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A.I.D. Project No. 391-0491  
Dollar Appropriation No. 72-1141037  
Budget Plan Code:HESA-84-27391-KG13  
Project Agreement No. 84-19

PROJECT GRANT AGREEMENT FOR FOOD SECURITY MANAGEMENT

Dated: August 27, 1984

Between

The President of the Islamic Republic of Pakistan (hereinafter referred to as the "Grantee")

and

The United States of America, acting through the Agency for International Development ("A.I.D").

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, is designed to assist the Grantee to achieve its food security objectives in a manner consistent with the rational and efficient use of national resources, the overall economic development of the country, and an improved standard of living for farm families and the population at large. The purpose of the project is to improve the analytical and policy formulation framework, the managerial capabilities, and the physical capacity of the Grantee to manage the national food security system effectively and efficiently. The Project will: (a) assist the Government of Pakistan to establish, institutionalize and strengthen the capacity of an economic analysis network, composed of public and private institutions in Pakistan that produce or utilize agricultural economic analysis, to conduct relevant and timely economic and policy research; (b) finance a special studies program of policy analysis on selected topics; (c) assist the Grantee to implement an improved system for the collection of basic agricultural data by the provincial departments of agriculture, based on the area sampling frame methodology; and (d) improve the management of the provincial public sector grain storage network by introducing improved management systems, rehabilitating grain storage facilities, and strengthening the system for transfer of technologies for storage design, grain quality maintenance and pest control. 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 9.2 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 each subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date ("PACD") 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 each 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 Five Million United States ("U.S.") Dollars (U.S. \$ 5,000,000) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 7.1 of this Agreement and local currency costs, as defined in Section 7.2 of this Agreement, of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project. 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.

SECTION 3.3. Project Assistance Completion Date (PACD).

(a) The PACD, which is June 30, 1989, 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 8.1 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

SECTION 4.1. Conditions Precedent to First Disbursement. Except as A.I.D. may otherwise agree in writing, prior to any disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee shall furnish or have furnished to A.I.D., in form and substance satisfactory to A.I.D.:

(a) a written opinion of Counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, 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 written statement setting forth the names and titles of persons holding or acting in the Office of the Grantee and representing that the named person or persons have the authority to act as the representative or representatives of the Grantee, together with a specimen signature of each such person certified as to its authenticity.

SECTION 4.2. Condition Precedent to Disbursement for

Activities under the Agricultural Data Collection

Component. Except as A.I.D. may otherwise agree in

writing, prior to any disbursement of funds under this Project for activities under the Agricultural Data Collection Component of the Project, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee, through its Survey of Pakistan, shall furnish to A.I.D., in form and substance satisfactory to A.I.D., written assurance that the aerial photos and topographical maps required for implementation of the Area Sampling Frame Methodology will be provided to Grantee approved GOP staff. The aerial photos and mapping materials for the pilot project sites will be made available to the project consultants for purposes of training GOP staff in the Area Sampling Frame Methodology.

SECTION 4.3. Conditions Precedent to Disbursement for Research

Studies Under the Economic and Policy Analysis Component

to be Undertaken by Exclusively Local Research

Entities. Except as A.I.D. may otherwise agree in

writing, prior to any disbursement of funds under this Project for research studies to be undertaken by exclusively local, non-expatriate

research persons or entities under the Economic and Policy Analysis Component of this Project, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee shall furnish, in form and substance satisfactory to A.I.D.:

(a) Documentation that the Grantee has established a Special Advisory Committee on Policy Analysis and a Directorate of Agricultural Policy.

(b) A Work Plan setting forth, in detail, the proposed implementation of the local research program. The parameters of the Work Plan will be jointly established by the Grantee and A.I.D. and finalized through Project Implementation Letters.

SECTION 4.4. Condition Precedent to Disbursement for Rehabilitation of Grain Storage Facilities. Except as A.I.D. may otherwise agree in writing, prior to any disbursement of funds under this Project for any engineering or construction services related to the rehabilitation of grain storage facilities, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee shall furnish to A.I.D., in form and substance satisfactory to A.I.D., a long-term plan for meeting the operation and maintenance (O&M) recurrent costs for all existing and planned public sector grain storage facilities, including mutually agreed upon policy measures to be implemented and performance targets to be achieved over the life of this

Project, which takes into account the findings and recommendations of the comprehensive study, to be financed by A.I.D., to, amongst other things, analyze O&M recurrent cost and management issues in the sector and identify specific policy options and recommendations to address such problems in the sector.

SECTION 4.5. Conditions Precedent to Disbursement for  
Rehabilitation of Grain Storage Facilities

in a Specific Province. Except as A.I.D. may otherwise agree in writing, prior to any disbursement of funds under this Project for any construction services related to the rehabilitation of grain storage facilities in a specific Province, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee shall furnish to A.I.D., in form and substance satisfactory to A.I.D.:

(a) Written confirmation of the Grantee's acceptance and agreement with the results and findings of the study, to be financed by A.I.D., to develop a rehabilitation plan of existing grain storage facilities over five years old for that Province including a definition of rehabilitation needs and priorities and estimated costs; and,

(b) Documentation that the Department of Food for that Province where the rehabilitation work is to be carried out has entered

into an agreement (limited to private sector firms and/or Government Departments if A.I.D funded) for rehabilitation of existing grain storage facilities under this Project.

SECTION 4.6. Conditions Precedent to Disbursement for Grain Storage Research Studies Under the Post-Harvest Management Component to be Undertaken by Exclusively Local

Research Entities. Except as A.I.D. may otherwise agree in writing, prior to any disbursement of funds under this Project for grain storage research studies by exclusively local, non-expatriate research persons or entities to be implemented under the supervision of the Pakistan Agricultural Research Council (PARC) through the Post-Harvest Management Component of this Project, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee shall furnish, in form and substance satisfactory to A.I.D.:

(a) Documentation that the Grantee has established a Coordination Unit for Post-Harvest Management Research and Technology Transfer;

(b) Documentation that the Grantee, through its PARC, has appointed a Program Coordinator for the Coordination Unit mentioned in Section 4.5(a) above; and

(c) A Work Plan setting forth, in detail, the proposed implementation of the local research program. Requirements for this Work Plan shall be jointly established by the Grantee and A.I.D. in Project Implementation Letters.

SECTION 4.7. Notification. When A.I.D. has determined that the conditions precedent specified in each of Sections 4.1, 4.2, 4.3, 4.4, 4.5, and 4.6 have been met, A.I.D. will promptly so notify the Grantee.

SECTION 4.8. Terminal Dates for Conditions Precedent.

(a) If all of the conditions specified in Section 4.1 have not been met within 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.

(b) If the conditions specified in Section 4.2 have 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 cancel the then undisbursed balance of the Grant to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

(c) If the conditions specified in Section 4.3 have not been met within 1 year 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 cancel the then undisbursed balance of the Grant to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

(d) If the conditions specified in Section 4.4 have not been met within 1-1/2 years 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 cancel the then undisbursed balance of the Grant to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

(e) If the conditions specified in Section 4.5 have not been met within 2 years 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 cancel the then undisbursed balance of the Grant to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

(f) If the conditions specified in Section 4.6 have not been met within 1 year 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 cancel the then undisbursed balance of the Grant to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

#### Article 5: Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as part of this 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 towards 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.

SECTION 5.2. Operation and Maintenance of Rehabilitated Storage Facilities. Except as the Parties may otherwise agree in writing the Grantee agrees to:

(a) make all reasonable efforts to obtain necessary GOP budgetary allocations for maintenance of all grain storage facilities rehabilitated, in part or in whole, under this Project; and

(b) maintain in good operational condition all grain storage facilities rehabilitated, in part or in whole, under this Project.

SECTION 5.3. Operational and Maintenance (O&M) Recurrent Costs Report. Except as the Parties may otherwise agree in writing, the Grantee agrees to furnish to A.I.D., no less than every twelve (12) months from the date of the signing of this Project Agreement, a report, in form and substance satisfactory to A.I.D., setting forth how operation and maintenance (O&M) recurrent costs are being met by the Grantee for all existing and newly built grain storage facilities.

SECTION 5.4. Adequacy of Staff for Planning Unit/Ministry of Food, Agriculture and Cooperatives. Except as the Parties may otherwise agree in writing, the Grantee agrees to assure that adequate staff are provided for the Planning Unit/Ministry of Food and Agriculture throughout the life of the Project.

SECTION 5.5. Planning Unit Staffing. Except as A.I.D. may otherwise agree in writing, with regard to additional administrative and professional staff hired with project funds for the Planning Unit/Ministry of Food, Agriculture and Cooperatives, the Grantee agrees to establish a mutually agreed number of continuing posts and to reflect these in the regular budget of the Ministry of Food, Agriculture and Cooperatives.

SECTION 5.6. Economic and Policy Analysis Studies. Except as the Parties may otherwise agree in writing, the Grantee agrees to make all reasonable efforts to secure adequate GOP budgetary allocations to continue economic and policy analysis studies by local institutions after the life of the Project.

SECTION 5.7. Post-Training Employment. Except as the Parties may otherwise agree in writing, the Grantee, acting through its Ministry of Food, Agriculture and Cooperatives, shall make every reasonable effort to require that each person trained under this Project works in activities related to agricultural data collection, post-harvest management and/or agricultural economic and policy analysis in Pakistan for not less than three times the length of time of his or her training program provided, however, that in no event shall such an individual be allowed to work in agricultural data collection, post-harvest management and/or agricultural economic and policy analysis activities for less than one year, nor be required to work in agricultural data collection, post-harvest management and/or agricultural economic and policy analysis activities for more than five years from the date of that individual's completion of training.

Article 6: Special Condition - Cultivation of Opium Poppy and Processing of Opium into Heroin

The Government of Pakistan (GOP) agrees to undertake appropriate measures to prohibit the cultivation of opium poppy and/or the processing of opium into heroin or morphine base within any area benefiting from the Project. In the event that a determination is made that the cultivation of opium poppy and/or processing of opium into heroin is occurring in an area programmed to benefit or benefiting from this Project, no assistance under this Project directly benefiting that area shall commence and, if commenced, such assistance shall be suspended until the prohibited

activity is eliminated. If the prohibited activity found to exist is not fully eliminated within a specified period of time to be agreed upon by the United States Government and the GOP, all assistance under this Project directly benefiting that area may be terminated. If, prior to the Project Assistance Completion Date (PACD) established by A.I.D. for this Project as it may be from time to time amended, it is determined that the prohibited activity is occurring in an area which has benefited from the Project, and the prohibited activity is not eliminated within a period of time to be agreed upon by the United States Government and the GOP, the GOP shall reimburse A.I.D. for all assistance that the GOP has received from A.I.D. under this Project, which has resulted in direct benefits to that village or area in which the prohibited activity is occurring.

Without limitation of other provisions applicable to termination and/or refund as set forth in this Project Agreement and Annexes thereto, if A.I.D. determines that A.I.D. is entitled to reimbursement under the provisions of this Article of the Agreement, A.I.D. may require the Grantee to refund the amount of any disbursements from the Grant for which there is an entitlement to reimbursement to A.I.D. in U.S. Dollars within 120 days after receipt of request therefor. Such refunds paid by the Grantee to A.I.D. shall be considered as a reduction in the amount of A.I.D.'s obligation under the Grant but may be made available for reuse under the Grant if so authorized by A.I.D. in writing.

Article 7: Procurement Source

SECTION 7.1. Foreign Exchange Costs. Except as A.I.D. may otherwise agree in writing, disbursements pursuant to Section 8.1 will be used exclusively as follows:

(a) 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 A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services), except as provided in the Project Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance. ("Foreign Exchange Costs");

(b) to finance ocean transportation costs under the Grant only on vessels under flag registry of the United States or Pakistan.

SECTION 7.2. Local Currency Costs. Disbursements pursuant to Section 8.2 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 Pakistan ("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 8: Disbursement

SECTION 8.1. Disbursement for Foreign Exchange Costs.

(a) In accord with requirements of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for 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 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 in 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 8.2. Disbursement for Local Currency Costs.

(a) In accord with requirements of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with 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 8.3. 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 8.4. Rate of Exchange. Except as may be more specifically provided under Section 8.2 if funds provided under the Grant are introduced into Pakistan 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 Pakistan at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Pakistan.

Article 9: Miscellaneous

SECTION 9.1. 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: Economic Affairs Division  
Ministry of Finance & Economic Affairs  
Government of Pakistan  
Islamabad (Pakistan)

Alternative address for cables: ECONOMIC ISLAMABAD

To A.I.D.:

Mail Address: USAID Mission to Pakistan  
P.O. Box 1028  
Ranna 5  
Islamabad (Pakistan)

Alternative address for cables: USAIDPAK ISLAMABAD  
for telexes: 5427 USAID PK

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/Pakistan with a copy of each communication sent to A.I.D.

SECTION 9.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the Office of the Secretary General, the Secretary, the Joint Secretary and the Deputy Secretary in the Economic Affairs Division and A.I.D. will be represented by the individual holding or acting in the Office of the Director, USAID Mission to Pakistan, 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 9.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

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.

GOVERNMENT OF PAKISTAN

BY: Sd/-  
NAME: Ejaz A. Naik  
TITLE: Secretary General  
Economic Affairs Division

UNITED STATES OF AMERICA

BY: Sd/-  
NAME: Deane R. Hinton  
TITLE: Ambassador of the  
United States of America

BY: Sd/-  
NAME: Donor M. Lion  
TITLE: Mission Director  
USAID/Pakistan

PROJECT DESCRIPTION

A. Project Goal and Purpose

This Project will assist the Government of Pakistan (GOP) to achieve its food security objectives in a manner consistent with the rational and efficient use of national resources, the overall economic development of the country, and an improved standard of living for farm families and the population at large. The purpose of the project is to improve the analytical and policy formulation framework, the managerial capabilities, and the physical capacity of the GOP to manage the national food security system effectively and efficiently. One of the objectives of the project is to examine opportunities as well as constraints and possible incentives to an expanded private sector role in grain handling and storage.

B. Project Component

The project consists of three components: (1) Economic and Policy Analysis; (2) Agricultural Data Collection; and (3) Post-Harvest Management.

1. Economic and Policy Analysis (EPA)

This component of the Project will assist the GOP to strengthen the analytical capabilities of MOFA and other participating institutions by establishing a research network under the guidance of a high level "Advisory Committee on Policy Analysis in Agriculture" headed by the Minister of State for Food and Agriculture. In addition, the Project will finance a special studies program of policy analysis on selected topics.

2. Agricultural Data Collection (ADC)

This component will assist the GOP to implement an improved system for the collection of basic agricultural data by the provincial Departments of Agriculture in cooperation with the Federal Statistics Division. This system, based on the area sampling frame methodology, will provide more reliable data than now available on a more timely basis and at a reduced cost. As the basic system is established, a broader range of data will be made available to the federal and provincial governments through expanded data collection activities carried out under this component.

The GOP will select 6 to 8 districts in the four provinces for pilot projects. Aerial photographs and mapping materials for these districts will be made available to approved GOP staff who, with the help of foreign experts, will be trained in the Area Sampling Frame Methodology. Once this staff has been trained they will impart the expertise to other staff and extend the methodology to the rest of the country.

3. Post-Harvest Management (PHM)

This component will improve the management of the provincial public sector grain storage network by: (1) introducing improved management systems; (2) rehabilitating up to approximately 750,000 metric tons of

warehouse capacity, or 24 percent of total public sector storage; and (3) strengthening the system for transfer of technologies for storage design, grain quality maintenance, and pest control.

C. Project Outputs

The Project is expected to produce the following outputs which, together, should achieve the project purpose.

1. EPA

- a. A role and mandate agreed upon by all government institutions for the economic analysis network.
- b. An economic analysis network group that is well organized and fully staffed with qualified personnel.
- c. An ongoing economic and policy analysis program based on an annual research agenda developed by a high level GOP steering committee.
- d. Completion of at least two major specific policy analysis studies.
- e. Approximately 239 persons trained in-country or abroad in related fields of economics.

2. ADC

- a. Establishment of a national area sampling frame based on provincial and district boundaries.
- b. Approximately 408 persons trained in-country or abroad in statistical methodology.
- c. Publication of production and area statistics on a regular and scheduled basis.
- d. Reduction in the time and cost of data collection and improved accuracy of the data.
- e. Improved GOP agricultural and rural development planning resulting from more accurate and timely agricultural statistics.

3. PHM

- a. Rehabilitation of up to 750,000 MT of grain storage facilities.
  - b. Approximately 1,888 persons trained in-country and abroad in post-harvest management technologies.
  - c. Improved maintenance and management of grain storage facilities.
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- d. Reduced storage and handling losses.
- e. Improved pest control and storage design research.
- f. Improved in-service training programs in post-harvest management techniques.
- g. A long-range plan for meeting the O&M recurrent costs of all existing and newly built public sector grain storage facilities.

D. Implementation Plan

1. A.I.D. Responsibilities

A.I.D. will be responsible for:

- a. contracting with all expatriate advisors and the local architectural and engineering firm;
- b. purchase of all vehicles and commodities procured outside of Pakistan;
- c. advance approval of design of civil works, inspections of civil works and certification for payment of all civil works financed under this Project;
- d. arranging for long and short-term training in the United States for selected participants;
- e. consultations on the annual research agenda and concurrence to its estimated cost to be financed under this project plus access to the results of the studies for final payment;
- f. providing sufficient staff to participate in the scheduled project evaluations;
- g. arranging for and financing additional administrative and professional staff for the Planning Unit, Ministry of Food, Agriculture and Cooperatives for the first two years of each such person's employment under the project; and
- h. liaising with appropriate government agencies in the implementation of this project.

2. Federal and Provincial Responsibilities

Project activities will be implemented by four major government entities including: (a) the Planning Unit and the Food Division of the Federal Ministry of Food, Agriculture & Cooperatives (MOFA); (b) the Federal Statistics Division within the Federal Ministry of Planning and Development

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(MOPD); (c) the Crop Reporting Services within the Provincial Departments of Agriculture; and (d) within the Provincial Departments of Food. Other nation-building departments of the provincial governments may also be involved in implementing this project.

The MOFA Planning Unit and the MOPD Statistics Division will be the federal implementing agencies for the Economic & Policy Analysis and Agricultural Data Collection Components, respectively. Beginning in the third year of each person's employment with the project, the MOFA and the MOPD will be responsible for establishing permanent posts for the additional professional & administrative support staff hired and financed by A.I.D. for the Planning Unit and the Statistics Division. Regarding Post-Harvest Management and Agricultural Data Collection, the MOFA Food Division and the MOPD Federal Statistics Division, respectively, will have key coordinating roles for implementing these components through the Provincial Departments of Food & Agriculture. The MOFA Planning Unit will also be the major coordinating agency for the Economic & Policy Analysis component with national and provincial economic research agencies and institutions. Overall, responsibilities of the MOFA and the MOPD will include:

- a. ensuring that counterparts are in place for the technical advisors;
- b. selecting qualified participants for training;
- c. arranging for all travel clearances for USAID staff and project-financed advisors;
- d. for the Provincial Departments of Food, ensuring that construction activities are undertaken in a timely manner;
- e. ensuring that all grain storage facilities rehabilitated under this project are properly maintained;
- f. supporting the Economic Analysis Network including organization and establishment of a Special Advisory Committee on Policy Analysis and a Directorate of Agricultural Policy;
- g. ensuring that the economic research and analysis activities are undertaken in a timely manner;
- h. participating in scheduled project evaluations; and
- i. ensuring that PC-1s are approved and other necessary GOP clearances are obtained in a timely manner.

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SUMMARY OF PROJECT COSTS BY EXPENSE CATEGORY AND SOURCE OF FUNDING  
 (in \$000s)

ILLUSTRATIVE

Expense Category	FY 1984		Life of Project Funding <sup>b/</sup>	
	A.I.D. Grant	GOP <sup>a/</sup>	A.I.D. Grant	GOP <sup>a/</sup>
Technical Assistance	2300	-	8732	-
Training	500	-	3418	110
Commodities	1200	10	1678	10
Storage Rehabilitation	-	-	7546	1888
Economic and Policy Studies	-	-	5643	-
Evaluation	-	-	288	-
Other Costs	1000	9	5901	2240
SUB-TOTAL	5000	19	33206	4248
Contingency	-	-	1794	212
TOTAL	5000	19	35000	4460

a/ Expressed in dollar equivalents at the exchange rate of U.S.\$ 1.00 = Rs. 13.50

b/ Subject to the availability of funds to A.I.D. for this purpose and to the mutual agreement of both parties to proceed at the time of each subsequent increment.

PROJECT GRANT

STANDARD PROVISIONS ANNEX

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 Parties, at the request of either, will exchange views on the progress of the 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 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.

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Article B: General Covenants (Continued)

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 any taxation or fees imposed under the 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 territory of the Grantee, 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

Article B: General Covenants (Continued)

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 the 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.

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 Grantee will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

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Article C: Procurement Provisions (Continued)

(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:

(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 A.I.D. on preparation;

(2) such documentation will also be furnished to A.I.D., upon preparation, relating to 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 United States standards and measurements;

(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

Article C: Procurement Provisions (Continued)

(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 territory of the Grantee 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) under 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

Article C: Procurement Provisions (Continued)

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 territory of the Grantee 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 utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

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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 off-loaded 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.

(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 days after receipt of a request therefor.

(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.

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Article D: Termination; Remedies (Continued)

(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.