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A.I.D. PROJECT NUMBER 655-0003
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Obligation Number

Ray Solem

PROJECT GRANT AGREEMENT
BETWEEN THE
REPUBLIC OF CAPE VERDE
AND THE
UNITED STATES OF AMERICA
FOR
IRRIGATION INVESTIGATIONS
AND
TRAINING (TARRAFAL REGION)

Dated: March 21, 1977

PROJECT GRANT AGREEMENT

Dated: March 21, 1977

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, will consist of investigations of the availability and method of utilization of ground and surface water in the Tarrafal region of Sao Tiago Island, preliminary to establishing an expanded integrated irrigation system. 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 amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2 without formal amendment of this Agreement.

SECTION 2.2. Incremental Nature of Project. (a) It is anticipated that A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) In the event that A.I.D. does not add a contemplated increment of funding in a timely fashion, it is understood that either Party may elect to terminate this Agreement in accordance with Grant Project Standard Provisions Annex Section D.1, provided that within the limits of then available funds committed to the Project by the Parties, the termination period may be extended beyond a period of 30 days to provide

for orderly arrangements, and that each Party will do all it believes appropriate to retain and extend the benefits of Project activity which has already taken place.

(c) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

Article 3: Financing

SECTION 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed One Million Three Hundred Thousand United States ("U.S.") Dollars (\$1,300,000) ("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 the Grantee for the Project will be not less than the equivalent of U.S. \$937,000, including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date. (a)

The "Project Assistance Completion Date" (PACD), which is March 22, 1980, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

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

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described

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

Article 4: Conditions Precedent to Disbursement

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

A 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. Additional Disbursement.

(a) Prior to disbursement under the Grant for commodity procurement, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee and A.I.D. will, except as the parties may otherwise agree in writing, prepare jointly the following:

(1) Plans and specifications, bid documents, cost estimates and time schedules for carrying out commodity procurement under the Project; and

(2) An executed contract for commodity procurement services under the Project acceptable to A.I.D. with a firm acceptable to A.I.D.

(b) Prior to disbursement under the Grant for technical assistance services, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee and A.I.D. will, except as the parties may otherwise agree in writing, prepare jointly the following:

(1) Plans and specifications, bid documents, cost estimates and time schedules for carrying out technical assistance services under the Project; and

(2) An executed contract for technical assistance services under the Project acceptable to A.I.D. with a firm acceptable to A.I.D.

SECTION 4.3. Notification. When A.I.D. has determined that the conditions precedent specified in Sections 4.1 and 4.2 have been met, it will promptly notify the Grantee.

SECTION 4.4. Terminal Dates for Conditions Precedent.

(a) If all of the conditions specified in Section 4.1 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 terminate this Agreement by written notice to the Grantee.

(b) If all of the conditions specified in Section 4.2 have not been met within eight (8) months 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: Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish within six (6) months after signature of this Agreement 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 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.

SECTION 5.2. Land Usage/Tenure Plans. Within thirty (30) months of the date of the execution of this Grant Agreement, the Grantee will establish and provide to A.I.D. a plan for usage of the irrigated land in the Tarrafal Irrigation District, together with a statement of the Grantee's land tenure policies in the irrigation district.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having 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 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.

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 the 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 services.

(b) Banking charges incurred by the Grantee in connection with Letters of Commitment and Letters of Credit will be financed

under the Grant unless the Grantee instructs A.I.D. to the contrary.

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: State Secretary of Cooperation
and Planning
Post Office Box 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 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 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 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:  _____

TITLE: State Secretary of Cooperation
and Planning

UNITED STATES OF AMERICA

BY:  _____

TITLE: Ambassador

PROJECT DESCRIPTION

The project is a three-year irrigation investigations and training effort. Its focus is on assisting the Government of Cape Verde to test the availability of and methods for utilizing ground and surface water resources preliminary to making preparations for an expansion of land under irrigation in the Tarrafal region from the present 30 hectare plot at Colonato to include an additional 150 hectares at Chao Bom, some 200 hectares at Achada Grande and 250 hectares at Acado Tomaz. To this end the project proposes to finance (1) the drilling of some 50 test wells, the most productive of which can be converted to irrigation use; (2) exploration of ten gallery sites; (3) appropriate testing and design work requisite to construction of two medium-size (100 foot elevation) storage dams and related tunnels and canals servicing the proposed irrigation sites; (4) technical assistance in the preparation of terraces and dikes for control of soil erosion and rapid water runoff; (5) development of plans for appropriate irrigation systems and crop technologies, given Cape Verdean land, water and market conditions; and (6) some 13 man-years of technical training in such areas as hydrology, geology, agronomy and agricultural economics.

A.I.D. financing for this project will cover the cost of commodities, technical assistance and training procured in the United States. Revenue generations from PL-480 food sales by the Government of Cape Verde will cover local contract labor costs and locally procured commodities. The Government of Cape Verde will finance from its own revenue the cost of government land devoted to the project, as well as the cost of regular government project technicians' salaries.

The project executor will be the Ministry of Rural Development. The Department of Water will handle the hydrological exploration and testing activities (wells, galleries, terraces and dams), and the Department of Agriculture will be responsible for the conservation, agronomic and economic consultant team visits. Both departments will share in the technical training. The anticipated results of this three year project are a complete analysis of the technical and economic viability of the desired irrigation expansion and a strengthened capability by the Government of Cape Verde to plan and execute ground and surface water exploitation, soil conservation and irrigation programs.

SUMMARY BUDGET

(1) <u>Wells</u>	
Equipment	\$1,113.0
Technical Assistance	<u>37.5</u>
Subtotal	\$1,150.5
(2) <u>Galleries</u>	
Equipment	125.0
Technical Assistance	<u>-</u>
Subtotal	125.0
(3) <u>Dams, Tunnels and Canals</u>	
Equipment	32.4
Technical Assistance	<u>57.5</u>
Subtotal	89.9
(4) <u>Terracing and Dikes</u>	
Equipment	94.3
Technical Assistance	<u>22.5</u>
Subtotal	116.8
(5) <u>Agronomy/Economics</u>	
Equipment	-
Technical Assistance	<u>82.5</u>
Subtotal	82.5
(6) <u>Training</u>	<u>130.0</u>
Subtotal	130.0
General Supervision	100.0
Contingencies	<u>105.3</u>
Total	\$1,900.0

GOCV PL-480 Revenues (Estimated)

(1) Wells	\$ 57.0
(2) Galleries	66.0
(3) Dams, Tunnels and Canals	-
(4) Terracing and Dikes	180.0
(5) Agronomy/Irrigation	-
(6) Training	<u>-</u>
Total	\$303.0

GOCV Direct Contribution (Estimated)

(1) Land Cost	\$528.0
(2) Permanent Staff Time	41.0
(3) Training	<u>65.0</u>
Total	\$634.0

A.I.D. contributions to this project shall be handled on an incremental basis, with up to \$1,300,000 available in year 1 and an additional \$600,000 available in year 2 assuming funds are available.
