

**Agreement**  
**between**  
**the Norwegian Ministry of Foreign Affairs**  
**and**  
**the Government of the United Republic of Tanzania**  
**regarding**  
**Support to the Prevention and Combating of Corruption**  
**Bureau (PCCB) in Grand Corruption Investigations**

WHEREAS the Government of the Kingdom of Norway (Norway) and the Government of the United Republic of Tanzania (Tanzania) have entered into an agreement dated 14 May 1986 regarding cooperation for promotion of the economic and social development of Tanzania which has been prolonged by Addenda of which the latest is dated 16 December 2006 (the Main Agreement).

WHEREAS PCCB in letter dated 14 November 2007 has requested Norway for support to Grand Corruption Investigations and

WHEREAS the Norwegian Ministry of Foreign Affairs (MFA) has decided to comply with the request.

NOW THEREFORE MFA and Tanzania (the Parties) have reached the following understanding which shall constitute an Agreement between the Parties:

**Article I Scope and objectives**

1. This Agreement sets forth the terms and procedures for MFA's support to PCCB's Grand Corruption Investigation (the Programme) as outlined in the Agreed Programme Summary in Annex I and further described in the Programme Document "Supporting PCCB in Grand Corruption Investigations", dated 14 November 2007.
2. The goal of the Programme is to establish the capacity to enforce the rule-of-law with respect to grand corruption, thereby creating a deterrent effect in the public and private sectors, and restoring public trust and confidence in the PCCB.
3. The objective of the Programme is to institutionalise the capacity to identify, investigate and successfully prosecute cases of grand corruption in the natural resources sectors, as well as in the area of money laundering, to trace, freeze and recover assets that have been acquired through corrupt practices, and to strengthen the case docket management function of the PCCB.
4. 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. To that effect each Party shall furnish the other Party with all such information as may reasonably be required pertaining to the Programme.

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For the Government of the United  
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Ministry of Finance and Economic Affairs  
P.O.Box 9111  
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Tanzania  
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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) shall represent the MFA. All communication with regard to the Agreement shall be directed to the Embassy.
4. The PCCB have the overall 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 ten million (NOK 10,000,000 Grant) to be used exclusively to finance the Programme in the planned period February 2008-December 2008.
2. Any accrued interests on the Grant may be used for the benefit of the Programme if agreed on by the Parties in writing.
3. Any unspent disbursed funds and accrued interests shall be returned to MFA upon completion of the Programme.

## **Article IV Contributions and obligations of Tanzania, Tanzania shall through the PCCB;**

1. Have the overall responsibility for the planning, implementation, reporting and monitoring of the Programme.
  2. Provide the financial and other resources required in addition to the Grant.
  3. Ensure that the Grant is used according to approved work plans and budgets.
  4. 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 the PCCB.
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5. Promptly inform Norway of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme,
6. Defray any customs duties, sales taxes 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,
7. Ensure that all permits, import licenses and foreign exchange permissions that may be required are granted,
8. Ensure that representatives of Norway are permitted to visit any part of the Programme for purposes related to the Agreement and examine any relevant records, goods and documents.

#### **Article V Disbursements**

1. The disbursement of the Grant will be made upon signing of this Agreement.
2. Funds will be transferred upon MFA's approval of the disbursement into the Exchequer through the Development Revenue Account No. 13:99 and shall be made available to the Programme immediately.
3. Tanzania shall immediately, in writing, acknowledge receipt of the funds. The date of receipt shall be stated as well as the exchange rate applied.
4. All disbursements to suppliers of goods or services shall be made by Tanzania.

#### **Article VI Meeting**

1. Representatives of the Parties (Ministry of Finance and Economic Affairs, PCCB and the Embassy of Norway) shall hold a Review Meeting within 31 August 2008 in order to:
  - a) Discuss the progress of the Programme, including results and fulfillment of agreed obligations,
  - b) 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 1, and how to such risks/issues have been managed.
2. Each of the Parties may include others to participate as observers or as Advisors to their delegations.
3. The Meeting shall be called by and chaired by the PCCB.
4. The documentation specified in Articles VII and IX shall form the basis for the Meeting.
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 the PCCB and be submitted to MFA for comments no later than two weeks after the Review Meeting.



## Article VII Reports

1. The PCCB shall submit to MFA and other parties the reports and documentation specified below. MFA shall respond within three weeks upon reception of the reports and documentation.
2. A progress report shall be submitted within three weeks before a the Meeting

The progress reports shall be prepared in accordance with the reporting format to monitor and control the legal, judicial, penal processes relating to cases of bribery, corruption, fraud and other unethical conduct and shall include the following information:

- a) A description of actual outputs compared to planned outputs (as defined in the work plans).
  - b) a brief summary of the use of funds compared to budget.
  - c) an assessment of the efficiency of the Programme (how efficiently resources/ inputs are converted into outputs).
  - d) an explanation of major deviations from plans.
  - e) an assessment of problems and risks (internal or external to the Programme) that may affect the success of the Programme.
  - f) an assessment of the need for adjustments to activity plans and/or inputs and outputs, including actions for risk mitigation.
  - g) a brief assessment of achievements in relation to Purpose.
3. The following financial statements shall be submitted three weeks before the Meeting:

- a) Financial statements for the Programme consisting of:
  - A statement showing cash receipts/income and expenditures for the previous period structured as and compared to approved budgets for such previous period. The statement shall capture all sources of funding, with sufficient segregation of data to permit identification of individual sources of funds and disbursements on major Programme activities or types of expenditure.
  - a statement of cash and bank balances.
- b) relevant notes to the above mentioned statements including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Programme.

The financial statements and budget(s) shall give complete and detailed information on the financing of the Programme.

4. A final report shall be submitted within four months after the completion of the present phase of the Programme. If the Programme is not completed by July 2008, a status report shall be submitted to MFA by the said date. The final report shall include:
  - a) The topics listed in Clause 2 above for the whole Agreement period.
  - b) an assessment of the effectiveness of the Programme, i.e. the extent to which the Purpose has been achieved.
  - c) an assessment of impact (if possible), i.e. the changes and effects positive or negative, planned and unforeseen of the Programme seen in relation to target groups and others who are affected,
  - d) 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,
  - e) a summary of main "lessons learned".

## **Article VIII Procurement**

1. The PCCB 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. The PCCB 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. The PCCB 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**

1. The financial statements of the Programme shall be audited by the Controller and Auditor General or an equivalent governmental audit body or an independent professional accountant/accountancy firm in public practice engaged by the Controller and Auditor General and approved by the MFA.
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 state the auditor's opinion/findings as to:
  - a) 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.
  - b) whether the audit has uncovered any material weaknesses in relevant internal control(s).
  - c) whether the audit has uncovered any illegal or corrupt practices.
  - d) whether funds have been used exclusively to cover Programme expenditures.
  - e) whether cash receipts/income and expenditures are properly accounted for.
  - f) whether appropriate internal controls to counteract illegal or corrupt practices have been established and are complied with.
  - g) Whether the Grant is reflected in the budgets and accounting of the PCCB.
4. The PCCB 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. The PCCB shall comment upon the auditor's findings. MFA shall respond within three weeks upon reception of the report.



## **Article X Reviews – Evaluation**

1. Norway 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**

1. MFA reserves the right to withhold disbursements at any time in case e.g.:
  - a) The Programme develops unfavorably in relation to the Goal and Purpose,
  - b) substantial deviations from agreed plans or budgets occur,
  - c) the documentation specified in Articles VII and IX has not been submitted as agreed,
  - d) the financial management of the Programme has not been satisfactory,
2. 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.
3. 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 the PCCB or by a beneficiary of Programme funds during procurement or execution of the contract without the PCCB having taken timely and appropriate action satisfactory to Norway to remedy the situation.
4. Before MFA withholds disbursements, reclaims funds or cancels the Agreement, the Parties shall consult with a view to reaching a solution in the matter.

## **Annex 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**

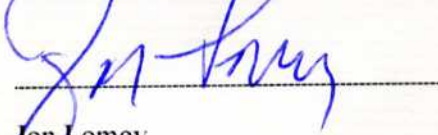
1. The Agreement shall enter into force on the date of its signature, and shall remain in force until the Parties have fulfilled all obligations arising from it. Whether the obligations are fulfilled, shall be determined in consultations by the Parties.
2. Notwithstanding the previous clause each Party may terminate the Agreement upon three months written notice.
3. 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 their respective Parties, have signed the Agreement in two originals in the English language.

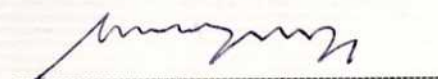
Done in Dar es Salaam the 12<sup>th</sup> day of Jan 2008.

For the Norwegian Ministry of Foreign Affairs



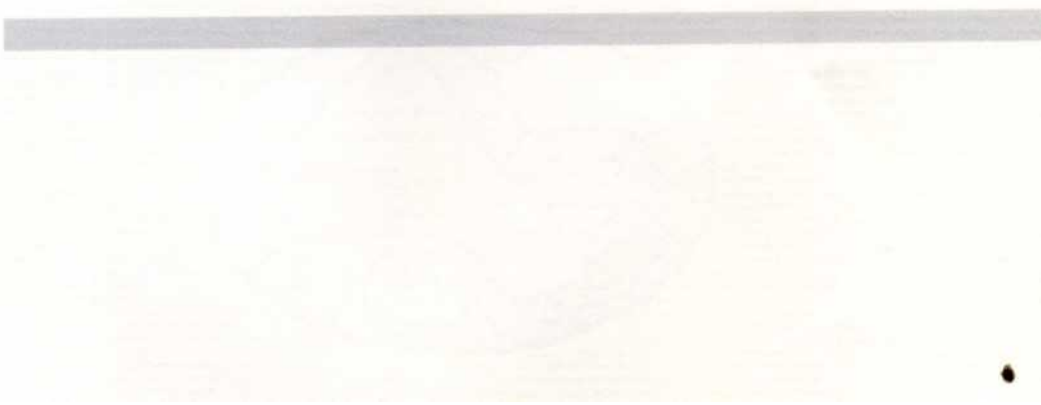
Jon Lomoy  
Ambassador

For the Government of the United Republic of Tanzania



Gray S. Mgonja  
Permanent Secretary  
Finance and Economic Affairs

Annexes:  
I. Agreed Programme Summary



# Annex I Agreed Programme Summary

## Identification of the Programme

Programme Title/Name: Support to the Prevention and Combating of Corruption Bureau (PCCB) Grand Corruption Investigations.  
Implementing institution: PCCB

## Description of the Programme

Goal: To establish the capacity to enforce the rule of law with respect to grand corruption, thereby creating a deterrent effect in the public and private sectors, and restoring trust and confidence in the PCCB.

Overall Objective: To institutionalise the capacity to identify, investigate and successfully prosecute cases of grand corruption in the natural resources sectors, as well as in the area of money laundering, to trace, freeze and recover assets that have been acquired through corrupt practices, and to strengthen the case docket management function of the PCCB.

### Output:

1. Investigation, prosecution and convictions in grand corruption cases.
2. Establish a deterrent effect to corrupt practices in Tanzania.

### Input:

1. 10 million NOK for the period of 02-07/2008.
2. Equipment: cars, surveillance equipment etc.

### Main indicators:

1. The key performance measure for each component will be the number of individuals that are successfully sentenced and punished for grand corruption annually.
2. The key performance measure for the overall project will also be the total number of individuals that are successfully sentenced and punished for grand corruption annually.

### Risks

1. Lack of political will
2. Low capacity
3. Lack of the right competence within the PCCB
4. Lack of competence and capacity within the judicial system and other elements
5. Cultural reluctance in a patronage-based society to apply "modern" rule-of-law to hold individuals accountable

### Mitigation strategies:

#### Ad1.

1. To uphold the focus on anti- corruption in the dialogue with the government on all levels.
2. Cooperation on the anti-corruption issue between the Development Partners.

3. Establish a closer, more confidential political dialogue with the Tanzanian authorities where there will be opportunities for discussions also on sensitive issues as corruption.

Ad 2.

1. Needs assessment of the PCCB
2. US Department of Justice is currently undergoing an extensive training programme for PCCB.
3. UK is in a process of deciding upon support to complementary activities within PCCB as well as support to the Prosecuting agent DPP.

Ad3.

1. Needs assessment of PCCB
2. Evaluate as the programme evolves the need for further training and capacity building

Ad4.

1. Follow closely the work within the legal sector reform program.

### **Overall Budget**

10 million NOK for the period -02-07/2008.



## **Annex II Terms of Reference for audit**

The auditor shall carry out the audit in accordance with any national legislation for NGOs as well as with international standards on auditing.

The objective of the audit is to audit 1) the annual financial statements of the Project as defined in Annex I to this Contract as well as 2) compliance with certain contractual obligations. The auditor shall be given a copy of the present Contract, and decides himself whether to submit one or two reports. The audit report(s) shall state the auditor's opinion/findings as to:

- Whether the financial statements and the cash/bank/financial position present fairly, in all material respects, the income and expenditures of the Project in accordance with an acceptable financial reporting framework
- whether the audit has uncovered any material weaknesses in relevant internal control(s)
- whether the funds have been deposited in a separate bank account in the name of the organization and that accrued interest are reflected in the statement from the bank whether the audit has uncovered any illegal or corrupt practices
- whether funds have been used exclusively to cover Project expenditures
- whether receipts/income and expenditures are properly accounted for.

The above list does not preclude the organization or the auditor from addressing further issues.

The auditor shall also, if the auditor deems it warranted based on findings during the audit, submit a management letter to the organization upon completion of the audit. The letter should address deficiencies noted in the system of internal control.

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