

PD-BAN-262

AID PROJECT NO. 603-003

PROJECT
GRANT AGREEMENT
BETWEEN THE
REPUBLIC OF DJIBOUTI
AND
THE UNITED STATES OF AMERICA
FOR
FISHERIES DEVELOPMENT PROJECT

DATED: _____

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Project Grant Agreement

Dated : _____

Between the Republic of Djibouti ("Grantee")

and The United States of America, acting through the
Agency for International Development ("AID").

Article 1: The Agreement

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

Article 2: The Project

SECTION 2.1. Definition of Project

The project, which is further described in Annex 1, will assist the Grantee to create a viable system for the improved harvesting, handling/storage, and marketing of fish. At the same time the Project will provide assistance towards strengthening the institutional capacity of the Fisheries Division, Ministry of Agriculture, to support or augment private sector initiatives in the fishing industry. 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 representative 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 AID, pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant to the Grantee under the terms of this Agreement not to exceed Four Hundred Ninety-Eight Thousand United States ("US") Dollars (498,000) ("Grant"). This Grant may be used to finance foreign exchange costs, as defined in Section 6.1. and local currency costs, as defined in Section 6.2. of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project

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

(b) The resources provided by Grantee for the Project will be not less than the equivalent of U.S. \$214,000, including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date

(a) The "Project Assistance Completion Date" (PACD) which is thirty months from the date of signature of this Agreement, 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 AID may otherwise agree in writing, AID 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 AID or any bank described in Section 7.1., no later than nine (9) months following the PACD, or such other period as AID agrees to in writing. After such period, AID, 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 the 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 AID, of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to AID in form and substance satisfactory to AID;-

(a) An opinion of counsel acceptable to AID that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Grantee in accordance with all of its terms;

(b) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2., and of any additional representatives, together with a specimen signature of each person specified in such statement.

(c) Evidence that other donor support required for the implementation of the Project will be available in adequate amounts and on a timely basis;

SECTION 4.2. Additional Disbursement - Ice Machine

Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement to finance the procurement of a flake-ice machine (and accessories), the Grantee will furnish in form and substance satisfactory to AID, evidence of its intention to install larger diameter pipe from water source to the fishery facility at Obock and a plan for the periodic maintenance of equipment installed at the fishery facility.

SECTION 4.3. Additional Disbursement - Revolving Credit Fund

Prior to any disbursement to finance the Revolving Credit Fund, the Grantee will furnish in form and substance satisfactory to AID, lending criteria (including repayment terms, interest rates and down payment requirements) to be used in financing equipment and commodities from the Revolving Credit Fund, and procedures for maintaining an accounting of the operation of the Fund.

SECTION 4.4. Notification

When AID has determined that the conditions precedent specified in Sections 4.1 through 4.3 have been met, it will promptly notify the Grantee.

SECTION 4.5. Terminal Dates for Conditions Precedent

If all of the conditions specified in Sections 4.1. and 4.2. have not been met within 90 days from the date of this Agreement, or such later date as AID may agree to in writing, AID, at its option, may terminate this Agreement by written notice to the Grantee. After mutual discussions, a Project Implementation Letter will advise when satisfaction of the condition in Section 4.3. will be anticipated.

Article 5 : Special Covenants

SECTION 5.1. Project Evaluation

The Parties agree to implement as part of the Project, the evaluation programme described in Annex 1, elements of which may be changed by written agreement of the authorized representatives of the parties named in Section 8.2. without formal amendment of the Agreement.

SECTION 5.2. Support and Staffing

The Grantee agrees to provide all necessary qualified counterpart and support staff personnel on a timely basis and to make available furnished office space to the project technicians.

SECTION 5.3. Manpower Training

The Grantee agrees to provide, on a timely basis, the personnel to be trained under the Project. The Grantee also agrees that upon completion of training, such personnel will be employed within the Fisheries Division Ministry of Agriculture or in such other positions commensurate with the training received as may be agreed to by the Parties.

SECTION 5.4. Revolving Credit Fund

The Grantee agrees that distribution by other donors of fishing equipment, to the maximum extent possible, will be made through the Revolving Credit Fund established under the Project.

SECTION 5.5. Other Supportive Elements

The Grantee agrees :

- (a) To maintain all Project financed transport ;
- (b) To forego taxes and duties on fishing and fish storage equipment commonly used by the artisanal fishing sector and imported into Djibouti during the life of the Project;
- (c) To consult with AID on a periodic basis concerning the development of a formal fisheries development plan.

Article 6 : Procurement Source

SECTION 6.1. Foreign Exchange Costs

Disbursements pursuant to Section 7.1. will be used exclusively to finance costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the AID Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods and services) ("Foreign Exchange Costs"), except as provided in the following sentence or as AID may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1. (b) with respect to marine insurance. Notwithstanding Section C.1. of the Project Grant Standard Provisions Annex, one project Vehicle, two trucks with insulated cold boxes and a flake ice machine with accessories may have their source and origin in countries included in Code 935 of the AID Geographical Code Book.

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SECTION 6.2. Local Currency Costs

Disbursements pursuant to Section 7.2. will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as AID may otherwise agree in writing, their origin in the Republic of Djibouti.

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 of 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 AID, with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or, (B) request for AID to procure commodities or services on Grantee's behalf for the Project; or,

(2) by requesting AID to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to AID, committing AID 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 AID 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 AID 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 AID, 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 AID with U.S. Dollars by purchase (or from local currency already owned by the U.S. Government);

or;

(2) by AID (A) requesting the Grantee to make available the local currency for such costs, and (B) thereafter making available to the Grantee, through opening or amendment by AID of Special Letters of Credit in favour 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. Dollars equivalent of the local currency made available hereunder will be, in the case of sub-section (b) (1) above, the amount of U.S. Dollars required by AID to obtain the local currency, and in the case of sub-section (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 Djibouti by AID or any public or private agency for purposes of carrying out obligations of AID hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of the Republic of Djibouti at the highest rate of exchange which at the time the conversion is made, is not unlawful in the Republic of Djibouti.

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 : Ministry of Agriculture
P.O. Box 453
Djibouti.

Alternative Address for Cables :
Ministry of Agriculture
Djibouti.

To AID:

Mail Address: AID Affairs Officer
P.O. Box 185
Djibouti

Alternative Address for Cables:

American Embassy
Djibouti.

All such communications will be in English and in French, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of written 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 Minister of Agriculture, and AID will be represented by the individual holding or acting in the office of AID Affairs Officer, Djibouti, 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 project description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to AID which may accept as duly authorized any instrument signed by such representative in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex

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

SECTION 8.4. Language of Agreement

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

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

REPUBLIC OF DJIBOUTI

UNITED STATES OF AMERICA

Moumin Sahdon Farah
Minister of Foreign Affairs
and Co-operation
of the
Republic of Djibouti

Karl L. Mahler
AID Affairs Officer, Djibouti

A N N E X I

AMPLIFIED PROJECT DESCRIPTION

Elements of the amplified project description may be changed by written agreement of the authorised representative of the Parties named in Section 8.2. without formal amendment of this Agreement as long as such changes are within the definition of the project as set forth in Section 2.1.

A. General Project Description

The purpose of the project is to assist the Grantee in its efforts to create a viable system for the improved harvesting, handling/storage and marketing of fish. At the same time the Project will provide assistance towards strengthening the institutional capacity of the Fisheries Division, Ministry of Agriculture, to support or augment private sector initiatives in the fishing industry. The successful completion of the Project will result in an improved nutritional status for the poor majority of Djiboutians, as well as increased income for nearly 300 fishermen, merchants, and other artisans in the fishing industry.

In co-ordination with the Government and other donors, USAID will provide assistance in three separate but related fishery activities:

1. upgrading technology and fishing skills as evidenced by new techniques and equipment being used by artisanal fishermen with consequent increases in harvests.
2. providing means for preservation of fish as evidenced by installation and indigenous operation of appropriate ice making facilities and the developing and application of dry salted fish techniques with consequent reduction in post harvest losses.
3. improving the institutional capability to handle and market fish as evidenced by the development of fishing co-operative(s), adequate administration of such co-operatives, the expansion of retail outlets and of transport facilities, and functioning promotion/demonstration activities.

B. Project Inputs

In order to accomplish the above described purposes and objectives AID and the Grantee will make the following inputs into the project:

1. A.I.D.

a. Technical Assistance (\$284,000). These services include both long and short term technical assistance. A project manager/fisheries generalist (24 mos) will provide long-term advisory services to the Director of the Fisheries Division and supervise the implementation of the A.I.D. project. He/She will provide appropriate on-the-job training to artisanal fishermen, manage the fish demonstration program, supervise a revolving credit fund with Fisheries Division staff for purchases of fishing gear, help organize a transport system for movement of fish, develop contacts with potential consumer groups, and undertake simple marketing innovations. He/She will be expected to work closely with the FAC-sponsored fisheries advisor.

In addition, a total of eight months of short-term assistance is proposed, consisting of advisors in marketing (3 mos), fishing technology (2 mos) and co-operative development (2 mos), and data completion (1 mo). The estimated cost of long-term and short-term technical assistance is \$142,000 and \$56,000 respectively.

The contractor, in addition to providing the above technical services, will be responsible for conducting a series of demonstration and educational activities (\$23,000), and procurement of fishing gear and fish storage equipment for the revolving credit fund administered by the project manager and the Fisheries Division (\$53,000). The fund will sell the items to both fishermen and merchants on a selectively discounted basis. Preference shall be given to fishermen from Obock and Tadjourah and to merchants opening new retail outlets in the City's secondary markets.

Miscellaneous office and other support for project technicians will amount to approximately \$10,000.

b. Participant Training (\$24,000). A total of six person months of short-term training involving five persons is proposed. This will include training and observation in marketing, co-operative management and fisheries development.

c. Commodities (\$105,000). In addition to the commodities procured by the technical assistance contractor, the project will also finance the procurement of a flake-ice machine/generator (plus accessories), and project vehicles, as well as spare parts.

d. Evaluation (\$7,000). Funds are included to permit one outside fisheries specialist to join REDSO, AAO/Djibouti, MOA evaluation team which will evaluate progress made under the project and help to determine whether additional A.I.D. assistance is warranted. The special evaluation is currently planned for April, 1981, eight months before project termination.

e. Housing (\$50,000). The project will provide housing for technical assistance personnel.

f. Contingency (\$28,000).

2. GRCD

The Djibouti Government will support this project with a contribution of \$214,000, equivalent to 30 percent of total project cost. The various components include staff services (\$121,000), support and operation costs (\$32,000), use of facilities (\$15,000), and promotion/demonstration activities (\$10,000). Inflation and contingency factors totalling \$36,000 are also included.

The staff services include the existing three Fisheries Division personnel, three to four additional staff that will be required during the course of project implementation, and five Fisheries and Livestock service support personnel (part-time). In addition, there are additional support and operating expenses that will be assumed by the MOA for vehicle operation and maintenance, and for the Obock Fishery facility and the Fisheries Division headquarters unit. Furthermore, the GRCD will contribute the use of its facilities at the pecherie, a building to house the flake-ice machine/silo generator and refrigerated box at Obock and an adequate water supply for the facility there. Lastly, the MOA will make available \$10,000 to support the fish demonstration/education program. This will include making arrangements for space at the four secondary City markets and those in Ali-Sabieh and Dikhil and securing radio time, arranging for fish demonstrations; and co-ordinating its efforts with those of the Governors of Obock and Tadjourah, to ensure that project activities receive adequate support and local participation.

C. Implementation Arrangements

1. Administrative Arrangements

a) AID

Project monitoring and administrative support for the project for AID will be provided by AID/Djibouti. Services of AID's regional office in Nairobi (REDSO/EA) will be provided as required, throughout the (30 month) project period.

AID will be responsible for contracting for the long-term technical services of a project manager/fisheries generalist and short-term consultant services in marketing, fishing technology, co-operative development and statistics.

b) Grantee

The Ministry of Agriculture will be the Grantee's implementing agency. The project manager and short term consultant will work under the general direction of the MOA fisheries division. The MOA will be responsible for identifying Djibouti candidates for U.S and short term training and for providing the services of other trained fisheries division personnel.

c) Other Donors

In addition to AID, PAC (and Possibly IFAD) will provide important inputs to the fisheries development program. To maximise the program benefits proper co-ordination among all activities is required.

It is understood by both USAID and the Government that the success of the project is heavily dependent upon adequate transport between the fishing villages of Cbock and Tadjourah and Djibouti City. For that reason, USAID as part of this project will assume responsibility for co-ordinating other donor provision of a boat to the Fisheries Division of the MOA.

2) Implementation plan

The following Implementation Plan sets forth the target dates by which important actions should begin, or be completed, and indicates the party or parties primarily responsible for undertaking the action:-

<u>CY</u>	<u>ACTION</u>	<u>RESPONSIBILITY</u>
<u>1979</u>		
April	PP approved	AAO/D, REDSO
July	Signing of Project Agreement	AAO/D, REDSO
July	PIO/T issued, recruitment effort initiated	AID/W, REDSO
August	PIO/C (s) for flake-ice machine, outboard motors, boat and vehicles issued; procurement begins	AAO/D, GROD, REDSO/EA
November	Base line data survey initiated	AAO/D, REDSO (contract)
	Vehicles, camping gear and flake-ice machine ordered	REDSO/AAO/D
	All technical assistance identified	REDSO, AID/W, AAO/D approved
December	Arrival of project manager and marketing consultants	REDSO, AID/W, AAO/D approved
	Arrival master fishermen	AID/W, AAO/D :Project manager
<u>1980</u>		
January	Demonstration publicity program outlined	Consultants, GROD
	PIO/C for fishing gear and fish storage equipment issued Marketing master fisherman depart	Consultant, Project Manager, REDSO
	Work plan submitted	Project Manager
	Arrival of co-operative advisor	GROD/AAO/D, AID/W Project Manager
	Training courses identified Training candidates selected	GROD, Project Manager
February	Arrival of all commodities	GROD, AAO/D

<u>CY</u>	<u>ACTION</u>	<u>RESPONSIBILITY</u>
1980		
March	Revolving credit fund established	GROD, Project Manager
	O-j-t for management of fund demonstration activities begun, additional retail outlets developed	Project Manager, GROD
	Quarterly progress report	Project Manager
April	Country training initiated	GROD, Project Manager
April)	Short-term training courses initiated (ex Djibouti)	Project Manager
May)		
June	Quarterly progress report	Project Manager
June)	Trainees return	
July)		
July	Marketing consultant returns . evaluation of demonstration/ promotion; recommendations for follow-on activities	Project Manager, GROD
	Marketing consultants departs	Project Manager, GROD
September	Master Fisherman returns	GROD, Project Manager
	Quarterly progress report	Project Manager
November	Annual Evaluation (in house)	AAO/D
November)	Trainees in co-operative development depart and return.	GROD, Project Manager
December)		
December	Second annual work plan	Project Manager
<u>1981</u>		
February	Retail outlets expanded into interior	
March	Quarterly progress report	Project Manager

<u>CY</u>	<u>ACTION</u>	
<u>1981</u>		
April	Evaluation and assessment of need for follow-on activity	AAO/D, REDSO, Project Manager, Contract Specialist.
May	Co-op(s) established	GROD
October	Final reports, Project Manager departs.	AAO/D, Project Manager

D. Evaluation Plan

The final evaluation of the project will be conducted eight months prior to the termination of the project. This evaluation will assess the impact of the project in terms of fish consumption (frequency and quantity); numbers of fishermen (both full-time and part-time); marketing and distribution system. The evaluation will also help to determine whether a follow-on project is warranted, and make recommendations with respect to the outputs and purpose of such a project.

The evaluation will be based on data collected during the design of the project, and on an initial baseline survey. The baseline survey will provide data which will be used at the time of the final evaluation to determine the effectiveness of the project and measure project benefits. Project funds (\$14,000) have been set aside for the survey and final evaluation.

In addition to the final evaluation, a regular annual AID evaluation will be conducted in November, 1980 to assess the progress of the project, based on the quarterly project reports.

E. Illustrative Financial Plan

The following financial plan illustrates the AID and Grantee contribution to the project. Changes in the figures contained in the plan may be made by agreement in writing by the authorized representatives of the parties named in Section 3.2, of the Agreement without formal amendment of the Agreement so long as such changes do not cause AID's contribution to exceed the amount set forth in Section 3.1, of the Agreement and/or the Grantee's contribution to be less than the amount set forth in Section 3.2, of the Agreement. The technical services (AID) include all costs to be undertaken under the contract, i.e. demonstrations and procurement of revolving fund commodities, as well as miscellaneous office support,

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	AID	GRCD	TOTAL
A. Technical Services	U.S.\$ 284,000	U.S.\$ 124,000	U.S.\$ 408,000
B Commodities	105,000	15,000	120,000
C. Participant Training	24,000	5,000	29,000
D. Evaluation	7,000	-	7,000
E. Housing	50,000	-	50,000
F. Contingency	28,000	70,000	98,000
<u>TOTAL</u>	<u>498,000</u>	<u>214,000</u>	<u>712,000</u>

ANNEX 2

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 8.1. 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 8.2. 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 consulting 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.

Article B: General Covenants (Continued)

(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.5. 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).

(c) Any motor vehicles financed under the Grant will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

Article C: Procurement Provisions (Continued)

(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 commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by

Article C: Procurement Provisions (Continued)

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.

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 noncancelable 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 offloaded 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.

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.

Best Available Document

SIDE AGREEMENT TO PROJECT GRANT AGREEMENT BETWEEN

THE REPUBLIC OF DJIBOUTI

AND

THE UNITED STATES OF AMERICA

FOR THE FISHERIES DEVELOPMENT

PROJECT

DATE : _____

The United States of America acting through the Agency for International Development and the Republic of Djibouti hereby agree that the following provisions are a part of the Project Grant Agreement between the United States of America and the Republic of Djibouti for the Fisheries Development Project.

1. Taxation : To the extent that any Contractor, including any consulting firm, any personnel of such Contractor financed under the Grant, and any property or transaction relating to such contracts, are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the territory of the Republic of Djibouti, The Republic of Djibouti will, as and to the extent provided in and pursuant of Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Grant. It is agreed that, inter alia, this provision exempts long and short term advisors financed under the grant, from any taxes, tariffs, duties or other levies ordinarily imposed on income and on the importation of personal effects (including automobiles) and professional equipment, under laws in effect in the territory of the Republic of Djibouti.

2. Language of Agreement: In the event of ambiguity or conflict between the English and French versions of this Agreement, the English version will control; however, the French version shall be considered.

IN WITNESS WHEREOF, The Republic of Djibouti and the United States of America, each acting through its duly authorised representation, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

REPUELIC OF DJIBOUTI

UNITED STATES OF AMERICA

Moumin Bahdon Farah

Karl L. Mahler

Minister of Foreign Affairs and Co-operation, Aid Affairs Officer, Djibouti

Republic of Djibouti

Republic of Djibouti.



EMBASSY OF THE
UNITED STATES OF AMERICA

DJIBOUTI

Ministry of Agriculture
P.O. Box 453
Djibouti

Fisheries Development Project
Project No. 603-003
Implementation Letter No.1
July 1979

Dear Mr. Minister,

I am pleased to send you this letter which sets forth the procedures for utilizing the Grant and provides information to assist you in implementing the Project. Please be assured that I share your desire to see the Project completed promptly and efficiently and that I will be available at all times to assist in any way possible. Nothing in this letter is intended to alter the scope of the Project Agreement or the terms of the specific sections referred to or explained in this letter.

Under the terms of the Project Agreement, several conditions must be satisfied before AID will disburse any funds under the Grant. These are as follows:-

1. Section 4.1.(a) may be satisfied by an opinion of counsel, preferably over the signature of a senior legal officer of your Government, concluding that the Project Agreement is legally binding obligation and that the person who signed the Agreement on behalf of the Government was, in fact, authorized to do so. The opinion should state the legal bases for these conditions.

2. Section 4.1.(b) requires a statement of the name of the person who will act as the Government's representative in implementing the Project (i.e., the Minister of Agriculture as stated in Section 3.2. of the Agreement) and such other persons as may be designated plus a specimen signature of each representative.

3. Section 4.1. (c) requires evidence that other donor support to the Project will be available in adequate amounts on a timely basis. This condition is directed towards assuring that assistance from the French Economic Assistance Mission (FAC) will be forthcoming. Therefore, in satisfaction of this condition precedent, I would request that you forward to my office documentation indicating that assistance from the FAC, technical assistance as well as financing of two flake-ice machines, will be provided. Such documentation might include a copy of a formal

agreement between your Government and the FAC for this purpose, or a letter from the FAC indicating that the assistance will be forthcoming and the anticipated timing for its provision.

The Agreement contains two other conditions precedent of which you should be aware. First, under Section 4.2., prior to any disbursement under the Grant for the flake-ice machine AID will require documentation indicating that your Government will install larger diameter pipe from water source to the fishery facility at Cbock. The documentation should indicate when work will be initiated and the anticipated completion date. Additionally, a plan for periodic maintenance of equipment installed at the Cbock facility must also be submitted. The plan would include a maintenance schedule and designation of the office charged with the responsibility of carrying out this maintenance.

Secondly, Section 4.3. requires that prior to any disbursement for the revolving credit fund lending criteria be established to be used in financing equipment and commodities under the fund. My office in Nairobi, Kenya, work with you in the preparation of these criteria.

The conditions set forth in Sections 4.1. and 4.2. must be satisfied unless otherwise agreed by AID, within 90 days of the signing of the Agreement. The timing for satisfaction of the condition in Section 4.3. will be established after mutual discussions at a later date.

Article 5 of the Project Agreement sets out certain covenants necessary for the complimentation of the Project. To a large extent these are self-explanatory but I will be in contact with you at a later date to discuss a few of these in more detail. Section 5.2. requires that counterpart personnel be provided to the Project on a timely basis. Designation of such personnel especially the project manager, should be done at the earliest possible time after execution of the Agreement. Similarly, it will be necessary to identify persons for short-term training at the same time institutions for such training and courses selected. The Project envisions that the revolving credit fund will remain an ongoing institution within the Fisheries Division to provide a mechanism for fishermen to obtain needed fishing equipment and supplies. Therefore, I place great importance on the covenants contained in Sections 5.4. and 5.5.(b) as essential to allow the fund to become established and accepted by fishermen in Djibouti. Similarly, I view it as necessary to begin conversations at the earliest possible time concerning the development of a formal fisheries development plan to integrate activities under this Project within an overall Government program.

It is presently contemplated that a single contract will be used to obtain the services of most of the technical assistance personnel required for the Project. I will be forwarding to you for your review and approval a Project Implementation Order for technical services, the AID document which instructs our contracting office to procure such services. Commodity

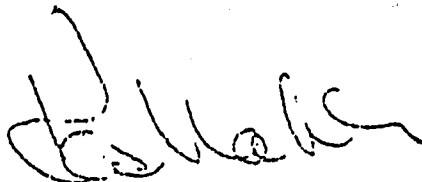
July, 1979

procurement will be effected directly by AID or the technical assistance contractor. You should be aware that, except as specifically authorized by AID for vehicles and the flake-ice machine, goods and services procured with Grant funds, must have their source and origin in countries included in the United States or Djibouti. This requirement is contained in Sections 6.1. and 6.2. Since AID Geographic Codes are mentioned in the Agreement I've attached to this letter a listing of countries which comprise these geographic codes for your information .

Annex 2, of the Agreement, the Standard Provisions Annex, contains many technical provisions governing procurement and use of the Grant. Should you have any questions concerning these, please do not hesitate to ask.

Again, let me say that I look forward to working with you on this Project and to assisting in every possible way to ensure its successful completion.

Sincerely yours,



Karl L. Mahler
Director US Mission
American Embassy,
Djibouti,
Republic of Djibouti

KLM/cmm