acting in the office of the Proposer, together with specimen signatures of each person specified in such statement, and the external account number and name of the Banking institution(s) to which foreign exchange disbursements are to be made.
- G. This Agreement consists of face sheet and Annexes A through D all of which are incorporated herein by reference. For purposes of this Agreement all references to the Grantee in Annex D, Project Agreement, ProAg Standard Provision Annexes shall mean the Proposer.
- I. This project will be completed and all funds expended no later than December 31, 1981.

**PROJECT AGREEMENT**

**Annex B**

**BUDGET  
(U.S. \$)**

| <u>Line Item</u>       | <u>Proposer<br/>Contribution</u> | <u>AID<br/>Grant</u> |
|------------------------|----------------------------------|----------------------|
| (1) Salaries & Fees    | 12,993.29                        | 35,702.80            |
| (2) Operating Expenses |                                  | 4,231.71             |
| (3) Equipment          | 40,023.90                        | -                    |
| (4) Raw Materials      |                                  | 3,292.68             |
| (5) Office Equipment   | 985.31                           | -                    |
| (6) Travel             | 3,819.51                         | 5,493.29             |
| (7) Contingency (10%)  | 4,277.93                         |                      |
|                        | <hr/>                            | <hr/>                |
| TOTAL                  | 62,100.01                        | 48,780.48            |
|                        | <hr/>                            | <hr/>                |
| ROUNDED                | 62,100.00                        | 48,800.00            |

**NOTE:** Changes may be made between budget line items pertaining to AID's contribution of up to 10% without AID's prior approval; greater changes must be approved in writing.

## **PROJECT AGREEMENT**

### **Annex C**

#### **DISBURSEMENTS AND REPORTING**

Upon the signing of this Agreement the Proposer will submit a Public Voucher for Purchases and Services on AID Standard Form 1034 in an original and three copies requesting release of the Grant funds.

Once each year and within 60 days after the completion of the project the Proposer will submit a financial report showing project expenditures to date by budget line item directly to both the Grantor and Grantee. Accompanying each financial report the Proposer shall also submit a narrative report containing an evaluation of the project's activities.

## 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

manually by 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.

I. (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.

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 II 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.