



**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF FINANCE AND PLANNING**  
**PUBLIC PROCUREMENT REGULATORY AUTHORITY**



## **General Conditions of Contract for**

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Leasing of Public Assets

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TANZANIA

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## Preface

The General Conditions of Contract for Leasing of Public Assets is part of the Standard Tendering Document (STD) prepared by the Public Procurement Regulatory Authority (PPRA) in collaboration with the Office of the Attorney General (OAG) and other professional bodies, primarily for use by Procuring Entities (PEs) in the procurement of Leasing of Public Assets through National, International Competitive Tendering (NCT & ICT) and other procedures as appropriate.

The General Conditions of Contract presented in this document have been developed through broad national and international experience, and are mandatory for use in contracts of Leasing of Public Assets that are financed in whole or in part by public funds, and whose Lessee has been obtained in accordance with the provisions of the Public Procurement Act, Cap 410 and the Public Procurement Regulations, 2013.

To obtain further information on the use of these General Conditions of Contract, contact:

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**General Conditions of Contract**

<p><b>1. Definitions</b></p>	<p>1.1</p>	<p>In this contract, the following terms shall be interpreted as indicated:</p> <ul style="list-style-type: none"> <li>(a) The <b>Asset(s)</b> means items listed in the schedule of Assets which have been accepted by the <b>Lessor</b> as indicated in Letter of Acceptance.</li> <li>(b) <b>Description of Assets</b> means list of assets to be leased as described in Section VII of Standard Tendering Document.</li> <li>(c) The <b>Contract</b> is the binding agreement between the Lessor and the Lessee to lease the assets. It consists of the documents listed in GCC 2.1.</li> <li>(d) The <b>Contract Price</b> means the lease rent to be paid per month/year stated in the Letter of Acceptance for the assets to be Leased.</li> <li>(e) The <b>Transfer of Assets</b> means handing over for the purpose of using the asset from Lessor to the Lessee and vice versa which includes refurbishing and renovation of the asset to suit the business of the Lessee</li> <li>(f) The <b>“Lessor”</b> means the PE leasing the assets as named in <b>SCC</b>.</li> <li>(g) The <b>“Lessee”</b> means the individual, firm or combination or both whose Tender to lease the assets has been accepted by the Lessor as named in <b>SCC</b>.</li> <li>(h) <b>“Day”</b> means calendar day.</li> </ul>
<p><b>2. Interpretation</b></p>	<p>2.1</p>	<p>The documents forming the Contract shall be interpreted in the following order of priority;</p> <ul style="list-style-type: none"> <li>(a) Form of Agreement</li> <li>(b) Letter of Acceptance</li> <li>(c) Negotiations Minutes (if any)</li> <li>(d) Lessee’s Form of Tender and price schedule</li> <li>(e) list and description of assets</li> <li>(f) Special Condition of Contract</li> <li>(g) General Conditions of Contract</li> <li>(h) any other document</li> </ul>

<b>3. Assets Location</b>	3.1	Asset's locations shall be the place or places where the assets to be leased are located as named in <b>SCC</b> .
<b>4. Governing Language</b>	4.1	The contract and all correspondence and documents relating to the contract exchanged by the Lessor and the Lessee, shall be written in the language specified in <b>SCC</b> .
<b>5. Applicable Law</b>	5.1	The contract shall be governed and interpreted in accordance with the laws of the United Republic of Tanzania.
<b>6. Notices</b>	6.1	Any notice given by one party to the other pursuant to this Contract shall be sent to the other party in writing or by electronic form and confirmed in writing or electronically to the other party.
	6.2	A notice shall be effective when delivered or on the notice's effective date, whichever is later.
<b>7. Performance Security</b>	7.1	Within Fourteen (14) days of receipt of the notification of Contract award, the successful Tenderer shall furnish to the Lessor the performance security in the amount <b>specified in SCC</b> .
	7.2	The proceeds of the performance security shall be payable to the Lessor as compensation for any loss resulting from the lessee's use of the asset under the Contract.
	7.3	The performance security shall be denominated in the currency of the Contract, or in a freely convertible currency acceptable to the Lessor and shall be in one of the following forms:  i) A bank guarantee, an irrevocable letter of credit issued by a reputable bank, or an insurance bond issued by a reputable insurance firm located in the United Republic of Tanzania or abroad, acceptable to the Lessor, in the form provided in the Tendering documents or another form acceptable to the Lessor; or  ii) A cashier's or certified check.
	7.4	The performance security will be discharged by the Lessor and returned to the lessee not later than thirty (30) days following the date of completion of the lessee's use of the asset under the Contract, unless otherwise <b>specified in SCC</b>
<b>8. Handing over of Assets</b>	8.1	The Lessee shall contact the official named in the <b>SCC</b> , at Lessor's address, as specified in the <b>SCC</b> to arrange a date and time for the handing over of the assets.

	8.2	The Lessee shall sign a Handover Certificate, certifying lease of the assets, at the time of transfer/handing over.
	8.3	Documents to be handed over by the Lessor to the Lessee in the process of transferring the assets are as indicated in <b>SCC</b> .
<b>9. Payment</b>	9.1	The Lessee shall make payment to the Lessor in the manner specified in the <b>SCC</b> .
	9.2	Payment shall be made by any method acceptable to the Lessor and shall be considered to have been made on the date that it is credited to the Lessor's account.
	9.3	The Lessor shall issue a receipt for the payment.
<b>10. Insurance</b>	10.1	The asset leased under the Contract shall be fully insured by the lessee in a freely convertible currency against damage in the course of operation by the Lessee in the manner <b>specified in the SCC</b> .
<b>11. Termination of Contract</b>	11.1	<p>The Lessor, without prejudice to any other remedy for breach of Contract, by written notice of default sent to the Lessee, may terminate this Contract in whole or in part if;</p> <ul style="list-style-type: none"> <li>a) The Lessee fails to possess the Asset within the period (s) specified in the <b>SCC</b>.</li> <li>b) The Lessee, in the judgment of the Lessor, has engaged in corrupt or fraudulent practices in competing for or in executing the Contract.</li> <li>c) The Lessee has failed to pay the full Contract Price within twenty-eight (28) days of the due date for payment.</li> <li>d) The Lessee has used the asset for the purpose other than the intended purpose specified in the <b>SCC</b>.</li> <li>e) The Lessee fails to comply with the maintenance obligations as described in the <b>SCC</b>.</li> <li>f) The Lessee sublets part or whole of the facility without written consent of the Lessor.</li> </ul>
	11.2	<p>The Lessee may terminate the contract if;</p> <ul style="list-style-type: none"> <li>a) The Lessor fails to transfer the assets within specified time as describe in the <b>SCC</b>.</li> </ul>

		<p>b) the assets are not in the state as was described in Section VII of Tendering Document.</p> <p>c) the Lessor fails to arrange for provision to the leased asset the necessary utilities as specified in the <b>SCC</b></p>
<b>12.Payment upon Termination</b>	12.1	If the contract is terminated because of fundamental breach by Lessor, the Lessor shall release the Performance Security and refund the Lessee any other prepaid sums.
	12.2	If the contract is terminated because of fundamental breach by Lessee, the Lessor shall forfeit the Performance Security and retain asset(s) which were to be leased.
<b>13. Force Majeure</b>	13.1	For purposes of this clause, "Force Majeure" means an event or situation beyond the control of the Lessor and not involving the Lessor's fault or negligence and not foreseeable, is unavoidable, and is not due to negligence or lack of care on the part of the Lessor. Such events may include, but are not restricted to, acts of the Lessee in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine, restrictions, acts of terrorists and freight embargoes.
<b>14.Settlement of Disputes</b>	14.1	If any dispute or difference of any kind whatsoever shall arise between the Lessor and the Lessee in connection with or arising out of the Contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.
	14.2	If, after Fourteen (14) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the Lessor or the Lessee may give notice to the other party of its intention to commence arbitration, as hereinafter provided, as to the matter in dispute, and no arbitration in respect of this matter may be commenced unless such notice is given. Any dispute or difference in respect of which a notice of intention to commence arbitration has been given in accordance with this Clause shall be finally settled by arbitration. Arbitration may be commenced prior to or
	14.3	The arbitration shall be conducted in a place named in the <b>SCC</b> and in accordance with the arbitration procedures stipulated in the Arbitration Act, Cap. 15.
<b>15. Taxes and Duties</b>	15.1	Procedures for settling taxes and duties shall be as specified in <b>SCC</b> .