

SPECIFIC AGREEMENT

between

THE KINGDOM OF BELGIUM

and

THE UNITED REPUBLIC OF TANZANIA

on

*Support to
"Local Government Development Grant System - LGDGS"
through a Basket Fund mechanism*

November 2009

The Kingdom of Belgium, hereinafter referred to as “Belgium”,

and

**the United Republic of Tanzania, hereinafter referred to as
“Tanzania”,**

hereinafter jointly referred to as “the Parties”;

- Considering the “General Agreement on Development Co-operation between Tanzania and Belgium,” signed in Dar Es Salaam, on January 3rd 1984 and as revised in the General Agreement signed on 16th October 2002 between the Parties;
- Considering the minutes of the Joint Commission on Development Co-operation held in Dar es Salaam on 26th of October 2009 between Belgium and Tanzania and its annexed Indicative Development Co-operation Programme 2010-2013;
- Considering the “Memorandum of Understanding between the Government of the United Republic of Tanzania and the bi-lateral development partners supporting the Local Government Development Grant (LGDG) System” signed in Dar es Salaam on 02/02/2009 by the Belgian Government
- Considering the relations of friendship and solidarity between the Parties;

Now, therefore, the Parties hereby agree on the following clauses

Article 1: Scope and objectives of the agreement

The Specific Agreement concerns the participation of Belgium in the Local Government Reform Programme through the Local Government Development Grant System - LGDGS.

The general objective of the programme is to contribute to the poverty reduction in Tanzania. The specific objective of the programme is fiscal, administrative and political decentralization by devolution.

The Belgian contribution is channelled through the Basket Fund in accordance with the Memorandum of Understanding (MOU) on LGDG signed between Tanzania and Basket Fund Partners. The MOU is also signed by Belgium and shall be annexed to this agreement.

Article 2: Responsibilities of both Parties

2.1. The responsibilities of the Parties are fully described in the MOU.

2.2. Belgium designates:

2.2.1. The "Directorate General for Development Cooperation", of the Federal Public Service Foreign Affairs, Foreign Trade and Development Cooperation, hereinafter called DGDC, as the Belgian administrative entity, responsible for the financial contribution to this agreement. The DGDC is represented in Tanzania by the Counsellor for International Cooperation at the Embassy of Belgium.

2.2.2. The "Belgian Technical Cooperation", hereinafter referred to as BTC, as the Belgian entity responsible for monitoring and evaluation of the Belgian participation in the Basket Fund mechanism, according to the arrangements of the MOU. BTC is represented in Tanzania by its Resident Representative in Dar es Salaam.

2.3. Tanzania designates :

2.3.1. The Ministry of Finance and Economic Affairs as the Tanzanian administrative entity, responsible for the Tanzanian contribution to the LGDGS.

2.3.2. The Prime Minister's Office – Regional Administration and Local Government as responsible for the implementation of the LGDGS.

Article 3: Contribution of the Parties

3.1. The participation conditions and obligations of the parties are described in the different Articles of the MoU.

3.2. The Belgian grant contribution to the Basket Fund for the LGDGS is 27 million (twenty-seven million) Euro in four tranches over the period of implementation of the Local government Development Grant System referred to in the preamble of this Agreement.

3.3. Provided the conditionalities as mentioned under 3.5 are met, the four tranches shall be disbursed according to the following schedule,:

2010	7 (seven) million euro
2011	7 (seven) million euro
2012	7 (seven) million euro
2013	6 (six) million euro

3.4. The timing of the disbursement of the four tranches shall be as far as possible in accordance to the Joint Assistance Strategy to Tanzania to which Belgium is a signatory e.g. in the first quarter of every Tanzanian financial year (July-September).

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- 3.5. The conditionality for disbursement of all four tranches is as follows:
- ▶ The approval by the Common Basket Fund Steering Committee of the annual Plan and Budget for LGDG for the fiscal year (year n) the disbursement is requested;
 - ▶ The approval by the LGDG Steering Committee of the annual assessment of LGAs during the previous fiscal year (year n-1);
 - ▶ The approval by the LGDG Steering Committee of the semi-annual (S1,S2) progress reports of the implementation of the LGDG system (S2 of year n-2 and S1 of year n-1);
 - ▶ A positive audit of LGDG from the fiscal year n-2;
 - ▶ Payment request from PMO-RALG for the corresponding tranche.
- 3.6. The release of the Belgian contribution from the Satellite Account of the Basket Fund to the LGDGS shall be in accordance with the arrangements of the MOU.
- 3.7. Tanzania shall contribute to the LGDGS according to the arrangements of the MOU.

Article 4: Control and evaluation

The parties shall take all necessary administrative and budgetary measures to achieve the objectives of this Specific Agreement, including joint administrative and financial control and evaluation missions and, if need be, also separated administrative and financial control and evaluation mission

The Parties shall inform each other about the results and possible recommendations of these control and evaluation exercises.

Article 5: Entry into force, Duration, Modifications and Termination

- 5.1. This Specific Agreement shall enter into force on the date of its signing by both parties.
- 5.2. This Specific Agreement is valid under a period of 60 months
- 5.3. The provisions of this Specific Agreement may be modified by mutual agreement between the Parties, through exchange of letters.
- 5.4. Any disputes related to the application and interpretation of this Specific Agreement shall be settled through bilateral negotiation.
- 5.5. This Specific Agreement may be denounced by each of the Parties, through verbal note, subject to a six months' notice.

Article 6: Notifications

All notifications related to this Specific Agreement and more specifically modifications and interpretations of this Agreement, shall be communicated through diplomatic channels at the following addresses:

for Tanzania, to

The Ministry of Finance and
Economic Affairs
P.O. Box 9111

Dar es Salaam

for Belgium, to

Embassy of Belgium
P.O. Box 9210

Dar es Salaam

All notifications related to the execution of this Agreement as mentioned in the MOU,
shall be addressed at following institutions:

for Tanzania, to

The Prime Ministers' Office, Regional Administration and Local Government
P.O. Box 1923
Dodoma

For Belgium, to

Embassy of Belgium
P.O. Box 9210
Dar es Salaam

and

The Belgian Technical Co-operation (BTC)
P.O. Box 23209
Dar es Salaam

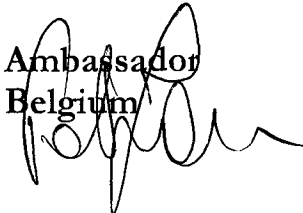
Article 7: Final dispositions

In witness whereof, the undersigned, duly authorized thereto, have signed the present
Specific Agreement.

Done in triple at Dar es Salaam, on the 25th November 2009
in the English language, both copies being equally authentic;


For Belgium

Mr. Paul Jansen

Ambassador
Belgium


For Tanzania

Mr. Ramadhani Mussa Khijjah


Permanent Secretary
Ministry of Finance and
Economic Affairs