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A.I.D. PROJECT No. 664-0353

DATE: 29 MAR 1990

Loan and Grant Agreements

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PROJECT  
GRANT AGREEMENT  
BETWEEN  
THE REPUBLIC OF TUNISIA  
AND  
THE UNITED STATES OF AMERICA  
FOR  
THE DEVELOPMENT STUDIES PROJECT

CONFORMED COPY

TABLE OF CONTENTS  
PROJECT GRANT AGREEMENT

	<u>Page</u>
Article 1: The Agreement	1
Article 2: The Project	1
SECTION 2.1 Definition of Project	1
SECTION 2.2 Incremental Nature of Project	2
Article 3: Financing	2
SECTION 3.1 The Grant	2
SECTION 3.2 Grantee Resources for the Project	2
SECTION 3.3 Project Assistance Completion Date	2
Article 4: Conditions Precedent to Disbursement	3
SECTION 4.1 First Disbursement	3
SECTION 4.2 Notification	3
SECTION 4.3 Terminal Dates for Conditions Precedent	3
Article 5: Special Covenants	3
SECTION 5.1 Project Evaluation	3
Article 6: Procurement Source	4
SECTION 6.1 Foreign Exchange Costs	4
SECTION 6.2 Local Currency Costs	4
Article 7: Disbursement	4
SECTION 7.1 Disbursement for Foreign Exchange Costs	4
SECTION 7.2 Disbursement for Local Currency Costs	5
SECTION 7.3 Other Forms of Disbursement	5
SECTION 7.4 Rate of Exchange	6
Article 8: Miscellaneous	6
SECTION 8.1 Communications	6
SECTION 8.2 Representatives	7
SECTION 8.3 Standard Provisions Annex	7
SECTION 8.4 Language of Agreement	7
Annex 1: Amplified Project Description	
Annex 2: Project Grant Standard Provisions Annex	

PROJECT GRANT AGREEMENT

DATED 29 MAR 1990

BETWEEN

The REPUBLIC OF TUNISIA ("Tunisia" or "Grantee") acting through the Ministry of Foreign Affairs

AND

The UNITED STATES OF AMERICA, acting through the Agency for International Development ("A.I.D.").

WHEREAS, the REPUBLIC OF TUNISIA and the UNITED STATES OF AMERICA entered into an Agreement for Economic, Technical and Related Assistance dated March 26, 1957, pursuant to which this Agreement is entered into by the Grantee and A.I.D.,

NOW THEREFORE the Parties agree as follows:

ARTICLE 1: The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

ARTICLE 2: The Project

SECTION 2.1. Definition of Project. The Project, which is further described in Annex 1, will consist of assistance to the Tunisian Government in the preparation of analyses and studies which will assist in undertaking Economic Structural Adjustment, or which address other topics of joint concern to Tunisia and A.I.D., as well as project evaluation and design of future joint activities which support Tunisian and AID development strategies. Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2, without formal amendment of this Agreement.

SECTION 2.2. Incremental Nature of Project.

(a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being 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. It is anticipated that subject to the above the total contribution of A.I.D. will be \$4,800,000.

(b) 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 granted by A.I.D. under an individual increment of assistance.

ARTICLE 3: Financing

SECTION 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed Eight Hundred Thousand United States ("U.S.") Dollars (\$800,000) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and local currency costs, as defined in Section 6.2, of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project.

(a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by Grantee for the Project will be not less than the equivalent of U.S. \$500,000, including costs borne on an "in-kind" basis.

SECTION 3.3 Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is January 30, 1995, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

#### ARTICLE 4: Conditions Precedent to Disbursement

SECTION 4.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2, 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 condition precedent specified in Section 4.1 has been met, it will promptly notify the Grantee.

#### SECTION 4.3. Terminal Dates for Conditions Precedent

(a) If the condition specified in Section 4.1 has not been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Grantee.

#### ARTICLE 5: Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

(a) evaluation of progress toward attainment of the objectives of the Project;

(b) identification and evaluation of problem areas or constraints which may inhibit such attainment;

(c) assessment of how such information may be used to help overcome such problems; and

(d) evaluation, to the degree feasible, of the overall development impact of the Project.

#### ARTICLE 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having, with respect to goods, their source and origin, and with respect to services their nationality in the United States (Code 000 of the AID 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 AID may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance. Ocean transportation costs will be financed under the grant only on vessels under flag registry of the United States, except as AID 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 AID may otherwise agree in writing, their origin in Tunisia ("Local Currency Costs"). To the extent provided for under this Agreement, "Local Currency Costs" may also include the provision of local currency resources required for the Project.

#### ARTICLE 7: 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 agree upon:

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in project Implementation Letters, (A) requests for reimbursement for such goods or services, or, (B) requests for A.I.D. to procure commodities or services on Grantee's behalf for the Project; or,

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

#### SECTION 7.2. Disbursement for Local Currency Costs

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained:

(1) by acquisition by A.I.D. with U.S. Dollars by purchase (or from local currency already owned by the U.S. Government); or

(2) by A.I.D. (A) requesting the Grantee to make available the local currency for such costs, and (B) thereafter making available to the Grantee, through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Grantee or its designee, an amount of U.S. Dollars equivalent to the amount of local currency made available by the Grantee, which dollars will be utilized for procurement from the United States under appropriate procedures described in Project Implementation Letters.

The U.S. dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b)(1) above, the amount of U.S. dollars required by A.I.D. to obtain the local currency, and in the case of subsection (b)(2) above, an amount calculated at the rate of exchange specified in the applicable Special Letter of Credit Implementation Memorandum hereunder as of the date of the opening or amendment of the applicable Special Letter of Credit.

SECTION 7.3 Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.4. Rate of Exchange. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into the Republic of Tunisia 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 Tunisia at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Tunisia.

ARTICLE 8: Miscellaneous

SECTION 8.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee:

Mail Address:

Directorate General for International Cooperation  
Ministry of Foreign Affairs  
Rue d'Iran  
Tunis

Alternate address for cables:

Directorate General for International Cooperation  
Ministry of Foreign Affairs

To A.I.D.:

Mail Address:

28 Rue Suffex  
Notre Dame  
Tunis, Tunisia

Alternate address for cables:

Director USAID  
Amembassy, Tunis

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. The Grantee, in addition, will provide the USAID Mission with a copy of each communication sent to A.I.D.

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 the Director General for International Cooperation, Ministry of Foreign Affairs, and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID Tunisia, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

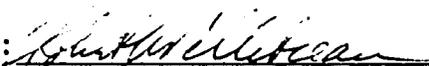
SECTION 8.4. Language of Agreement. This Agreement is prepared in both English and French. In the event of ambiguity or conflict between the two versions, the English Language version will control.

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 date and year first above written.

REPUBLIC OF TUNISIA

UNITED STATES OF AMERICA

By: 

By: 

Habib Ben Yahia  
Secretary of State to  
the Minister of Foreign  
Affairs

Robert H. Pelletreau  
Ambassador

Date: \_\_\_\_\_

29 MAR 1990

Date: \_\_\_\_\_

29 MAR 1990

By: 

George Garner  
Director  
USAID/Tunis

Date: \_\_\_\_\_

29 MAR 1990

**ANNEX I**  
**AMPLIFIED PROJECT DESCRIPTION**

**I. Background:**

Elements of the amplified project description may be changed by written agreement of the authorized representatives of the Parties named in the Agreement without formal amendment of the Agreement, provided that such changes are within the general scope of the project as set forth in the text of the Agreement.

There is a gap in hard and dependable data and analysis to underpin the decisions to be made regarding both the Eighth Plan and the second stage of the economic adjustment program. As well, the design of future joint activities supportive of the adjustment program will require analysis and technical inputs to assure conformity to Tunisian plans.

The Government of Tunisia embarked on a structural adjustment program (SAP) in June of 1986. At that time the Tunisian economy was encountering significant problems, with foreign exchange at an all time low and economic activity stagnant. The GOT program targetted basic structural adjustment over five years.

The ultimate objectives of the GOT in undertaking a SAP was the transformation of the economy into one capable of competing internationally in Tunisia's post-petroleum era. Actions to effect changes were particularly focused on the following areas: agriculture, industry, trade and foreign exchange, public enterprises, education and training and employment. It was concluded that in order to reach these goals there was a need to make meaningful changes in the way in which activities are carried out in each of those areas.

The Structural Adjustment Program is now concluding its third year and meaningful progress has been made despite serious problems caused by both drought and unemployment. Tunisia has met or exceeded most of the targets set for the early years of the program and is now engaged in addressing some of the second stage problems. It is generally acknowledged that these problems are the more difficult and will take more fine tuning to succeed. The President, in a September 1989 speech, reconfirmed Tunisia's commitment to continue its economic adjustment program despite the numerous hardships experienced and expected. He further declared that the guiding principle of the Eighth Five Year Plan which will start in 1992 will be a continuation of the adjustment process. It is expected that by 1996 the transformation of the economy to its planned post-petroleum form will have been accomplished and Tunisia will be competitive with other similarly endowed countries. As Tunisia pursues its economic reforms and adjustment program, implementation will become more complex and the policy trade-offs more difficult. Effective reform management will require careful analysis and evaluation.

## II. Project Goal and Purpose

The goal of the Development Studies Project (DSP) is to help the Government of Tunisia successfully implement its medium term Structural Adjustment Program. Progress in meeting this goal will be measured by the extent to which the unemployment rate is reduced, the degree to which IMF adjustment targets are met and the sustaining of GDP growth at 3.5% or better.

The purpose of the Project is to support selected analyses needed to formulate and implement the next phase of the structural adjustment program. Progress toward achieving this purpose will be measured by, amongst other indicators, the existence and implementation by the GOT of a sound employment policy and strategy, an Eighth Plan which reflects increased sensitivity to urban growth, Tunisian research institutions providing more actionable data to the government and AID projects designed to support the Eighth Plan and the emergence of an export oriented market economy.

In support of this project purpose the DSP is designed to produce three major outputs during its life as follows: Assistance in preparation of the Eighth Five Year Plan, studies on development policies and the design of future joint activities in support of the Eighth Plan and the U.S.A.I.D. assistance strategy. To support these outputs evaluation data will be collected and analyzed, and selected impact evaluations will be undertaken.

## III. Project Components

This section describes the three broad component activities which will be implemented under the Project.

A. Assistance in Preparation of the Eighth Plan. Illustrative activities which will support the development of the Eighth Plan will be as follows:

-Upgrading of the Tunisian Economic Demographic model. This model is used to track the effects of policy changes on different sectors of the economy and is in need of revision, expansion and updating as well as linking and integrating with the SAADI model. This model is considered by the GOT Ministry of Plan and Regional Development a critical input to informed decision making for the Eighth Plan.

-Convening of an employment conference and follow up employment studies. The employment study presently underway responds in a broad way to a critical GOT concern. A conference to air the preliminary conclusions of this study and identify gaps is needed prior to finalization. There is a high probability that USAID will be asked to follow-up the ongoing analysis with micro analyses and studies to assess planned courses of action.

-Support to household income and expenditure survey. The GOT is undertaking a household income expenditure survey to assist in guiding investment decisions for the Eighth Plan. USAID assistance, both technical and financial, to support the analytical portion as well as commodity requirements of the effort is needed.

Other areas of potential study are:

- Procedural simplification and administrative reform
- Urban/municipal development
- Environmental sustainability/natural resource management

#### B. Design of Future Joint Activities

This component will provide technical assistance in the design of activities to be undertaken in support of the Eighth Plan and economic adjustment program. It will also fund feasibility type studies, assessments and evaluations which support GOT and USG development strategies.

Some of the activities anticipated under this component of the Project are:

- Design of follow on to Tech Transfer Training Project (664-0315)
- Design of a new Private Enterprise Development project
- Design of local currency programs in support of structural adjustment, including the design of an equity investment fund using CIP proceeds
- Complementary analyses supporting the projected Agribusiness grant and TAP design work
- Data collection and analysis in support of the USAID program performance Evaluation Plan.

Programs undertaken with CIP, PL-480 Title I and Section 416 proceeds will be evaluated under this Project. The terms of reference for these and other impact-type evaluations will be developed by the Mission in collaboration with the GOT. Funding will come from the project design components of the project.

#### C. Development Policy Studies Component: Areas expected to be targetted under this component include:

- Urbanization. Tunisia is becoming increasingly urbanized and the financing of urban services will be an important issue over the next decade. USAID has already funded an urban implications assessment and follow up work to this analysis will be supported by the DSP
- Decentralized management. Tunisia is delegating more power and decision making authority to the provinces in an effort to increase local participation, and encourage pluralism. Assessments, seminars and analyses supportive of these efforts will be undertaken by the project.

-Impact Evaluation. Major reviews of the outcomes of privatization, subsidy alterations and labor intensive public works programs will be undertaken by the Project on an-as needed basis. Such studies will provide data for adjustments in GOT policies  
-Social service delivery costs and policies pertaining thereto will be studied under this element of the Project.

D. Other illustrative activities which may be funded under one of the components of the Project are as follows:

- Reform of Regulations concerned with new ventures in Tunisia
- Improving Subsidy Budget Targetting Systems
- Reducing Redundent Parastatal Employment
- Promotion of exports through quality control
- Reducing employment pressures over the medium term
- Analysis of options for delivery of urban services
- Women in Development
- Study of rental housing sector in Tunisia
- Design of PL-480-I experimental programs in employment
- Impact of tax policies on private activities in Tunisia
- Maghrebian cooperation in social services

From time to time during the life of the Project activities will be undertaken which do not appear in the above listing. In order to be approved, such studies will need to meet the criteria appearing in Section IV below and be approved by both the GOT and USG representatives. Study results will be shared widely among interested private entities as well as the GOT.

#### IV. Project Responsibilities and Implementation

A. Government of Tunisia: The Office of International Cooperation of the Ministry Plan and Regional Development (MPRD) through its Director General will serve as the overall technical manager of the assistance to Eighth Plan and Development Studies components of the Project. The MPRD/IC will receive requests for assistance from the various elements of the GOT and will examine them in accordance with the criteria articulated in Section IVC below. The MPRD/IC will be assisted in this task, as needed, by representative of the Central Bank, the Ministry of Economy and Finance, the Prime Ministry, the Academic Community, interested ministries and private entities. After evaluating proposals for funding, the MPRD/IC will request USAID concurrence in the undertaking of an activity. The MPRD/IC will respond to all requests for studies, seminars and analyses within six weeks of receipt of a request. Other responsibilities will include but will not be limited to:

- Contracting for local expertise to carry out the activities
- Monitoring progress and certifying that contracted work has been satisfactorily performed
- Concurring in annual workplan for the design of future activities component of the Project

- Participation in periodic reviews and evaluations of Project progress and impact
- Assuring the dissemination of Project outputs to as wide an audience as possible
- Managing limited training activities under the Project which take place in Tunisia.

B. U.S. AID Mission

Management of this project will involve several levels of the U.S. A.I.D. Mission. The USAID Program Office will manage the Project. The USAID will submit, at the beginning of October each year, to the MPRD/IC, an illustrative list of activities to be funded under the design of Future Joint Activities Component of the Project for concurrence. USAID will respond to GOT requests for concurrence on studies within two weeks of receiving such a request. Contracting for short term technical assistance and training from the USA under all components of the Project will be done by USAID unless otherwise agreed in writing. US source/origin commodities may also be purchased for the project by USAID. All procurement, of services and commodities, under the design of Future Joint Activities component of the Project will be done by USAID unless otherwise agreed in writing. USAID will meet with the responsible GOT officials regularly to assure that the Project is proceeding at a smooth and optimum pace.

C. Criteria: Activities undertaken by the Project will be examined in accordance with the following criteria:

1. For Design of Future Joint Activities Component: Funds for design of USAID/GOT projects will be programmed for proposed bilateral activities which are in accordance with both USG and GOT developmental goals and objectives.

2. For Eighth Plan and Development Policy Studies Components:

I. Each study or analysis must meet at least one of the following three principal criteria:

- Be directly related to the economic adjustment program and policy reform
- Contributes to development of the Eighth Five Year Plan
- Provides policy options for other high priority issues considered urgent by the President or Prime Minister.

II. If criteria under 2.I above are met, the following criteria will be applied;

- Research should be deliverable in 12 months or less
- The cost should not exceed \$200,000 except in exceptional cases
- Funding should not be available from other USAID assistance or other donor financed activities.

12'

III. To the extent possible, the research should meet the following criteria:

- The activity should be within the USAID CDSS objectives
- The activity should encourage wider discussion of important development issues facing Tunisia.
- To the extent appropriate, the data gathered by the research should be disaggregated by gender and target gender issues.

For the Eighth Plan and development policy components of the Project, final reports will be in french with an english summary. For longer studies, quarterly progress reports will be furnished.

The above criteria will be reexamined during the Project evaluation and, if needed, will be revised by agreement of the Parties.

#### V. Other Activities

##### A. Evaluation Arrangements

As the exact types of studies and designs to be carried out cannot be identified at this stage, it is possible to outline the Project evaluation plan in only the briefest terms.

A Project Evaluation is planned for month 30 of the Project. At this point in the Project a sufficient number of studies will have been done to permit judgements regarding the effectiveness of the Project as well as the appropriateness of the funding levels. As well, the results of efforts to assist in the design of the Eighth Plan will be evident at that point and lessons learned will be able to be drawn.

All studies undertaken in the assistance to Eighth Plan and Development Policy components of the Project will produce written reports which will outline the problems addressed and findings and recommendations of the study. The evaluation will analyze these reports and evaluate the policy implications and impact of the study. Based on the findings of this evaluation, any needed redesign of the Project will be undertaken.

No formal evaluation activity directed at the future joint activities component of the Project is anticipated.

B. Contracting: Except for the future joint activities component, The MPRD/IC will contract for services and training available in Tunisia and will assure that such contracting activities comply fully with U.S. and GOT regulations. To the extent that a requesting entity of the GOT is capable of contracting for the required goods and services, and this capacity is duly certified by the USAID Controller, contracting can be done by this entity.

USAID will undertake procurement of any required commodities of U.S. source/origin and services of U.S. nationality and will do all procurements for the future joint activities component of the project.

## VI. Project Inputs:

In order to achieve the purposes of the Project the Parties will provide the following inputs.

A. AID: It is anticipated that AID will provide approximately \$4,800,000 over the life of the Project subject to the availability of funds and the agreement of the parties to proceed. AID assistance will include the following inputs:

1. Technical Assistance (TA) - Short term assistance, for the Eighth Plan support/development policy components of the Project will total \$3.0 million. Approximately 60% of this TA will be provided by persons or organizations of Tunisian nationality and 40% of U.S. nationality. \$1.0 million will be used for short term technical assistance for the design of future joint activities and evaluation. Approximately 75% of these funds will be used to acquire services of U.S. nationality and 25% for services of Tunisian nationality.

2. Training Seminars - \$150,000 will be used for short term training and seminars to support all components of the Project. The seminar activities will take place in Tunisia while the major part of the short term training will take place in the U.S. or other countries. This training will be directly related to individual studies and AID Handbook 10 provisions will be followed.

3. Commodities - A limited amount of commodities consisting of small computers, software, office supplies and related items will be provided under the Eighth Plan and development policy components of the Project. Cost of these items is estimated at \$450,000.

Other Costs - \$200,000 has been budgetted for other costs, including in country travel, translation services contingency/inflation and evaluations and monitoring activities.

B. GOT - The Tunisian Government will contribute approximately \$500,000 of primarily in kind support to the Project. These contributions will be in the form of salaries, office space, transport and other local support.

C. Illustrative Financial Plan - Attachments 1 and 2 provide an illustrative financial plan for the project. Changes may be made to the plan by representatives of the Parties named in the Agreement without further amendment of the Agreement if such changes do not cause 1) AID's contribution to exceed the amount specified in Article 3.1 of the Agreement, or the GOT's contribution to be less than the amount specified in Article 3.2 of the Agreement. Future AID obligations are subject to the availability of funds and mutual agreement of the parties to proceed.

ATTACHMENT 1 to ANNEX 1  
 DEVELOPMENT STUDIES PROJECT  
 OVERALL ILLUSTRATIVE BUDGET  
 US \$000

	This Agreement U.S.	Agreement GOT	Estimated Life of Project U.S.	Life of Project GOT
1. Eighth Plan Support/ Macro-Policy Studies	600	80	3.600	390
2. Design of Future Joint Activities	200	20	1.200	110
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	800	100	4.800	500

Development Studies Project

Detailed Illustrative Budget 1/  
US \$000

16

	<u>This Agreement</u>		<u>Estimated Life of Project 2/</u>		Project Total
	USAID Contribution	GOT Contribution	USAID Contribution	GOT Contribution	
1. Eighth Plan Support/ Macro Policy Studies					
Technical Assistance	395	50	3,000	250	3,250
Training/Seminars	25	10	90	40	130
Commodities	160	-	410	-	410
Other costs	20	20	100	100	200
Total	<u>600</u>	<u>80</u>	<u>3,600</u>	<u>390</u>	<u>3,990</u>
2. Design of Future Joint Activities/Evaluation					
Technical Assistance	170		1,000		1,000
Training/Seminars	10		60		60
Commodities	10		40		40
Other costs	10	20	100	110	210
Total	<u>200</u>	<u>20</u>	<u>1,200</u>	<u>110</u>	<u>1,310</u>
Grand Total	<u>800</u>	<u>100</u>	<u>4,800</u>	<u>500</u>	<u>5,300</u>

1/ Line items may be increased or decreased without limit within category one and two by mutual agreement of the parties by PIL, provided that such changes do not cause AID's contribution to exceed the amount specified in the text of Section 3.1 of the Agreement or the grantee's contribution to be less than the amount specified in the text of Section 3.2 of the Agreement.

2/ Future obligations are subject to the availability of funds, and the mutual agreement of the parties to proceed.