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Project Number: 625-0937.03

PROJECT GRANT AGREEMENT  
BETWEEN THE  
REPUBLIC OF CAPE VERDE  
AND THE  
UNITED STATES OF AMERICA  
ACTING THROUGH THE  
AGENCY FOR INTERNATIONAL DEVELOPMENT (A.I.D.)  
FOR  
CAPE VERDE RENEWABLE ENERGY PROJECT

Date: April 30, 1980

CONFORMED COPY

Project Number: 625-0937.03

Project Grant Agreement

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 understanding of the parties named above ("Parties") with respect to the undertaking of 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 I, will consist of the establishment of an R & D workshop capable of selecting, designing, building and testing renewable energy devices. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex I 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 Five Hundred Thousand United States ("U.S.") Dollars (\$500,000)("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 the Grantee for the Project will not be less than the equivalent of U.S. \$132,570, including costs borne on an "in-kind" basis during the life of the project.

Section 3.3 Project Assistance Completion Date

(a) The "Project Assistance Completion Date" (PACD), which is August 31, 1982, or such other date as the Parties may agree 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

Section 4.1 Condition Precedent to Disbursement

Prior to any disbursement, or to the issuance of any commitment documents under the Project Agreement, the Cooperating Country shall furnish in form and substance satisfactory to A.I.D. written evidence of a commitment from the United Nations or another donor to provide to the project the services of one wind/solar technician for a period of not less than two years, and a second wind/solar technician for a period of not less than eighteen (18) months.

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 Date for Conditions Precedent

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 the 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 cost of goods and services required for the Project having their source and origin in countries included in A.I.D. Geographic Code 941 (as in effect at the time orders are placed or contracts entered into for such goods or services) ("foreign exchange costs") except 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. Ocean transportation costs will be financed under the Grant only on vessels under flag registry of the United States or the Republic of Cape Verde, except as A.I.D. may otherwise agree in writing.

Section 6.2 Local Currency Costs

Disbursements pursuant to Section 7.2 will be used exclusively to finance the cost 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 the Republic of Cape Verde ("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 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 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

(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 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: State Secretary of Cooperation and Planning  
C.P. 16  
Praia, Cape Verde

Alternate address for cables: Cooperacao - Praia

To A.I.D.:

Mail address: USAID  
Embassy of the United States of America  
C.P. 49  
Praia, Cape Verde

Alternate address for cable; AmEmbassy, Praia

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 State Secretary of Cooperation and Planning 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 I. 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 II) is attached to and forms part of this Agreement.

## Section 8.4 Language of Agreement

This Agreement is prepared in both English and Portuguese. In the event of ambiguity or conflict between the two versions, the English language 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 day and year first above written.

REPUBLIC OF CAPE VERDE

BY: Adão Rocha

Antônio Sabino

TITLE: Director General of Cooperation

Acting Director for the  
Conservation and Exploitation of  
Natural Resources

UNITED STATES OF AMERICA

BY: Edward Torre

TITLE: Chargé d'Affaires

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

## ANNEX I

### THE PROJECT

#### I. Purpose

The purpose of this project is to provide the GOCV with research and development experience in non-fossil fuel energy systems as inputs to the formulation of a National Energy Plan which:

- a) reduces reliance on fuel imports, and
- b) makes available local energy inputs for the population.

The project should also increase the capability of Cape Verdean technicians in the technical/economic evaluation of appropriate alternatives on renewable energy devices in Cape Verde.

#### II. Project Description

The project consists of a thirty month program of research and development of small-scale technologies for exploiting renewable energy resources in Cape Verde, including the development of an applied research and development plan, the analysis of energy needs and resources, the design and manufacture of prototype devices, and the testing of performance and acceptability of prototypes, including investigation of the economic and financial implications of new devices and systems before they are built and while they are being tested.

It is envisaged that the following activities will be carried out under this project:

##### A. Wind Program

This project will provide support for the following activities:

1. Installation and maintenance of wind systems already delivered to Cape Verde.
2. Establishment of a reliable wind energy potential data base through the provision of wind measuring equipment and data analysis capabilities.

3. Acquisition and installation of Mindelo windmills at selected sites on Santiago to increase awareness among Cape Verdeans of the existence of local technology and capabilities, and to stimulate local industry.

4. Installation of more powerful prototype wind pumps capable of pumping water from depth of 100 meters.

5. Acquisition of pedal pumps and installation of hand and pedal pumps. (Although this technology derives its power from human muscle rather than the wind, it will be included in the scope of this project because of its relevance to the water development program.) The project will provide the short term services of a specialist to assist the workshop's staff.

Other donors contribution to the energy program are as follows:

a) France - 2.5 million French Francs for assorted pumps

b) Church World Service - 10 small windmills

c) UNICEF - 10 large Dempster pumps

d) Dutch religious organizations - 2 large Australian wind pumps and construction inputs for local windpumps.

6. Feasibility study of an integrated wind/electric/hydro system in Tarrafal, Santiago. This project will provide the services of a power systems designer to make a feasibility study of the potential for using wind and small-scale hydro systems to pump water and generate electricity in conjunction with the ongoing Tarrafal Water Resources Project (655-0003).

B. Renewable (Non-Wind) Energy Program

This program will be to construct and test a carefully chosen selection of energy devices which meet local needs. The United States will provide the services of a solar engineer during the first few months of the workshop's operation to assist in planning and initiating a work program for prototype development including solar cookers, stills, food dryers and biogas digesters. The construction of a small solar air heater for processing gypsum will be considered. Large, hitherto unexploited deposits of gypsum exist in Cape Verde and are a potential substitute for imported cement in many construction applications. Improved wood stoves will also be included in this activity.

Although similar technologies have already been utilized in other parts of the world, each one must be adapted to Cape Verde's physical and cultural environment. Devices will be relatively simple to construct, operate and maintain, and will be labor-intensive. The center will maximize use of local construction materials. This is particularly important in view of the scarcity of wood as a building material.

To ensure that these technologies are consistent with local practices, the workshop staff will include a woman representative from a nearby village (selected with the assistance of the Ministry of Health and Social Affairs). Through her presence and participation, information on women's desires and needs in the villages and towns would be available during the selection and design process.

C. Alternative Energy Workshop

The GOCV is committed to provide an office and workshop. This facility will be the center for R & D activities on wind and other renewable energy technologies. The facility will also serve as a demonstration center. The Cape Verdean personnel will construct and install a solar water heater on the premises. A field test will ensure that devices being produced can perform satisfactorily and will provide data for new designs.

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The GOCV will provide the land for the workshop and pay the salaries of all local staff as well as local operating costs.

The United States contribution will include: the services of a solar engineer; instruments and equipment for the workshop; consumable supplies and materials for the first two years of the program; short term technical assistance where required; participant training for technical personnel; and, a carefully chosen selection of relevant publications and journals.

D. Fabrication of Devices

The project personnel will install imported demonstration units and monitor their operation. They will be maintained and modified as necessary to produce prototypes for future units to be utilized in Cape Verde. Non-wind demonstration devices will also be designed, made, installed and tested.

The major inputs which are provided for in this project are;

1. instruments and equipment to measure and analyze wind, solar and other renewable energy resources;
2. instruments, equipment and supplies for a suitable design office and workshop, thus enabling the Cape Verdeans to make prototypes and to maintain the existing devices which utilize renewable energy;
3. imported renewable energy devices for testing and modification to adapt to local conditions;
4. short-term technical assistance advisors to assist in the development of a comprehensive plan for applied R & D and in other areas not yet provided for, i.e. wind/electric power at Tarrafal, active and passive solar engineering, hand pumps/stoves and participant training for Cape Verdeans, (Appendix IV of PID);
5. technical literature.

Upon completion of the project, the project output will be an operational wind and solar research and development workshop.

ANNEX II

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 I.

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.

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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.

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 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.

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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 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 caused 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).
- (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 (and their personal effects) 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 pre-qualification 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

(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 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.

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.

#### 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 payments which they are committed to make pursuant to non-cancellable 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 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.

(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 Non-Waiver 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.

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Project Number: 625-0937.03

ANNEX III

U.S. Contribution to the Project

Below is a breakdown of the United States Government contribution to the Project:

I. Technical Assistance	116,000
II. Commodities and Equipment	352,700
III. Participant Training	18,300
IV. Evaluation	<u>13,000</u>
TOTAL	500,000

The Republic of Cape Verde's contribution to the Project will consist of the following:

I. Land	4,500
II. Construction of Workshop	80,000
III. Salaries (local)	<u>48,070</u>
TOTAL	132,570