

PD. ABG-381
83306

**PROJECT
GRANT AGREEMENT
BETWEEN
UNITED REPUBLIC OF TANZANIA
and the
UNITED STATES OF AMERICA
for
THE TANZANIA AIDS PROJECT**

Dated: July 27, 1993

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Project Grant Agreement

Dated July 27, 1993

Between

The United Republic of Tanzania ("Grantee")¹

And

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

Article 1: The Agreement

The Purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2: The Project

SECTION 2.1. Definition of Project The goal of the TAP is to reduce the social and economic impact of AIDS on Tanzanian society. TAP will be focusing on two related subgoals: reducing the HIV transmission rate, and improving the socio-economic well-being of AIDS orphans. The purpose of TAP is likewise twofold: to increase the practice of HIV preventive measures, and ensure the provision of adequate support services to AIDS orphans and their families. Increasing the practice of HIV preventive measures is accomplished through STD treatment, increased availability of and access to condoms, and communication for individual behavior change. Services to AIDS orphans and their families incorporates home based care, counseling, and economic support services within a community context. The TAP strategy will utilize the non-governmental sector to carry out AIDS prevention and control activities, and to provide support services to AIDS orphans and their families, thus contributing to the NGO component of the National AIDS Control Programme's second Medium Term Plan. The Ministry of Health National AIDS Control Programme (NACP) will provide technical guidance and coordination for the project. To provide most technical and managerial support services to the non-governmental sector, provide NGO grants, and carry out TAP implementation, the Mission will utilize an "add on" mechanism to the AIDSCAP Cooperative

^{1/} The phrase "Cooperating Country" may be used in lieu of "Grantee" throughout the Agreement.

Agreement with A.I.D. The main implementing agent under the AIDSCAP Project is Family Health International (FHI). The project elements include management assistance with \$1,500,000 to support an AIDS sector advisor, and \$13,000,000 for program support through OYB transfers to the AIDSCAP Project. \$500,000 will fund evaluations and audits. The balance of \$5,000,000 will fund commodity procurement through an OYB transfer to the Contraceptive Procurement Project. Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2, without formal amendment of this Agreement. Annex 2 contains the Project Grant Standard Provisions, and Annex 3 contains the Host Country Contribution Waiver.

SECTION 2.2. Incremental Nature of Project

(a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

Article 3: Financing

SECTION 3.1. The Grant To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed Four Hundred Thousand United States ("U.S.") Dollars (U.S.\$400,000) ("Grant"). The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and local currency costs, as defined in Section 6.2, of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project

The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

Article 3: Financing

SECTION 3.3. Project Assistance Completion Date

(a) The "Project Assistance Completion Date" (PACD), which is June 30, 1998, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4: Conditions Precedent to Disbursement

SECTION 4.1. First Disbursement Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

4.1.a. An opinion of counsel acceptable to A.I.D. that this Project Grant Agreement has been duly authorized and/or ratified by, and executed on behalf of the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms;

4.1.b. A statement of the name of the person holding or acting in the office of the Grantee specified in the Project Grant Agreement and of any additional representatives, together with a specimen signature of each person specified in such statement.

SECTION 4.2. Notification When A.I.D. has determined that the conditions precedent specified in Section 4.1 have been met, it will promptly notify the Grantee.

SECTION 4.3. Terminal Dates for Conditions Precedent

(a) If all of the conditions specified in Section 4.1 have not been met within 120 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

Article 5: Special Covenants

SECTION 5.1. Personnel Work Permits. The Grantee shall, in an expeditious manner, and without limitation, issue work permits to all non-Tanzanian personnel who are present in the United Republic of Tanzania to perform work in connection with this Project.

SECTION 5.2. Personnel Exemptions, Privileges, Benefits. All personnel under contract with, or employed by public or private organizations under contract with, the Government of the United States of America, or financed by the Government of the United States of America, who, not being citizens of or normally resident in Tanzania, are present in the United Republic of Tanzania to perform work in connection with this Project, shall enjoy the exemptions, privileges and benefits set forth in Paragraph 5(d) of the Agreement on Economic and Technical Cooperation, dated February 8, 1968, between the Government of the United Republic of Tanzania and the Government of the United States of America, including without limitation the benefit conferred by the Private Motor Vehicles Registration Tax (Technical Assistance Exemption) Order, 1965. Such personnel shall include without limitation employees of Family Health International, Population Services International and any other contractor or subcontractor financed in connection with the Project.

SECTION 5.3. Supplies, Materials, Equipment Exemptions. Any supplies, materials, equipment or funds introduced into or acquired in the United Republic of Tanzania by the Government of the United States of America, or contractors financed by that Government, for purposes of the Project shall, while such suppliers, materials, equipment or funds are used in Tanzania in connection with the Project, enjoy the exemptions, privileges and benefits set forth in Paragraph 5(a) of the Agreement on Economic and Technical Cooperation, dated February 8, 1968 between the Government of the United Republic of Tanzania and the Government of the United States of America. The term contractors shall include without limitation Family Health International, Population Services International and any other contractor or subcontractor financed in connection with the Project.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Except as A.I.D. may otherwise agree to in writing, disbursements pursuant to Section 7.1 will be used exclusively as follows:

- a) With the exception of condoms, commodities financed by A.I.D. under the Project shall have their source and origin in countries included in A.I.D. Geographic Code 935.
- b) Condoms supplied under the Project shall have their source and origin in the United States. Suppliers of contraceptives shall have the United States as their place of nationality.
- c) Except for ocean shipping, air transportation, and contraceptives, the suppliers of commodities or services financed by A.I.D. under the Project shall have countries included in A.I.D. Geographic Code 935 as their place of nationality. All reasonable efforts will be used to maximize U.S. procurement whenever practicable. Air travel and transportation to and from the U.S. shall be upon certified U.S. flag carriers.
- d) Ocean shipping financed by A.I.D. under the Project shall be financed only on flag vessels of countries included in A.I.D. Geographic Code 935, subject to the requirements in the Project Grant Standard Provisions Annex, Section C.6 with respect to cargo preference.

SECTION 6.2. Local Currency Costs. Disbursements pursuant to Section 7.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Tanzania ("Local Currency Costs"). To the extent provided for under this Agreement, "Local Currency Costs" may also include the provision of local currency resources required for the Project.

Article 7: Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agree upon:

- (1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters,
(A) requests for reimbursement for such goods or services, or,
(B) requests for A.I.D. to procure commodities or services in

Grantee's behalf for the Project; or,

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

SECTION 7.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained:

(1) by acquisition by A.I.D. with U.S. Dollars by purchase or from local currency already owned by the U.S. Government; or

(2) by A.I.D. (A) requesting the Grantee to make available the local currency for such costs, and (B) thereafter making available to the Grantee, through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Grantee or its designated, an amount of U.S. Dollars equivalent to the amount of local currency made available by the Grantee, which dollars will be utilized for procurement from the United States under appropriate procedures described in Project Implementation Letters.

The U.S. dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b) (1) above, the amount of U.S. dollars required by A.I.D. to obtain the local currency, and in the case of subsection (b) (2) above, an amount calculated at the rate of exchange specified in the applicable Special Letter of Credit Implementation Memorandum hereunder as of the date of the opening or amendment of the applicable Special Letter of Credit.

SECTION 7.3. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.4. Rate of Exchange. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into Tanzania by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Tanzania at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Tanzania.

Article 8: Miscellaneous

SECTION 8.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee: The Principal Secretary
 Ministry of Finance
 The United Republic of Tanzania

Mail Address: P.O. Box 9111
 Dar es Salaam
 Tanzania

Alternate address for cables:

"HAZINA" Dar es Salaam

To A.I.D.: U.S.A.I.D. Mission to Tanzania
 ATC Building, Third Floor, Dar es Salaam

Mail Address: P.O. Box 9130
 Dar es Salaam

Alternate address for cables:

Telex 41591, Dar es Salaam
FAX 46431, Dar es Salaam

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice. The Grantee, in addition, will provide the USAID Mission with a copy of each communication sent to A.I.D.

SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual

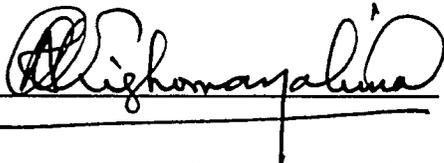
holding or acting in the office of the Principal Secretary, Ministry of Finance and A.I.D. will be represented by the individual holding or acting in the office of the Director, USAID/Tanzania, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., 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.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

SECTION 8.4. Waiver of Host Country Contribution Annex. The Host Country Contribution Waiver is included as Annex 3.

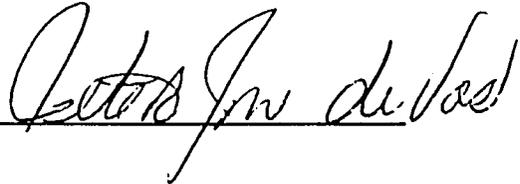
IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

GOVERNMENT OF THE
UNITED REPUBLIC OF TANZANIA

By: 

Name: Hon. Kighoma Malima
Title: Minister,
Ministry of Finance

GOVERNMENT OF THE
UNITED STATES OF
AMERICA

By: 

Name: Peter Jon De Vos
Title: Ambassador

By: 

Name: Joel Schlesinger
Title: Acting A.I.D.
Director

FISCAL DATA:
PROJECT:6210177.00
APP:72-113/41014
BPC:GSS3-93-21621-KG13
OBLIG:DOC:PRO-GR-AG-621-0177-93
RCN:T936047
AMOUNT: \$ 400,000.00

FUNDS AVAILABLE


Office of the Controller USAID/TANZANIA

Date; 07/21-93

ANNEX 1

Amplified Description of the Project

ANNEX 1

Tanzania AIDS Project (TAP)

A.I.D. Project No. 621-0177

Project Description

Elements of this description may be changed by written agreement of the authorized representatives of the parties, provided such changes are within the scope of the project as described in Section 2.1 of the Agreement.

I. Project Description

Tanzania's AIDS epidemic is severe. HIV seroprevalence is estimated to be 3%-5% of the total (25.5 million) population and 10%-20% among sexually active individuals. The primary mode of transmission is through heterosexual contact, and adults aged 20 to 45 constitute more than 80% of all AIDS cases reported thus far. The impact on youth is also made more severe through orphanage. Numbers of orphans due to AIDS are likely to exceed 500,000 by the end of the decade.

The goal of the \$20 million five year Tanzania AIDS Project (TAP) is to reduce the social and economic impact of AIDS on Tanzanian society by reducing the HIV transmission rate; and improving the socio-economic wellbeing of AIDS orphans.

The purpose is to increase the practice of HIV prevention measures and ensure the provision of adequate support services to AIDS orphans and their families. The strategy of the TAP will be to use the non-governmental sector to carry out AIDS prevention and control and orphans support activities thus contributing to the NGO component of the National AIDS Control Programme's second Medium Term Plan.

The project outputs will include: development of NGO networks; design and implementation of AIDS prevention programs; operation of orphans support, counselling and home-based care programs; operation of multiple commodity distribution systems including commercial and public sector distribution systems for condoms, and other health products; policy makers informed and active in support of NGO AIDS prevention program and policy reform agenda.

USAID/Tanzania will utilize the "AIDSCAP" project, which is implemented under a cooperative agreement between A.I.D. and Family Health International (FHI) for most of the technical and managerial assistance and non-condom commodity procurement required by the TAP. AIDSCAP will establish a Project Services Unit (PSU) in Dar es Salaam to provide a broad range of technical, managerial and administrative support to enable the

NGOs to develop the capabilities to carry out their own programs. This will enable them to become technically self-sufficient by the end of the project. AIDSCAP will also develop and support social marketing activities, and establish a Social Marketing Unit (SMU) for that purpose.

USAID/T will hire an AIDS Sector Advisor (ASA) to serve as the Mission's liaison with NACP and other donors; manage the TAP; and determine policy and research needs. Public and private sector condoms, and AIDSCAP services will be funded from direct USAID/Tanzania transfers to the cognizant A.I.D./Washington projects.

A. Project Outputs

The principal focus of the TAP will be on developing NGO capacity to carry out AIDS prevention and orphans support programs. The major activities will be:

1. Development of NGO Networks

Selection and Support to Anchor sites. The NGO community will deliver a wide range of AIDS interventions, focused on a localized anchor site as a starting point. The anchor site will be broadly interpreted to mean a place where there are large numbers of formally or informally employed people in the case of firms), or students (universities, large secondary schools), or members (cooperatives, business associations). Thus, a target-site could be a large hospital, factory, plantation, association, teacher training college or group of trucking companies or guest house workers. The nearly completed AMREF High Transmission Areas (HTA) Project fits the definition of an anchor site for those working along trucking routes. Or, an anchor site could be a membership organization or union, with large numbers of workers (employees of a university or medical center) or a membership constituency that can be reached easily and cost effectively (e.g. OTTU or religious organizations). The commonality of target-sites is that a relatively large number of workers and beneficiaries can be reached in a cost-effective manner through NGOs and the interventions can be extended beyond the employees to dependents and members of the wider community. Any anchor site should have enough members, employees, students, or other beneficiaries to make a difference. Another compelling rationale is economic: anchor sites as defined here will be particularly affected by the epidemic, as workers, members, clients and their dependents die from AIDS; and, to the extent that management must share in the cost of the programs, the likelihood of the activity being sustainable is enhanced.

Criteria for anchor site selection could include:

- * number of persons at the site;
- * the availability and willingness of an anchor site to be involved in all aspects of AIDS prevention;
- * demonstrated commitment from the leadership; and
- * a certain level of commitment of the organization's own resources towards AIDS programs.

Formation and Support of NGO Clusters. Where appropriate and feasible, the PSU will develop anchored programs with individual NGOs. In many cases, however, a set of NGOs will form a "cluster" in relation to a program anchor site. The cluster will engage in complementary and supplementary activities to provide specific, synergistic services designed to have an impact on the population of a selected anchor site and surrounding community. The cluster will contain NGOs of various types (those already working in AIDS or interested in doing so). Specific NGOs will assume responsibility for specific service interventions (e.g. STD treatment, youth education, orphans support); others will assume responsibility for selected support functions such as IEC materials development and peer counsellor training. Assignments would reflect each participating NGO's interests and capabilities, for example, giving responsibility for focusing on youth interventions to such cluster members as TYDEF, EMAU, VIJANA, 4-H, religious groups, youth groups or teachers. NGOs that form a cluster will designate a lead NGO or cluster coordinator. Operational programs will be established rapidly at anchor sites, involving NGOs or NGO clusters as appropriate. By the end of the first 18 months, a number of anchor sites sufficient to reach 5 per cent of the adult population aged 15 to 49 will have been established. Over the LOP, a number of anchor sites sufficient to reach at least 25 per cent of the adult population aged 15 to 49 will have been established.

2. AIDS Prevention Programs

Achieving desired behavioral change requires a three pronged programmatic approach: awareness of personal risk leading to partner reduction (ideally to one partner); condom use; and prompt and effective treatment of STDs. Combining these interventions is more effective and will have greater impact than focusing on a single intervention.

Raising Risk Awareness, Partner Reduction and Increasing Condom Use. Individuals are more likely to change and maintain their behavior if they are convinced by multiple credible sources that they are at risk, and if the change is feasible (individuals cannot use condoms if they are not

available.) Peer group influence and community attitudes, values and behavioral norms are key determinants of individual behavior, decision-making and personal choice. The TAP will work with NGOs to provide training in interpersonal communication for peer education and counselling; to plan and implement communication-oriented research, message development and testing, and overall communication planning and implementation skills; to develop, produce and distribute materials for training and peer education activities; and to establish supervision needed to assure on-going implementation of communication activities. At the same time, mass media materials and advertising campaigns will be developed to bring the issues involved in behavioral change related to HIV/AIDS to a wider audience and to reinforce the messages from peer educators. Focus on particular target groups, who are at high risk of STDs and HIV will continue.

The training itself will be provided by one of the cluster NGOs such as ELCT or MUTAN which is experienced in providing training and assistance for AIDS. Other largest NGOs, such as AMREF, could serve as a lead agency for technical assistance and advice for smaller NGOs seeking to work with commercial sex workers, or other high risk groups.

Diagnosis, Treatment and Prevention of STDs. TAP will also work to identify clinics or other facilities in the target-site areas where STD treatment and preventive services could be provided or upgraded. Often, regional or district hospitals will be invited to work with NGOs in providing back-up STD services, or receive training inputs. TAP will provide technical support to train personnel in correct STD diagnosis (algorithm), drug prescription and in preventive counselling. It will help NGOs develop IEC messages and strategies for dissemination to make people aware of STDs and the need to seek treatment. Within its social marketing program, the TAP will study the feasibility of developing a pilot program for STD treatment, to enable clients to purchase the appropriate and complete course of treatment for a modest charge.

Collaboration with the NACP and the appropriate MOH departments will be crucial in determining the roles of non-traditional service delivery agents, such as pharmacists, and in making sure drugs are appropriately registered and approved for use in Tanzania.

On-going Monitoring and Analysis. Measuring behavioral change is critical in order to assess the effectiveness and cost-efficiency of NGO implemented interventions and to feed back results to the NACP and to donors as new programs are designed. Consequently, considerable attention will be

given to using WHO/GPA's Priority Prevention Indicators as represented in the EOPS indicators to measure behavior change. The TDHS, the national KAP survey and special surveys will be complemented by qualitative activities such as focus group discussions, and key informant interviews.

Illustrative outputs for behavior change communication interventions include: trained trainers, supervisors, counsellors, and peer educators: 700; communication skills workshops held (7); focus group meetings held to develop IEC messages for target groups (28); production and distribution of clients materials: approximately 500,000 items such as posters, pamphlets, flipcharts, training manuals, comic books, weekly magazines; mass media programs: 25-30 radio jingles, talk shows, and video mini-series targeted at specific groups through the LOP. The actual magnitude of outputs will be related to the capabilities and outreach programs of those NGOs participating in the project.

For STDs, it is expected that 70% of target population will be aware of or have access to STD services; that 90% of participating clinic staff will be trained in STD case management and counselling; and that 95% of participating STD facilities will distribute condoms for STD/AIDS prevention.

3. Orphans Support, Counselling and Home Based Care Programs

Introduction. To date, evidence from Kagera and elsewhere shows that the traditional family structure is able to cope with the increasing numbers of dependents -- mainly orphans -- and loss of productive adults due to illness and death. Most community-based approaches seek to maintain orphans within the family structure, and most NGOs who work with orphans view their needs within the context of the family's needs as a whole. For example, death of a young adult parent results in a series of losses: loss of family income to support children due to a period of illness, followed by death; and loss of support for other dependents (widows, elderly parents, etc.). NGOs have already developed community based programs to strengthen the traditional extended family; work with AIDS patients to make arrangements for family support as much as possible before death; and develop community-based support networks for needy families.

The TAP fully endorses the community-based approach to the exclusion of others, in order to keep orphans within the most appropriate cultural and family setting.

Expansion and Improvement of Orphans and Family Support. In

Tanzania, many NGOs, especially religious affiliated organizations support counselling, home care and survivor support activities in addition to AIDS prevention and control programs. However, they still require significant managerial and technical assistance in order to make an impact. Most lack counselling and other behavioral change skills which are needed to assure that other family members are not at risk of getting infected.

It is expected that over the life of project, 15 large and intermediate and 50 "micro" NGOs will implement TAP supported community and family oriented social services programs (home-based care, counselling and survivor support). It is estimated that 40 per cent of families with reported AIDS cases will receive project facilitated social services during the life-of-project (LOP).

4. Multiple Commodity Distribution Systems

a. Public sector

NACP/MOH Distribution. At present, the NACP operates a "push" system which delivers quantities of condoms to the regions on an often irregular basis. Shortages are frequent and storage facilities inadequate. USAID provides at least 90% of the condoms for the national program, but as national needs increase over the LOP and demands for condoms rise, quantities required will exceed USAID's ability to supply the entire AIDS program. It is also expected that under TAP, the share for private sector distribution will increase, and those available for the public sector will decrease.

Under the TAP, short-term technical assistance will be provided to assist the NACP put into place a better forecasting and simple "pull" type system to assure that regions are regularly supplied with the quantities of condoms they need. Such change in the management of the condom supplies will affect both public and private sector AIDS control efforts, since NGOs often get their condoms from the locally-based Regional AIDS Control Coordinators (RACCs). Additionally, the current situation in which the NACP is dependent on one donor to provide condoms needs to be ameliorated. To this end, the USAID AIDS Sector Advisor (ASA) and the PSU will work together with the NACP to explore other options for donor support and less expensive condoms and to pursue the objective of reducing the public sector share of condom provision.

b. Private sector

Social Marketing. To enhance and promote condom use -- and eventually that of other health products and messages -- the TAP will support a substantial social marketing program (SMP). Use of aggressive and modern marketing concepts will stimulate demand and increase condom use among low-income, sexually active populations. Condom distribution will be increased to achieve effective coverage of all of Tanzania's major urban and semi-urban areas (utilizing non-traditional outlets such as kiosks, shops, industries, "target-sites," NGOs, etc.). The SMP will transfer marketing skills, capacity and technology to local commercial partners, thus helping to build local infrastructure which can be used to market other essential health products and help develop the capacity of the private sector.

The SMP is envisaged as a broad effort in support of the TAP. Over the life-of-project (LOP), the SMP will promote a variety of goods and services, not only condoms. To enable AIDS-related health products to be widely distributed (especially in rural areas) and to decrease high costs to consumers and promote other health products related to reproductive and other types of health care (e.g. STD drugs, oral contraceptives, disposable needles and syringes, and gloves). Social marketing of STD drugs will be an important line of inquiry, to develop a steady source of STD drugs needed to support the AIDS prevention activities. The SMP will promote messages that encourage behavior change and values, and use advertising techniques to support a healthier lifestyle.

The NACP will be informed of the brand, type and quantity of all U.S. provided condoms procured for both the public and private sector programs.

Under TAP, 100 million condoms will be distributed over the LOP. Public sector channels will distribute 65 million, mostly through health facilities. As the SMP takes off, it should achieve an increasing amount of the "market share." It is estimated that 35 million condoms will be sold, through 5,000 outlets.

5. Consciousness-Raising for Policy Makers

The policy-related elements of TAP center on increasing the awareness among policy makers of the impact of the AIDS epidemic, improving decision making, and providing leaders with options for action. USAID and the NACP will develop a policy agenda targeted at specific AIDS concerns. Policy activities will provide information to enhance policy makers' understanding of the impact of AIDS and the need for

action; demonstrate the importance of community based decentralized strategies to change behavior; pinpoint actions which target audiences can take to facilitate project efforts; and foster a dialogue on the needed longer-term institutional framework for sustaining AIDS activities. There are two distinct target audiences for policy related activities: (a) public sector officials whose authority impacts on project activities and (b) NGO leadership.

Awareness-Raising Activities. The TAP will assist the NACP to encourage greater support for AIDS related activities among public sector, business and NGO leaders by directing messages at them designed to encourage:

- (a) positive attitudes toward combatting AIDS (i.e. people can change sexual habits) and toward AIDS/HIV infected people;
- (b) a team approach among community-based organizations, emphasizing the need for multiple interventions, program cooperation and networking strategies; and
- (c) workplace programs and business leader support so as to share the costs.

Dissemination activities could include policy dialogue and provision of information (through workshops, seminars and production of special materials); mathematical modeling to provide projections of the magnitude and impact of the epidemic; training of reporters and journalists to improve media reporting.

Research studies. USAID and the NACP can utilize the PSU, either directly or through contracts to the university or other NGOs, to undertake special studies and analyses of policy concerns which may arise during project implementation. Examples of such studies include policies and protocols for STD treatment (medical barriers); legal status and protection of orphans; effectiveness and cost-efficiency of different NGO programs and service delivery interventions.

Information systems. The PSU will set up a management information system to assist in the analysis of policy concerns and the preparation of project reports dealing with policy analysis, issues and achievements. NGO AIDS program funding mechanism(s) and policies, review and approval procedures, and program efficiency guidelines will be established. The information system will permit the ongoing monitoring of NGO interventions. Data collection will include information on: costs, numbers of beneficiaries and impact on behavior; coverage of the population as a whole

and of target groups; and, where appropriate, implementation and impact of policy reforms related to the AIDS program.

Over the LOP, approximately 16 seminars and workshops will be conducted on policy related topics, approximately half of which will facilitate interaction between government officials and NGO and business leaders. Four presentations will be made to policy makers using project cost-effectiveness data and AIM models. One study tour a year for six journalists to other countries and two workshops a year for local journalists will be conducted. Special topical studies on emergent key issues will be conducted according to an agenda to be determined by the PSU within the annual workplanning process.

II. Implementing Agencies

A. Tanzania

1. Ministry of Finance

- The Ministry of Finance will negotiate and sign the Project Agreement for the Government of Tanzania. It will also approve subsequent amendments to the Agreement.

2. Ministry of Health - National AIDS Control Programme (NACP)

The NACP will be the counterpart Government of Tanzania agency which will collaborate in implementation of the TAP. The MOH will seek NACP advice or delegate authority to it in order to:

- meet conditions precedent to disbursement
- approve modifications to the Project Agreement
- approve annual workplans
- participate in semi-annual workplan reviews
- collaborate in development of NGO subagreements
- account for direct Grant expenditures and disbursements
- estimate annual condom commodity needs for the public sector program
- develop a policy agenda

B. United States

1. AIDSCAP

- Project activities will be implemented using the A.I.D. cooperative agreement with Family Health International for the "AIDSCAP" project. Specific AIDSCAP responsibilities are spelled out in Annex D to the TAP Project Paper ("Memorandum of Understanding").

- AIDSCAP will be responsible for setting up the Project Services Unit (PSU) and the Social Marketing Unit (SMU). It will hire local and expatriate staff, arrange for short-term technical assistance and identify consultants.
- AIDSCAP will be primarily responsible for implementation of the outputs cited in Section I, as further defined in the Memorandum of Understanding, and in specific workplans to be developed in collaboration with USAID and the NACP.

2. USAID

- The primary role of A.I.D. will be to monitor and evaluate the progress of the TAP. A.I.D. will work with AIDSCAP and the NACP to ensure timely delivery of project inputs and will take part in semi-annual workplan reviews and approve annual workplans. USAID staff will also make periodic site visits and hold discussions with individuals and organizations directly responsible for the activities supported under the Grant.
- USAID will be responsible for transferring funds directly from the Grant to AIDSCAP for project implementation activities; and to the central A.I.D. Office of Population central commodities procurement project, for public and private sector condoms.
- Within the limits of the TAP scope of work, short-term technical assistance to the NACP may be provided, especially in the areas of commodities logistics and in the area of AIDS policy.

III. Monitoring and Evaluation

In addition to the on-going monitoring and evaluation activities established for each of the Project components, monitoring and evaluation will proceed as follows.

A. Monitoring

Input monitoring (that is, monitoring the disposition of dollar resources, technical advisors, training funds, and the like) will take place as part of the routine process of project implementation, and will be documented in annual workplans (prospectively) and periodic progress reports (retrospectively).

Output monitoring (NGO strengthening, AIDS prevention programs, orphans support programs, public sector condom distribution and social marketing programs, policy evolution) will be documented in semi-annual program/project implementation reviews. Both

input and output monitoring can thus be accomplished as elements of routine project management activities, and will be the responsibility of USAID.

Purpose and goal level monitoring will be achieved by the following means:

Operational Program Assessments. Qualitative assessments of operational programs will be done at least annually for each operational site or program "target-site". The terms of reference for these assessments and the assessments themselves will be prepared by Tanzanian professionals drawn as appropriate from the local community of social science and health experts. The assessments will be funded with TAP funds.

B. Evaluation

A formative evaluation after approximately 18 months of implementation experience will be scheduled. This will serve as a tool to validate or refine core project concepts, adjust staffing patterns, and realign project finances if indicated. In-depth midterm (30 month) and end-of-program evaluations (48 months) are also scheduled. These will focus on inputs, outputs, and end of project status indicators, thereby providing TAP managers with useful benchmarks on program implementation progress and effectiveness.

Demographic and Health Survey (DHS). A DHS was carried out in Tanzania in 1992 and served to provide baseline information for many activities, including design of the TAP. A follow-up DHS, incorporating a module designed especially to illuminate AIDS-related issues, is planned for 1996. This will be funded by Family Planning Services Support (FPSS, 621-0173) funds, although TAP funds may be used to provide for over-sampling in TAP operational program sites to allow an appropriate level of analytic detail required to assess program impact. DHS can measure AIDS awareness and knowledge across different segments of the population surveyed; AIDS misconceptions and attitudes; and sexual practices. The DHS results provide high quality data adequate to address any conceivable effectiveness or impact issues.

WHO/GPA Priority Prevention Indicators (PPIs). Considerable attention will be given to developing common behavioral change measurements for use during project implementation using WHO/GPA's priority prevention indicators as well as additional country specific indicators in pre and post intervention KABP surveys. These surveys will be complemented by qualitative activities such as focus group discussions and key informant interviews. The PPIs are likely to be reflected in the DHS AIDS module and it is anticipated that minimal additional survey work would be required outside of the DHS.

IV. Financing Methods

Tanzania AIDS Project (621-0177)
Illustrative Summary of
Costs by Expenditure Category and Source of Funding
(\$000s)

Project Elements	Obligation Mechanism	FY 93 Obligation	Life of Project Funding*
Management Assistance			
-AIDS Sector Advisor	Grant Agreement	400	1500
-Program Support**	OYB transfer/ PIO/T to AIDSCAP Project	2100	13000
Evaluation/ Audit	Grant Agreement Amendment	0	500
Total obligation		2500	15000
Plus Direct Commodities Procurement***	OYB transfer to Contraceptive Procurement Project	1000	5000
Total Life of Project Funding		3500	20000

* Subject to the availability of funds to A.I.D. for this purpose, and to the mutual agreement of the parties to proceed at the time of each subsequent increment. Either party may unilaterally, with written notice to the other, adjust line items in this budget to a maximum of 15% per line item, provided, however, that the total obligated amount as shown in the budget is not exceeded.

** Monies under this line item will be directly transferred by USAID/Tanzania to the A.I.D. central AIDSCAP Project for implementation services. The Government will be notified of these transfers through its collaborative review of the annual AIDSCAP workplans.

*** Monies under this line item will be directly transferred by USAID/Tanzania to the central A.I.D. Contraceptive Procurement Project for condoms required by the NACP public sector program and the social marketing program.

Project Grant Standard

Provisions Annex

Definitions: As used in this Annex, the "Agreement" refers to the Project Grant Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

Article A: Project Implementation Letters

To assist Grantee in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project in Annex 1.

Article B: General Covenants

SECTION B.1 Consultation. The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors, or suppliers engaged on the Project, and other matters relating to the Project.

SECTION B.2. Execution of Project. The Grantee will:

(a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules or other arrangements, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

(b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

Article B: General Covenants (Continued)

SECTION B.3. Utilization of Goods and Services

(a) Any resources financed under the Grant will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

SECTION B.4. Taxation.

(a) This Agreement and the Grant will be free from any taxation of fees imposed under laws in effect in the territory of the Grantee.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Grant, and any property or transaction relating to such contracts and (2) any commodity procurement transaction financed under the Grant, are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the territory of the Grantee, the Grantee will as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Grant.

SECTION B.5. Reports Accounting Records, Audits,

Inspections

(a) The Grantee shall furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonable request.

(b) The Grantee shall maintain accounting books, records, documents, and other evidence relating to the Project and to this Agreement, adequate to show, without limitation, all costs incurred under the Grant, the receipt and use of goods and services acquired under the Grant, the costs of the Project supplied from other sources, the Nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion ("Project books and records"). At the Grantee's option, with approval by A.I.D., Project books and records shall be maintained in accordance with one of the following methods: (1) generally accepted accounting

principles prevailing in the United States, (?) generally accepted accounting principles prevailing in the country of the Grantee, (3) accounting principles prescribed by the International Accounting Principles Committee (an affiliate of the International Federation of Accountants), or (4) such other accounting principles as the Parties may agree to in writing. Project books and records shall be maintained for at least three years after the date of last disbursement by A.I.D.

(c) If \$25,000 or more is disbursed directly to the Grantee in any one calendar year under the Grant, the Grantee, except as the parties may otherwise agree in writing, shall have financial audits made of the funds disbursed to the Grantee under the Grant in accordance with the following terms:

(1) The Grantee shall select an independent auditor in accordance with the "Guidelines for Financial Audits contracted by Foreign Recipients" issued by the A.I.D. Inspector General ("Guidelines"), and the audits shall be performed in accordance with the "Guidelines".

(2) An audit of the funds provided under the Grant shall be conducted for each fiscal year of the Grantee. The audit shall determine whether the receipt and expenditure of the funds provided under the Grant are presented in accordance with generally accepted accounting principles agreed to in section (b) above and whether the Grantee has complied with the terms of the Agreement. Each audit shall be completed no later than one year after the close of the Grantee's fiscal year.

(d) The Grantee shall submit an audit report to A.I.D. within 30 days after completion of such audit arranged for by the Grantee in accordance with this section. The A.I.D. Inspector General will review each report to determine whether it complies with the audit requirements of the Agreement. Subject to A.I.D. approval, costs of audits performed in accordance with the terms of this section may be charged to the Grant. In cases of continued inability or unwillingness to have an audit performed in accordance with the terms of this section, A.I.D. will consider appropriate sanctions which include suspension of all or a portion of disbursements until the audit is satisfactorily completed or A.I.D. performs its own audit.

(e) The Grantee shall submit to A.I.D., in form and substance satisfactory to A.I.D., a plan by which the Grantee will ensure that funds made available to subrecipients that receive \$25,000 or more in any one calendar year under the Grant are audited in accordance with this Agreement. The plan should describe the methodology to be used by the Grantee to satisfy its audit responsibilities with respect to any subrecipient to which this section applies. Such audit responsibilities with respect to subrecipients may be satisfied by relying on independent

audits of the subrecipients or on appropriate procedures performed by the internal audit or program staff of the Grantee, by expanding the scope of the independent financial audit of the Grantee to encompass testing of subrecipients' accounts, or by a combination of tests procedures. The plan should identify the funds made available to subrecipients that will be covered by audits conducted in accordance with other audit provisions that would satisfy the Grantee's audit responsibilities. (A nonprofit organization organized in the United States is required to arrange for its own audits; a private voluntary organization organized outside the United States with a direct Grant from A.I.D. is required to arrange for its own audits; and a host-country contractor should be audited by the cognizant Grantee contracting agency). The Grantee shall ensure that appropriate corrective actions are taken on the recommendations contained in the subrecipients' audit report; consider whether subrecipients' audits necessitate adjustment of its own records; and require each subrecipient to permit independent auditors to have access to records; and require each subrecipient to permit independent auditors to have access to records and financial statements as necessary.

(f) A.I.D. may, at its discretion, perform the audits required under this agreement on behalf of the Grantee by utilizing funds under the Grant or other resources available to A.I.D. for this purpose. The Grantee shall afford authorized representatives of A.I.D. the opportunity at all reasonable times to audit or inspect the project, the utilization of goods and services financed by A.I.D., and books, records and other documents relating to the project and the Grant.

SECTION B.6. Completeness of Information. The Grantee confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

SECTION B.7. Other Payments. Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except fees, taxes, or similar payments legally established in the country of the Grantee.

SECTION B.8. Information and Marking. The Grantee will give appropriate publicity to the Grant and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

Article C: Procurement Provisions

SECTION C.1. Special Rules.

(a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums for marine insurance placed in the territory of the Grantee will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

(c) Any motor vehicles financed under the Grant will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

(d) Transportation by air, financed under the Grant, of property or persons, will be on carriers holding United States certification, to the extent service by such carriers is available. Details on this requirement will be described in a Project Implementation Letter.

SECTION C.2. Eligibility Date. No goods or services may be financed under the Grant which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

SECTION C.3. Plans, Specifications, and Contracts. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Grantee will furnish to A.I.D. upon preparation,

(1) Any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Grant, including documentation related to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation;

(2) Such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services, which, though not financed under the Grant, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a)(2) will be identified

in Project Implementation Letters;

(b) Documents related to the prequalification of contractors, and to the solicitation of bids or proposals for goods and services to their issuance, and their terms will include United States standards and measurements;

(c) Contracts and contractors financed under the Grant for engineering and other professional services, for construction services, and for such other services, equipment or materials as may be specified in Project Implementation Letter, will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution; and

(d) Consulting firms used by the Grantee for the Project but not financed under the Grant, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Grantee for the Project but not financed under the Grant, shall be acceptable to A.I.D.

SECTION C.4. Reasonable Price. 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 procured on a fair and, to the maximum extent practicable, on a competitive basis.

SECTION C.5. Notification to Potential Suppliers. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Grant, the Grantee will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

SECTION C.6. Shipping

(a) Goods which are to be transported to the territory of the Grantee may not be financed under the Grant if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which A.I.D., by written notice to be Grantee has designated as ineligible; or (3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Grant, if such goods or persons are carried: (1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs," without prior

written A.I.D. approval or on a non-U.S. flag air carrier if a U.S. flag carrier is available (in accordance with criteria which may be contained in Project Implementation Letters) without prior written A.I.D. approval or (2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or (3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, (1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately owned United States-flag commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed by A.I.D. and transported to the territory of the Grantee on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this sub-section must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

SECTION C.7. Insurance

(a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Grantee may be financed as a Foreign Exchange Cost under this Agreement provided (1) such insurance is placed at the lowest available competitive rate, and (2) claims thereunder are payable in U.S. dollars or, as A.I.D. may agree in writing, in the currency in which such goods were financed or in any freely convertible currency. If the Grantee (or government of Grantee), by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Grantee financed by A.I.D. hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, the Grantee will insure, or cause to be insured, goods financed under the Grant imported for the Project against risks incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Grantee under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the

Grantee for the replacement or repair of such goods. Any such replacements will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

SECTION C.8. U.S. Government-Owned Excess Property. The Grantee agrees that wherever practicable, United States Government-owned excess personal property, in lieu of new items financed under the Grant, should be utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

Article D: Termination; Remedies.

SECTION D.1. Termination. Either Party may terminate this Agreement by giving the other Party 30 days written notice. Termination of this Agreement will terminate any obligations of the Parties to provide financial or other resources to the Project pursuant to this Agreement, except for payment which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of this Agreement. In addition, upon such termination A.I.D. may, at A.I.D.'s expense, direct that title to goods financed under the Grant be transferred to A.I.D. if the goods are from a source outside Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of Grantee's country.

SECTION D.2. Refunds.

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty (60) days after receipt of a request therefor.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed under the Grant are not used effectively in accordance with this Agreement, A.I.D. may require the Grantee to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

(c) The right under subsection (a) or (b) to require a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the

last disbursement under this Agreement.

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to A.I.D. from a contractor, supplier, bank or other third party with respect to goods or services financed under the Grant, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the cost of goods and services required for the Project, to the extent justified, and (b) the remainder, if any, will be applied to reduce the amount of the Grant.

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Grantee under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S. Dollars by the Grantee.

SECTION D.3. Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

SECTION D.4. Assignment. The Grantee agrees, upon request, to execute an assignment to A.I.D. 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 A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR FOR AFRICA

FROM: AFR/EA, J. Paul Guedet *JPG*

SUBJECT: Waiver of Host Country Contribution for the Tanzania AIDS Project (621-0177)

Problem: Your approval is requested to waive the requirement in Section 110 of the Foreign Assistance Act ("FAA") of 1961, as amended, that the host country provide a minimum of 25 percent of project costs in the case of the Tanzania AIDS Project (TAP) 621-0177. Compliance with Section 110 would require the Government of Tanzania (GOT) to provide \$5.0 million of the \$20.0 million LOP cost of the project. FAA Section 124 (d) provides authority to approve a waiver of the host country contribution on a case-by-case basis. Given current budgetary constraints, the GOT is not in a position to make such a full commitment. The case for such a waiver is outlined below.

Background: The Tanzania AIDS Project will be implemented through non-governmental organizations (NGOs) and the private sector, working under the guidance of the Ministry of Health through the GOT's National AIDS Control Program (NACP). The project goal is to reduce the social and economic impact of AIDS on Tanzanian society by reducing HIV transmission, and by provision of adequate social services to AIDS orphans.

The TAP project has been designated to assist the private and non-governmental sector in becoming more actively involved in AIDS-related activities to supplement badly overstretched public health services and associated budget constraints.

Distribution of information/education and communication for behavioral change, condom distribution through outlets other than traditional static health care facilities, and the provision of services to combat sexually transmitted diseases all are targeted for private sector/nongovernment assistance. The resulting blend of public and private activities will more effectively address the AIDS epidemic.

The Tanzania AIDS Project will be authorized during May, 1993, at an LOP of \$20.0 million. The Mission intends to obligate \$2.5 million for this project in FY 1993.

Discussion: A.I.D. Handbook 3, Chapter 2, Appendix 2G, Section E.2.b. states that an acceptable starting point for determining whether a country can be considered for a waiver is, inter alia, that the country appears on the United Nations General Assembly (UNGA) list of "Low Income Countries." Tanzania, therefore, is eligible to be considered for the requested waiver.

It is appropriate to waive the FAA Section 110 requirement in light of GOT financial constraints. Tanzania is on the official UNGA list of low income countries and is one of the least developed countries of Africa. A.I.D. Handbook 3, Chapter 2, Appendix 2G, Section E.2.b. states that "it is permissible whenever the initiation and execution of an otherwise desirable project is handicapped primarily by the 25 percent requirement."

The FAA Section 110 requirement that Tanzania provide a minimum of 25 percent of the total project costs could seriously jeopardize the execution of the Tanzania AIDS Project.

Tanzania is in the midst of a severe economic and financial crisis, and the Government is not in a position to make such a contribution at this time. According to the latest figures available for 1992, Government expenditures were estimated to be the local currency equivalent of \$982 million, while revenues were projected at only the equivalent of \$599 million. Of the 1992 estimated total deficit of \$383 million, approximately \$284 million was due to development budget expenditures. Substantial financial constraints of the Government include: a large debt service burden (about \$223 million or 23% of total budget expenditures); a large and unmet demand for Government-provided social services, particularly in health and education; and a narrow tax base that largely taxes urban business and salaried workers, with low compliance/collection rates.

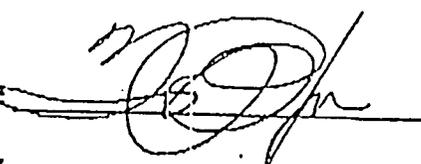
Another consideration affecting the appropriateness of a waiver is the country's commitment to the project. The GOT is committed in combating the AIDS epidemic and recognizes it not only as a profound crisis in public health, but also as a severe and continuing threat to the country's economic development. The GOT is demonstrating that commitment in a variety of ways, the monetary value of which cannot be precisely measured. For example, the GOT provides logistical support in the form of clearance, storage and transport for the distribution of condoms through public sector outlets and regional/district authorities. The GOT has already lifted all duties and taxes on condoms imported into the country, whether by private/commercial or public sector agencies. It has recognized the importance of condoms as a major device in preventing HIV/AIDS infection, and it is expected that duty and tax free status will continue.

The success of the TAP does not depend on the willingness of the GOT to assume a full share of the cost of the project. Rather, the success of the TAP depends on the ability of the non-governmental sector to increase the practice of HIV preventive measures, and provide adequate support services to AIDS orphans and their families.

Finally, it is worth noting that the TAP addresses a problem which recognizes no national boundaries. The initiation and execution of AIDS prevention and control activities, and orphan support activities, can be expected to generate benefits of a regional nature. Were A.I.D. to insist on a host country contribution from Tanzania, in such financial circumstances, important benefits to the region as a whole would be at risk.

Authority: A waiver of the host country contribution requirement is permitted under the provisions of FAA Section 124(d). The authority to exercise the waiver has been delegated by the Administrator to, inter alia, the Assistant Administrator for Africa in A.I.D. Delegation of Authority No. 403, and is not redelegable.

Recommendation: That you waive the FAA Section 110 requirement that the government of Tanzania make a host country contribution of a minimum 25 percent of the total cost of the Tanzania AIDS Project 621-0177.

Approved: 

Disapproved: _____

Date: 5/25/93