

PDBBW700

LIMITED SCOPE GRANT PROJECT AGREEMENT

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

AND

Government of Botswana (Grantee)

1. Project Title: Privatization - Gaborone Solid Waste Disposal
2. AID Project Number: 633-025

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: \$830,000
4. Estimated Grantee Contribution to the Project: \$1.2 million*
5. Project Assistance Completion Date: September 30, 1993

6. This Agreement consists of this title page, Annex A "Project Description and Special Clauses; and Annex B "Standard Provisions"

7. For the Grantee: DAVID MAGANG
8. For the Agency for International Development: JOHN P. HUMMON

Signatures and titles for David Magang and John P. Hummon. David Magang is Assistant Minister of Finance & Development Planning. John P. Hummon is Acting Charge d'Affaires U.S. Embassy.

Date: July 25th, 1990

WITNESSES: HIS WORSHIP THE MAYOR, Gaborone City Council, 1990

Appropriation: 72-1101014
BPC: GSSA-90-21633-KG13

Attachments: Annex A, Annex B

*Preliminary estimate

Project Description and Special Clauses

I. Description of Project

This project will assist the Government of Botswana in developing a strategy for the privatization of the Municipal Solid Waste (MSW) collection and disposal services now performed by the Gaborone City Council (GCC). The privatization strategy simultaneously will expand, improve solid waste collection and develop environmentally sound solid waste disposal systems leading to the development of waste to energy systems. The project will finance the costs of three to four short-term consultants, short-term training and equipment.

A. Technical Assistance*

The Terms of Reference for the following short-term consultants will be jointly developed by the Government of Botswana and USAID, and the selection of candidates for the proposed consultancy will also be mutually agreed upon by both parties.

1. A financial expert, familiar with the financial aspects of solid waste collection and disposal systems as well as experience with governmental contracting for such services and ability to analyze cost implications of private vs. government managed system. The expert will analyze the existing tariff rates and provide recommendations to GCC in recovery of costs, and the full operational and capital costs involved. He/she will also identify individuals within GCC and types of training needed to update their skills so that they can provide up-to-date financial and accounting services for the improved operations.

2. A waste collection technical expert, familiar with the collection of solid waste from domestic, industrial and commercial sources. Review the existing equipment inventory, their suitability for the proposed improved collection, transport and disposal of MSW and develop the quantities and specifications for the proposed new equipment.

3. A waste disposal expert, familiar with the treatment of MSW from domestic, industrial and commercial sources. The expert should also be familiar with disposal site problems and various treatment options, including regulatory measures to safeguard negative environmental impacts. The expert should be familiar with the existing

*AID's office of Housing and Urban programs (PRE/H) would provide US \$50,000 to TA element from its Private Provision of Social Services (PPSS) project.

environmental laws relating to MSW collection treatment and disposal and provide regulatory recommendations. He will also identify individuals within GCC and types of training needed to effectively carry out supervisory services.

- 4. Technical Coordinator. A general Technical Coordinator, with broad-based experience in the planning, implementation, and management of municipal projects. The individual selected shall have the ability to examine in depth the potential for privatization of various City services and the introduction of municipal management systems to administer such privatized services.

B. Equipment

The project funds may be used to procure specialized additional equipment needed to effectively carry out collection, treatment and disposal of MSW, i.e. heavy duty dumping hopper bins, front-end loader, compactor, tipping trucks, water tanker, pick-up trucks and weighbridge.

C. Training, Workshop, Seminars

The project funds may also finance the costs of short-term specialized training in MSW operation to GCC staff members and attendance in international workshops and seminars related to the project activity.

II. U.S. Government Contribution

This Grant Agreement provides for a total of U.S. \$830,000 for the purposes described above to assist the Government of Botswana, and the City of Gaborone in their effort to privatize, improve and expand the existing MSW collection and disposal.

The estimated proposed funding is divided illustratively as follows:

A. Technical Assistance & Training	\$180,000
B. Equipment Procurement	\$620,000
C. Training	\$ 30,000
	<u>\$830,000</u>

III. Government of Botswana Contribution

The Government of Botswana is planning to allocate Pula 2.3 million (equivalent to about U.S.\$ 1.2 million) for the expansion and improvement of the present collection and disposal of MSW. These funds will be used for the development of new landfill site, (infrastructure development including fencing, and landscaping) procurement of landfill operation vehicles and equipment, weigh bridge, site offices and electrical reticulation.

IV. Implementation

The implementation of the proposed project will be carried out by the GCC and monitored by a Steering Committee comprising officials from Ministry of Local Government and Lands (MLGL), GCC, the Department of Water Affairs (DWA), Department of Town and Regional Planning (DTRP) and USAID/Botswana. The committee will be chaired by MLGL.

The project implementation will basically be divided in two phases. Phase I, through its Technical Assistance (TA) component will review the present solid waste collection and disposal system and viability of privatization, develop contracting procedures for such services, identify private entrepreneurs, and develop procurement specifications for the equipment. Standardization and servicing/maintenance of the equipment will be of prime consideration in the preparation of the equipment specifications and selection of the equipment supplier.

TA inputs would also review the various stages of MSW collection and disposal systems and provide recommendations for improvement. One of the tasks of the consultant will be to recommend specifications for the equipment.

Implementation of Phase II of this project will depend upon the outcome of Phase I. Subject to the Government of Botswana accepting the privatization strategy (based on the recommendations of the consultant and the Steering Committee), Phase II of the project will involve contracting for the procurement of the equipment. USAID, with mutual concurrence of the GOB, will contract for the procurement by utilizing established GOB procurement procedures and/or AID procurement policies.

Evaluation

The Scope of Work for the evaluation of Phase I will be developed by the Steering Committee. Evaluation will be jointly carried out by officials from GCC, MLGL, the Regional Housing Development Office for East and Southern Africa (RHUDO/ESA) and USAID/Botswana.

IV. Disbursement under this Grant

A. The disbursement of the costs for the U.S. Technical Assistance (USTA) to GCC will be in accordance with the payment procedures described under the contract between AID and USTA.

B. Equipment will be procured either (a) by the Government of Botswana procuring the equipment with USAID paying the supplier directly; (b) by the Government of Botswana directly paying the supplier and USAID reimbursing, or (c) through direct procurement and reimbursement to the supplier. Procurement procedures will be mutually agreed upon by both parties and fully described in Project Implementation Letters (PILS). Paragraph F of the Standard Provisions Annex B shall not apply.

C. Type and duration of training will be identified by USTA and funds for training costs will be earmarked with mutually signatory PIL's.

VI. Special Provisions

A. No more than reasonable prices will be paid for any goods or services financed in whole or in part under the Grant. Such items will be provided on a fair and, to the maximum extent practicable, on a competitive basis.

B. Except for ocean shipping, goods or services financed by USAID under the Grant shall have their source, origin, and nationality in Botswana, the United States, or other countries in AID's Geographic Code 935. Ocean transportation costs will be financed only on vessels under flag registry of the United States of America, except as USAID may otherwise agree in writing. Procurement will be from the United States to the maximum extent possible. Procurement from a South African parastatal is not permitted.

C. Funds provided herein will support the services described above and will be utilized as indicated in the PILs controlling implementation.

D. This Agreement may be amended by the mutual agreement of the Parties hereto in writing.

E. For all purposes relevant to this Agreement, the Grantee will be represented by the individual or individuals holding or acting in the office, of the Ministry of Finance and Development Planning and AID will be represented by the individual holding or acting in the office of Director, USAID/Botswana, each of whom, by written notice, may designate additional representatives for all purposes other than amending this Agreement. The names of the representatives of the Grantee, with specimen signatures, will be provided to AID, which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

PROJECT AGREEMENT

ANNEX B
PROJECT NO. 633-0255

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.

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 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.