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A.I.D. Project No. 493-0332

Loan and Grant Agreements
FM/LMD (if Loan)
FM/PAFD
FM/CAD
GC/ANE
ANE/Desk
ANE/TR Officer
ANE/PD Officer & File
✓ PPC/CDIE/DI

PROJECT

GRANT AGREEMENT

between the

KINGDOM OF THAILAND

and the

UNITED STATES OF AMERICA

for

KHON KAEN UNIVERSITY RESEARCH DEVELOPMENT

Dated: June 30, 1983

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A.I.D. Project No. 493-0332

Project Grant Agreement

Dated: June 30, 1983

Between THE KINGDOM OF THAILAND, ("Grantee") acting through the Department of Technical and Economic Cooperation (DTEC), 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 herein, 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, will assist the Grantee to strengthen the institutional capacity of Khon Kaen University (KKU) to conduct research appropriate to Northeast rural

communities. The Project will provide funds for research, study tours, technical assistance, training, workshops and operating and evaluation costs of the Project. Annex 1, attached, amplifies the above definition of the Project. 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 8.3², without formal amendment of this Agreement.

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 Two Million United States ("U.S.") Dollars (\$2,000,000) ("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.

(b) The resources provided by Grantee for the Project will be not less than the equivalent of U.S. \$1,447,000, including costs borne on an "in-kind" basis.

SECTION 3.3 Project Assistance Completion Date

(a) The "Project Assistance Completion Date" (PACD), which is June 30, 1989, 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) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.3², and of any additional representatives, together with a specimen signature of each person specified in such statement.

(b) Designation of a KKU representative (Director, RDI) as the Project Manager;

(c) Evidence that the Farming Systems Research Advisory and the Rural Development Research Committees have been established;

(d) Evidence that qualified RDI support staff has been recruited;

(e) A financial plan detailing cash requirements for the first 15 months of the Project for core project activities by each quarter.

SECTION 4.2 Conditions Precedent to Additional Disbursement.

Prior to the disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which

SECTION 4.4 Notification /

When A.I.D. has determined that the conditions precedent specified in Section 4.1, 4.2, and 4.3 have been met, it will promptly notify the Grantee.

SECTION 4.5 Terminal Date for Conditions Precedent. If all of the conditions specified in Section 4.1 have not been met within 90 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 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 otherwise agree in writing, the program will 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. The Grantee agrees to provide AID, within six months of the date of this Agreement, an evaluation plan and program for monitoring and evaluation of the Project.

SECTION 5.2 Other Special Covenants. The Grantee agrees, except as A.I.D. may otherwise agree in writing:

- (a) to ensure that KKU will carry out the project in accordance with the terms and provisions of this Agreement;
- (b) to ensure that KKU will provide and maintain adequate staff at RDI throughout the life of the Project;
- (c) to arrange for short-term regional training and study tours and for services of expatriate consultants when requested by KKU, as provided for in the annual financial plan or in any modification of such plan;
- (d) to ensure that KKU widely disseminates the findings of project-funded research to potential user groups and beneficiary farmers;
- (e) to ensure that the procurement and use of pesticides, if any, for purposes of the project shall comply with A.I.D.'s environmental procedures regarding the procurement and use of pesticides.

SECTION 5.3 Taxation

- (a) This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in Thailand.
- (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, tariff duties or other levies imposed under laws in effect in Thailand the Grantee will pay or reimburse the same with funds other than those provided under the Grant.

(c) Details of arrangements implementing subsection (b) may be more specifically provided in Project Implementation Letters.

Article 6: Procurement Source

SECTION 6.1 Foreign Exchange Costs. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having, with respect to goods, their source and origin, and with respect to services, their nationality, 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 and services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, 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 Thailand ("Local Currency Costs"). To the extent provided for under this Agreement, "Local Currency Costs" may also include the provision of local currency resources required for the Project.

Article 7: Disbursements

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 documentation as 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 the 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 Letter 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

(a) 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 prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursement hereunder may be obtained by acquisition by A.I.D. with U.S. dollars by purchase. The U.S. dollar equivalent of the local currency made available hereunder will be the amount of U.S. dollars required by A.I.D. to obtain the local currency.

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 specifically provided under Section 7.2, if funds provided under the Grant are introduced into Thailand 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 Thailand at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Thailand.

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 signed given or sent when delivered to such party at the following address:

To the Grantee:

Director-General
Department of Technical and Economic Cooperation
962 Krung Kasem Road
Bangkok, Thailand

To A.I.D.:

Director
United States Agency for International
Development
37 Petchburi Road
Soi Somprasong 3
Bangkok, Thailand

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 Director-General, Department of Technical and Economic Cooperation and A.I.D. will be represented by the individual holding or acting in the office of Mission Director, A.I.D. Thailand, 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.

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 their names and delivered as of the day and year first above written.

KINGDOM OF THAILAND

UNITED STATES OF AMERICA

By: _____
Apilas Osatananda
Director-General
Department of Technical
and Economic Cooperation

By: _____
John Gunther Dean
Ambassador

Date: June 30, 1983

Date: June 30, 1983

CONCUR: _____
Rector
Khon Kaen University

Date: June 30, 1983

AMPLIFIED PROJECT DESCRIPTIONKhon Kaen University Research Development ProjectI. Project Description

The project's purpose is to strengthen the institutional capacity of Khon Kaen University (KKU) to conduct research appropriate to Northeast rural communities. More specifically the project will focus on strengthening the Research and Development Institute's (RDI) capacity to administer, facilitate and coordinate research.

The activities to be financed under the project fall into three categories. The first area is a set of research activities in crops, livestock and social sciences, using Farming Systems Research (FSR) methodology and techniques.

The second set of research activities will include both commissioned and invitational rural development research. Commissioned research is initiated by the Research and Development Institute which cuts across more than one faculty; invitational research is solicited through normal university channels. Research activities must comply with research selection criteria established for project implementation purposes and mutually agreed to between KKU, DTEC, and A.I.D.) I

The third set of activities, referred to as core activities, involve the strengthening of RDI's administrative capacity. These include provision for technical assistance in the form of short-term local and expatriate consultants who will focus on the development of specific operational procedures for contracting, training, financial, reporting, project

monitoring and procurement; short-term training at regional institutions such as the International Rice Research Institute; on-campus workshops to facilitate the exchanges of ideas and experiences; and the publication and dissemination of selected manuscripts.

II. Project Implementation

A. Organizational Arrangements - All project activities will be coordinated by the RDI which is under the direct supervision of the Office of the Vice Rector for Academic Affairs. The Director of RDI will serve as the KKU/RTG Project Officer. The RDI will coordinate all project activities within the university and deal with all external organizations such as the DTEC, USAID and others.

B. Research Operations - The RDI will invite research proposals for project funding. The selection criteria, operating procedures, and the deadline for submission of proposals will be advertised at least once a year allowing sufficient time for screening and approval by the appropriate committees. This will be followed by the preparation of an annual research plan and request for a first quarter cash advance which will be forwarded to DTEC/USAID by September 30, 1983.

The Farming Systems Research Group will submit its annual research plan to the FSR Advisory Committee for review and approval. The approved FSR plan is then forwarded to RDI by the Committee for compilation of the annual research/financial plan.

The research projects (commissioned and open invitation research) proposed by other faculties and outside organizations will be submitted directly to RDI. The RDI staff will pre-screen these for their compliance with the agreed upon selection criteria. These research proposals will then be forwarded to the Rural Development Research Committee for approval. This Committee will send the approved rural development research plan back to RDI

for compilation of the annual research/financial plan. These procedures are expected to be followed by the University during the life of the project. The University may modify these procedures with concurrence from both USAID and DTEC.

The annual research plan is expected to summarize the number and fields of research activities proposed and approved by KKU detailing title, duration, funding (by major categories), requirements for cash advances by each quarter, needed U.S. and/or local consultancies. This research plan may be revised by RDI, with the concurrence of the appropriate committee, at any time during the course of the year. Notification of such revisions will be furnished to DTEC and USAID.

C. Procurement - Procurement of local technical and professional services will be carried out by RDI following standard Royal Thai Government/AID approved procedures. DTEC will be responsible for contracting with expatriate consultants. With regard to equipment procurement, no off-shore procurement is anticipated. Minor items needed to support specific research activities will be provided using KKU existing mechanism following AID approved "Off-the-Shelf" procedures. The major project equipment, including vehicles, will be funded and provided to Khon Kaen University under the Japanese Agricultural Research Development Project with the Departments of Land Development and Agriculture, Ministry of Agriculture and Cooperatives.

D. Other Activities - Other activities such as short-term technical training, on campus workshops, and publication and dissemination arrangements provided for under this project will be initiated or administered by RDI. DTEC will make arrangements for short-term regional training and study tours at the request of KKU.

E. Project Monitoring

KKU will have primary responsibility for project implementation and monitoring of research activities. USAID and DTEC will monitor KKU's

compliance with agreed upon policies/procedures and the disbursement of funds in accordance with the projected expenditures as evidenced by the project plans, financial and progress reports. Once the annual plans are approved by DTEC and USAID, no DTEC/USAID approval is required by KKU in carrying out project activities.

III. Reports

A. Financial

RDI will submit quarterly financial reports. These reports are expected to summarize the status of cash advances and cash disbursements by each research project and by other project components. These reports will be compiled by the RDI staff based on information/reports received from the research teams/project entities and in accordance with the reporting formats to be provided by USAID. These reports will be used by USAID and DTEC, in addition to the quarterly cash advance requests and annual financial plan, as a basis for making cash advances for the succeeding quarter.

B. Progress

The RDI will submit progress reports on a ^{due} semi-annual basis which will summarize all on-going research projects and other project activities. These reports are expected to include such information as the number and fields of research activities proposed and approved, current status and expected dates of completion. The progress reports are to be prepared in English and submitted to USAID and DTEC when due, and will be used by these agencies for monitoring project activities.

C. Consultants

Reports from consultants, contracted by RDI for strengthening its own operations, will be submitted to DTEC and USAID.

D. Research

The RDI will submit five copies of final completed reports on all research projects to both USAID and DTEC. This will be done promptly after each research project is completed/closed. A short English summary will be included with each report.

IV. Financial Plan

Table 1 summarizes project costs over the life of the Project. Total cost of the Project is estimated at \$3,447,000. USAID will provide \$2 million in grant financing while the Royal Thai Government (RTG) will finance the remaining costs, estimated to be \$1,447,000.

The RTG and AID agree that the RTG contribution will support in-kind costs such as staff salaries and allowances, office space and equipment, as well as provide budgetary support for the construction of needed facilities, in-country per diem, and local costs for short term consultants and international travel for short term training programs for the staff.

AID's grant will be used to finance research operations, short term technical assistance, training, workshops, and short term training for KKU research personnel. Cost breakdowns in the financial plan are provisional. Actual amounts to be allotted for each line item may differ from the cost estimates if mutually acceptable to AID and the Government.

V. Disbursement of Funds

in advance N/A
A. Except for the reimbursement of expatriate consultants and regional training, USAID and DTEC will make cash advances directly to KKU. The cash advances for research activities will be based on quarterly cash advance requests received from KKU. The cash advances for other project activities will be made in accordance with the quarterly projected cash requirements as set forth in the annual financial plan. KKU will notify

DTEC and USAID if any changes in their annual financial plan affect their quarterly cash requirements for the succeeding quarter.

B. Upon receipt of the advance, KKU/RDI will provide the funds to each research team in accordance with KKU approved research plan. KKU/RDI will use its existing accounting procedures governing research grants for exercising financial control. The financial records will be maintained by KKU/RDI for three years following expiration of the Project Assistance Completion Date (PACD).

C. KKU will provide financial status reports, covering all project activities during the reporting period, to USAID and DTEC in accordance with agreed upon reporting format(s), detailing the disbursement status of cash advances. KKU will prepare a cash advance request for the succeeding quarter based on its projected requirement for the next quarter minus any funds remaining from the previous quarter.

D. USAID and DTEC will review the documentation and, upon approval, liquidate the expenditures claimed against the project and make cash advances for the ensuing quarter.

E. The cash advances made to KKU will not be placed in an interest bearing account or receive interest from any financial institution.

F. USAID will reimburse expatriate consultants following standard AID payment procedures.

G. An audit will be conducted on all project financial records by AID or an independent firm as mutually agreed by USAID, DTEC and KKU.

Table 1

Summary Cost Estimate and Financial Plan
(U.S. \$000)

Inputs	AID		(Baht 23 = U.S.\$1.00)		Total
	FX	LC	DTEC LC	KKU LC	
1. Staff Salaries	-	-	-	949	949
2. Office Space	-	-	-	26	26
3. Equipment Use	-	-	-	39	39
4. Construction	-	-	-	239	239
5. Farming Systems Research	-	800	-	-	800
6. Rural Development Research	-	700	-	-	700
7. U.S. Technical Assistance (Short-Term)	212	-	31	-	243
8. Local Consultants (Short-Term)	-	63	87	-	150
9. RDI Staff Support	-	16	24	42	82
10. Training-Regional (Short-Term)	42	-	10	-	52
11. Workshops	-	50	-	-	50
12. Publications	-	21	-	-	21
13. Evaluations	30	25	-	-	55
14. Contingency (Research Development Institute)	-	41	-	-	41
Total	284	1,716	152	1,295	3,447