

PD-AAK-714

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Loan and Grant Agreement

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ANE/PD Officer & File

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**GRANT PROJECT AGREEMENT**

Between the United States of America, acting through  
the Agency for International Development (AID)

AND

The Democratic Socialist Government of Sri Lanka  
acting through the Ministry of Finance and Planning

(Grantee)

1. Project Title Housing Guaranty Support Program	2. AID Project Number 383-0097
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The above-named parties hereby mutually agree to carry out the Project described in this Agreement in accordance with (1) the terms of this Agreement, including any annexes attached hereto, and (2) any general agreement between the two governments regarding economic or technical cooperation.

3. Amount of AID Grant \$ 100,000	4. Grantee Contribution to the Project \$ (See Section 4d)	5. Project Assistance Completion Date 30 September 1988
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6. This Agreement consists of this title page and  
Annex A, Project Description  
Annex B, Budget  
Annex C, Proag Standard Provisions Annex

7. For the Grantee Typed Name Akiel Mohamed	8. For the Agency for International Development Typed Name William P. Schoux
Signature <i>Akiel Mohamed</i>	Signature <i>W.P. Schoux</i>
Title Director, External Resources Department	Title Acting Director, USAID
Date 8 August - 86	Date 8 Aug 86

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**\*Fiscal Data:**

Appropriation: 646-51-493-00-61-61  
BPC: PDAA-86-29493-DG-61  
Project No. 940-1005.93 (PD&S)  
Amount \$62,000

Appropriation: 646-51-493-00  
BPC: PDAA-86-29493-DG-11  
Project No. 940-1001.93 (HUP)  
Amount \$38,000

PROJECT AGREEMENT

APPENDIX JA-4-3

Annex A

PROJECT DESCRIPTION

1. Project Title Housing Guaranty Support Program	2. AID Project Number 383-0097
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3. This Project consists of:

This Project will finance support services to the on-going Housing Guaranty Program in Sri Lanka with special emphasis on the development of private sector alternatives for housing finance and development, especially the use of thrift and credit cooperative societies and institutions such as the State Mortgage and Investment Bank and the Housing Development Finance Corporation of Sri Lanka Ltd.

The financing provided will be used to contract with consultants for short term technical assistance to be provided to those public agencies, including the Mahaweli Authority, and private institutions concerned with the development of capital markets and with the finance and delivery of housing, related services and employment generation for low income residents of Sri Lanka. In addition, these funds may be used for appropriate evaluations of the Housing Guaranty Program.

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#### 4. Special Provisions

##### A. Representatives

For all purposes relative to this Grant Agreement, the Cooperating Country will be represented by the individual holding or acting in the office of Director, External Resources Department, Ministry of Finance and Planning, and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID Mission to Sri Lanka, each of whom by written notice may designate additional representatives for all purposes other than the amendment of this Agreement.

##### B. Project Implementation and Evaluation

USAID/Sri Lanka will contract with U.S. consultants and/or U.S. consulting firms to provide the necessary technical assistance to accomplish the relevant task by the Project Assistance Completion Date ("PACD"). Periodic evaluation of the Project will be made with the participation and cooperation of the cooperating country. Evaluations may be financed using the proceeds of this Project.

##### C. Source and Origin of Commodities and Nationality of Suppliers

Except as USAID may otherwise agree in writing, commodities financed by AID shall have their source and origin, and suppliers of commodities and services (except for ocean shipping) shall have their nationality in the United States of America or Sri Lanka. Ocean shipping, when financed by AID shall, except as AID may otherwise agree in writing, be financed only on flag vessels of the United States of America.

##### D. Grantee Contributions

1. The Government of Sri Lanka agrees to provide or cause to be provided for the Project all funds, in addition to the Grant from USAID, and all other resources required to carry out the Project effectively and in a timely manner.

2. By this Agreement, the Government of Sri Lanka agrees to provide for the Project not less than the rupee equivalent of U.S.\$ 32,500 including costs borne on an "in-kind" basis.

E. Budget and Changes in Allocations

1. Annex B, which is attached hereto and incorporated hereby, presents a summary of project inputs by source of funds.

Changes of up to 15% in the allocation of AID funds may be made without formal amendment of this Project Agreement subject to the restrictions in paragraph F below.

F. Disbursement of the Grant

1. The GSL may obtain disbursements of funds under the Grant for the Foreign Exchange Costs or the Local Currency Costs for 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:

- a) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests for reimbursement of such goods or services, or
- b) by submitting to A.I.D. requests for A.I.D. to procure commodities or services in Grantee's behalf.

2. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

G. Restriction on Use of Funds

These AID funds shall be used for short term technical assistance and project evaluation, and at least \$62,000 must be used for technical assistance support to thrift and credit cooperative societies. None of the funds may be used to support participant training costs under the housing program.

BUDGET

	<u>Grant Funds</u>	<u>GSL Resources</u>
1. Technical Assistance to Thrift & Credit Cooperative Societies	\$62,000	\$20,150
2. Technical Assistance to HG Program including evaluations	38,000	12,350

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## PROAG STANDARD PROVISIONS ANNEX

- A. Reference to 'this Agreement' means the original Project Agreement as modified by any revisions which have entered into effect. Reference to 'cooperating country' means the country or territory of the Grantee.
- B. (1) AID will make available the amount specified in Block 3 of this Agreement, as necessary for the Project, as may be further described in Annex A.
- (2) The Grantee will make available the amount specified in Block 4 of this Agreement, as necessary for the Project, as may further be described in Annex A. The Grantee will also make, or arrange to have made, additional contributions of property, services, facilities and funds required for carrying out the Project as specified in Annex A.
- C. AID and the Grantee may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Agreement. The two parties may agree to accept contributions of property, services, facilities and funds for purposes of this Agreement from other public and private agencies, and may agree upon the participation of any such third party in carrying out activities under this Agreement.
- D. Except as otherwise specified herein or subsequently agreed by the parties, all contributions of the parties pursuant to this Agreement shall be made on or before the Project Assistance Completion Date, or amended date. A contribution of goods or services shall be considered to have been made when the services have been performed and the goods furnished as contemplated in this Agreement. Disbursement of funds may take place after final contributions have been made, but AID shall not be required to disburse funds hereunder after the expiration of nine months following the estimated Project Assistance Completion Date (Block 5 of this Agreement) or any amended Project Assistance Completion Date specified.
- E. The procurement of commodities and services to be financed in whole or in part by AID may (where so required by AID procedures) be undertaken only pursuant to Project Implementation Orders (PIOs) issued by AID.
- F. Unless otherwise specified in the applicable PIO or Project Implementation Letter (PIL), the procurement of commodities imported specifically for the Project and financed with the AID contribution referred to in Block 3 of this Agreement shall be subject to the provisions of AID Regulation J.
- G. Unless otherwise agreed by the parties or otherwise specified in the applicable PIO, title to all property procured through financing by AID pursuant to Block 3 of this Agreement shall be in the Grantee, or such public or private agency as it may authorize.
- H. (1) Any property furnished to either party through financing by the other party pursuant to this Agreement shall, unless otherwise agreed by the party which financed the procurement, be used exclusively for the purposes of the Project in accordance with this Agreement, and upon completion of the Project, will be used so as to further the objectives sought in carrying out the Project. Either party shall offer to return to the other, or to reimburse the other for, any property which it obtains through

financing by the other party pursuant to this Agreement which is not used in accordance with the preceding sentence.

(2) Any funds provided to either party pursuant to this Agreement which are not used in accordance with this Agreement, shall be refunded to the party providing the funds.

(3) Any interest or other earnings on funds provided by AID to the Grantee under this Agreement will be returned to AID by the Grantee.

I. (1) If AID and any public or private organization furnishing commodities through AID financing for operations hereunder in the cooperating country, is, under the laws, regulations or administrative procedures of the cooperating country, liable for customs, duties and import taxes on commodities imported into the cooperating country for purposes of carrying out this Agreement, the Grantee will pay such duties and taxes unless exemption is otherwise provided by any applicable international agreement.

(2) If any personnel (other than citizens and residents of the cooperating country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with AID, the Grantee or any agency authorized by the Grantee, who are present in the cooperating country to provide services which AID has agreed to furnish or finance under this Agreement, are under the laws, regulations or administrative procedures of the cooperating country, liable for income and social security taxes with respect to income which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes on personal property intended for their own use, or for the payment of any tariff or duty upon personal or household goods brought into the cooperating country for the personal use of themselves and members of their families (not including such personal or household goods as may be sold by any such personnel in the cooperating country) or if any firm, not normally resident in the cooperating country, is liable for income, receipts, or other taxes on work financed by AID hereunder, the grantee will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

J. If funds provided by AID are introduced into the cooperating country by AID or any public or private agency for purposes of carrying out obligations of AID hereunder, the Grantee will make such arrangements as may be necessary so that such funds shall be convertible into currency of the cooperating country at the highest rate which, at the time the conversion is made, is not unlawful in the cooperating country.

K. AID shall expend funds and carry on operations pursuant to this Agreement only in accordance with the applicable laws and regulations of the United States Government.

L. The two parties shall have the right at any time to observe operations carried out under this Agreement. Either party during the term of the Project and for three years after the completion of the Project shall further have the right (1) to examine any property procured through financing by that party under this Agreement, wherever such property is located, and (2) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this Agreement, wherever such records may be located and maintained. Each party, in arranging for any disposition of any property procured through financing by the other party under this Agreement, shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which did the financing.

M. AID and the Grantee shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.

N. The present Agreement shall enter into force when signed. Either party may terminate this Agreement by giving the other party thirty (30) days written notice of intention to terminate it. Termination of this Agreement shall terminate any obligations of the two parties to make contributions pursuant to Blocks 3 and 4 of this Agreement, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of the Agreement. It is expressly understood that the obligations under paragraph H relating to the use of property or funds shall remain in force after such termination. In addition, upon such termination AID may, at AID's expense, direct that title to goods financed under the Grant be transferred to AID if the goods are from a source outside the Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of the Grantee's country.

O. To assist in the implementation of the Project, AID from time to time, may issue PILs that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon PILs to confirm and record their mutual understanding on aspects of the implementation of this Agreement.

P. The Grantee agrees, upon request, to execute an assignment to AID 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 AID financed in whole or in part out of funds granted by AID under this Agreement.

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