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GRANT AGREEMENT
Between
THE GOVERNMENT OF THE DOMINICAN REPUBLIC
and
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
for
ENERGY POLICY DEVELOPMENT

CONFORMED COPY

Project No. 517-0143

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ENERGY POLICY DEVELOPMENT

Dated: September 29, 1980

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Between

The Dominican Republic ("Grantee")

And

The United States of America, acting through the Agency for International Development ("A.I.D.").

ARTICLE 1

The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

ARTICLE 2

The Project

SECTION 2.1 Definition of Project. The Project, which is further described in Annex 1, consists of the provision of resources to establish an energy information system and to strengthen the management and technical skills of public and private agencies and groups involved in the development and implementation of energy programs. Within the limits of the above definition of the Project, elements of the amplified description

stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2, without formal amendment of this Agreement.

SECTION 2.2 Incremental Nature of Project

(a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

ARTICLE 3

Financing

SECTION 3.1 The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed Three Hundred Thousand United States Dollars (US\$300,000) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in section 6.1, and local currency costs, as defined in Section 6.2, of goods and services required for the Project.

SECTION 3.2 Grantee Resources for the Project.

(a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

SECTION 3.3 Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" ("PACD"), which is September 29, 1981, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in section 7.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by

necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

ARTICLE 4

Conditions Precedent to Disbursement

SECTION 4.1 First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) an opinion of the Legal Advisor to the Grantee that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms;

(b) a statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2, and of any additional representatives, together with a specimen signature of each person specified in such statement;

(c) evidence that a full time coordinator for the Grant Project has been appointed with adequate staff and equipment to support the administration of the Grant Project.

(d) evidence that the National Energy Policy Commission has hired for a minimum of two years at competitive salaries and with incentives, two additional staff persons with strong capabilities in computer operating and programming.

SECTION 4.2 Additional Disbursements

(a) Prior to disbursement under the Grant, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made to finance the procurement of computer hardware, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D., evidence that appropriate site preparation measures identified in documents furnished to the Grantee by A.I.D., and any other measures which may be required, have been completed.

(b) Prior to disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made to finance the Mini-Course Program under the Technical Assistance and Training Component, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D., a detailed plan for the Mini-Course Program developed jointly with the University of Madre y Maestra which includes topics to be covered and budgetary costs.

(c) Except as the Parties may otherwise agree in writing, prior to disbursement under the Grant, or the issuance by A.I.D. of documentation pursuant to which disbursement will be made to finance short term and long term training under the Technical Assistance and Training Component, the Grantee will furnish to A.I.D. in form and substance satisfactory to A.I.D., a National Training Plan which sets forth the national energy training requirements over both the next two years and the next five years.

SECTION 4.3 Notification. When A.I.D. has determined that the conditions precedent specified in Section 4.1 have been met, it will promptly notify the Grantee.

SECTION 4.4 Terminal Date for Conditions Precedent.

(a) If the conditions specified in Section 4.1 have not been met within 60 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

(b) If all of the conditions specified in Section 4.2 have not been met within 180 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

ARTICLE 5

Special Covenants

SECTION 5.1 Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties may otherwise agree in writing, the program may include during the implementation of the Project and at one or more points thereafter:

(a) evaluation of progress toward attainment of the objectives of the Project;

(b) identification and evaluation of problem areas or constraints which may inhibit such attainment;

(c) assessment of how such information may be used to help overcome such problems; and

(d) evaluation, to the degree feasible, of the overall development impact of the Project.

ARTICLE 6

Procurement Source

SECTION 6.1 Foreign Exchange Costs. Except as A.I.D. may otherwise agree in writing, disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except training outside the Dominican Republic not exceeding \$50,000 and computerized information tapes not exceeding \$50,000 which may have their source and origin in countries included in A.I.D. Geographic Code 941, and except as provided in the Project Grant Standard Provisions Annex, Section C.1 (b) with respect to marine insurance.

SECTION 6.2 Local Currency Costs. Disbursements pursuant to Section 7.2 will be used exclusively to finance the costs of goods and services required for the project having their source and, except as A.I.D. may otherwise agree in writing, their origin in the Dominican Republic ("Local Currency Costs").

ARTICLE 7

Disbursement

SECTION 7.1 Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign

Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement by such of the following methods as may be mutually agreed upon:

(1) By submitting to A.I.D., with necessary supporting documentations prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or, (B) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or

(2) By requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by the Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless the Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

SECTION 7.2 Disbursement for Local Currency Costs. After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as described in Project Implementation Letters, requests to finance such costs.

SECTION 7.3 Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.4 Rate of Exchange. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into the Dominican Republic by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of the Dominican Republic at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the Dominican Republic.

ARTICLE 8

Miscellaneous

SECTION 8.1 Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following addresses:

To the Grantee:

Mail Address : National Energy Policy Commission
Plaza Compostela, Av. John F. Kennedy
Apartado 304-2
Santo Domingo, Dominican Republic

Cable Address : National Energy Policy Commission
Plaza Compostela, Av. John F. Kennedy
Apartado 304-2
Santo Domingo, Dominican Republic

To A.I.D.:

Mail Address : USAID Mission to the Dominican Republic
Santo Domingo, Dominican Republic

Cable Address : USAID Santo Domingo

All such communications will be in English unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

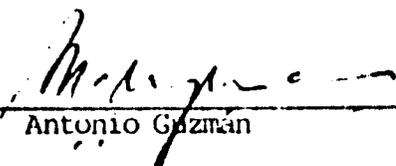
SECTION 8.2 Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of President, National Energy Policy Commission and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID Mission to the Dominican Republic, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3 Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

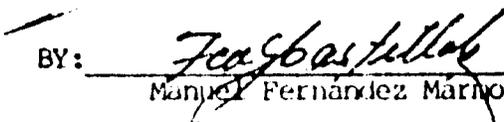
SECTION 8.4 Language of Agreement. This Agreement is prepared in both English and Spanish. In the event of ambiguity or conflict between the two versions, the English language version will control.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in two originals in their names and delivered as of the day and year first above written.

GOVERNMENT OF THE
DOMINICAN REPUBLIC

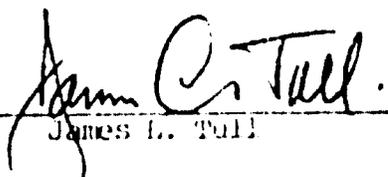
BY: 
Antonio Guzman

TITLE: President

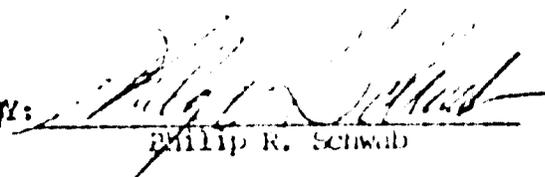
BY: 
Manuel Fernandez Marinol

TITLE: President, National
Energy Policy Commission
Secretary of State for
Industry and Commerce

GOVERNMENT OF THE UNITED
STATES OF AMERICA

BY: 
James L. Tull

TITLE: Chargé d'Affaires, a.i.

BY: 
Philip R. Schwab

TITLE: Director, USAID Mission
to the Dominican Republic

PROJECT DESCRIPTIONA. Project Purpose

The purposes of this project are: 1) to establish a system for providing continuous, updated information necessary for developing sound energy policy and providing technical data to the public and private sectors; and 2) to upgrade the management and technical skills of the National Energy Policy Commission, other public sector agencies and private groups involved in the development and implementation of energy programs.

B. Project Activities1. Energy Information System - \$675,000

The principal activity of this project is the establishment of a system for the regular acquisition, processing and dissemination of information about energy. The system has three components: 1) Policy Analysis; 2) Technical Information Transfer; and 3) Information Outreach. Managed and operated by a competent staff, the system will provide an effective means for getting energy information in useful forms into the hands of a wide range of decision makers in the public and private sectors.

a. Policy Analysis - (\$550,000)

The primary purpose of the policy analysis component is to assist government decision makers in developing a comprehensive, authoritative statistical picture of the energy situation necessary for understanding energy problems and in analyzing energy policy and investment

options and their potential effects. The Policy Analysis component will ultimately assist in the development of comprehensive National Energy Plans. It is expected that such Plans, upon approval by the President, will be used as guidelines for budgetary and policy decisions in the energy area.

The Policy Analysis component builds on the National Energy Assessment financed by A.I.D.. It establishes a procedure for updating and utilizing necessary energy information on a continuing basis. If information gathered under the Assessment is not updated and improved periodically, it will become increasingly less reliable and less useful over time. Updating and analysis of information is also considered necessary to determine important trends in supply and demand and projecting potential changes resulting from government policies and programs.

The policy analysis component of this Project will establish a more efficient, economical way of gathering energy data which is reliable, consistent, and meets the policy analysis needs of the Energy Commission and other agencies. The project will insure that information gathered is useful for policy analysis purposes from the policy makers' point of view and that certain types of decisions can be illuminated by the data gathered.

The Policy Analysis component involves three inter-related activities:

- i) A system of data collection and processing;

- ii) A computer program for organizing and analyzing that data; and
- iii) A staff capable of managing and operating the Information System.

Each of these activities is essential to the Policy Analysis component and will be developed simultaneously.

i) Data Collection and Processing - (\$180,000)

A team of consultants will be contracted to work with the Energy Commission staff in establishing a procedure for the periodic gathering and processing of energy data from public and private sources. The first step in this effort will be to review the methods by which information is currently gathered by the government, to determine whether current reporting procedures are adequate, whether energy reporting requirements could be "piggy-backed" onto existing reporting requirements, or whether additional surveys or reporting requirements are needed. From the industrial sector, for example, it may be possible to determine energy consumption from tax, census or other data currently collected, whereas to gather reliable information on the efficiency of energy use - i.e., wastage and conservation potential - may require periodic surveys. Experience gained under the Energy Assessment will be summarized in the form of specific recommendations regarding information requirements and provide a good head start in understanding the ways in which different kinds of information can be gathered by the government.

Once it is determined how information can best be collected on a regular basis, the consultant team, together with the Energy

Commission staff, will design specific questionnaires, reporting forms or other instruments to be utilized. Questionnaires used in survey work under the Assessment may be appropriate, with some modifications, for periodic updating of information.

After specific data gathering instruments have been developed, it will be necessary to establish the institutional and other arrangements necessary to effect regular collection of information by the Energy Commission. To the extent that periodic surveys of different sectors of the economy will be required, responsibility for undertaking these surveys will be assigned and interviewers trained. If legislative or Presidential action is required to implement certain reporting requirements on the part of industries, households or other public sector agencies to the Energy Commission, this will also be recommended.

The Consultant Team will be responsible, together with the Energy Commission, for seeing that these institutional arrangements and data gathering procedures are implemented during the first annual updating of information, approximately one year after the Assessment is completed.

Once information is gathered and channeled to the Energy Commission, it will have to be tabulated and organized in such a way that it can be fed into the computer program (see below). The Consultant Team will provide training to the Energy Commission staff for this purpose.

It is estimated that a total effort of 18 man months of outside technical assistance will be required for establishing the data collection and processing procedure, to be provided over a period

of approximately 18 months (\$120,000). In addition, Energy Commission staff time and local materials costs amounting to \$60,000 will be required for this effort.

ii) Computer Program - (\$170,000)

Energy data gathered by the Commission will be most useful to decision-makers if it can be organized, manipulated and presented efficiently. For this purpose, a computer program appears to be essential. The program must be oriented to the kinds of policy decisions which the Commission and other agencies are likely to be grappling with and must have the capability to structure and manipulate information in such a way as to be directly relevant to those decisions.

The software program to be established under the Project will be set up on tapes on a mini-computer in the Dominican Republic, thus eliminating the dependence, unreliability and costs associated with accessing the program through a telecommunications link to a main frame computer in the United States or elsewhere. An additional advantage of setting up the program on a local mini-computer is that the software can be modified as necessary to perform certain functions considered of higher importance locally, as well as to meet other specific local needs. While the option of a telecommunications link between a terminal at the Energy Commission and a computer in the U.S. has been examined in detail, it has been rejected on economic and technical grounds as well as because of limitations in overall capability and flexibility.

Since the software program will be utilized primarily for the storage, manipulation and presentation of country

specific energy data, its usefulness as a policy analysis tool is dependent upon the availability and introduction of that data into the program. The National Energy Assessment will provide the basic data set for this purpose and the data gathering and processing activity described above will ensure that the data is updated on a regular basis. Once data is processed into simplified formats by hand, it will be entered into the program using fairly straightforward computer data entry procedures.

Because of the lack of appropriate in-country capability, the Project will finance the procurement of a relatively low-cost mini-computer package necessary for efficient operation of the computer software program. The components and estimated costs of the required hardware and additional software are:

Mini-computer (including minimum necessary memory, disc and tape capa- bility and terminal with b+w screen)	\$ 59,500
Extra terminal with b+w screen	\$ 1,250
Color graphics demonstration display	\$ 13,700
Line printer	\$ 8,500
PASCAL or PL-1 Software (required)	\$ 5,000
Magnetic Tape Drive	\$ 12,000
Data base management software (required)	\$ 20,000
Total	<hr/> \$119,950

These are list prices based on delivery, installation and checkout in the United States. It is expected that any additional costs of installation in the Dominican Republic will be offset by dealer discounts and price reductions between now and time of actual procurement.

The mini-computer package will be located in the offices of the National Energy Commission, thus allowing the Commission staff full time access to and use of the program. It will be located in an area that will allow demonstrations of the program's capability as well as policy analysis workshops for both Commission staff and the staff of other institutions. Eventually, the hardware located in the Commission building can be linked by telephone hook-up to hardware elsewhere in the capital so that data bases (although not program capabilities) can be shared with other institutions such as SEA, the Central Bank, SEERAC, and others as different computerized data bases are developed. This will be valuable not only in providing other institutions with basic energy data, but also allowing the Commission ready access to data on crop production, fertilizer usage, educational activities, and other types of information relevant to energy decisions when performing energy analysis.

Installation of the mini-computer package in the Commission offices will require a number of site preparation activities to ensure a secure and sufficiently sizeable room to house the required hardware, air conditioning to meet required operating temperatures, sufficient electrical cabling and outlets, etc. The total expense of site preparation is estimated at \$25,000 and will be borne entirely by the Energy Commission.

The Commission will also be fully responsible for the costs of operating (paper, ink, discs, etc.) and maintenance of the computer package, estimated at \$25,000 annually.

The procurement process for all computer hardware will begin as soon after the project begins as possible. Assuming a lead time of about 6-8 months, it is expected that all hardware will be in place and operating no later than June-July, 1981.

iii) Staff Development - (\$200,000)

Essential to the Policy Analysis component of the Energy Information System are persons who know what kind of energy information is needed for policy analysis purposes and how to use that information to address specific policy problems and decisions - in sum to bridge the gap between information and policy. Most members of the Energy Commission staff have already begun to develop skills along this line. They are already active in developing policy and investment recommendations in several areas, gathering and working with whatever information is available. Several staff members participated in the structuring of the Energy Assessment in order to ensure that information gathered was relevant to policy purposes. Under the Information Gathering and Processing activity described above, additional training will be provided to staff members in the gathering and organizing of energy information to meet policy analysis purposes, as well as in the specific processing and tabulation procedures required for entry into the computer program.

Several additional types of training will be provided under the Project to ensure effective application of the computer

program to policy decisions. First of all, the Commission will hire two additional staff persons with backgrounds as computer programmers/analysts. The more senior of the two will be familiar with all aspects of computer operation and have a strong capability in programming. The more junior will be familiar with basic data entry and retrieval procedures and have some limited programming experience.

Each of the two additional staff will receive 6 months of training as follows: four months of intensive training in the United States in the operation and capabilities of the computer software program selected for the Project and its application to energy problems and decisions. Included will be training in helping policy makers define their information needs and formulating them in such a way that they can best be responded to by the program. Thereafter, two months of in-country training will be provided in initial aspects of setting up the Dominican Republic data base and applications to specific Dominican energy problems. The cost of training in the United States and in-country in the use of the computer program will be approximately \$50,000.

The two computer staff persons will also receive approximately 2 weeks of free training in familiarization and operation of the computer hardware from the vendor.

When fully trained, the computer staff persons will be expected not only to perform data entry and computer operation, but also to work with the rest of the staff of the Commission and the staff of other agencies in defining information needs and applying the computer program to those needs. Since all computer hardware is expected to be installed by

July of 1981, it is necessary that the two additional staff persons be hired and commence training as soon as possible after the Project begins.

Given the potential problem of staff turnover, it is absolutely essential that the Commission take the necessary measures to attract and keep qualified computer personnel, particularly following the substantial investment in training to be provided. For this purpose, the Commission intends to require a minimum two year contract and to offer a salary structure fully competitive with the private sector, with salaries increasing significantly following training.

In addition to training for the computer staff, approximately ten other Commission staff persons will receive a one week course in basic familiarization with and operation of the computer program, whether in the United States or in-country after the program is set up. This will allow them to perform basic data retrieval and analysis on the computer without having to rely at all times on the computer staff. The cost of this additional training will be \$10,000.

Finally, in order to insure effective start up and application of the Computer Program during the very important first year after it is established, a resident technical advisor will be provided to the Commission for this period. The advisor will have a strong computer background and will be fully conversant with the computer program selected and its application to energy problems and decisions. The advisor will work with policy makers and staff at the Commission and other agencies

to define information requirements and insure that the computer program is utilized effectively to meet those requirements. He will work with the computer staff of the Commission in data entry and manipulation, and applications of the program. He will assist in the modification of software as necessary and will provide any further on the job training which is deemed to be appropriate. In sum, he will have the overall responsibility for seeing that the Computer Program is effectively established and utilized during its critical start-up stage. The total cost of this technical assistance will be \$80,000.

b. Technical Information Transfer - (\$50,000)

The second component of the Energy Information System is designed to establish access to technical energy information from a variety of sources, particularly in the United States. The U.S. Department of Energy, the Solar Energy Research Institute, the International Energy Agency, and many other institutions have established computerized data bases on the characteristics and costs of new energy technologies, international price, supply and demand trends, energy activities in other countries, energy saving construction techniques, energy conservation measures, energy use coefficients and other technical energy topics. This information can be extremely useful not only to the Energy Commission and other government agencies in their policy analysis efforts, but also to universities and private groups and individuals.

Given the very high costs of establishing a telecommunications link to data sources abroad, it does not appear to be

cost-effective or appropriate to finance a telecommunication link under the Project. Following the Project, when the feasibility of a satellite link has been improved, the cost reduced and the demand for such a link increased, establishment of a direct telecommunications link may become appropriate.

As a more cost-effective alternative, the Project will finance the acquisition of technical data from different sources in batch form. Several technical data sources either currently have or are developing the capability to reproduce data bases on computer tapes for distribution. Such data bases could easily be set up on the Energy Commission mini-computer. Information could then be retrieved directly in printed or graphic form, or, through some software modification, be combined with other data and used for analytical purposes.

The Project will finance \$20,000 of consultant or service fees for the identification of available data bases abroad and assistance in the procurement of tapes. An additional \$20,000 is budgeted for the procurement and shipping of tapes or other data formats which can be entered into the mini-computer. Following the Project, the Commission will assume the continuing cost of tape procurement, which is expected to go down over time as production costs go down.

The Project will also finance \$10,000 worth of training to Commission computer staff in software modification to utilize the technical data for policy analysis purposes.

c. Information Outreach - (\$75,000)

The third component of the Energy Information System is an information outreach program. Information gathered by the Energy

Commission under the Policy Analysis component and information made accessible through the technical information transfer component will be useful to a wide range of people who are dealing with energy problems throughout Dominican society.

People in all walks of life have a contribution to make to solving the energy problem and need to know about how the more efficient utilization of energy can benefit them individually.

The outreach component will operate in both the public and private sectors.

i. Public Sector

The Energy Commission will carry out a campaign to assure that decision makers and interested technicians within the government know what the Energy Information System is, how it works and how it can be useful to them. While those members of the Energy Commission staff working directly with the Consultant Team in the establishment of the system should, by the end of the project, be well versed in its overall purpose and utility, other members of the Commission staff, as well as the staff of other government agencies, may not be familiar with the nature of the information available, the types of projections which can be made, the kinds of questions which can be answered, or other ways in which information provided by the system can be useful to their activities. For the purpose of educating government personnel in these areas, the Energy Commission will hold a series of seminars and workshops and also work with individual agencies in utilizing available energy information to help develop or implement particular energy programs.

The Commission will also publish and distribute to other public and private agencies a semi-annual resume of basic energy supply and demand information and projections.

ii. Private Sector

In the private sector, the Energy Commission, with consultant help, will initiate a study and planning activity to ensure that information made available through the Energy Information System is disseminated widely outside the government. The kind of information disseminated and the way it is disseminated will vary. Professional groups such as architects and engineers, for example, may best be reached through continuing education programs managed by professional associations. Truck and taxi owners may best be reached through direct mail. The man on the street or on the farm may best be reached by mass media or through organizations such as cooperatives, parent-teacher groups or other methods. How to communicate with people most effectively must be studied carefully.

This Project will not finance broad dissemination of energy information outside of the government. Rather, it will finance a study and detailed plan for such broad dissemination following the Project. As part of the study and planning activity, workshops will be held in which opinion leaders from various walks of Dominican life will be brought together to discuss the energy problem, how a broad-based information dissemination program could work and how relevant information provided through the Energy Information System can best be made available to different sectors of Dominican society. An important aspect of the outreach plan will be to assure that the Information System serves the needs of higher education institutions.

The Information Outreach Plan will be submitted to USAID for approval no later than the end of the first year of the Project. It is expected that the first measures under a broad information dissemination program in the private sector could be financed under future A.I.D. Projects.

A total of \$50,000 is provided under the Project for six months of consultant services to the Commission in structuring and carrying out the information outreach activities described above, particularly development of the private sector dissemination plan. Required will be expertise in social communication and media techniques as well as background in energy information.

The Energy Commission will contribute approximately \$25,000 in staff time and local materials (publications, slides, charts, seminar costs, etc.) to the Information Outreach component of the Project.

2. Technical Assistance and Training - \$279,000

a. Energy Training Needs Study and Plan - (\$45,000)

For dealing effectively with the energy situation, improved technical and managerial skills of various kinds are required within the Energy Commission, other public agencies, the universities, private industries, community organizations and other actors involved in energy related decisions and the implementation of energy programs.

Before engaging in a major energy technical assistance and training program, it is considered prudent to analyze the overall question of what kind of skills are really needed, by whom, for what purpose and how those skills can best be provided. The specific skills

needed by a particular agency, as well as the types of training best suited for meeting those needs, will depend in large part on the role of the agency in the energy area. There are also a growing number of international training opportunities being funded by AID/W, the UN, OAS, and other organizations and it is important to sort out which needs can best be met through these programs and which are more appropriate for bilateral AID financing.

The Project will therefore finance, as the basis for training activities to be financed under this and future projects, a study of energy training needs in the D.R. and development of a plan for meeting those needs over the next two and five years. The study will first examine the functions and roles of different public and private sector agencies in the energy area. It will then identify the human resource skills needed to carry out the appropriate institutional roles effectively. The study will review the energy training opportunities available in both the Dominican Republic and abroad and, finally, recommend the specific types of training which appear most appropriate to meet the training needs identified. Recommendations will be presented in the form of a Training Plan to meet both immediate training needs over the next two years and longer term needs over the next five years. The Plan will be submitted to USAID for approval no later than 8 months after the Project begins.

The Project will finance approximately 4 man months of consultant services to the Energy Commission for the purpose of the Training Needs study and Plan at a cost of \$40,000. Commission staff time amounting to \$5,000 will also be required for carrying out the study and Plan.

b. Mini-Course Program (\$110,000)

The Energy Commission and the University of Madre y Maestra in Santiago (UCMM) have jointly developed a proposed program of intensive one week mini-courses on technical energy topics for financing under the Project. The purpose of the program is to provide in-country training to a selected number of Dominicans in technical areas of highest importance even before the Training Needs Study is completed. The program is based on the premise that within the country there is a considerable amount of technical knowledge and experience - among university professors, government employees, and private individuals - which can be usefully shared through short training courses.

The courses will be jointly organized and administered by the Commission and UCMM. They will be conducted primarily in UCMM facilities in Puerto Plata to provide a sense of isolation and enhance the learning atmosphere. Each mini-course will last about 5 days. Instructors will include one local expert and one foreign expert, each selected on the basis of proposals submitted to the Commission and UCMM. Participants, who will be invited to attend the courses by the Commission and UCMM, will include university graduate students, government employees, and persons engaged in private technical practices. The object will be to invite individuals with a technical or policy orientation who will not only benefit individually from the courses, but also be able to spread the learning to colleagues or otherwise act upon the knowledge gained. Courses will be limited to 20-25 participants.

A total of six mini-courses will be conducted - one every two months for a year. If the program is highly successful, it may be appropriate to extend it with additional financing after one year.

The topics proposed for the first six courses are:

1. Climate and Architectural Design;
2. Architectural Design and Energy Conservation;
3. Design of Domestic and Commercial Systems for Solar Hot Water Heating;
4. Practical Applications of Wind Mills;
5. Commercial and Industrial Energy Audits;
6. Solar Air Conditioning: Consideration for the Design of Houses and Commercial Buildings.

The cost of each course is estimated to be \$16,600, broken down as follows:

	<u>Each Course</u>	<u>Total</u>
Per diem for 5 days at RD\$40 per day for 30 participants (including instructors and support personnel)	\$ 6,000	\$36,000
Local Transportation	600	3,600
Fees - Local Instructors	1,000	6,000
Fees - Foreign Experts	5,000	30,000
Transportation - Foreign Experts	1,000	6,000
Reproduction of Documents	1,000	6,000
General Administrative Costs (Coordination trips, audio-visual equipment, materials, etc.)	1,500	9,000
Contingency	500	3,000
	<hr/>	
TOTAL	\$16,600	\$99,600

Also included in the Project cost will be \$10,000 of staff time of the Energy Commission and UCM in organizing and administering the mini-course program.

c. Long and Short Term Training - (\$124,000)

The long and short term training activity under the Project is designed to meet the most immediate needs identified in the Training Needs Study and Plan. The activity is not intended to address all training needs identified, which would require substantially more time and money than allocated to this Project. Rather, the activity is designed to initiate a sustained training effort in the area of energy to be continued under future AID projects.

Because the opportunities for meeting immediate training needs in the Dominican Republic are somewhat limited, it is expected that the Training Plan will recommend and the Project will finance the participation of a limited number of Dominicans in on-going energy management and research programs in the United States or other countries. These could include university graduate programs which involve research in energy applications, as well as programs of private companies in gasohol production, biogas fermentation, photovoltaics, and industrial conservation techniques. Other possibilities are programs funded by the U.S. Department of Energy at the National Laboratories (Livermore, Los Alamos, Brookhaven, etc.), the Solar Energy Research Institute in Colorado and institutions in other countries.

The exact number of Dominican participants to be funded under the Project will depend on the length of training which is determined under the Training Plan to be appropriate.

Dominican participants will be selected from graduating university classes and from among the more junior staff members of the Energy Commission, INDOPEC, and other government agencies. All participants will be required upon their return to the Dominican Republic to work in energy programs for a minimum period and to conduct seminars for colleagues on the kind of technical information and skills learned abroad.

An equivalent of 6-8 person years of training will be provided under the Project at a total cost of \$94,000. Approximately \$30,000 in GDDR start time and expenses will be required for the training.

Project Budget

	<u>AID</u>	<u>GODR</u>	<u>Totals</u>
I. Energy Information System			
1. <u>Policy Analysis</u>			
<u>Data Collection and Processing</u>			
Consultants	120,000		120,000
Local Staff/Materials		60,000	60,000
<u>Computer Program</u>			
Computer Hardware and Software	120,000		120,000
Maintenance		25,000	25,000
Site Preparation		25,000	25,000
Staff Development	140,000	60,000	200,000
2. <u>Technical Information Transfer</u>			
Consultants/Services	20,000		20,000
Data Acquisition Costs	20,000		20,000
Training	10,000		10,000
3. <u>Information Outreach</u>			
Consultants	50,000		50,000
Local Staff/Materials		25,000	25,000
Subtotal Energy Information System	480,000	195,000	675,000
II. Technical Assistance and Training			
1. <u>Energy Training Needs Study</u>	40,000	5,000	45,000
2. <u>Mini-Course Program</u>	100,000	10,000	110,000
3. <u>Long and Short Term T.A. and Training</u>	94,000	30,000	124,000
Subtotal Technical Assistance and Training	234,000	45,000	279,000
III. Project Evaluation	20,000	10,000	30,000
IV. Contingency	30,000	10,000	40,000
Project Total	764,000	260,000	1,024,000

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Project Grant Standard

Provisions Annex

Definitions: As used in this Annex, the "Agreement" refers to the Project Grant Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

ARTICLE A

Project Implementation Letters

To assist Grantee in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project in Annex 1.

ARTICLE B

General Covenants

SECTION B.1 Consultation. The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the

Project, the performance of obligations under this Agreement, the performance of any consultants, contractors, or suppliers engaged on the Project, and other matters relating to the Project.

SECTION B.2 Execution of the Project. The Grantee will:

(a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial and management practices, and in conformity with those documents, plans, specifications, contracts, schedules or other arrangements, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

(b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

SECTION B.3 Utilization of Goods and Services

(a) Any resources financed under the Grant will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

SECTION B.4 Taxation

(a) This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in the territory of the Grantee.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Grant, and any property or transaction relating to such contracts and (2) any commodity procurement transaction financed under the Grant are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the Dominican Republic, the Grantee will, as and to the extent provided in and pursuant to Project-Implementation Letters, pay or reimburse the same with funds other than those provided under the Grant.

SECTION B.5 Reports, Records, Inspections, Audit. The Grantee will:

(a) furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Grant. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired,

the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

(c) afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed by such Party, and books, records, and other documents relating to the Project and Grant.

SECTION B.6 Completeness of Information. The Grantee confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or cause A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

SECTION B.7 Other Payments. Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except fees, taxes, or similar payments legally established in the country of the Grantee.

SECTION B.8 Information and Marking. The Grantee will give appropriate publicity to the Grant and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

ARTICLE C

Procurement ProvisionsSECTION C.1 Special Rules.

(a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums for marine insurance placed in the territory of the Dominican Republic will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7 (a).

(c) Any motor vehicles financed under the Grant will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

(d) Transportation by air, financed under the Grant, of property or persons, will be on carriers holding United States certification, to the extent service by such carriers is available. Details on this requirement will be described in a Project Implementation Letter.

SECTION C.2 Eligibility Date. No goods or services may be financed under the Grant which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

SECTION C.3 Plans, Specifications, and Contracts. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Grantee will furnish to A.I.D. upon preparation,

(1) any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Grant, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished to A.I.D. on preparation;

(2) such documentation will also be furnished to A.I.D., upon preparation, relating any goods or services, which, though not financed under the Grant, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a) (s) will be identified in Project Implementation Letters;

(b) documents related to the prequalification of contractors, and to the solicitation of bids or proposals for goods and services financed under the Grant will be approved by A.I.D. in writing prior to their issuance, and their terms will include standards and measurements commonly used in the United States.

(c) contracts and contractors financed under the Grant for engineering and other professional services, for construction services, and for such other services, equipment or materials as may be specified in Project Implementation Letters, will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution; and

(d) consulting firms used by the Grantee for the Project but not financed under the Grant, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Grantee for the Project but not financed under the Grant shall be acceptable to A.I.D.

SECTION C.4 Reasonable Price. No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Grant. Such items will be procured on a fair and, to the maximum extent practicable, on a competitive basis.

SECTION C.5 Notification to Potential Suppliers. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Grant, the Grantee will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

SECTION C.6 Shipping.

(a) Goods which are to be transported to the Dominican Republic may not be financed under the Grant if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which A.I.D., by written notice to the Grantee has designated as ineligible; or (3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Grant, if such goods or persons are carried: (1) on an ocean vessel under the flag

of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source. Foreign Exchange Costs", without prior written A.I.D. approval; or (2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or (3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, (1) one hundred percent (100%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately owned United States-flag commercial vessels and (2) one hundred percent (100%) of the gross freight revenue generated by all shipments financed by A.I.D. and transported to the territory of the Grantee on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

SECTION C.7 Insurance.

(a) Marine insurance on goods financed by A.I.D. which are to be transported to the Dominican Republic may be financed as a Foreign Exchange Cost under this Agreement provided (1) such insurance is placed at the lowest available competitive rate, and (2) claims thereunder

are payable in the currency in which such goods were financed or in any freely convertible currency. If the Grantee (or government of grantee) by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D. financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Grantee financed by A.I.D. hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, the Grantee will insure, or cause to be insured, goods financed under the Grant imported for the Project against risks incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Grantee under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the grantee for the replacement or repair of such goods. Any such replacements will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

SECTION 2.8 U.S. Government-Owned Excess Property. The Grantee agrees that wherever practicable, United States Government-owned excess personal property, in lieu of new items financed under the Grant should be

utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

ARTICLE D

Termination; Remedies

SECTION D.1 Termination. Either Party may terminate this Agreement by giving the other Party 30 days written notice. Termination of this Agreement will terminate any obligations of the Parties to provide financial or other resources to the Project pursuant to this Agreement, except for payment which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of this Agreement. In addition, upon such termination A.I.D. may, at A.I.D.'s expense, direct that title to goods financed under the Grant be transferred to A.I.D. if the goods are from a source outside Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of Grantee's country.

SECTION D.2 Refunds.

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty (60) days after receipt of a request therefor.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed under the Grant are not used effectively in accordance with this Agreement, A.I.D. may require the Grantee to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. Dollars to A.I.D. within sixty (60) days after receipt of a request therefore.

(c) The right under subsection (a) or (b) to require a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to A.I.D. from a contractor, supplier, bank or other third party with respect to goods or services financed under the Grant, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the cost of goods and services required for the Project, to the extent justified, and (B) the remainder, if any, will be applied to reduce the amount of the Grant.

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Grantee under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S. Dollars by the Grantee.

SECTION D.3 Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

SECTION D.4 Assignment. The Grantee agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. Dollar contract with A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.