

No. 12032

**DENMARK, FINLAND, NORWAY and SWEDEN,
and
UNITED REPUBLIC OF TANZANIA**

**Agreement on co-operative assistance to Tanzania (with appendix).
Signed at Dar es Salaam on 13 December 1971**

Authentic text : English.

Registered by Denmark on 28 September 1972.

**DANEMARK, FINLANDE, NORVÈGE et SUÈDE,
et
RÉPUBLIQUE-UNIE DE TANZANIE**

**Accord concernant l'aide à la Tanzanie dans le domaine des co-
opératives (avec appendice). Signé à Dar es-Salam le 13
décembre 1971**

Texte authentique : anglais.

Enregistré par le Danemark le 28 septembre 1972

AGREEMENT¹ BETWEEN THE GOVERNMENTS OF DENMARK, FINLAND, NORWAY AND SWEDEN AND THE GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA ON CO-OPERATIVE ASSISTANCE TO TANZANIA

The Governments of Denmark, Finland, Norway and Sweden (hereinafter referred to as the Nordic Governments) on the one hand and the Government of the United Republic of Tanzania on the other hand have agreed on a programme of technical co-operation.

The purpose of the Agreement is to continue the co-operation in the field of co-operative development established under the Agreement between the Governments of Denmark and Sweden and the Government of the United Republic of Tanzania, signed on 18th July, 1968² and expiring on 31st December, 1971. The terms of the Agreement are the following :

Article I

The main objectives of the activities under the Agreement shall be to assist the Government of the United Republic of Tanzania in developing the co-operative movement, in particular to intensify the education and training of co-operative society members and staff as well as government staff with functions relating to the co-operative movement.

To meet these objectives the two Parties agree on the plan of operation set forth in appendix I. Under this plan the main fields of action shall be the following :

- a) Co-operative education including the establishment of 4 additional co-operative wings;
- b) Promotion and management of marketing co-operatives;
- c) Development of the co-operative wholesale distribution;
- d) Promotion and management of consumer co-operatives.

The plan of operation shall be supplemented by annual plans of work as per article IV of the Agreement. Amendments to the number and descriptions of the functions of the expatriate personnel provided by the Nordic Governments (hereinafter referred to as the Nordic personnel) stated in the plan of operation may be agreed upon in writing by the competent authorities mentioned in article IV within the limits of the overall budget of the plan.

¹ Came into force provisionally on 1 January, 1972 in accordance with article V (1).

² See p. 163 of this volume.

Article II

CONTRIBUTIONS

1. *Contributions by the Nordic Governments*

a) Nordic personnel will be made available to Tanzania in such number and with such functions as set forth in the plan of operation. The Nordic personnel shall be employed by the Nordic Governments who shall bear the cost of salaries and allowances, international passages to and from Tanzania, social security and related benefits including leave.

b) The Nordic Governments shall make such financial contributions to the costs of the four co-operative wings and the study on the education system as agreed upon in the plan of operation.

2. *Contributions by Tanzania*

a) The Government of Tanzania will initiate a comprehensive training programme for co-operative personnel, which will include on-the-job training under the supervision of the Nordic personnel and provide for the selection of Tanzanian officers to take over the functions performed by the Nordic personnel.

b) The Government of Tanzania will cover or cause to be covered all operational, administrative and capital costs and expenditures not contributed by the Nordic Governments in accordance with paragraph 1 of this article.

c) The Government of Tanzania will ensure that arrangements are made for the Co-operative Union of Tanganyika to take over gradually the economic responsibility for the four co-operative wings with the effect that total financing of these activities will be provided from Tanzanian sources after the 1st of January, 1976.

d) The Government of Tanzania shall make available the following facilities to the Nordic personnel and their families :

- (i) free housing with hard furnishing of the same standard as provided for officers of the Government of Tanzania of comparable status whose terms of appointment specify an entitlement to housing;
- (ii) free hotel accommodation excluding meals, laundry and telephone for the personnel and their families from their date of arrival in Tanzania until housing is made available as per subparagraph *d* (i) above;
- (iii) subsistence allowance during official journeys at the same rate as for officers of comparable status of the Government of Tanzania;

- (iv) local support of the work of the Nordic personnel including the provision of necessary office facilities and equipment, secretarial services and free postage and telecommunications for official purposes;
- (v) local transport for official journeys to the same extent as provided for officers of the Government of Tanzania of comparable status. For official journeys performed by the personnel in their personal vehicles, mileage allowance will be paid at the same rate as paid to officers of the Government of Tanzania.

3. *Amendments of contributions*

In the event that unforeseen expenses occur in implementing the plan of operation, the competent authorities shall meet to discuss the matter and shall recommend to the Parties such amendments to this Agreement as the competent authorities may deem appropriate having regard to all the circumstances.

Article III

EXEMPTIONS AND PRIVILEGES

1. Any supplies, materials or equipment imported into Tanzania for the purpose of implementing this Agreement shall be exempted from import restrictions, taxes, customs duties and other fiscal charges. Any equipment to be purchased locally by the Nordic Governments for the implementation of the plan of operation may be bought from bonded stocks.

2. The Government of Tanzania guarantees that upon completion of the participation of the Nordic Governments in the project described in the plan of operation the undisbursed and uncommitted balance of any funds brought into Tanzania by the Nordic Governments in connection with the implementation of this Agreement shall be freely and immediately transferable into a convertible currency.

3. The Government of Tanzania undertakes to extend to the Nordic personnel the following privileges and exemptions :

- a) exemption from payment of graduated tax, development levy, hospital contribution and all other personal taxes on emoluments received from the Nordic Governments or their authorized delegate;
- b) exemption from income tax under the provisions of paragraph 50 of head A of part 1 of the first schedule to the East African Income Tax (Management) Act, 1958, as amended by the East African Income Tax (Management) Amendment Act, 1961, on the emoluments received from the Nordic Governments or their authorized delegate;

- c) external account facilities;
- d) admission free of customs duty, sales tax and other fiscal charges of personal effects and household goods imported into Tanzania by Nordic personnel and/or members of their families for their exclusive personal use within six months of their first arrival in Tanzania. For the purpose of this exemption "personal effects and household goods" shall include for each household one motor vehicle, one refrigerator and one air-conditioner imported or purchased prior to clearance through the customs.

The exemption contained in sub-paragraph (d) shall be conditional upon the articles in question :

- (i) being re-exported from East Africa on termination of the assignment of the Nordic expert under this Agreement, or
- (ii) sold or otherwise disposed of in Tanzania to a person who is entitled to a similar exemption.

In all other cases the Nordic personnel shall pay or cause to be paid at the time of sale or other disposition of the articles in question all customs duty, sales tax and other fiscal duties which, but for this exemption, would have been payable at the time of importation or purchase, calculated on the value of the article in question at the time of sale.

4. The Government of Tanzania will further

- a) grant, free of charge and without delay, entry and exit visas by the Tanzanian authorities for the Nordic personnel and their families;
- b) provide the Nordic personnel and their families with such medical and hospital facilities as are available to Tanzania national civil servants of similar and equivalent rank and status against the payment of nominal or subeconomical charges;
- c) take all reasonable steps to facilitate repatriation of the Nordic personnel and/or their families in the event either Party determines that there exists an international crisis which renders such repatriation desirable. The cost of international transportation shall be paid by the Nordic Governments in accordance with paragraph 1 (a) of article II;
- d) immediately notify the respective Nordic embassy in the event of arrest or detention or criminal proceedings being instituted against a member of the Nordic personnel or a member of his family;
- e) bear all risks and claims resulting from or occurring in the course of, or otherwise connected with, any operation covered by this Agreement. Without restricting the generality of the preceding sentence, the Government of Tanzania will indemnify and hold harmless the Nordic Governments and the

Nordic personnel against any and all liability, suits, actions, damages, demands, cost or fees on account of death, injuries to person or property, or any other losses resulting from or connected with any act or omission performed in the course of operations covered by this Agreement. If, however, claims arise in a case where gross negligence or wilful intention on the part of the personnel has been established, the Government of Tanzania may hold the person concerned liable to indemnify the Government of Tanzania.

5. Subject to mutual consultations the competent authorities or either of them shall have the right to request the recall of any member of the Nordic personnel whose work or conduct is dissatisfactory.

6. Without prejudice to the above provisions the Nordic Governments shall ensure that the Nordic personnel are informed that while they are assigned to Tanzania they shall, as resident aliens, be subject to the laws and regulations in force from time to time.

7. All material and equipment acquired in or brought into Tanzania for the purpose of implementing this Agreement (with the exception of the personal belongings of the Nordic personnel) shall immediately become and remain the property of the Tanzania Government who, as far as the four co-operative wings are concerned, shall hold the same in trust for the Co-operative Union of Tanganyika or its successors in law.

Article IV

ADMINISTRATION AND ORGANIZATION

1. The Tanzania Ministry responsible for co-operative development and the Board of Nordic Development Projects or its nominee shall be competent to represent the two parties in the implementation of this Agreement.

2. Before the 1st of June each year the responsible ministry of Tanzania shall prepare and submit to the Nordic Board for approval a work plan for the following budget year starting 1st April. The work plan shall state the activities to be carried out with Nordic support during that year.

The responsible ministry of Tanzania shall annually on the 1st of April submit to the Nordic Board reports on the progress of the activities in relation to the annual work plan.

3. If considered desirable by one of the Parties there shall be established a joint consultative committee consisting of representatives of the Government of Tanzania and of the Nordic Governments.

4. All personnel shall be approved by the competent Tanzanian authorities prior to employment.

Article V

ENTRY INTO FORCE, AMENDMENT AND DURATION

1. The Agreement shall enter into force provisionally on the 1st of January 1972 and definitely after the fulfilment of such constitutional requirements as may be necessary in countries whose governments are Parties to this Agreement. Notification of fulfilment or non-fulfilment of such requirements shall be given through diplomatic channels to all other governments Parties to this Agreement.

2. Within the terms of the Agreement subsidiary and follow-up activities may be agreed upon between the Parties. Such subsidiary agreement shall not remain in force after the expiry of the Agreement.

3. The Agreement may be terminated by either Party upon serving written notice on the other. Such notice shall be served not later than three months before the end of the annual budget period and the Agreement shall terminate at the expiry of the budget period in which such notice is served. Such written notice shall, however, not be served until consultations to that effect have taken place between the competent authorities.

If notice is served less than three months before the end of the budget period the Agreement shall remain in force until the expiry of the next following budget period.

The personnel employed under the Agreement between the Governments of Denmark and Sweden and the Government of the United Republic of Tanzania, signed on the 18th of July, 1968, and serving in Tanzania at the date of entry into force of this Agreement shall for the balance of their respective assignments be governed by the terms of this Agreement and the plan of operation annexed hereto.

IN WITNESS WHEREOF the undersigned, being duly authorized by the respective Governments, have signed this Agreement.

DONE in quintuplicate in the English language at Dar es Salaam this 13th day of December, 1971.

For the Governments of Denmark, Finland, Norway and Sweden :

H. E. KASTOFT

For the Government of Tanzania :

A. JAMAL

APPENDIX I

PLAN OF OPERATION FOR NORDIC ASSISTANCE TO CO-OPERATIVE
DEVELOPMENT IN TANZANIA (1972-1975)1. *Introduction*

The Tanzanian Second Five-Year Development Plan 1.7.1969-30.6.1974 indicates that one of the most significant developments in recent years has been the growth of the co-operative movement.

Apart from the Ujamaa development the recent rapid increase in the number of co-operative societies as well as their expanded functions and responsibilities, mainly in the field of marketing and credit, has placed a heavy strain on the Co-operative Development Division and the co-operative movement itself. The main constraint has been trained manpower, inasmuch as the Division is short of skilled staff at all levels. In order to provide the necessary guidance and supervision it is proposed to increase the strength of the Co-operative Development Department in terms of personnel from the present 360 to 1,070 officers and inspectors by 1973/74. The training programme of the Co-operative Development Division has therefore a very high priority. Also, the movement requires access to substantially greater facilities for training of committee members and key employees, with a measure of direct assistance in some cases such as management and accounting. Special attention will be given to increasing the participation of the co-operative movement in the distribution system.

2. *The Nordic assistance to co-operative development in Tanzania*

The Government of Tanzania has requested the Governments of Denmark, Finland, Norway and Sweden to provide technical assistance to the co-operative development in Tanzania during the period 1.1.1972-31.12.1975 of the magnitude stipulated below :

2.1 *Nordic personnel*

The plan for the utilization of the personnel is as follows :

	1972	1973	1974	1975
Assistant regional co-operative officers (ARCOs)	17	17	17	10
Special duties	1	1	1	1
Consumer specialists	2	2	2	2
Economist at the Co-operative Union of Tanganyika Ltd. (C.U.T.)	1	1	1	1
Tutors at the Co-operative College	5	5	5	5
Instructor tutor at the training shop	1	1	1	1
National study organizer	1	1	1	1
Assistant manager, Correspondence Institute	1	1	1	1
Study organizer at co-operative wings	8	4	4	4
TOTAL :	37	33	33	26

The functions of the personnel are described below.

2.1.1 *Assistant regional co-operative officers (ARCOs)*

Assistant regional co-operative officers in the overall promotion, organization, inspection and supervision of all kinds of co-operative societies in the region in which an officer is assigned.

Assist in guiding and advising the societies on day to day duties including accounting, formulation of development plans, budgeting and budget control, training of societies committee men and staff.

Advising and guiding the co-operative unions in starting and operating transport wings.

Assist in the operation of wholesale distribution departments of the union including stock and cash control, market forecast, shop organization and assortment.

2.1.2 *Special duties*

Make detailed study of co-operative operation including financing, management, organization, accounting, appraisal and evaluation of co-operative projects, programming of research projects, studies in internal markets, costs, collection and compilation of co-operative statistics, development, planning and evaluation of co-operative audited accounts and reports.

2.1.3 *Consumer specialists*

Responsible for promotion, organization, inspection and supervision of consumer co-operatives, training of consumer staff in the running of the consumer shops, forming of consumer societies development plans and evaluation of operation and advice thereof.

2.1.4 *Economist at the Co-operative Union of Tanganyika Ltd. (C.U.T.)*

The Co-operative Union of Tanganyika Ltd. is the apex organization of the country's co-operative movement. Its functions are, among other things, to advise its affiliated societies on matters which a local society is unable to handle alone. The Union recently has embarked upon various activities pertaining to trade and commerce which call for skilled manpower.

In order to perform its duties effectively C.U.T. needs economists who can appraise various development projects not only for the Union itself, but who can also be called upon to assist affiliated unions. The economists would study, evaluate and analyse the activities being carried out and to be started by C.U.T. and those of affiliated unions.

2.1.5 *Tutors of the Co-operative College*

The Co-operative College in Moshi is offering co-operative education for staff members of Co-operative Development Division, co-operative unions and societies as well as committee men at a more advanced level.

The plan of operation for the Co-operative College includes Nordic teachers to participate in the planning of courses, the preparation of teaching material and designing practical assignments for students, evaluation of students' performance, final

assignment at the end of the course, conducting research work, and giving advice to students as well as general assistance to the college to maintain its policies.

One teacher will be required to have a B.Sc. degree (agriculture), preferably including farm accounting, management and statistics. Experience in co-operative work is also desirable.

The second teacher should also be a university graduate with qualifications in management or with considerable experience in co-operative management.

The third teacher with considerable background in wholesale business is required to conduct relevant courses for the staff of the co-operative unions or of the consumer societies dealing with wholesale and distribution business.

Two teachers with professional qualifications in accountancy costs and statistics or university degree including courses in accountancy, costs and statistics and business administration are required to teach on the diploma course, primarily.

An instructor/tutor in retail training to plan and conduct courses both at the Co-operative College and in the field, to supervise the training shop(s) and to participate in the planning and production of education material at the Co-operative Education Centre.

2.1.6 *Nordic education specialists at the Co-operative Education Centre, Moshi*

The Co-operative Education Centre, Moshi, is concentrating its activities on primary education of staff, committee men and members of co-operative unions and societies.

The plan of operation for the Co-operative Education Centre, Moshi, includes Nordic co-operative specialists. One will, as national study organizer, be required to organize study campaigns on a national level, to coordinate field activities including study activities for chairmen of primary and secondary societies, and to provide the co-operative wings with teaching material. Another specialist will, as assistant manager of the Correspondence Institute, assist the manager of the Institute in performing his administrative duties, including production of course material and evaluation of students.

2.1.7 *Study organizers at co-operative wings*

A co-operative wing is the regional office of the Co-operative Education Centre, Moshi. Each co-operative wing is working in close collaboration with the union(s) and the Co-operative Development Division in the area concerned. The functions of a study organizer in charge of a co-operative wing are to support the Union Co-operative Education Secretary by organizing and participating in the education of committee men and of the staff and members of the co-operative societies and also to advise and train the Tanzania colleague.

2.2 Financial assistance to co-operative wings

The co-operative wings established under the Danish-Swedish Agreement on Co-operative Assistance to Tanzania have proved most valuable, and the Tanzanian authorities feel convinced that the co-operative wings form an important part of the Tanzanian system for the education of the rural population.

While Tanzania with effect from 1.1.1972 takes over the costs of the wings established under the above-mentioned agreement the Nordic Governments will during the period 1.1.1972–31.12.1975 contribute to the establishment of four new wings.

The costs of operating these four wings will be as follows :

Year	Wings	Total Budget	Equipment	Running Costs	Tanzanian Contribution		Nordic Contribution	
					%	Shs.	%	Shs.
1972	4	440,000	160,000	280,000	0	0	100	440,000
1973	4	280,000	0	280,000	10	28,000	90	252,000
1974	4	280,000	0	280,000	25	70,000	75	210,000
1975	4	332,000	52,000	280,000	40	132,800	60	199,200
TOTAL		1,332,000	212,000	1,120,000	230,800		1,101,200	

A co-operative wing consists of a Nordic and a Tanzanian study organizer, a four-wheel drive vehicle and the necessary educational equipment. The salary and related benefits to the Tanzanian study organizer are included in the above cost figures. The vehicle is calculated at Shs. 27,000, film projector, generator and tape recorder at Shs. 9,400 and office equipment at Shs. 3,600.

Thus the total cost of establishment of each co-operative wing amounts to Shs. 40,000. Provisions are made for replacement of the vehicles in 1975.

The four wings will work as field offices of the Co-operative Education Centre in the area of Bukoba, Kibaha, Mbeya and Musoma.

After the establishment of these four wings all the 18 regions of Tanzania will be covered as follows :

- Mtwara co-operative wing covers Mtwara region and Lindi region
- Songea co-operative wing covers Ruvuma region
- Iringa co-operative wing covers Iringa region
- Mbeya co-operative wing covers Mbeya region
- Dodoma co-operative wing covers Central region, Dodoma and Singida regions
- Tabora co-operative wing covers Tabora region
- Mwanza co-operative wing covers Mwanza and Shinyanga regions
- Musoma co-operative wing covers Mara region
- Bukoba co-operative wing covers West Lake region
- Kibaha co-operative wing covers Coast and Morogoro regions

- Northern co-operative wing covers Arusha, Kilimanjaro and Tanga regions
 —Kigoma co-operative wing covers Kigoma region.

2.3 *Financial assistance to a study of the Tanzanian Co-operative Education System*

A comprehensive co-operative education programme has been undertaken in Tanzania during the recent years. For the purpose of making the experience obtained available, the Nordic Governments will, subject to terms to be agreed upon, contribute up to Shs. 100,000 to a comprehensive study of the Tanzanian co-operative education system. Such a study will be carried out in 1972 and will in particular emphasize aspects of the implementation and sociological effect of the co-operative education programme.

2.4 *Study arrangements in the Nordic countries*

In view of the rapid development in the field of co-operatives the Government of Tanzania has recognized a need for co-operative leaders to undertake studies in the Nordic countries. It is therefore planned that study arrangements on subjects to be agreed upon, when considering the annual budget, will be undertaken. The necessary provisions to be allocated for this purpose by the Nordic countries during the period 1972–1975 will not exceed Shs. 400,000.

3. *Budget for the Nordic contribution*

The total budget for the Nordic contribution in accordance with the plan of operation amounts to :

<i>Operating costs</i>	<i>D.kr.</i>
Nordic personnel	22,400,000
Study of the co-operative education system	100,000
Study arrangements	400,000
 <i>Financial assistance</i>	
4 co-operative wings (1,101,200 × 105.5)	<u>1,200,000</u>
TOTAL :	<u>24,100,000</u>

The magnitude of the personnel stipulated in article 2.1 amounts to 127 “ man years ” exclusive of overlapping for replacements and training. Taking this into account, the Nordic personnel assistance is calculated at 140 “ man years ” of D.kr. 160,000, thus totalling D.kr. 22,400,000 (estimated in 1971 prices). The figure includes the costs of administration (6%), salaries and allowances (69%), transportation and insurances (17%), training (3%) and contingencies (5%).