PD-AAY-058
ISN-57242

A.I.D. Emergency Grant 650-E-608

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GRANT AGREEMENT

BETWEEN

THE REPUBLIC OF SUDAN

AND THE

UNITED STATES OF AMERICA

FOR

EMERGENCY ROAD REPAIR AND REHABILITATION

Dated: March 8, 1986

Appropriation: 72-115/61035
BPC: JFD5-86-29650-HG41
Amount: $5,850,000

A.I.D. Grant 650-E-608

EMERGENCY ROAD REHABILITATION AND REPAIR GRANT AGREEMENT

BETWEEN

THE REPUBLIC OF SUDAN ("GRANTEE")

AND

THE UNITED STATES OF AMERICA, ACTING THROUGH

THE AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.")

By this Agreement made and entered into on the 8th day of March 1986, the Government of Sudan (hereinafter referred to as the "Grantee") and the United States of America, acting through the Agency for International Development (hereinafter referred to as ("A.I.D."), hereby agree as follows:

Article 1: The Grant

For the purpose of assisting the Government of Sudan to overcome the consequences of the disastrous drought which has struck Sudan over the last three years, A.I.D. hereby grants to the Government of Sudan, pursuant to the Foreign Assistance Act of 1961, as amended, Five Million Eight Hundred Fifty Thousand United States Dollars ($5,850,000).

Article 2: Conditions Precedent to Disbursement

Section 2.1 Conditions Precedent. Prior to disbursement of funds under this Emergency Grant, the Government will furnish to A.I.D., in form and

substance satisfactory to A.I.D.:

(a) Evidence that the Grantee has made the local currency deposit required by Section 6.2(b) of this Agreement into the USAID Bank of Khartoum Trust Account established by an exchange of letters dated May 30, 1981; and

(b) Notification of the Export/Import Bank account number designated by the Government of Sudan into which A.I.D. will deposit the U.S. dollar funds disbursed under this Agreement.

Section 2.2 Notification. When A.I.D. has determined that the conditions precedent specified in Section 2.1 have been met, it will promptly notify the Government of Sudan.

Section 2.3 Terminal Date for Conditions Precedent. If all the conditions specified in Section 2.1 above have not been met within 15 days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Government of Sudan.

Article 3: Disbursement of the Grant

Section 3.1 Disbursement. Disbursement by A.I.D. of the dollar funds made available under this Grant will be made in one tranche pursuant to a request for disbursement by the Government. The request for disbursement of funds will be submitted to the Director, USAID/Khartoum. In accordance with

the disbursement request, A.I.D. will deposit the funds into an account designated by the Government in the Export/Import Bank in the Republic of Sudan.

Section 3.2 Terminal Date for Disbursement. The terminal date for requesting disbursement of funds will be 60 days from the date of execution of this Agreement, except as A.I.D. may otherwise agree in writing.

Article 4: General Covenants

The Parties agree that this Grant is extended by A.I.D. and received by the Government of Sudan in support of the Government's urgent effort to provide emergency food relief to the most severely affected victims of Sudan's drought. This relief effort will primarily entail the local purchases of sorghum from surplus producers in Sudan and its transport to severely affected victims in deficit areas of the country. An important element of this relief effort is keeping routes open to allow and facilitate transport and distribution.

Article 5: Special Covenants.

Section 5.1 Taxation. The Government agrees that this Agreement and the Grant will be free from all taxation or fees of any type imposed under the laws in effect in the Republic of Sudan. The expenditure of local currencies provided by the Grantee pursuant to section 6.2(a) and all procurement financed in whole or in part by such local currencies shall also be free from imposition of such taxes or fees.

Section 5.2 Uses of Funds. The Government agrees that the funds provided under this Grant shall not be used to finance military or paramilitary requirements of any kind, including the procurement of commodities and/or services for such purposes.

Article 6: Local Currency Funds

Section 6.1 Need for local currency. Because of the internal nature of Sudan's drought relief problem this year and its proposed mechanisms for addressing it, local currency use plays the key role in in-country measures to permit timely transport and distribution of relief grains to drought victims.

Section 6.2 Deposit Requirements.

(a) In order to facilitate the implementation of emergency relief activities, the Grantee agrees to deposit into the USAID Bank of Khartoum Trust Account (established by an exchange of letters dated May 30, 1981) an amount of local currency equivalent to the amount of dollar funds disbursed under this Grant. The amount of this local currency equivalent shall be determined by using the highest legal exchange rate prevailing in Sudan on the date of disbursement of the dollar funds provided under this Grant which, for purposes of this Agreement, shall be the free commercial bank selling rate for U.S. dollars in Sudan in effect on the date of A.I.D. disbursement of the Grant.

(b) The Grantee shall deposit the local currency funds required above in two installments. The first deposit shall be made prior to, and as a Condition Precedent, to disbursement of dollar funds under the Grant as required in Section 2.1 above. This initial deposit shall be in an amount equal to the local currency equivalent of the full dollar amount of this Grant determined by using a rate of exchange equal to the free commercial bank selling rate for U.S. dollars in Sudan in effect as of the date of signature of the Grant.

(c) The second deposit shall be made within 10 (ten) days of the date of disbursement of all dollar funds under the Grant. The amount of this deposit shall be the local currency equivalent of the full dollar amount of the Grant determined in accordance with Section 6.2 (a) less the amount of the initial deposit made by the Grantee pursuant to Section 6.2 (b). In the event that the free commercial bank selling rate in effect on the date of disbursement of A.I.D. dollar funds is the same as that in effect on the date of signature of this Grant, then no further deposit of local currency will be required of the Grantee.

Section 6.3. Use of Local Currency Funds. Local currency funds provided by the Grantee pursuant to Section 6.1 above will be used by A.I.D. to finance the local currency costs of rehabilitation, repair and construction of roads which are essential to the transport of emergency food commodities to drought affected areas and for other emergency relief and rehabilitation requirements.

A.I.D. will disburse these funds directly from the USAID Trust Fund Account to suppliers to pay for the local currency costs of goods and services required to accomplish the emergency relief activities described above. Reports on the utilization of funds will be provided to the Grantee in accordance with already established Trust Fund reporting procedures.

Article 7: Records

The Government will maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records adequate to show, without limitation, the receipt and utilization of dollar funds provided under this Grant. Such books and records shall be maintained by the Grantee for a period of at least three years from the date of final disbursement hereunder and shall be made available upon request for examination at any reasonable time by authorized representatives of AID.

Article 8: Suspension, Cancellation or Termination.

Section 8.1 Suspension. If at any time:

a. The Government shall fail to comply with any provision of this Agreement; or

b. An event occurs that AID determines to be an exceptional situation that makes it improbable either that the purposes of the Grant will be attained, or that the Government will be able to perform its obligations under this Agreement; or

c. Any disbursement by AID would be in violation of the legislation governing AID;

Then, AID may suspend or cancel any disbursement of United States funds under this Agreement.

Section 8.2 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.

Article 9: Miscellaneous.

Section 9.1 Implementation Letters. From time to time, for the information and guidance of both parties, AID will issue Implementation Letters describing the precedures 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 9.2 Representatives. For all purposes relevant to this Agreement the Government will be represented by the individual holding or

acting in the office of the Minister of Finance and Economic Planning and the Under-Secretary for Economic Planning and AID will be represented by the individual holding or acting in the office of Director, USAID, Khartoum, Sudan, each of whom, by written notice, may designate additional representatives. The names of the representatives of the Government, with specimen signatures, will be provided to AID, which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 9.3 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 Government:

Mail Address: Ministry of Finance and Economic Planning
P.O. Box 2092
Khartoum, Sudan

Cable Address: EIMAR, Khartoum

Telex No.: 324

To A.I.D.:

Mail Address: United States Agency for International Development
American Embassy
P.O. Box 699
Khartoum, Sudan

Telex No.: 22033 SD.

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

notice. The Government, in addition, will provide the USAID Mission with a copy of each communication sent to AID.

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.

THE REPUBLIC OF SUDAN

By: _____
Dr. Sid Ahmed Tayfour

TITLE: Minister
Ministry of Finance and
Economic Planning

DATE: MARCH 8, 1986

THE UNITED STATES OF AMERICA

By: _____
Dr. William R. Brown

TITLE: Mission Director
U.S. Agency for
International Development

DATE: 8 March 1986