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A.I.D. Project Number 655-0004

PROJECT
GRANT AGREEMENT
between the
REPUBLIC OF CAPE VERDE
and the
UNITED STATES OF AMERICA
for
POTABLE WATER SUPPLY - MINDELO

Dated: 26 January 1977

139

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A

TABLE OF CONTENTS

Project Grant Agreement

Article 1: The Agreement

Article 2: The Project

SECTION 2.1 Definition of Project
SECTION 2.2 Incremental Nature of Project

Article 3: Financing

SECTION 3.1 The Grant
SECTION 3.2 Grantee Resources for the Project
SECTION 3.3 Project Assistance Completion Date

Article 4: Conditions Precedent to Disbursement

SECTION 4.1 First Disbursement
SECTION 4.2 Notification
SECTION 4.3 Terminal Dates for Conditions Precedent

Article 5: Special Covenants

SECTION 5.1 Project Evaluation
SECTION 5.2 Financial Resources

Article 6: Procurement Source

SECTION 6.1 Foreign Exchange Costs
SECTION 6.2 Local Currency Costs

Article 7: Disbursements

SECTION 7.1 Disbursement for Foreign Exchange Costs
SECTION 7.2 Other Forms of Disbursement
SECTION 7.3 Rate of Exchange

Article 8: Miscellaneous

SECTION 8.1 Communications
SECTION 8.2 Representatives
SECTION 8.3 Standard Provisions Annex

59

W
B

Table of Contents

	<u>Page</u>
ANNEX 1 Project Description	
ANNEX 2 Budget	
ANNEX 3 Grant Project Standard Provisions Annex	
Article A: Project Implementation Letters	1
Article B: General Covenants	1
SECTION B.1 Consultation	1
SECTION B.2. Execution of Project	2
SECTION B.3. Utilization of Goods and Services	2
SECTION B.4. Taxation	3
SECTION B.5. Reports, Records, Inspections, Audits	3
SECTION B.6. Completeness of Information	4
SECTION B.7. Other Payments	5
SECTION B.8. Information and Marking	5
Article C: Procurement Provisions	5
SECTION C.1. Special Rules	5
SECTION C.2. Eligibility Date	6
SECTION C.3. Plans, Specifications, and Contracts	6
SECTION C.4. Reasonable Price	7
SECTION C.5. Notification to Potential Suppliers	8
SECTION C.6. Shipping	8
SECTION C.7. Insurance	9
SECTION C.8. U.S. Government-owned Excess Property	10
Article D: Termination; Remedies	11
SECTION D.1. Termination	11
SECTION D.2. Refunds	11
SECTION D.3. Nonwaiver of remedies	12
SECTION D.4. Assignment	13

13

W
C

PROJECT GRANT AGREEMENT

Dated:

Between the Republic of Cape Verde ("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 herein, 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, consists of the renovation of an existing desalination plant in order to provide, at a reduced per unit operating cost, a reliable supply of potable water to the city of Mindelo on Sao Vicente Island. The Project will also make available technical assistance and training in plant operations and maintenance. Annex 1, attached, amplifies the definition of the Project contained in this Section 2.1. Within the limits of the definition of the Project in this Section 2.1, elements of the ampli-

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fied 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.

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 six hundred thousand United States ("U.S.") Dollars (\$600,000) ("Grant"). The Grant may be used only to finance foreign exchange costs, as defined in Section 6.1, 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. \$150,000, 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 31, 1979, or such other date as the Parties may agree to in

137

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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 statement of the names of the persons holding or acting in the office of the Grantee specified in Section 8.2, and a specimen signature of each person specified in such statement.

SECTION 4.2. Notification

When A.I.D. has determined that the conditions precedent specified in Section 4.1 have been met, it will promptly notify the Grantee.

SECTION 4.3. Terminal Date for Conditions Precedent

If all of the conditions specified in Section 4.1 have not been met within ninety (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 an integral part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and upon its completion: (a) evaluation of progress toward attainment of the objectives of the Project; (b) identification and

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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. Financial Resources

The Grantee agrees that it will provide adequate financial resources, including foreign exchange, to maintain and utilize the plant in an effective manner.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs

(a) Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as specifically provided in Section 6.1(b) or as A.I.D. 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.

(b) Spare parts for boilers, brine turbo pumps, a raw sea water pump and a turbo-alternator to be used in the renovation of the existing plant and financed under this Grant shall have as their source and origin those countries included in Code 935 of the A.I.D. Geographic

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Code Book as in effect at the time orders are placed for such goods, except that the amount of financing for the aforementioned goods shall not exceed ninety-six thousand United States dollars (\$96,000).

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 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, through Letters of Credit or otherwise, for such goods or

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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. 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 7.3. Rate of Exchange

If funds provided under the Grant are introduced into the Republic of Cape Verde by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of the Republic of Cape Verde at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the Republic of Cape Verde.

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: National Direction of Cooperation
C.P. 16 - Praia Cape Verde

Alternate address for cables:

Cooperação Praia

To A.I.D.:

Mail Address: Embassy of the United States of America
Post Office Box 297
Bissau, Guinea-Bissau

Alternate address for cables:

AMEMBASSY BISSAU

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

SECTION 8.2. Representatives

For all purposes relevant to this Agreement the Grantee will be represented by the individual holding or acting in the office of National Direction of Cooperation and A.I.D. will be represented by the individual holding or acting in the office of Country Development Officer, 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

137

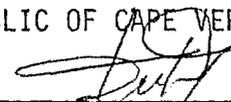
to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex

A "Project Grant Standard Provisions Annex" (Annex 3) is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Republic of Cape Verde 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.

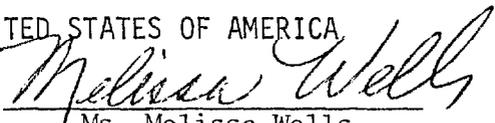
REPUBLIC OF CAPE VERDE

By: 

José Brito

Title: National Director of Cooperation

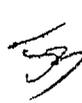
UNITED STATES OF AMERICA

By: 

Ms. Melissa Wells

Title: Ambassador

26 January 1977





PROJECT DESCRIPTION

The desalination plant supplying fresh water to the port city of Mindelo on Sao Vicente Island is operating far below its rated capacity of 2,200 metric tons per day because of progressive deterioration resulting from the lack of stand-by equipment, instrumentation, spare parts and trained personnel. The project represents a cooperative effort by the Governments of Cape Verde and the United States of America to (1) renovate the existing plant, (2) introduce sound operating and maintenance practices and (3) put the plant on a proper financial basis. Upon the completion of the project the plant will be able to provide, at a reduced per unit operating cost, a reliable supply of potable water, thereby minimizing dependence upon brackish wells and water imports and improving public health conditions.

A.I.D. will make funds available for stand-by equipment, instruments and spare parts, as well as for procurement services. Not to exceed U.S. \$96,000 of these funds may be used to purchase spare parts, gauges and replacement equipment from source countries included in A.I.D. Geographic Code 935 (Special Free World). Procurement specifications and awards will be approved by the Junta Autonoma das Instalacoes de Dessalinizacao de Agua (JAIDA), which manages the Mindelo facility, and the A.I.D. Office of Engineering.

A.I.D. will also finance short term technical assistance and training in plant maintenance and operation. Two engineering consultants, one experienced in equipment and instrumentation and the

3

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other in plant operation, will provide on-site training under contract with a U.S. firm specializing in the latest desalination techniques. Each engineer will remain in Mindelo for approximately a three month period. The plant general manager will visit similar units in the United States to acquaint him with their operations; and two English-speaking operators will attend a maintenance training course given by a U.S. instrument manufacturer.

The Government of Cape Verde undertakes to provide adequate funds, including the necessary foreign exchange, to maintain the Mindelo plant in a proper and reasonable manner. Moreover, the Government will provide project management, plant personnel, other operating costs and supporting services, including the erection and installation of the new parts and equipment. The Government will also contribute the equivalent of up to US \$15.00 a day for the local expenses of the U.S. technicians while they are in Cape Verde.

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12
BUDGETU.S. DollarsA.I.D.

Engineering consultants (six man-months)	35,000	
Technical training and invitational travel (four man-months)	11,000	
Equipment and spare parts	518,000	
Procurement services	<u>36,000</u>	
TOTAL		600,000

Cape Verde Government

Staff salaries and operating costs (two years)	1,555,000	
Equipment erection and installation	100,000	
Local consultant expenses	<u>2,700</u>	
TOTAL		<u>1,657,700</u>
Project Total		2,257,700

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