BRIDGING AGREEMENT

between

THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

and

THE GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA

regarding

support to University of Dar es Salaam

WHEREAS the Government of the Kingdom of Norway (Norway) and the Government of the United Republic of Tanzania (Tanzania) have entered into an agreement regarding Cooperation for Promotion of the Economic and Social Development of the United Republic of Tanzania, dated 13th of June 1988 and prolonged by addenda of which the latest is dated 1st November 2007 (the Main Agreement),

WHEREAS Norway has supported University of Dar es Salaam (UDSM) continuously since 1997 through various agreements, of which the latest is the Frame Agreement dated 2nd of December, 2002, which was extended until 31st of August, 2007,

WHEREAS Tanzania has in the Annual Meeting held on 19th of May, 2006, requested Norway for continued support to UDSM for the period 2007 - 2010,

WHEREAS the Norwegian Ministry of Foreign Affairs (MFA) has decided to comply with the request, and to provide additional assistance for an estimated bridging period January 2008 – June 2008 (the Bridging Period),

NOW THEREFORE MFA and Tanzania (the Parties) have reached the following understanding, which shall constitute a Bridging Agreement between the Parties (the Bridging Agreement):
Article I
Scope and Objectives

1. This Agreement sets forth the terms and procedures for support in the Bridging Period, as outlined in the Agreed Programme Summary in Annex I. It will be based on the submitted Addendum for the UDSM Programme for Institutional Transformation, Research and Outreach (PITRO) (the Programme) for the Period January 2008 – June 2008. The Addendum was submitted by UDSM on the 30th of November, 2007.

2. The Overall Goal of the Programme is to increase the contribution of the University of Dar es Salaam to Tanzania’s efforts to increase the rate of economic growth, reduce poverty and improve social wellbeing of Tanzanians through transformation of the education, science and technology sectors.

The Purpose (Immediate Objective) is to ensure that qualifying candidates have equitable access to high quality education, knowledge and skills for increasing productivity and reducing poverty though creativity and participation in economic development.

3. The Parties may agree on extending existing or including new Programme elements within the Programme, as well as on re-allocating funds within the Programme. Any such agreement shall be in writing, e.g. recorded in the Agreed Minutes from the consultations mentioned in Article VI.

Article II
Cooperation - Representation

1. The Parties shall communicate and cooperate fully with the aim to ensure that the Goal and Purpose are successfully achieved.

2. The Parties further agree to cooperate on preventing corruption within and through the Programme, and undertake to take rapid legal action to stop, investigate and prosecute in accordance with applicable law any person suspected of misuse of resources or corruption. The parties shall immediately inform each other of any indication of corruption or misuse of resources related to the Programme.

3. In matters pertaining to the implementation of the Programme the Norwegian Embassy in Dar es Salaam (the Embassy) and the Tanzania Ministry of Finance and Economic Affairs shall be competent to represent Norway and Tanzania respectively. All communication to MFA in regard to the Agreement shall be directed to the Embassy.

4. The Ministry of Education, (the Ministry) shall through UDSM have the responsibility for the implementation of the Programme.
Article III
Contribution of MFA

1. MFA shall, subject to Parliamentary appropriations, make available to Tanzania a financial grant not exceeding Norwegian kroner Seven Million Five Hundred Thousand (NOK 7 500 000) for the period January 2008 – June 2008.

2. Any accrued interests on the Grant may be used for the benefit of the Programme in the Bridging Period if agreed on by the Parties in writing.

3. Any uncommitted unspent disbursed funds and accrued interests shall be returned to MFA upon completion of the Bridging Period.

Article IV
Contributions and Obligations of Tanzania

Tanzania shall be responsible for implementing the Programme in the Bridging Period, and shall hereunder:

1. Have the overall responsibility for the planning, implementation, reporting and monitoring of the Programme,

2. ensure that the Grant is used according to approved work plans and budgets,

3. ensure that Programme funds, which shall include any accrued interests, are properly accounted for, and that the Grant is reflected in the plans, budgets and accounting of Tanzania,

4. promptly inform MFA of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme,

5. undertake the obligations set out in the Main Agreement with regard to technical assistance personnel and contractors provided by MFA,

6. defray any customs duties, VAT and other taxes, fees and levies on all equipment, materials and supplies financed by the Grant and imported into Tanzania for the benefit of the Programme in conformity with the prevailing laws in Tanzania,

7. ensure that all permits, import licences and foreign exchange permissions that may be required are granted,

8. ensure that representatives of Norway are permitted to visit any part of Tanzania for purposes related to the Agreement and examine any relevant records, goods and documents.

9. provide the financial and other resources required in addition to the Grant.
Article V
Disbursements

1. The Grant will be disbursed upon signing of the Bridging Agreement and the receipt and approval of a disbursement request from Tanzania.

2. When determining the amount to request, Tanzania shall take into account unspent disbursed amounts and income from all sources as well as any accrued interests which the Parties have agreed on using for the benefit of the Programme according to Article III, Clause 2. Remaining funds from the previous agreement period shall be used for the bridging period if nothing else has been agreed upon.

3. Funds will be transferred into the Exchequer Development Account No. 13:99 upon MFA's approval of the requests. From that account funds will be released through the Ministry to a separate and convertible bank account. The funds shall be made available to the Programme immediately.

4. Tanzania shall immediately, in writing, acknowledge receipt of the funds. The date of receipt shall be stated as well as the exchange rate applied.

5. All disbursements to suppliers of goods or services shall be made by Tanzania.

Article VI
Formal Meeting

Representatives of the Parties shall have a Formal Meeting within June 2008 in order to:

Discuss the status and the progress of the Programme.
Discuss issues of special concern for the implementation of the Programme, such as the major risk factors set out in the Agreed Programme Summary in Annex I, and how to manage such risks/issues.

2. Each of the Parties may include others to participate as observers or as advisors to their delegations. A representative from SIU will attend the Formal Meeting as an observer with the right to speak.

3. The documentation specified in Articles VII shall form the basis for the consultations.

4. The Formal Meeting shall be called by UDSM and chaired by the Ministry and drawing representatives from the Embassy, the Ministry of Finance and Economic Affairs, and UDSM as the secretariat. The partners Parties may include others to participate as observers or as advisors to their delegations.

5. Main issues discussed and points of view expressed as well as any decisions shall be recorded in Agreed Minutes. The Agreed Minutes shall be drafted by UDSM.
and be submitted to MFA and SIU for comments no later than two weeks after the Annual Meeting.

Article VII
Reports

Tanzania shall submit to MFA and SIU the reports and documentation specified below.

A status report for the programme period January – June 2008 including a description of actual outputs compared to planned outputs, a brief summary of the use of funds compared to budget, an explanation of major deviations from the plan and statement of accounts. The status report shall be submitted within 31 July 2008. If the Bridging Period is not completed by the agreed date, a status report shall be submitted to MFA by a said date.

A final report for the 2002 Frame Agreement including the status report for the Bridging Agreement shall be submitted within 31 December 2008. The final report for the 2002 Frame Agreement shall include:

- A description of actual outputs compared to planned outputs,
- A brief summary of the use of funds and inputs compared to budget,
- An assessment of the efficiency of the Programme (how efficiently resources/inputs are converted into outputs),
- An explanation of major deviations from plans,
- An assessment of problems and risks (internal or external to the Programme) that may affect the success of the Programme,
- An assessment of the need for adjustments to activity plans and/or inputs and outputs, including actions for risk mitigation,
- A brief assessment of achievements in relation to Purpose,
- A stronger focus towards qualitative measures and less on quantitative financial statements for the same period
- An assessment of the effectiveness of the Programme in the said period, i.e. the extent to which the Purpose has been achieved,
- An assessment of impact (if possible), i.e. the changes and effects positive or negative, planned and unforeseen of the Programme in the said period seen in relation to target groups and others who are affected,
- An assessment of sustainability of the Programme, i.e. an assessment of the extent to which the positive effects of the Programme will still continue after the external assistance has been concluded,
- A summary of main “lessons learned”.

K
Article VIII
Procurement

1. Tanzania undertakes to effect all procurements of goods and services necessary for the implementation of the Programme.

2. The procurements shall be performed in accordance with generally accepted procurement principles, good procurement practices and the procurement regulations of Tanzania. Norwegian suppliers shall be given the same opportunities as other suppliers to compete for deliveries.

3. Tanzania shall observe the highest ethic standards during the procurement and execution of contracts, and shall ensure in its national legislation adequate and effective means to punish and prevent illegal or corrupt practices.

4. No offer, gift, payment or benefit of any kind, which would or could, either directly or indirectly, be construed as an illegal or corrupt practice, e.g. as an inducement or reward for the award or execution of procurement contracts, shall be accepted. Invitations to make offers as well as the procurement contracts shall, respectively, include a clause stating that the offer will be rejected and/or the contract cancelled, in case any illegal or corrupt practices have taken place in connection with the award or the execution of the contract.

5. Tanzania shall upon request furnish MFA with all relevant information on its procurement practices and actions taken, and provide access to all related records and documents. MFA may require access to information even during the stage in the procurement procedure when it is restricted to the officers performing the procurement. Restrictions on such information shall be respected until the information can be made public without any risk of detriment to the result of the procurement.

Article IX
Audit

The annual financial statements of the Programme shall be audited by the National Audit Office, or by an external, independent and qualified auditor approved by the Controller and Auditor General. The cost of the audit shall be covered by the Grant.

2. The audit shall be carried out in accordance with international auditing standards. The auditor shall state in the report which auditing standards that have been applied.

3. The audit report shall include the auditor’s opinion/findings as to whether the financial statements present fairly, in all material respects, the Programme’s cash receipts/income and expenditures as well as the
cash/bank/financial position in accordance with an acceptable financial reporting framework,
whether the audit has uncovered any material weaknesses in relevant internal control(s),
- whether the audit has uncovered any illegal or corrupt practices,
- whether funds have been used exclusively to cover Programme expenditures,
- whether cash receipts/income and expenditures are properly accounted for.

6 Tanzania shall submit to MFA the audit report and any other report from the auditor significant to the implementation of the Programme within 31 March 2009. Tanzania shall comment upon the auditor’s findings. MFA shall respond within four weeks upon reception of the report.

MFA may appoint an independent auditor to undertake audit if deemed necessary. Audits may also be carried out by the Norwegian Audit General as and when deemed necessary.

Article X
Reviews - Evaluation

MFA reserves the right to carry out independent reviews or evaluations of the Programme as and when MFA deems it necessary. The cost for such reviews will be covered by funds over and above the Grant.

Article XI
Reservations

MFA reserves the right to withhold disbursements at any time in case e.g.
- The Programme develops unfavourably in relation to the Goal and Purpose,
- substantial deviations from agreed plans or budgets occur,
- resources to be allocated by Tanzania are not provided as agreed,
- the documentation specified in Articles VII and IX has not been submitted as agreed,
- the financial management of the Programme has not been satisfactory,

MFA reserves the right to reclaim all or parts of the Grant and cancel the Agreement if Programme funds are found not to have been used in accordance with the Agreement or are found not to be satisfactorily accounted for.

MFA has the right to cancel the Agreement or portion of the Agreement, and has the right to demand the cancellation of any contract financed under the Agreement, with immediate effect if it determines that corrupt or fraudulent practices were engaged in by representatives of Tanzania or by a beneficiary of Programme funds during procurement or execution of the contract without Tanzania having taken timely and appropriate action satisfactory to MFA to remedy the situation.
Article XII
Distribution of the Agreement

The Parties shall distribute copies of the Agreement to the respective ministries, authorities and other institutions involved in the Programme or otherwise in need of information on its content.

Article XIII
Entry into Force - Termination - Disputes

The Agreement shall enter into force on the date of its signature, and shall remain in force until the Parties have fulfilled all obligations arising from it. Whether the obligations are fulfilled, shall be determined in consultations by the Parties.

2. Notwithstanding the previous clause each Party may terminate the Agreement upon three months written notice.

3. In case of termination of the Agreement Tanzania shall exert its best efforts to bring the Project to an end in a rapid, orderly and economical manner as to the use of the funds from MFA. Tanzania shall not commit the Project economically from the date of the receipt of the notice of termination. Any unspent funds not committed by the date of the receipt of the notice of termination, shall be returned to MFA without delay.

4. If any dispute arises relating to the implementation or interpretation of the Agreement, the Parties shall consult with a view to reaching a solution.

IN WITNESS WHEREOF the undersigned, acting on behalf of the respective Party, have signed the Agreement in two originals in the English language.

Place: Dar es Salaam Date: 28.03.2008

For the Norwegian Ministry of Foreign Affairs

[Signature]

Jøn Lomøy
Ambassador

For the Government of the United Republic of Tanzania

[Signature]

Ramadhani M Khiijjah
Deputy Permanent Secretary - Treasury

Annexes 1 Agreed Programme Summary
ANNEX I
AGREED PROGRAMME SUMMARY

1. Identification of the Programme
   - Programme Title/Name: The UDSM Programme for Institutional Transformation, Research and Outreach (PITRO). The Bridging Period is described in the Addendum of November 2007 for the Period January 2008 – June 2008. TAN 0103.
   - Implementing institution: University of Dar es Salaam
   - Norwegian and/or other Partner institution(s): Norwegian Centre for International Cooperation in Higher Education (SIU).

2. Description of the Programme

2.1 Goal

The Overall Goal of the PITRO is to increase the contribution of the University of Dar es Salaam to Tanzania’s efforts to increase the rate of economic growth, reduce poverty and improve social wellbeing of Tanzanians through transformation of the education, science and technology sectors.

2.2 The Purpose (Immediate Objective)

The purpose of the PITRO is to ensure that qualifying candidates have equitable access to high quality education, knowledge and skills for increasing productivity and reducing poverty through creativity and participation in economic development.

2.3 Programme Components

The Programme will have two major components and one supporting component. The first is Research, Development and Outreach, the second is Institutional Transformation and capacity building, and the supporting component termed Coordination.

During the first six months, it is expected that only approvals and initial start of the programmes will be initiated and where a project will require equipment then procurement preliminaries would have been initiated.

Component 1 - Research, Development and Outreach
This component will initially focus on compilation, evaluation and approval of proposals on relevant research including demand driven and basic research in order to empower and provide solutions to community challenges and advance the frontiers of knowledge through innovative research and inventions.

Component 2 – Institutional Transformation and Capacity Building
The component has four sub-components aiming at improving capacity of UDSM in terms of human resources, physical infrastructure, strategic intervention, institutional transformation and improved employability of graduates and enhanced performance of in-service staff. The Component will focus on training of human
resources at PhD and Master levels and will facilitate short courses locally and internationally with the purpose of enhanced performance of UDSM staff in the core mission and administrative functions.

The strengthening of the Advancement Office will also be a core activity in this regard. The major challenge to the University is the continued dwindling flow of resources from the government and little capacity for philanthropic activities and other forms of income generation. UDSM therefore needs a dynamic Development office that will assist the university in fund raising, assessing and proposing investment choices, critically looking at cost-cutting measures in order to become cost-effective and rationalise cost structures.

2.7 Major risk factors (internal and external)

The overall sustainability of UDSM is believed to be high. Major risk factors are however linked to the following issues:

*The PITRO Activities- a part of the day to day activities?*
One of the concerns stated in the appraisal was that the PITRO was too much a part of the regular operations of the University and that it could end up as a source of supplementary funding for the institution’s core activities rather than specific support.

*Management of external funding*
The appraisal pointed out that the critics of internal management of external funding were not taken on board in the design of the programme.

*Norway’s funding to UDSM*
If the Norwegian support terminates before the agreed period ends, the ongoing and planned activities will have to be cancelled. This will impact the total output of the programme and the set goals might not be achieved.

3. Overall budget

Overall Budget for the period January – June 2008:

<table>
<thead>
<tr>
<th>Activities</th>
<th>Tzs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component 1</td>
<td>814 000 000</td>
</tr>
<tr>
<td>Component 2</td>
<td>600 500 000</td>
</tr>
<tr>
<td>Component 3</td>
<td>135 000 000</td>
</tr>
<tr>
<td>Administration</td>
<td>25 000 000</td>
</tr>
<tr>
<td>Total</td>
<td>1 574 500 000</td>
</tr>
</tbody>
</table>