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A.I.D. Grant No. 493-K-602

Project No. 493-0346

GRANT AGREEMENT
between
the
KINGDOM OF THAILAND
and the
UNITED STATES OF AMERICA
for
THE AFFECTED THAI PROGRAM

Date: July 23, 1987

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NON-PROJECT GRANT AGREEMENT

A.I.D. Grant No. 493-K-602

Project No. 493-0346

Date: July 23, 1987

Between the KINGDOM OF THAILAND ("Grantee") and the UNITED STATES OF AMERICA, acting through the Agency for International Development ("A.I.D.").

Article 1: The Grant

A.I.D. pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Government of Thailand under the terms of this Agreement, not to exceed five million United States dollars (\$5,000,000) ("Grant") for the purpose of assisting socioeconomic relief and development on behalf of Thai nationals residing along Thailand's borders with Laos and Kampuchea many of whom have been and continue to be adversely affected by the movement to and settlement in Thailand of large numbers of refugees and displaced persons from Kampuchea, Laos, and Vietnam and/or by periodic border disturbances resulting in loss of life and property. Use of these funds is limited to activities along the Thai/Kampuchean and Thai/Laotian borders.

Article 2: Conditions Precedent to Disbursement

SECTION 2.1. Conditions Precedent. 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 statement representing and

/warranting ..

warranting that the named person or persons have the authority to act as the representative or representatives of the Grantee pursuant to Section 7.2, together with a specimen signature of each person certified as to its authenticity.

SECTION 2.2. Notification. When A.I.D. has determined that the condition precedent specified in Section 2.1 has been met, it will promptly notify the Grantee.

SECTION 2.3. Terminal Date for Conditions Precedent. If the condition specified in Section 2.1 has not been met within 30 days from the date of this Agreement, or such later date as A.I.D. may specify in writing, A.I.D., at its option, may terminate this Agreement by written notice to Grantee.

Article 3: Uses of the Funds

Annex 1 to this Agreement describes the program, the basic precepts and policies regarding implementation, and the activities eligible for financing under the Grant. Additional activities as mutually agreed upon by the Parties may be specified in Implementation Letters issued to the Grantee in accordance with Section 7.1 of this Agreement. A.I.D. may decline to finance any activity when in its judgment such financing would be inconsistent with the purposes of the Grant or with any provision of the Foreign Assistance Act of 1961, as amended or other applicable U.S. law. Under the provisions of this Act, as amended, no funds under this Grant may be used for military, paramilitary, police or similar activities. Grantee will assure that commodities and services financed under this Grant will be effectively used for the purposes for which the assistance is made available.

Article 4: Disbursements

SECTION 4.1. Principal Method. Upon satisfaction of Condition Precedent to Disbursement, disbursements under this Grant will be made by A.I.D. in amounts to be agreed upon by A.I.D. and the Grantee as justified by the record of use of prior-disbursed Grant funds and key plans for use of grant funds to be disbursed subsequently. These funds shall be utilized for eligible activities in accordance with the procedures of the Regulation on the Receipt and Use of Relief and Support Funds of the Office of the Prime Minister of Thailand. Grantee shall periodically report to A.I.D., in form and substance satisfactory to A.I.D., on the uses of funds disbursed under the Grant. The timing and format of such reporting will be specified in subsequent Implementation Letters.

SECTION 4.2. Other Forms of Disbursement Authorizations. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 4.3. Terminal Date for Requests for Disbursement Authorizations. No disbursement authorization will be issued in response to a request received after twelve (12) months from the date of signing of this Agreement, except as A.I.D. may otherwise agree in writing.

SECTION 4.4. Terminal Date for Requests for Disbursement. No disbursement of Grant funds shall be made against documentation submitted after eighteen (18) months from the date of signing of this Agreement, except as A.I.D. may otherwise agree in writing.

/Article 5: ..

Article 5: General Covenants

SECTION 5.1. Taxation. This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in Thailand.

SECTION 5.2. Records. The Grantee will:

(a) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, such books and records relating to this Grant as may be described in Implementation Letters. Such books and records may be inspected by A.I.D. or any of its authorized representatives at all times as A.I.D. may reasonably require, and shall be maintained for three years after the date of last disbursement by A.I.D. under this Grant;

(b) permit A.I.D. or any of its authorized representatives at all reasonable times to inspect the activities financed under this Grant.

SECTION 5.3. Monitoring and Evaluation. The Grantee will establish a joint monitoring and evaluation unit for the Affected Thai Program under the direction of the JOC/Supreme Command for the purpose of collecting and analyzing program information, monitoring of individual project and overall program progress, and providing liaison with RTG coordinating agencies, implementing agencies, and donors. This unit, as an integral part of its program monitoring and evaluation functions, shall collect and analyze data and periodically report on the overall status and impact of the total program including programs funded from all sources.

/SECTION 5.4. ..

SECTION 5.4. Financial and Implementation Status Reporting.

Financial and Implementation Status Reporting. The Grantee will establish a system or systems whereby the overall financial and implementation status of the program, including all funding sources, and by activity attributed to the U.S. grant, is reported on a trimester basis until such time as funds are fully expended and full costs and refunds to the Affected Thai Program budget are accounted for.

SECTION 5.5. Completeness of Information. The Grantee confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or caused 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 Grant and the discharge of responsibilities under this Agreement; and

(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 Grant or the discharge of responsibilities under this Agreement.

SECTION 5.6. 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.

Article 6: Termination; Remedies

SECTION 6.1. Termination. This Agreement may be terminated by mutual agreement of the Parties at any time. Either Party may terminate this Agreement by giving the other Party thirty (30) days written notice.

SECTION 6.2. Suspension. If at any time:

(a) Grantee shall fail to comply with any provision of this Agreement; or

(b) Any representation of warranty made by or on behalf of Grantee with respect to obtaining this Grant or made or required to be made under this Agreement is incorrect in any material respect; or

(c) An event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purposes of the Grant will be attained or that the Grantee will be able to perform its obligations under this Agreement; or

(d) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.; or

(e) A default shall have occurred under any other agreement between Grantee or any of its agencies and the Government of the United States or any of its agencies;

Then, A.I.D. may:

/(1) suspend ..

(1) suspend or cancel outstanding commitment documents to the extent that they have not been utilized through irrevocable commitments to third parties or otherwise, or to the extent that A.I.D. has not made direct reimbursement to the Grantee thereunder, giving prompt notice to Grantee thereafter;

(2) decline to issue additional commitment documents or to make disbursements other than under existing ones; and

(3) at A.I.D.'s expense, direct that title to goods financed under the Grant be vested in A.I.D. if the goods are in a deliverable state and have not been offloaded in ports of entry of Thailand.

SECTION 6.3. Cancellation by A.I.D. If, within sixty (60) days from the date of any suspension of disbursements pursuant to Section 6.2, the cause or causes thereof have not been corrected, A.I.D. may cancel any part of the Grant that is not then disbursed or irrevocably committed to third parties.

SECTION 6.4. Refunds

(a) If A.I.D. determines that any disbursement is not supported by valid documentation in accordance with this Agreement, or is in violation of United States law, or is not made or used in accordance with the terms of this Agreement, A.I.D. 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 request therefore. Refunds paid by the Grantee to A.I.D. resulting from violations of the terms of this Agreement shall be considered as a reduction in the amount of A.I.D.'s obligation under the

/Agreement ..

Agreement and shall be available under the Agreement only if authorized by A.I.D. in writing.

(b) The right to require such a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three (3) years from the date of the last disbursement under this Agreement.

SECTION 6.5. Non-waiver of Remedies. No delay in exercising or omitting to exercise, any right, power, or remedy accruing to A.I.D. under this Agreement will be construed as a waiver of such rights, powers, or remedies.

Article 7: Miscellaneous

SECTION 7.1. Implementation Letters. From time to time, for the information and guidance of both parties, A.I.D. will issue Implementation Letters describing the procedures applicable to the implementation of the Agreement. Except as permitted by particular provisions of this Agreement, Implementation Letters will not be used to amend or modify the text of this Agreement.

SECTION 7.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the Office of the Prime Minister and A.I.D. will be represented by the individual holding or acting in the office of Mission Director, USAID, Thailand each of whom, by written notice, may designate additional representatives. 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 ..

implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 7.3. 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 address:

To the Grantee:

Office of the Prime Minister
Government House
Phitsanuloke Road
Bangkok 10300, Thailand

To A.I.D.:

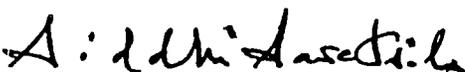
U.S. Agency for International Development
37 Soi 15 (Somprasong 3)
Petchburi Road
Bangkok 10400, Thailand

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

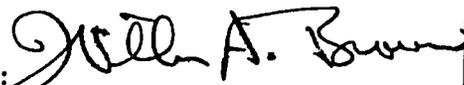
UNITED STATES OF AMERICA

By:



Air Chief Marshal Siddhi Savetsila
Minister of Foreign Affairs

By:



William A. Brown
Ambassador
Embassy of the United States
of America

PROGRAM DESCRIPTION

Assistance provided under the Grant may be used to support economic planning and social programs or activities, budgeted in accordance with Thai Government procedures, for the purpose of assisting socioeconomic relief and development on behalf of Thai nationals residing along Thailand's borders with Laos and Kampuchea many of whom have been and continue to be adversely affected by the movement to and settlement in Thailand of large numbers of refugees and displaced persons from Kampuchea, Laos, and Vietnam and/or by periodic border disturbances resulting in loss of life and property. Use of these funds is limited to activities along the Thai/Kampuchean and Thai/Laotian borders.

In view of the fact that this Grant constitutes program rather than project assistance, A.I.D. anticipates that Grant funds would be used mainly to augment activities of the Thai Government which impact upon the target population identified in the preceding paragraph. A.I.D. will evaluate the effectiveness of its assistance on the basis of the total, aggregate impact of any given program rather than on the merits of specific sub-activities or sub-projects. A.I.D. will support those program activities which are timely in implementation, can be administered on a limited area or population basis, and demonstrably assist Thai villages along the borders with Laos and Kampuchea.

Consistent with the foregoing, the following program activities are eligible under the Grant.

1. Agriculture and cooperative development to include land preparation, as well as agriculture production and marketing;
2. Water resource development to include construction of small-scale reservoirs, feeder canals, fish ponds, and potable water supplies, i.e., wells, rain water collection, etc.;
3. Transportation and communication development to include rural and village feeder roads and communications equipment insofar as the construction and installation of these roads and facilities serve economic purposes;
4. Construction supplies as necessary to support the above;
5. Community development programs geared towards the establishment of small-scale village enterprises;
6. Construction and equipping of public meeting places of a non-religious character;
7. Public health to include malaria and other communicable disease control, preventative and curative public health care, sanitation, construction and equipping village health clinics;
8. Primary and basic literacy education, vocational education, village school construction, and school nutrition programs;
9. Related feasibility and planning studies, monitoring, evaluation and program administration;
10. Such other program activities which A.I.D. and the Grantee mutually agree to in writing.

/Appropriate ..

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Appropriate activities of private voluntary agencies or non-governmental organizations may also be assisted under the Grant, pursuant to prior written approval on the part of the Grantee and A.I.D.

Eligible costs under the Grant will generally be limited to commodities, equipment, services, and operating expenses (other than Thai Government salaries), unless otherwise mutually agreed to in writing.