

PD-AAW-636  
52871

A.I.D. Project No. 517-0239

GRANT AGREEMENT  
Between  
THE GOVERNMENT OF THE DOMINICAN REPUBLIC  
and  
THE UNITED STATES OF AMERICA  
for  
CHILD SURVIVAL

Dated: SEP. 29 1987.

GRANT AGREEMENT

Dominican Republic - Child Survival

A.I.D. Project No. 517-0239

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	The Agreement ..... 1
ARTICLE II	The Project ..... 1
SECTION 2.1	Definition of the Project ..... 1
SECTION 2.2	Incremental Nature of the Project ..... 2
ARTICLE III	Financing ..... 2
SECTION 3.1	The Grant ..... 2
SECTION 3.2	Grantee Resources for the Project ..... 2
SECTION 3.3	Project Assistance Completion Date ..... 3
ARTICLE IV	Conditions Precedent to Disbursement ..... 4
SECTION 4.1	First Disbursement ..... 4
SECTION 4.2	Notification ..... 4
SECTION 4.3	Terminal Date for Conditions Precedent ..... 4
ARTICLE V	Special Covenants ..... 5
SECTION 5.1	Project Evaluation ..... 5
SECTION 5.2	Support for Child Survival ..... 5
ARTICLE VI	Procurement Source ..... 6
SECTION 6.1	Foreign Exchange Costs ..... 6
SECTION 6.2	Local Currency Costs ..... 6
ARTICLE VII	Disbursement ..... 6
SECTION 7.1	Disbursement for Foreign Exchange Costs ..... 6
SECTION 7.2	Disbursement for Local Currency Costs ..... 7
SECTION 7.3	Other Forms of Disbursement ..... 8
SECTION 7.4	Rate of Exchange ..... 8

ARTICLE VIII      Miscellaneous ..... 8  
SECTION 8.1      Communications ..... 8  
SECTION 8.2      Representatives ..... 9  
SECTION 8.3      Standard Provisions Annex ..... 9  
SECTION 8.4      Language of Agreement ..... 9

ANNEX 1: Project Description  
ANNEX 2: Standard Provisions

GRANT AGREEMENT dated SEP 29 1977, between the GOVERNMENT OF THE DOMINICAN REPUBLIC ("Grantee"), acting through the Technical Secretariat of the Presidency, and the UNITED STATES OF AMERICA, acting through the Agency for International Development ("A.I.D.").

ARTICLE I

The Agreement

The purpose of this Agreement is to set out the understanding 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 II

The Project

SECTION 2.1 Definition of the Project. The Project, which is further described in Annex 1, consists of a commitment to fund the activities of an internationally recognized private voluntary organization (C/PVO), which will develop, manage and coordinate a program to train personnel both of the GODR's Secretariat of State for Public Health and Social Assistance ("SESPAS") and of local private voluntary organizations ("PVOs") to provide child survival interventions in selected regions of the country and to provide other support to such implementing agencies as described in Annex 1. 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 the Project.

(a) The total amount of A.I.D. assistance contemplated for this Project is Four Million Six Hundred and Fifty Two Thousand United States Dollars (US\$4,652,000) which will be grant funded.

(b) A.I.D.'s contribution to the Grant Project will be provided in increments. The A.I.D.'s initial increment will be made available 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.

(c) 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 provided by A.I.D. under a specific increment.

ARTICLE III

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, A.I.D. agrees to grant the Grantee under the terms of this Agreement and in the manner herein described an amount not to exceed Two Million Seven Hundred Thousand United States Dollars (US\$2,700,000) ("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 to be provided by the Grantee for the Project will be not less than the equivalent of Three Million Three Hundred Fifty Thousand United States Dollars (US\$3,350,000), including costs borne on an in-kind basis.

SECTION 3.3 Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" ("PACD"), which is September 30, 1991, 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 subsequent to the PACD for the Project as contemplated in this Agreement.

(c) Requests for disbursement, accompanied by necessary supporting documentation described 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 described in Project Implementation Letters, were not received before the expiration of said period.

#### ARTICLE IV

##### Conditions Precedent to Disbursement

SECTION 4.1 First Disbursement. Prior to 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 A.I.D. may otherwise agree to 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 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; and

(b) a statement of the name of the person who will represent the Grantee, and of any additional representatives, together with a specimen signature of each person specified in such statement.

SECTION 4.2 Notification. When A.I.D. has determined that the

Conditions Precedent specified in Sections 4.1 have been met, it will promptly notify the Grantee.

SECTION 4.3 Terminal Date for Conditions Precedent. If the conditions specified in Section 4.1 have not been met within sixty (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.

## ARTICLE V

### 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 will include at least one evaluation at the mid-point in the implementation of the Project and one more at the Project conclusion. The evaluations will include, but not be limited to: (a) evaluation of progress toward attainment of the purpose of the Project; (b) identification and evaluation of problem areas or constraints which may inhibit such attainment; (c) assessment of how such problems may be overcome; and (d) evaluation, to the degree feasible, of the overall development impact of the Project.

SECTION 5.2 Support for Child Survival. The Government of the Dominican Republic will assure an efficient flow of resources to the Project by (a) taking steps to assure prompt approval, providing adequate budgets and allocation of counterpart funds to all participating Dominican public and private organizations; (b) establishing within SESPAS, no later than 120 days after signing this Agreement, a

decentralized revolving fund for operating expenses in the selected SESPAS Health Regional offices; and (c) allocating, by year three of the Project, sufficient operating funds in the SESPAS budget to sustain recurring costs of materials and maintenance of equipment in the target regions.

## ARTICLE VI

### 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 as provided in the Project Grant Standard Provisions Annex, Section C.1 (b) with respect to marine insurance. Ocean transportation costs will be financed under the Grant only on vessels under flag registry of the United States of America, except as A.I.D. may otherwise agree in writing.

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 VII

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 documentation described in Project Implementation Letters, (i) requests for reimbursement for such goods or services, or, (ii) 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 (i) 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 (ii) 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. The Local Currency needed for such disbursement may be obtained through acquisition by A.I.D. with U.S. Dollars or from local currency already owned by the U.S. Government.

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. 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 VIII

### 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 address:

To the Grantee:

Mail Address: Technical Secretariat of the  
Presidency

National Palace

Santo Domingo, Dominican Republic

Cable Address: ITT 3460011

To A.I.D.:

Mail Address: USAID Mission to the  
Dominican Republic

c/o American Embassy

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 Technical Secretary of the Presidency, 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 instruments 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.



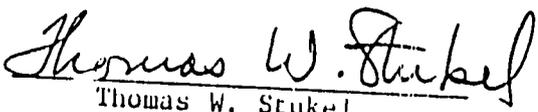
IN WITNESS WHEREOF, the Dominican Republic and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in three originals in their names and delivered as of the day and year first above written.

FOR THE GOVERNMENT OF  
THE DOMINICAN REPUBLIC:

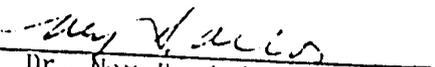
BY:   
Eng. Guillermo Carrau

TITLE: Technical Secretary  
of the Presidency

FOR THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA:

BY:   
Thomas W. Stukel

TITLE: Director, USAID Mission  
to the Dominican Republic

BY:   
Dr. Ney B. Arias

TITLE: Secretary of State  
for Public Health and  
Social Assistance

PROJECT DESCRIPTION  
Child Survival Project

A. Project Goal and Purpose

The goal of the Child Survival Project is to improve the health status of Dominican children. This is to be measured by a reduction in average infant mortality rates from as high as 103 per 1000 live births to 80 per 1000 and reduction in the average child mortality rate from 18 per 1000 to 10 per 1000 by 1991 in the most severely affected health regions selected by the Project. The purpose is to improve the quality and expand the coverage of child survival services offered by SESPAS and PVOs in selected regions.

B. End of Project Status.

By the time the Project ends in September 1991, the agencies involved are expected to achieve the results listed below in the selected regions.

1. Reduce infant mortality and diseases by the following amounts and means:

- Reduce malnutrition from 40% to 30% of child population
- Reduce low birth weights by 50%
- Reduce diarrhea by 20%
- Reduce infant and child mortality due to diarrhea by 30%
- Increase use by mothers of proper diarrhea treatments;
- Decrease infant deaths due to acute respiratory infections;
- Improve mothers' recognition and treatment of respiratory infections; and
- Improve access to immunizations and family planning services under separate but coordinated projects.

2. Operate a mixed private and public system of child survival services that shows:

- Improved delivery of child survival services by SESPAS and PVOs involved in public health;
- 1,500 promoters and supervisors trained in technology and supervision, data collection and reporting;
- Established, reliable data collection system based in communities, and showing 80% validity of information;
- 1,400 medical personnel providing improved child illness diagnosis and treatment, prenatal care, and related services;
- Reduced referral of ill children to clinics due to early identification and treatment in the home;
- Increased public awareness of child survival problems, causes, prevention & treatment; and
- 50% of communities organized and actively supporting promoters' efforts.

C. Project Methods and Techniques

1. Introduction

The Project, conducted principally through the plans and activities of the Coordinating PVO, will support SESPAS and PVOs to provide effectively through delivery teams and service centers the following services: (1) growth monitoring and related nutrition services for mothers and children under 5 years of age (promotion of breast feeding, preparation of weaning foods, improved feeding of children and pregnant/breast feeding mothers); (2) diarrheal disease control, including oral rehydration therapy for diarrhea (ORT); and (3) proper prevention and treatment of acute respiratory infections (ARI). In addition, the Project will coordinate with the Family Planning Services Expansion and the Expanded Program of Immunizations to improve the same delivery systems' ability to increase families' knowledge of and access to child spacing and help prevent diseases.

## 2. Delivery Modes

The existing system of health service delivery, consists of two basic modes used by both SESPAS and PVOs: (a) delivery to families and communities through outreach teams of promoters and their supervisors, and (b) delivery at service centers to which clients or patients bring their children. These two modes are not mutually exclusive; often service centers act as a base for paid or volunteer outreach teams. As the philosophy of the Project is to support and improve the existing system, it will work with both, with a strong preference for outreach networks.

### a. Outreach to Families

The deliverers of services will be primarily the community level health promoters under the direction of PVO providers and SESPAS. All other levels of agency staff support the promoters. The Project must assure that promoters are able to deliver child survival services, including the health education necessary to cause a positive change in the mother's behavior so that she is able to protect the life and health of her children. The major responsibilities of the promoter are to:

- o Carry out a simplified community health assessment;
- o Provide child survival services and education directly to the mothers in the community;
- o Act as liaison between the larger health delivery system and the family;
- o Maintain accurate and complete documentation of health statistics; and
- o Serve as liaison between the community and other health and community development institutions.

In summary, each promoter will teach families about the need and use of child survival interventions through monthly home visits to approximately 60-80 families. The health promoter will be trained to teach and assist families to carry out child survival actions and will be responsible for maintaining up to date records.

Primary responsibilities of supervisors of promoters will be to:

- o Serve as on-site technical trainers of health promoters;
- o Supervise the promoter's work;
- o Verify promoters' reports, perform spot checks, and summarize data for the information system;
- o Promote communities to organize health committees; and
- o Serve as a resource for the community in supplying information, and encouraging the community to organize to combat the causes of the principal illnesses in children under five and pregnant and lactating women (i.e., water and sanitation, income generation, food availability, etc.)

b. Service Centers

These centers include a wide variety of organizations, from SESPAS' hospitals, clinics and subcenters, to neighborhood community services, church-supported dispensaries and pharmacies, and nutrition rehabilitation or supplementary feeding posts.

The Project will seek to improve the quality of information (educational materials) provided by these centers, the technical and interpersonal practices employed by the paid and volunteer staffs of the centers in working with mothers and children, and the record keeping and general administration of the centers. Where the centers are not supporting an outreach program to work with and educate families in their homes, they will be encouraged and assisted to establish such practices, in line with the Project finding that in-home services are more likely to have lasting effects than treatments or lectures delivered in centers.

3. Content of Services

The key services to be provided by the Project are described here as they are expected to be delivered through the two methods by the end of the Project.

15

In-Growth Monitoring and Education the promoters or service center workers will weigh (and potentially measure) all infants and children under 5 years old and plot these measures on a growth chart which will be located in two places: the household of the participating family, and in the family health records that will stay with the promoter or center. This activity also encourages up to three or four meals per day for young children rather than the usual one or two (depending on the family's economic situation); educates mothers about the value of exclusive breast feeding (meaning only mother's milk) for the first four months of life and prolonged breastfeeding during weaning; and demonstrates preparation and conservation of proper weaning foods. The promoter will record (by family) indications of improved feeding practices (extended breast feeding, additional meals, foods added to diet). The supervisor will conduct spot checks on homes to see if feeding practices are changing, and check validity of promoter reports; recommend incentives or awards for promoters whose target families are showing notable progress; and once validated, summarize indicator data for area or regional management information system.

The Maternal and Child Health/Nutrition service includes maternal health/nutrition, infant and child nutrition, and food supplementation. In Maternal Health/Nutrition promoters identify pregnant women and monitor them for signs and symptoms of pregnancy complications such as edema or vaginal hemorrhage and refer complications to the nearest medical facility; refer pregnant women for regular prenatal check-ups at the nearest medical facility; educate pregnant women regarding personal hygiene and care of breasts during lactation, so as to reduce infant diarrhea; and suggest that pregnant women and mothers consume vegetables and fruit which are locally available and are often not eaten. They also teach mothers about the importance of increased fluid and food intake during lactation; and record information about the onset of pregnancy, medical or health problems reported by women, and referrals made. Supervisors coordinate the transfer of complicated pregnancy cases to rural clinics or hospitals, monitor households to

5 -

determine whether required promoter tasks are being performed, arrange for retraining if necessary, and verify promoters' reports with clinics and spot checks with pregnant women, and summarize data for area managers. Infant and Child Nutrition involves a number of messages to mothers (based on and integrated with growth monitoring). These include extended breastfeeding, careful weaning, and increased numbers of meals per day for small children.

With respect to Food Supplementation, promoters identify infants and children with moderate to severe malnutrition (Gómez II/III) and refer them to rural clinics or nutrition rehabilitation centers for food supplementation. They then monitor supplemental feeding of these malnourished children, and track and record growth/weight data on progress of children in rehabilitation, and on return home. The supervisors are to visit families systematically in the area of a promoter to determine through empirical methods whether the above tasks are being performed, and provide information on availability and proper distribution of PL-480 or other supplemental feeding to the families under their aegis through rural clinics or other facilities, should that become necessary.

When working on Diarrheal Disease Control (DDC), promoters treat diarrhea and other minor infections within their competency, distribute oral rehydration salts (ORS) envelopes to families and child caretakers, identify signs and symptoms of acute diarrheal disease, and refer infants and young children with severe diarrhea and dehydration to clinics. They are also to educate mothers on how to identify diarrhea per WHO standards (3 or more loose watery stools within 24 hours), when to take their children to health professionals for care, and about basic causes of diarrhea and their relation to hygiene practice (i.e., handwashing, proper feces disposal, proper food handling and storage). A key task is to educate families in the preparation and use of oral rehydration therapy (ORT) solution, and to identify whether ORT was applied correctly during the last episode. Promoters are to note in the family records the number of diarrhea episodes of each child under 5 years of age

17

experienced since the last home visit. Supervisors provide backstopping to ensure that harmful local traditional remedies are not being perpetuated by promoters as an alternative to ORT and perform outreach to mothers' clubs and local schools for teaching teachers and school children ORT use and diarrhea control principles. They summarize promoters' reports on diarrhea episodes and treatments (with salts or home-prepared remedies) after validation of reports.

Diagnosis, treatment and prevention of Acute Respiratory Infections (ARI) is a relatively new area for this country, and will require training of medical personnel, promoters and supervisors to recognize the signs and symptoms that distinguish between mild, moderate and severe cases of ARI. Delivery teams will record cases in the family record, and in severely ill ARI cases, refer them to rural clinics for treatment. The delivery teams and service centers will learn to teach families to recognize respiratory symptoms that require taking the child to medical facilities, i.e., fast breathing, noisy breathing, nasal flaring and cyanosis. They can administer simple treatment measures such as ORT solutions and aspirin for mild ARI cases, and help educate families regarding home treatment for mild and moderate cases of ARI such as continued breast feeding and/or feeding, hydration, humidifying the child's environment, home remedies and proper intake of antibiotics when prescribed. The effort also involves educating families regarding transmission and prevention of ARI, including their relationship with environmental factors such as crowding, especially at night and damp house sites and construction; and helping families to understand that some of the causes of severe, (and often fatal) respiratory infections can be prevented by immunizations, i.e., pertussis, tuberculosis, measles and diphtheria. The promoters will record reported or observed cases of ARI among families served. Supervisors will verify that the above measures are being properly carried out, and follow up on supply lines to assure that promoters have the minimum equipment and medicines necessary to treat mild ARI cases (i.e., aspirin, functioning thermometer, ORT packages, etc.)

Not all promoters and supervisors will provide all of these services or tasks at the outset of the Project. A phased program of skills development will be designed by the C/PVO to build up to the full array of services and education described above.

#### 4. Coordinated Services

The following services will be provided in conjunction with the Expanded Program of Immunizations and the Family Planning Services Expansion Project. Those Projects will provide the necessary staff training in these skills. The Immunization activity will be aimed at achieving timely vaccination coverage in children under 5 years of age. The basic program of vaccinations includes BCG, DPT 1-3, Polio 1-3 and measles. In disseminating messages on Birth Spacing, promoters will help mothers understand that short birth intervals are associated with low birth weight children, increased risks of the child deaths, and a less vigorous and sprightly mother, and encourage mothers to accept a minimal birth interval of two years. They will counsel mothers on the availability of different methods of birth control, and the advantages and disadvantages of each one. They will distribute condoms and contraceptive pills to households that request them per program norms, and refer women to clinics for all other birth control devices.

#### 5. Support Techniques

The Project will carry out simultaneously two techniques for providing support to the delivery modes and services described above. One is called rapid response, and the other is service improvement. In fact, both involve improving service delivery, but the first has a special purpose, which is to begin having impact in the short term in a few areas, without having to delay during the development of the more detailed programs of training, educational materials, and budget/commodity support that will be the core of the Project.

##### a. Rapid Response

A number of PVOs are ready, with a minimum of carefully defined support, to participate immediately in the Project. Also, SESPAS has identified a number of child survival activities that could be accelerated or supported in the near term.

The child survival services that lend themselves to the rapid response technique are those that (1) are more widely known and practiced, (2) do not require extensive inputs of technical training and materials, and (3) are already becoming operational under related projects (or for which training and educational materials already exist as a result of previous health/nutrition projects). These are nutrition education, ORT, immunizations, and child spacing.

For the PVOs, the kinds of support that are most needed are technical assistance in service delivery, training of staff, and educational materials. In a few cases, financial support is required for staff expenses or expendable supplies. A.I.D. has made a preliminary identification of 15 private organizations (9 in the Capital, and 3 each in Regions IV and VI) that would be candidates for early support.

SESPAS is working on the details of its National Plan for Child Survival (PLANSI), and will seek counterpart funding for that program, and accelerated support from the Child Survival, Expanded Immunizations, and Family Planning Projects in such areas as training, beginning with key headquarters and Regional staffs in ORT, immunizations, and nutrition education; development of promoters' manuals and educational materials in immunizations and ORT; and training of Regional staffs (including promoters) in Child Spacing.

USAID will work with local consultants (using PD&S funds) to further specify the target agencies and resource needs that will constitute the Rapid Response, and with SESPAS to develop its plans and presentation to the Technical Secretariat for part of the planned counterpart amount. These activities will take place during the interim between the signing of the Grant Agreement with the TSP, and the selection and arrival of the C/PVO. Upon its arrival, the C/PVO team will validate these plans, and begin immediate action to provide resources. It is estimated that 8 percent of the resources in selected budget categories will be applied in this technique (See Project Inputs).

At the same time, the C/PVO will be expected to mobilize rapidly to begin the more broad-reaching effort to improve services, described below.

b. Service Improvement: Supporting Technical and Administrative Services for Implementing Agencies

Service improvement by the C/PVO will provide administrative support that facilitates the delivery of services in a sustainable program. The C/PVO will provide technical support, preparation of educational and training materials and other services, limited commodities and funding to public and private health organizations to allow them to participate effectively in the delivery of the services discussed above. This support will allow the participating entities to provide basic child survival services to 80% of the families in Regions IV and VI and selected barrios of Santo Domingo, by helping the service delivery providers with the following administrative skills:

- o Capability to develop job descriptions, performance standards and a supervisory system;
- o Capability to develop and conduct staff training;
- o Capability to develop and implement a program information, reporting and evaluation system;
- o Capability to conduct program resources planning, including establishment and monitoring of logistics systems to assure an adequate amount of supplies at all points of delivery; and
- o Financial management and controls.

The C/PVO will be responsible for making sure that key supportive administrative functions are fulfilled in a timely way. In many cases, the C/PVO will carry out these functions by using its own personnel, and in other cases it may contract the function to other qualified organizations. These support functions are described below.

(1) Identification of the Target Population, Program Planning and Allocation of Resources

The C/PVO will more precisely identify the target population for each child survival intervention. Secondly, the C/PVO will verify and update the list of nongovernmental institutions which

provide health or social services to communities in the Project area. The C/PVO will solicit program requests from those organizations that care to participate and meet the criteria for participation. When necessary, the C/PVO will introduce the entities to a program planning methodology which will permit them to define what child survival service they will offer, to whom, by what means, on what time schedule, with which resources and, finally, how the impact of the effort will be evaluated. Utilizing this sub-grant application process, the C/PVO will select the entities that will deliver services with Project resources.

With SESPAS, the C/PVO will work primarily at the regional office level (with participation where essential of key headquarters staff) to determine action plans, staffing requirements, training needs, and other resource requirements to establish the initial program in the target regions. This plan will be the basis for SESPAS' request to the Technical Secretariat for budgetary support, including funds from the Local Currency Program.

There are three categories of institutions that are eligible to be service providers under a sub-grant arrangement with the C/PVO. The first category is SESPAS, the principal provider in the Project. However, for SESPAS to receive funds under the Project, it must present to the Project Executive Committee and the Technical Secretariat the program plan cited above. The plan must meet the criteria established by the Executive Committee with advice from the C/PVO.

Category Two consists of PVO providers that have a substantial service delivery network and staff capable of delivering the interventions proposed by the Project. These PVOs will be eligible to receive Project resources and technical assistance under a sub-grant with the C/PVO. Category Two PVOs that meet the selection criteria will be assisted through access to the Project's training programs, technical assistance, educational materials and some funds for improved operations.

Category Three PVOs are small provider organizations who, once they meet the selection criteria, will have access to the Project's training facilities, educational materials and technical assistance. However, funds will not be provided to these PVOs.

The C/PVO, in consultation with the Executive Committee and USAID, will develop criteria for selecting participating provider organizations.

(2) Contract for Support Services, Including Procurement of Project Equipment

In addition to utilizing its own personnel, the C/PVO may subcontract for services. For instance, the C/PVO may wish to contract for the development of training materials or mass media educational messages. The C/PVO will also be expected to procure most Project equipment and supplies through contracts with suppliers.

(3) Provide Technical Assistance and Information

The C/PVO shall provide technical assistance and information to the implementing agencies or subgrantees in the following health and administrative areas:

- o Diarrheal disease control, maternal/child nutrition, and infectious respiratory diseases;
- o Health services planning, programming and budgeting;
- o training methods, curriculum development and development of training materials;
- o Management information systems and evaluation;
- o Social marketing and mass media publicity and users education;
- o Self-financing mechanisms for program sustainability;
- o Commodity procurement; and
- o Supervisory systems.

The C/PVO will provide up-to-date technical information on the specific interventions promoted by the Project by means of in-service training programs, technical bulletins, or other means.

23

(4) Develop and Produce Educational Materials

Educational materials will be developed under the supervision of the C/PVO to explain the value and use of each of the services to be delivered by the Project. The Project will draw upon already developed and tested materials whenever possible. New materials will be developed as needed based on an assessment (which will be conducted during Phase One of the Project) of existing materials in the DR and elsewhere. In all cases, the educational materials will be developed using social marketing criteria.

(5) Design and Implement Staff Training

Training of staff to carry out the Project will be directed at three major groups: (1) health workers and their supervisors, (2) medical personnel (mainly from SESPAS) who will be providing curative and support services to the community health workers and their clients, and (3) administrators of health programs in the private and public sectors who will participate in the Project. The common elements in the training will be (1) basic content regarding child survival technology, (2) training methodology which emphasizes hands-on, adult learning techniques rather than extensive lecturing or reading requirements, and (3) training in program organization, supervision and administration which will assure the trainees' familiarity with their role in the overall delivery system. Wherever possible, staff of public and private agencies will be trained together, assuring uniformity of content of messages, and offering an opportunity for improved field coordination and sharing of experience. The training of medical personnel will be developed in cooperation with the Dominican Pediatric Society, following an assessment of the present state of knowledge and practice among doctors and nurses treating infants and children, as well as obstetricians/gynecologists treating expectant and lactating mothers. The training for health workers will be developed in cooperation with the training arm of SESPAS (CENACES) and the training staffs of the principal PVOs involved in public health. Supervisors of promoters will receive special training to equip them with the skills to deliver training sessions directly to their promoters and community groups as well as

perform on the job training with the promoters. The ultimate objective is a training network which continues within each executing agency, using a consistent set of materials and training methods. The C/PVO will conduct periodic assessments to ascertain whether the content and methods are being maintained, whether modifications are required, and whether content and methods are being transferred as efficiently and effectively as expected.

(6) Instill a Supervisory System

The C/PVO will assist SESPAS and the participating PVOs to instill new ways of supervising community-based workers. The supervisory system will be designed to provide coaching and on-going, on-the-job training of promoters. Evaluation of worker performance will be based upon an information system that tracks the effects of the program on the target population in terms of improved health. Supervisors' basic supervision skills will be enhanced, including ways to motivate workers to perform better. Different incentive systems which reward high quality performance will be tested as part of the Project.

(7) Design and Organize A Logistics Support System.

The purpose of the logistics support system is to assure a smooth flow of equipment, supplies, and other support materials through the health delivery system. Beginning in Phase One, the C/PVO will carry out the initial major procurement of Project equipment and supplies. C/PVO will develop and document a complete logistics system for receipt, inventory, storage, distribution and maintenance for Project equipment and supplies. Since training is a major function of the Project, the logistics system will make sure appropriate training sites are selected and that transportation and living costs reach the participants in a timely basis.

(8) Design and Implant an Information and Reporting System.

The information and reporting system will be developed with advice of the C/PVO and will provide information in two broad areas: health actions and impact, and administrative support. Administrative support information systems include financial accounting and reporting, procurement status and receiving reports, inventory of

properties, status of Project supplies, and vehicle use and repair. The health information system will be an integral part of the overall health system. The information system will provide timely information relevant to each service delivery level in the program, starting with promoters and supervisors, and rural clinics, and regional offices and ending with decision makers at the central or national level. The following list illustrates the minimum health information and reporting instruments that will be managed by the promoter: (1) community map, (2) family record, (3) vital events register, and (4) a promoter's activity report. At the family level, growth monitoring cards, immunization record cards, and promoter home visit card will be kept. Another key element of the Project's information system will be a bi-monthly newsletter to be distributed to all persons and organizations working in any way with the Project.

(9) Design and Oversee an Evaluation System

Building upon the data available through the information and reporting system, the C/PVO will design and oversee an evaluation system that complies with A.I.D.'s Health Information System requirements for child survival Projects. In addition, special studies will be conducted to verify this data through observation and interviews. It is contemplated that these studies will be carried out by CENISMI.

A process and impact evaluation is scheduled at the mid-point of the Project (1989). Based on this evaluation, Project management or design modifications can be made. Also, based on the findings, additional funds may be requested to allow replication of the Project in other regions of the country. A final evaluation will also be conducted near the end of the project.

(10) Operational Research

The operational research component will be carried out by the C/PVO through CENISMI and in coordination with participating institutions. Some operational research will be conducted before implementation of certain Project activities. Other research, focusing on technical, managerial and administrative aspects of the Project, will

26

be carried out under normal conditions and within the context of the program.

(11) Expand Mass Media Publicity.

To create awareness and increase utilization of the services offered by the Project, the C/PVO will develop on its own or through a contract with a firm, three forms of mass media publicity: posters, newspapers articles, and radio and television spot educational messages.

(12) Build and Maintain Linkages with Other PVO and Donor Activities Including Peace Corps.

At the central level, the role of the Project's Executive Committee (see composition below) is to coordinate activities between the major partners including the TSP, SESPAS, the C/PVO, and USAID and the major potential local PVOs, such as CARE, CRS, and FUDECO. Also, the C/PVO staff will maintain technical liaison with the child survival activities to be initiated by UNICEF and PAHO. By means of the International Health Donors' Committee in Santo Domingo, UNICEF, PAHO, IDB and A.I.D. already meet to share information on future investments and plans that affect members' programs. This donor forum is expected to continue.

At the regional level, the Regional Coordinating Committee will contain representation of the major implementing private and public sector providers and will serve as a body to facilitate implementation of Project activities.

Given the fact that the Peace Corps in the DR is already involved in child survival activities, the C/PVO and the implementing organizations will be encouraged to seek PCV participation in the Project.

C. Project Administration

USAID will review the proposals solicited from qualified PVOs, which will refine and flesh out the major design elements discussed above. USAID, in consultation with the GODR, will select the C/PVO from the applicants for assistance. A PSC Child Survival Specialist will function as Project Officer in the Health and Population Division to monitor the

action plans and implementation by the C/PVO of the Project. This individual will participate in planning, meetings of key committees, and operational research and evaluations.

The Coordinating PVO will have detailed design and operational responsibility for all Project components under a cooperative agreement with A.I.D. that allows for substantial involvement by USAID in reviewing/approving staffing, subcontracts, plans, and training or educational materials.

The Executive Committee (consisting of SESPAS and local PVO representatives and an AID representative) will serve as an advisory board to the Project and the Coordinating PVO. Its function will be to review and advise on implementation plans for the entire Project, and Project budgets. It will oversee implementation, attempt to resolve conflicts between the parties and suggest corrective actions.

Implementing PVOs will be subgrantees or receive in-kind support to carry out the field services associated with the Project.

SESPAS, through the Executive Unit of the National Plan for Child Survival (PLANSI), will implement services in the selected regions with their own budget and local currency counterpart resources, supplemented by the technical advice, materials, and training support offered by the C/PVO.

Community groups (e.g. health committees, church groups, mothers' clubs) will help to promote the program, with assistance from PVO and SESPAS promoters and supervisors, and receive education and other services from the Project.

#### D. Evaluations and Audit

Evaluation will be conducted with the assistance of experts brought in by the C/PVO, or by USAID contractors. Audits will be performed by qualified local firms acceptable to USAID.

#### E. Financial Plan

The following is a summary of the principal inputs for the Project, and the estimated cost of each.

1. A.I.D. Resources for Project (US\$4,652,000)

a. Project Management and Technical Assistance Team  
(US\$2,144,000)

The C/PVO will be expected to provide a project management and technical assistance team that includes three groups: (1) resident expatriate manager/technicians; (2) short-term subject matter specialists, and (3) locally hired technicians and administrators. Each group is discussed below, followed by mention of other professional services that will be needed on-site.

(1) Resident Expatriate Staff

This will include a Chief of Party, acting essentially as the Project Director, and reporting to the Executive Committee. Two Regional Child Survival specialists will also be part of the resident team, to be based in Regions IV and VI. These advisors will work on the project for 3-1/2 years.

(2) Short-term Specialists

Short-term expertise is expected to be required in the following areas:

Training Methods and Curriculum Development;

Training Materials Development;

Management Information/Evaluation;

Mass Media/Publicity;

Child Health; and

Procurement/Logistics

(3) Local Staff

The C/PVO will require the services of locally recruited financial/procurement, clerical and other support personnel. In addition, the C/PVO will require a number of other specialized services for significant periods of time, including those of senior trainers, materials developers and producers, and information system/computer specialists. The C/PVOs applying for assistance will be given the option of engaging these services by the method they see as being most cost/effective, whether as additional staff, under individual purchase orders, or through organizational subcontracts.

Other inputs to be financed by these funds include the Project Manager, evaluations, and audits.

b. Service Delivery (US\$2,508,000)

(1) Rapid Response

The A.I.D. resources that will be provided to selected agencies immediately on project startup total US\$487,000, allocated as follows:

(a) Commodities (US\$311,000)

These funds will be primarily used for advance purchase by USAID of all project vehicles, and growth records to weigh children, and miscellaneous light field equipment or office equipment for PVOs.

(b) Educational Materials (US\$121,000)

These funds will be used to print existing educational materials, principally from the ANEP, for use by existing PVO and SESPAS nutrition teams.

(c) Budget Support (US\$40,000)

Grants will be made to selected community-level PVOs, and to larger ones like Caritas and FUDECO to finance promoter expenses and planned service expansion of selected activities.

(d) Training (US\$15,000)

Short intensive training will be given to service center staffs and promoters in proven existing technologies, such as growth monitoring, ORT and breastfeeding.

(2) Service Improvement

The major, long-term effort of the C/PVO working with the delivery system will utilize Project resources totalling US\$2,021,000 in the following manner:

(a) Training (US\$1,262,000)

Approximately 4,000 persons will be trained under the project, including 1,500 promoters and 1,400 medical personnel and other health practitioners. A.I.D. funds will be used for development of the training program and related training and educational

materials, payment of lead trainers to test the training design and train other trainers, and social marketing/mass media campaigns.

(b) Commodities (US\$143,000)

Included here are growth monitoring records, and cassette players and supplies for use by promoters.

(c) Budget Support (US\$360,000)

These funds will be to support incremental cash requirements of PVOs applying for subgrants. Based on submitted proposals, these subgrants will be used for limited additional staff, consultant help, stipends or other expenses for for volunteer workers, etc.

(d) Management and Evaluation Information  
(US\$256,000)

The funds allocated here are primarily focused on a key management and evaluation tool for the project, the community-based management information system. These funds will be used for technical assistance and supplies to be used in data collection and analysis.

2. CODR Resources for Service Delivery (the equivalent of US\$3,350,000)

a. Rapid Response

The CODR will allocate the equivalent of US\$187,000 of counterpart funds as follows:

(1) Training (US\$82,000)

This will be used to begin training Regional SESPAS personnel in the approach and content of the program.

(2) Budget Support (US\$105,000)

These funds will be used primarily for supplies related to the services to be provided immediately, mainly ORS and medicines for ARI.

b. Service Improvement

The CODR will dedicate the equivalent of US\$3,163,000 to the program, allocated as follows:

(1) Training/Social Marketing (US\$1,168,000)

Counterpart funds will finance the per diems of trainees, and expenses of trainers (including specialized training of medical personnel by the Dominican Pediatric Society) for the training mentioned above, and contributions of time or space by local media to the social marketing activities.

(2) Budget Support (the equivalent of US\$1,995,000)

This includes the counterpart contribution from the Local Currency Program to support SESPAS expenses directly related to this Project, and estimated in-kind contribution of promoters' time, space to hold training workshops and conferences, etc.

1/2

TABLE 1  
CHILD SURVIVAL  
SUMMARY BUDGET BY MAJOR ACTIVITY  
(US\$000)

INPUTS	AID			COUNTERPART			GRAND TOTAL
	FX	LC	TOTAL	LC	IN KIND	TOTAL	
<u>Project Administration</u> =====							
Techn. Assist.	1,318	576	1,894				1,894
Evaluations	100	100	200				200
Audit		50	50				50
	<u>1,418</u>	<u>726</u>	<u>2,144</u>				<u>2,144</u>
<u>Service Delivery</u> =====							
<u>Rapid Response</u>							
Commodities	309	2	311				311
Educ. Materials		121	121				121
Budget Support		40	40				40
Training		15	15	55	50	105	145
Subtotal	<u>309</u>	<u>178</u>	<u>487</u>	<u>82</u>	<u>50</u>	<u>187</u>	<u>97</u>
				<u>137</u>		<u>187</u>	<u>674</u>
<u>Service Improvements</u>							
Training:							
Salaries and Per diem		286	286	1,143		1,143	1,429
Educational material		916	916				916
Social Marketing		60	60				60
Commodities	120	23	143		25	25	85
Budget Support		360	360				360
Mgt & Eval. Info		256	256	1,045	950	1,995	2,355
Subtotal	<u>120</u>	<u>1,901</u>	<u>2,021</u>	<u>2,188</u>	<u>975</u>	<u>3,163</u>	<u>5,184</u>
TOTAL	<u>1,847</u> =====	<u>2,805</u> =====	<u>4,652</u> =====	<u>2,325</u> =====	<u>1,025</u> =====	<u>3,350</u> =====	<u>8,002</u> =====

F. Methods of Implementation and Financing

The methods by which AID inputs will be provided, and the method of payment, are shown in the table below.

Table 2

Implementation and Financing Methods  
(US\$000)

	<u>Total Cost</u>	<u>Implementation Method</u>	<u>Financing Method</u>
Technical Assistance			
Coordinating PVO	1,754	Cooperative Agreem./PVO	Direct Payment
Management Info.			
System	256	Cooperative Agreem./PVO	Direct Payment
Project Manager	140	PSC	Direct Payment
Training	1,398	Cooperative Agreem./PVO	Direct Payment
Commodities- Rapid Resp.	311	USAID Direct - PSA	Direct Payment
Commodities- Serv. Imp.	143	Cooperative Agreem./PVO	Direct Payment
Budget Support	400	Cooperative Agreem./PVO	Direct Payment
Evaluation	200	Direct Contract/Ind. or Inst.	Direct Payment
Audit	50	Cooperative Agreem./PVO	Direct Payment

TABLE OF CONTENTS  
PROJECT GRANT STANDARD  
PROVISIONS

	<u>Page</u>
ARTICLE A: <u>Project Implementation Letters</u> .....	1
ARTICLE B: <u>General Covenants</u> .....	4
SECTION B.1 Consultation.....	1
SECTION B.2 Execution of the Project.....	2
SECTION B.3 Utilization of Goods and Services.....	2
SECTION B.4 Taxation.....	3
SECTION B.5 Reports, Records, Inspections, Audit.....	3
SECTION B.6 Completeness of Information.....	4
SECTION B.7 Other Payments.....	4
SECTION B.8 Information and Marking.....	4
ARTICLE C: <u>Procurement Provisions</u> .....	5
SECTION C.1 Special Rules.....	5
SECTION C.2 Eligibility Date.....	5
SECTION C.3 Plans, Specifications, and Contracts.....	5
SECTION C.4 Reasonable Price.....	7
SECTION C.5 Notification to Potential Suppliers.....	7
SECTION C.6 Shipping.....	7
SECTION C.7 Insurance.....	8
SECTION C.8 U.S. Government-owned Excess Property.....	9

	<u>Page</u>
ARTICLE D: <u>Termination; Remedies</u> .....	10
SECTION D.1 Termination.....	10
SECTION D.2 Refunds.....	10
SECTION D.3 Nonwaiver of Remedies.....	12
SECTION D.4 Assignment.....	12

A.I.D. GRANT AGREEMENT  
STANDARD PROVISIONS

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

2/1

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 an 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.

cl'

ARTICLE C

Procurement Provisions

SECTION 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:

cll

(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) (2) 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) on 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) at least fifty percent (50%) 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) at least fifty percent (50%) 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 C.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

(1)

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.

46

(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.

43