



**April 1, 2008**

**Maria José de O. Zimmermann  
FAO Representative for Mozambique and Swaziland  
Food and Agriculture Organization (FAO)  
Rua de Mukumbura, 285,  
Maputo, Mozambique**

**SUBJECT: USAID Grant Number 656-G-00-08-00112-00**

**Dear Ms. Zimmermann:**

**In response to your proposal dated February 29, 2008, I am pleased to award to the FAO this grant in the amount not to exceed \$197,000 as a contribution to your program to re-pack and dispose of all DDT waste in Mozambique during the period April 1, 2008 to July 30, 2008.**

**Funds provided under this grant may be utilized to reimburse your organization for actual incurred costs of \$197,000 required to complete the program, which is described in Attachment A. Requests for payment advance shall be made to the Paying Office and shall be in accordance with the provision entitled "Payment (Periodic Advance) (DEC 2003)" in Attachment B.**

#### **ALLOWABLE COSTS**

**The grantee will be reimbursed for costs incurred in carrying out the purposes of this grant, which are reasonable, allocable, and allowable.**

**a. "Reasonable" means those costs that do not exceed those that would ordinarily be incurred by a prudent person in the conduct of normal business.**

**b. "Allocable" means those costs which are necessary to this grant.**

**c. "Allowable" means those costs which are reasonable and allocable, and which conform to any limitations set forth in this grant.**

By accepting this grant the FAO agrees to:

1. Document that reasonable steps were taken to ensure that all purchases charged to the grant are at reasonable prices and from responsible sources;
2. Furnish the U.S. Government with a final report on activities carried out under this grant, including accounting for grant funds in sufficient detail to enable USAID to liquidate the grant;
3. Maintain financial records, including documentation to support entries on accounting records and to substantiate charges against the grant, in accordance with the grantee's usual accounting procedures, which must follow generally accepted accounting practices. All such financial records must be maintained for at least three years after the final disbursement of funds under this grant.

All payments received by FAO under this grant agreement will be subject exclusively to the internal and external auditing procedures as provided for in the financial rules and regulations of the Food and Agriculture Organization of the United Nations (FAO). Should an audit report of the External Auditor of FAO to its Governing Bodies contain observations relevant to activities funded under this agreement, a copy of such report will be made available to USAID

4. At USAID request, refund to USAID any funds received from USAID that represent costs determined not to meet the terms and conditions of this grant.

USAID does not assume liability for any third party claims for damages arising out of this grant.

This agreement may be terminated by either party, in whole or in part, at any time with 30 days written notice of termination. Upon receiving a termination notice from the Agreement Officer, the grantee must take immediate action to cease all expenditures financed by this grant and to cancel all unliquidated obligations if possible. The grantee may not enter into any additional obligations under this grant after receiving the notice of termination, other than those reasonably necessary to effect the close out of this grant. Except as provided below, no further reimbursement will be made after the effective date of termination. Within 30 days of the effective date of termination, the grantee must repay to the Government all unexpended USAID funds that are not otherwise obligated by a legally binding transaction applicable to this grant. If the funds paid by the Government to the grantee before the effective date of termination are not sufficient to cover the grantee's obligations under a legally binding transaction, the grantee may submit a written claim for such amount to the Government within 90 days after the effective date of termination. The Agreement Officer will determine the amount(s) to be paid by the Government to the grantee under such claim in accordance with the "Allowable Costs" provision of this grant (see page 1).

Please sign the original and each copy of this letter to acknowledge your receipt of this grant and return the original to the Grant Officer.



Sincerely yours,

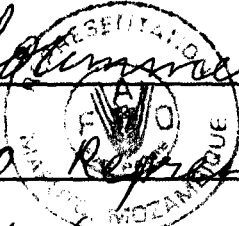


Kent Howard  
Grant Officer

**ACKNOWLEDGED:**

**Food and Agriculture Organization**

By:   
Title:   
Date: 03/04/08



**FISCAL DATA**

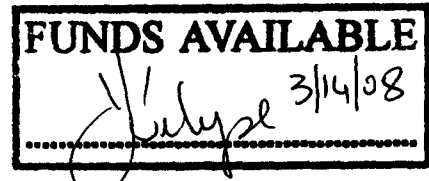
**Appropriation:**

Program Element: A049  
Sub-Element: A0186  
SC Doc. No.: 656-MAARD-656-8036  
Fund: 2007 CD  
Amount: \$197,000.00  
*JA 03.13.2008*  
Total Obligated Amount: \$197,000.00  
Total Estimated Amount: \$197,000.00  
Cost-Sharing Amount (Non-Federal): \$0.00  
Strategic Objective No: SO 8 (Health Team)  
Cognizant Technical Officer (CTO): Vanessa Coelho

Tax I.D. Number: N/A  
DUNS No.: N/A  
LOC No.: N/A

**Paying Office:**

Office of Financial Management  
USAID/Mozambique  
JAT Complex, Rua 1231, No. 41  
Bairro Central "C"  
Maputo  
Mozambique



**Banking Details:**

Bank: STANDARD BANK S.A.  
Address: Praça 25 de Junho, N° 1, P.O. Box 2086/1119.  
Bank Account Title: FAO RE PRESENTATIVE DOLLAR ACCOUNT.  
Bank Account Number: 109 016690 100 9  
SWIFT: SBICMZMX.  
IBAN: 000301090016690100910.  
Correspondent bank: DEUTSCHE BANK TRUST COMPANY AMERICAS.  
Special routing instructions: Correspondent Bank SWIFT: BKTRUS33.

## ATTACHMENT A

### PROGRAM DESCRIPTION

#### PROJECT EXECUTIVE SUMMARY

For several years, indoor residual spraying (IRS) has been a priority vector control intervention for the Ministry of Health (MISAU) in Mozambique. During 2005-2007, MISAU focused on consolidating IRS in areas where it had been already targeted by improving the coverage, quality, and timeliness of spraying. At the same time, DDT was introduced into the IRS program and MISAU significantly increased resources for IRS.

Since this period, about 1279 Ton of DDT was purchased by MISAU, from which 828 ton arrived into the country, and the remaining 450 tons are expected to arrive in the near future. The empty sachets of DDT have been stored by MISAU since 2005, for a later destruction in a safe and environmental friendly manner.

Considering that FAO is giving technical assistance to the Mozambique Government for the disposal of obsolete pesticides, it makes sense to include in the disposal activities all empty sachets of DDT as well as the small amount of obsolete DDT existent in the country.

This project has the main objective to re-pack and dispose all DDT waste (including the empty sachets).

The complete budget for the present project is US\$ 196,997.42. The work will be carried out together with the project of Disposal of Obsolete Pesticide in Mozambique, (GCP/MOZ/080/JPN) using all facilities and human resources trained by that project. Activities will take about 3 months to be completed, ending with the shipment of the waste to the disposal facilities and subsequent disposal. Disposal will be done in Germany and the disposal company will report on that at the end of the task.

#### Acronyms

AGPP	Plant Protection Services of FAO
DDT	Dichloro-Diphenyl-Trichloroethane
EMG	Environmental Management Guidelines
FAO	Food and Agriculture Organization of the United Nations
GCP/MOZ/080/JPN	Disposal and Prevention of Obsolete Pesticides in Mozambique
MIC	Ministry of Trade
MICOA	Ministry for Coordination of Environmental Action
MINAG	Ministry of Agriculture
MISAU	Ministry of Health
PMI	Presidential Malaria Initiative
PMU	Project Management Unit
POP	Persistent Organic Pollutants
USAID	United States Agency for International Development

## **1. GENERAL BACKGROUND**

### **Scope of the Project**

Mozambique has a long and complex history of problems related to obsolete pesticides. In recognition of this problem the Government of Mozambique with financial assistance from the Government of Japan and the Netherlands and overall technical assistance from the Plant Protection Service (AGPP) of the Food and Agriculture Organisation of the United Nations (FAO) has, in the recent past, successfully completed two phases of the Disposal and Prevention of Obsolete Pesticide Project in Mozambique.

Currently Mozambique is implementing phase III of the above mentioned project, where it will be disposed 334 tons of obsolete pesticides, which were collected, repacked and centralized in 5 stores (Nampula, Beira, Chimoio, Machava and Umbeluzi).

Mozambique has no technical capacity and conditions to dispose of those pesticides in an environmentally sound way so they must be exported in order to be incinerated in high temperature incinerators in Germany.

Besides this, MISAU started to use DDT in IRS for Malaria control and since 2005 they started accumulating empty sachets of DDT.

Since 2005, MISAU imported about 828 tons of DDT and part of it is now obsolete and needs to be disposed off.

The management of empty packaging and left-over product of DDT poses specific problems to the Mozambique Government. DDT is an organochlorine insecticide and as such, the sale, distribution and use is controlled under the Stockholm Convention on Persistent Organic Pollutants (POPs). DDT contaminated materials and out of date stocks of DDT require environmentally sound disposal as set out in the guidelines prepared by the Secretariats of the Basel and Stockholm Conventions (Best Available Technology and Best Environmental Practice BAT / BEP). Currently no such environmentally sound disposal options are available in Mozambique. Recycling options for DDT-related waste are not applicable, and disposal by landfill (burial) or unlicensed incineration of POPs waste are not considered acceptable disposal methods by FAO or the ASP in line with the BAT / BEP guidelines. The return of the waste to the manufacturer or distributor (in India and South Africa respectively) is not an option, as there will remain issues related to access to environmentally sound disposal options in each country, plus there is no contractual relationship obliging the manufacturer or distributor to provide disposal of contaminated materials and unused, obsolete product. At this moment the only option seems to be to collect and store the empty packaging for later incineration in a certified facility (most likely in Europe or the USA).

Therefore, the management of empty packaging of DDT, and possible small quantities of unused product, poses specific challenges to Mozambique, and to MISAU in particular.

Since the joint MINAG / MICOA / FAO disposal and preventions of obsolete pesticide project is in place there is an opportunity to include the empty sachets and small amount obsolete DDT, as well as some DDT contaminated soils, in the same elimination process through the financial support of USAID.

## **2. PROJECT RATIONALE**

### **2.1 - Problem and Justification - Reasons for Assistance from the FAO/USAID/Government Cooperative Programme**

The Government of Mozambique is aware of the serious problems related to existing stocks of DDT waste, including the empty sachets of this product on its territory. The government currently lacks the experience and technical know-how to solve these problems and through USAID (donor agency of Malaria Program of MISAU) contacted FAO (budget holder of the disposal and prevention of obsolete pesticides project in Mozambique – GCP/MOZ/080/JPN – and technical assistance agency), for technical support and proposed that the waste materials from DDT could be included in the main disposal project in order to reduce accumulation of obsolete DDT in Mozambique.

### **2.2 – Stakeholders and Target Beneficiaries**

DDT is an insecticide that is in the Annex A of the Stockholm’s Convention on POPs. This insecticide is banned for use in agriculture. In Mozambique, MISAU is using DDT to fight against the Malaria vector with USAID and PMI support.

The DDT waste and empty sachets of DDT cannot be disposed of in Mozambique, due to the lack of environmentally sound disposal capacity. It is important to dispose of this product in a way that prevents contamination for people and for the environment.

In order to dispose the DDT waste including the empty sachets in a transparent way it is important to involve many different stakeholders. The principal ones are: PMU (MINAG, MICOA, FAO), MISAU, USAID, PMI, MIC, Customs, Police, Municipalities, NGOs and Civil Society groups in general.

The existing project on pesticide management has the structure in place to facilitate this process. It is proposed that the existing project steering committee facilitate awareness and consultation on this issue.

## **3. PROJECT FRAMEWORK**

### **3.1. - DEVELOPMENT OBJECTIVE**

The ultimate Development Objective of this project will be the removal of the risk posed by DDT waste including empty sachets and contaminated soils with DDT in Mozambique. This will result in no “leakage” of DDT to the agricultural sector and to prevent contamination of

environment and food supplies. DDT bio-accumulates in the food chain and so the impact on public health from exposure to contaminated food will be avoided.

### 3.2. - IMMEDIATE OBJECTIVES, OUTPUTS AND ACTIVITIES

*Immediate Objective 1: Preparation of the Interim storage at the Obsolete Pesticide Warehouses to receive the DDT waste*

<b>Output 1: Preparation of the warehouse</b>
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**(Overall Responsibility: PMU)**

**Activities:**

Activity 1.1 Develop a detail storage plan of the obsolete pesticides warehouses to accommodate the DDT waste.

Activity 1.2 Preparation of the Interim storage at the Obsolete Pesticide Warehouses to receive the DDT waste according to the above mentioned plan;

*Immediate Objective 2: Repackage, Transportation, Storage and Monitoring of all waste repackaged to the interim collection points in Mozambique that are being used by the GCP/MOZ/080/JPN in accordance with the Environmental Management Guidelines (EMG)*

<b>Output 2: Repackage, Transport, Storage and Monitoring of DDT waste</b>
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**(Overall Responsibility: PMU)**

**Activities:**

Activity 2.1 Repackage of all DDT waste into the UN approved bags;

Activity 2.2 Intermediate labelling of all packages;

Activity 2.3 Development of a detailed transport plan as required by the environmental assessment criteria defined on the project GCP/MOZ/080/JPN;

Activity 2.4 Identification of vehicle requirements and hiring of vehicles as appropriate;

Activity 2.5 Inspection and approval of vehicle according to international transport regulations;

Activity 2.6 Completion of paper work to accompany the load of obsolete pesticides;

Activity 2.7 Transport of load with field staff escort in case of emergency in compliance with details of the transport plan (if applicable based on quantity of material being transported)



Activity 2.8 Storage of stocks in accordance with site storage philosophy (developed under the EMG of the project GCP/MOZ/080/JPN);

Activity 2.9 Monitoring of storage;

*Immediate Objective 3: Onward transport and shipment of the DDT waste to a final disposal point following international tender for services. Materials to be disposed of in accordance with all requirements of international conventions and national laws (together with obsolete pesticide from the project GCP/MOZ/080/JPN).*

### **Output 3.1: Property Transfer to Contractor and Transport for Export**

**(Overall Responsibility: PMU and Disposal Contractor)**

#### **Activities:**

Activity 3.2.1 Inspection of repackaged materials by contractor and acceptance of waste at the interim collection point;

Activity 3.2.2 Add the amount of DDT waste on the contract raised between FAO and Veolia (Company which will dispose obsolete pesticide collected during the project GCP/MOZ/080/JPN);

Activity 3.2.3 Rise the notification to the disposal country according to the Basel Convention;

Activity 3.2.4 Supervision of the:

- Final labelling and loading of stocks into standard shipping containers and completion of all customs formalities;
- Transport to port of export according to transport plan rules and escort of load requirements;
- Delivery of container units to customs area and completion of formalities;
- Export of waste according to the requirements of the Basel Convention;

### **3.3 RISKS**

The general risks to the successful implementation of projects of this type include:

- a. **Natural disasters that impede access to sites or regions where DDT waste are stored.**  
This risk could seriously delay the project completion date.
- b. **Unsuccessfully agreement by the Company to add the DDT on this Operation.**  
Although in principle agreement is already in place the project can not ignore the risk of the disposal company not agreeing to accept the additional waste.

- c. **Difficulties in recruitment of local trained workers.** Once all people involved on the repacking, transport and centralization of obsolete pesticides in Mozambique (GCP/MOZ/080/JPN Project) are not working full time on the main project, there is a risk of those people, to be already employed in other areas of the country and in this case, the PMU will need to identify new people and train them. This can affect the budget and the duration of the project.
- d. **DDT Waste not centralized at the Provincial warehouses.** In order to save time, the Malaria Program must centralize all the DDT waste on the Provincial health warehouses. If the waste is not centralized the team will need more time to work on the field, increasing the cost of the operation.

#### **4. IMPLEMENTATION AND MANAGEMENT ARRANGEMENTS**

##### **4.1. – INSTITUTIONAL FRAMEWORK AND COORDINATION**

The project GCP/MOZ/080/JPN in Mozambique has put in place the necessary structures to ensure effective co-ordination and collaboration among all key actors. The major Government departments that are working in harmony are known and they include the Ministry of Agriculture (MINAG), the Ministry for Coordination of Environmental Action (MICOA), the Ministry of Health (MISAU), Customs Authority, and Provincial Administrations (including MINAG, MICOA and MISAU) and the Ministry of Planning and Finance. The role of national NGO groups has also been clearly defined along with linkages with the growing pesticide distribution sector responsible for supply of pesticides to the farmers.

The present project will use the same institutional framework and coordination taking the advantage of the GCP/MOZ/080/JPN project actually in place.

For the success of this project, it is important that MISAU create facilities in order to centralize all DDT waste at the Provincial warehouses. The project team will complete all project activities at these warehouses.

##### **4.2 INPUTS**

To produce the outputs listed above in Section D and to successfully implement the activities the following inputs are needed. These inputs will be acquired through a financial contribution from the USAID.

#### **4.2.1 USAID Contribution**

The USAID will contribute with a total of US\$ 197,000 to cover the following:

##### **4.2.1.1. – Contracts US\$ 78,140.00**

###### **a. Safeguarding and Centralization US\$ 3,140.00**

The PMU must take all DDT waste from the provincial health warehouses to the obsolete pesticide warehouses. The product located in Niassa, Cabo Delgado and Nampula Province, will be moved to Nampula obsolete pesticide warehouse, those from Zambézia, Tete and Manica will be moved to Chimoio obsolete pesticides warehouse. The DDT waste located in Sofala Province will be stored in Beira obsolete pesticide warehouse and all the rest will be moved to Umbeluzi or Machava obsolete pesticide warehouse. The PMU have to make agreements with MICOA in order to have the field workers and one driver to help the PMU on the field activities. It is important to mention that having an agreement with MICOA and being MICOA whom will contract the field workers will reduce the costs of the project and keep all these people under the Government rules. During the implementation of safeguarding activities of the GCP/MOZ/080/JPN project this was the approach taken and it gave good results.

###### **b. Overseas Disposal of DDT Waste US\$ 75,000.00**

The strategy for the implementation of the environmentally sound disposal of the waste at the centres is the inclusion of the DDT wastes into the existing contract between FAO and the company Veolia (a specialist hazardous waste management company). For budget purposes a unit rate of US\$ 2500 per tonne (1000kg) of pesticides / contaminated material has been applied to the cost estimate data. This is based on the existing rates provided in the current contract for the removal of 334 tonnes of obsolete stocks. Given an estimated 30 tonnes of DDT waste (including the weight of the empty bags that will go to be used to accommodate the waste) a total budget allocation of US\$ 75,000.00 (including contingency) is proposed. It is possible, given the level of preparation already completed by some Provincial Directorates of Health that some budget savings may occur. Any such saving will be reallocated based on the standard FAO budget revision process following extensive consultation with the government partners and USAID.

##### **4.2.1.2. – Local Contracted Labour and Overtime US\$ 2,210.00**

Since the safeguarding activities of the GCP/MOZ/080/JPN project are over the project released not only the field workers but also the drivers, to implement the present project it will be necessary to have two more drivers. One of those will be contracted and the other will be the one that belongs to MICOA. Both were used during the Safeguarding of the GCP/MOZ/080/JPN project, so they had knowledge of the safeguarding and transport of obsolete pesticides.

**4.2.1.3. – Travel** **US\$ 37,760.00**

The costs associated with in-country collections and transportation requires allocation of funds to cover staff allowances and national travel, as well as to accommodate the backstopping mission of the Lead Technical Unit of the Project.

**4.2.1.4. - Expendable Procurement** **US\$ 12,800.00**

To cover local and international procurement needed for project implementation, such as Personal Protective Equipments, UN approved bags and drums.

**4.2.1.5. – Technical Support Services** **US\$ 8,000.00**

To cover the cost of the backstopping mission (honorarium) for technical support services and supervision from the Lead Technical Unit based in Pretoria

**4.2.1.6. - General Operating Costs** **US\$ 35,424.00**

It includes operating costs such as fuel and vehicle maintenance, communications and other general costs as well as the cost of hiring trucks to move the waste from the provincial warehouses to the obsolete pesticides warehouses.

**4.2.1.7. - Project Support Cost** **US\$ 22,663.42**

Calculated on 13% of the total project costs according to FAO Rules.

**4.2.2 Project (Government/FAO) Contribution and Coordination Arrangements**

Office Space, Equipments, and Technicians will be the same that are being used by the project GCP/MOZ/080/JPN.

**4.2.2.1 Office Space**

The existing facilities of the GCP/MOZ/080/JPN, based at the Plant Protection Department at MINAG include basic furniture, electricity, telephone lines, and other basic office requirements.

**4.2.2.2 Equipment:**

This includes a forklift for handling pesticide containers on sites, computers and printers, stationary facilities, vehicles, toolkits, emergency kits and others.

**4.2.2.3 Technicians:**

Only people involved on the GCP/MOZ/080/JPN project will be involved on the collection, repackage, transportation and storage of DDT waste. This will be done according to the EMG and FAO standards and procedures.

## **5. PROJECT REPORTING, REVIEWS AND EVALUATION**

### **5.1 Reporting**

At the end of the activities, the National PMU members will prepare and send to the project Lead Technical Unit (LTU), a draft terminal report for technical clearance. The report will assess, in a concise manner, the extent to which the project's scheduled activities have been carried out, its outputs produced, and progress towards achievement of immediate objectives and related development objective. It will present recommendations for any future follow-up action arising out of the project.

### **5.2 Reviews**

Due the short duration of the project no mid-review will be conducted.

### **5.3 Evaluation**

Due the short duration of the project no evaluation will be conducted

### **5.4 Communication**

In order to facilitate the process and make it more transparent this project will be open to all stakeholders that want to follow the activities and the PMU will maintain all stakeholders involved well informed about the progress, constraint and lessons learned during project implementation.

## **ATTACHMENT B**

### **STANDARD PROVISION**

#### **PAYMENT (PERIODIC ADVANCE) (DEC 2003)**

(This provision is applicable when (i) the grantee maintains procedures to minimize the time elapsing between the transfer of funds and the disbursement thereof, and (ii) the grantee's financial management system meets generally accepted accounting standards for funds control and accountability.)

- a. Periodic advances will be limited to the minimum amounts needed to meet the recipient's current disbursement needs and must be scheduled so that the funds are available to the grantee as close as is administratively feasible to the actual disbursements by the grantee for program costs. Cash advances made by the grantee to secondary recipients or the grantee's field organizations must conform substantially to the same standards of timing and amount as apply to cash advances by USAID to the grantee.
- b. The grantee may submit requests for advances (using an SF-270, Request for Advance or Reimbursement) no more than once monthly to the paying office specified in the grant letter. Requests must state the estimated disbursements to be made during the period covered by the request, less the estimated balance of cash on hand at the beginning of the period and the advance amount being requested.
- c. The grantee must submit an SF-269A, Financial Status Report, quarterly, no later than 30 days after the end of the period, to the paying office specified in the grant letter. The report must show disbursements, advances received, and any cash remaining on hand for the period covered by the report. Within 90 days following the expiration of the grant, the grantee must submit an SF-269A showing total disbursements, total advances received, and any cash remaining on hand, which the grantee must refund to USAID.
- d. If at any time the USAID Controller determines that the grantee has demonstrated an unwillingness or inability to (i) establish procedures that will minimize the time elapsing between cash advances and the disbursement thereof, (ii) report cash disbursements and balances in a timely manner as required by the terms of the grant, or (iii) impose the same standards of timing of advances and reporting on any sub-recipient or any of the grantee's overseas field organizations, the USAID Controller will advise the Agreement Officer, who may suspend or revoke the advance payment procedure.