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**NINTH AMENDMENT**

**TO THE**

**PROGRAM GRANT AGREEMENT**

**BETWEEN**

**THE UNITED REPUBLIC OF TANZANIA**

**AND**

**THE UNITED STATES OF AMERICA**

**FOR**

**FINANCE AND ENTERPRISE DEVELOPMENT PROGRAM**

**NINTH AMENDMENT TO THE PROJECT GRANT AGREEMENT**

**FOR**

**FINANCE AND ECONOMIC DEVELOPMENT PROGRAM**

**Between**

**The United Republic of Tanzania ("Grantee")**

**and**

**The United States of America, acting through the Agency for International  
Development ("USAID")**

**1 Purpose of Amendment**

This Ninth Amendment to the Finance and Enterprise Development ("FED") Program Grant Agreement (Project No 621-0175) dated August 28, 1992 (The "Agreement"), as previously amended on April 22, 1993, March 25, 1994, July 18, 1994, May 5, 1995, July 21, 1996, September 4, 1996, September 5, 1997, and January 21, 1998, is hereby entered into between the Parties above named to provide for 90% of interest earnings from the special local currency account to be made available to the USAID Operating Expense and Program Trust Fund, for the purposes specified in the Trust Fund Agreement between the GOT and USAID, and 10% Ministry of Finance capacity building, to be disbursed based upon agreed upon usage

2 Due to the numerous additions to the permissible uses of the local currency generated under the FED Program, Article 6(b) and 6(c) of the Program Grant Agreement regarding the uses of and interest earned on the Special Local Currency Account, are hereby deleted in their entirety and the following substituted in their stead

**Article 6 Special Local Currency Account**

(b) From the Special Local Currency Account an equivalent of not less than ten percent (10%) of the total dollar disbursements hereunder, calculated by using the highest official exchange rate on the dates deposits were made in the Special Local Currency Account, shall be made available to the USAID Operating Expense and Program Trust Fund for the purposes specified in the Trust Fund Agreement between the GOT and USAID Administration of such funds will follow the procedures outlined in the Trust Fund Agreement between the GOT and USAID

Risk Management/Profit Sharing Microenterprise Fund From the Special Local Currency Account, the equivalent of Two Million U S Dollars (US\$ 2,000,000) in Tanzania Shillings calculated by using the highest official exchange rate on the date of disbursement from the Special Local Currency Account, shall be made available to the Risk Management/Profit Sharing Microenterprise Fund, domiciled at the Social Action Trust Fund

2

Tanzania Revenue Authority From the Special Local Currency Account, the equivalent of Two Million and Fifty Thousand U S Dollars (US\$ 2,050,000) in Tanzania Shillings calculated by using the highest official exchange rate on the date of disbursement from the Special Local Currency Account, shall be made available to the Tanzania Revenue Authority

Monetary and Fiscal Affairs Unit, Ministry of Finance From the Special Local Currency Account, the equivalent of Five Hundred Thousand U S Dollars (US\$ 500,000) in Tanzania Shillings calculated by using the highest official exchange rate on the date of disbursement from the Special Local Currency Account, shall be made available to the Monetary and Fiscal Affairs Unit, Ministry of Finance, Government of Tanzania

Ministry of Finance/Government of Tanzania Retrenchment Program From the Special Local Currency Account, the equivalent of One Million Five Hundred Thousand U S Dollars (US\$ 1,500,000) in Tanzania Shillings calculated by using the highest official exchange rate on the date of disbursement from the Special Local Currency Account, shall be made available to the Ministry of Finance, Government of Tanzania

Technical Assistance for the Ministry of Finance From the Special Local Currency Account, the equivalent of One Hundred Fifty Thousand U S Dollars (US\$ 150,000) in Tanzania Shillings, calculated by using the highest official exchange rate on the date of disbursement from the Special Local Currency Account, shall be made available to the Ministry of Finance to finance the services of an advisor who will work with the Minister of Finance on economic and financial aspects of developing private enterprises in Tanzania

Rural Roads Rehabilitation and Maintenance Program, Ministry of Works From the Special Local Currency Account, the TShilling equivalent of Four Million, Five Hundred Thousand U S Dollars (US\$ 4,500,000) in Tanzania Shillings shall be made available to the Rural Roads Maintenance and Rehabilitation Program of the Ministry of Works, Government of Tanzania, for Ruvuma, Mbeya, Iringa and Rukwa regions "

Social Action Trust Fund The remainder of the local currency generation will be disbursed from the Special Local Currency Account to capitalize a Social Action Trust (the "Trust") to be established in accordance with Tanzania law and practice The objectives of the Social Action Trust will be (a) to invest in the Tanzanian private sector, working through existing financial institutions as they arise, and (b) to use net earnings from interest and investments to make grants to non-governmental organizations (NGOs) to strengthen programs working to assist AIDS orphans in becoming productive members of society (See Annex 1, page 8, for details of Social Action Trust operation and management)

(c) 90% of interest earned on the funds in the Special Local Currency Account shall be deposited into, and used for the purposes of, the USAID Operating Expense and Program Trust Fund account, in accordance with the Trust Fund Agreement between the Government of Tanzania and USAID, or such other uses as may be agreed to by the Parties 10% of interest earned shall be used for Ministry of Finance capacity building, based upon agreed usage

### 3 Annex I - Amplified Program Description

In Annex I the Amplified Program Description, in the section entitled "Special Local Currency Account" on page 7, the paragraphs under the section entitled "Local Currency Use" are hereby deleted in their entirety and the following paragraphs substituted in their stead

**Local Currency Use** The arrangement specified above will generate approximately \$40 million worth of local currency. The local currency will be put to the following uses (a) the USAID/Tanzania Operating Expense and Program Trust Fund, (b) Risk Management/Profit Sharing Microenterprise Fund, (c) Tanzania Revenue Authority, (d) Monetary and Fiscal Affairs Unit, Ministry of Finance, (e) Ministry of Finance/Government of Tanzania Retrenchment Program, (f) Technical Assistance for the Ministry of Finance (g) Rural Roads Rehabilitation and Maintenance Program, Ministry of Works, and (h) Social Action Trust Fund. Each of these uses is reviewed briefly below

(a) From the Special Local Currency Account an equivalent of not less than ten percent (10%) of the total dollar disbursements hereunder, calculated by using the highest official exchange rate on the dates deposits were made in the Special Local Currency Account, shall be made available to the USAID Operating Expense and Program Trust Fund for the purposes specified in the Trust Fund Agreement between the GOT and USAID. Administration of such funds will follow the procedures outlined in the Trust Fund Agreement between the GOT and USAID.

(b) Risk Management/Profit Sharing Microenterprise Fund. From the Special Local Currency Account, the equivalent of Two Million U S Dollars (US\$ 2,000,000) in Tanzania Shillings calculated by using the highest official exchange rate on the date of disbursement from the Special Local Currency Account, shall be made available to the Risk Management/Profit Sharing Microenterprise Fund, domiciled at the Social Action Trust Fund.

(c) Tanzania Revenue Authority. From the Special Local Currency Account, the equivalent of Two Million and Fifty Thousand U S Dollars (US\$ 2,050,000) in Tanzania Shillings calculated by using the highest official exchange rate on the date of disbursement from the Special Local Currency Account, shall be made available to the Tanzania Revenue Authority.

(d) Monetary and Fiscal Affairs Unit, Ministry of Finance. From the Special Local Currency Account, the equivalent of Five Hundred Thousand U S Dollars (US\$ 500,000) in Tanzania Shillings calculated by using the highest official exchange rate on the date of disbursement from the Special Local Currency Account, shall be made available to the Monetary and Fiscal Affairs Unit, Ministry of Finance, Government of Tanzania.

(e) Ministry of Finance/Government of Tanzania Retrenchment Program. From the Special Local Currency Account, the equivalent of One Million Five Hundred Thousand U S Dollars (US\$ 1,500,000) in Tanzania Shillings calculated by using the highest official exchange rate on the date of disbursement from the Special Local Currency Account, shall be made available to the Ministry of Finance, Government of Tanzania.

(f) Technical Assistance for the Ministry of Finance From the Special Local Currency Account, the equivalent of One Hundred Fifty Thousand U S Dollars (US\$ 150,000) in Tanzania Shillings, calculated by using the highest official exchange rate on the date of disbursement from the Special Local Currency Account, shall be made available to the Ministry of Finance to finance the services of an advisor who will work with the Minister of Finance on economic and financial aspects of developing private enterprises in Tanzania

(g) Rural Roads Rehabilitation and Maintenance Program, Ministry of Works From the Special Local Currency Account, the TShilling equivalent of Four Million, Five Hundred Thousand U S Dollars (US\$ 4,500,000) in Tanzania Shillings shall be made available to the Rural Roads Maintenance and Rehabilitation Program of the Ministry of Works, Government of Tanzania, for Ruvuma, Mbeya, Iringa and Rukwa regions "

(h) Social Action Trust Fund The remainder of the local currency generation will be disbursed from the Special Local Currency Account to capitalize a Social Action Trust (the "Trust") to be established in accordance with Tanzania law and practice The objectives of the Social Action Trust will be (a) to invest in the Tanzanian private sector, working through existing financial institutions as they arise, and (b) to use net earnings from interest and investments to make grants to non-governmental organizations (NGOs) to strengthen programs working to assist AIDS orphans in becoming productive members of society (See Annex 1, page 8, for details of Social Action Trust operation and management)

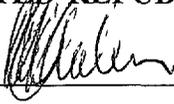
#### 4 Other Terms and Conditions

Except as amended herein, all other terms and conditions of the Project Grant Agreement as amended, remain in full force and effect

IN WITNESS WHEREOF, the Parties hereto, through their duly authorized representative, have caused this Ninth Amendment to the Finance and Enterprise Development Program Grant Agreement to be signed in their names as of the day and date last written below

**GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA**

BY



NAME

RAPHAEL O.S. MWALIMU

TITLE

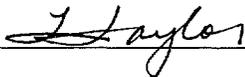
PERMANENT SECRETARY

DATE

31 - 7 - 1998

**UNITED STATES OF AMERICA**

BY



NAME

Lucretia Taylor

TITLE

Director

DATE

31 July 1998