

M BAP 509

UNITED STATES GOVERNMENT

OFFICIAL PROJECT
DOCUMENT

memorandum

DATE: August 25, 1983

TO: *WEL*
Wilbur E. Scarborough, Acting AID Affairs Officer, USAID/Freetown

SUBJECT: Project Grant Agreement Family Health Initiatives FHI Project
No. 698-0662.13

TO: See Distribution

Attachment a/s

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EMBASSY OF THE
UNITED STATES OF AMERICA
Freetown, Sierra Leone

OFFICIAL PROJECT
DOCUMENT

August 26, 1983

Western Area
City of Freetown
Republic of Sierra Leone
Embassy of the U.S.A.....

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL SIGNED BY
AMBASSADOR ARTHUR W. LEWIS AND THE ACTING AID AFFAIRS
OFFICER WILBUR E. SCARBOROUGH.

William A. Muller
Consul of the United States of America

PROJECT GRANT AGREEMENT
BETWEEN THE
REPUBLIC OF SIERRA LEONE
AND THE
UNITED STATES OF AMERICA
FOR THE
FAMILY HEALTH INITIATIVES PROJECT

DATED: *August 24, 1983*

APPROPRIATION SYMBOL: 72-1131021.4

ALLOTMENT SYMBOL : BPC GDAA-83-21636-BG12

OBLIGATION AMOUNT : \$500,000

Between

the Republic of Sierra Leone ("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 Family Health Initiatives project described below (the "Project"), 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 the provision of goods and services to help reorganize and strengthen the Maternal and Child Health (MCH) training and service program of the Ministry of Health so as to increase their capacity to provide adequate family planning services to the public. Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in 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 an amount 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 Sections 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 over its three year life will be not less than the equivalent of U.S. dollars 166,667.00 including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date

(A) The Project Assistance Completion Date ("PACD") which is July 31, 1986, or such 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 after 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 shall, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

(A) An opinion of counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms;

(B) 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; and

(C) Evidence that the Grantee has established an Advisory Steering Committee with representatives from the Ministry of Health, the National Population Commission, the Planned Parenthood Association of Sierra Leone, A.I.D., the Peace Corps, the United Nations Family Planning Association, UNICEF, or such other representatives as A.I.D. may otherwise agree to in writing.

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

SECTION 4.3. Terminal Dates for Conditions Precedent. If all 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.

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) an evaluation of the progress towards the objectives of the Project;
- (b) identification and evaluation of problem areas or constraints that 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. Executive Advisory Committee. The Grantee agrees to ensure that the Advisory Steering Committee will meet as necessary but at least semi-annually to review Project progress and assure coordination of other activities.

SECTION 5.3. Project Authority. The Grantee agrees to establish the Project within the on-going MCH program, to integrate family health planning into such program, and to designate the Director of MCH programs as Project Director.

SECTION 5.4. Utilities. The Grantee agrees to provide and finance utilities at the 120 health care centers to be supported by the Project.

Article 6. Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursement pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having, with respect to goods, their source and origin, and with respect to services, their nationality in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("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, except as A.I.D. may otherwise agree in writing.

SECTION 6.2. Local Currency Costs Disbursement 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 Sierra Leone ("Local Currency Costs").

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Article 7. Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs

(A) After satisfaction of conditions precedent, the Grantee may obtain disbursement of funds under the Grant for the Foreign Exchange Costs of goods and 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. Such other changes 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 disbursement 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 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 the appropriate procedures described in Project Implementation Letters.

(C) 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. Disbursement 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 Sierra Leone 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 Sierra Leone at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the Republic of Sierra Leone.

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:

Program Director
3 Wilberforce Street
Freetown, Sierra Leone

Alternate Address for Cables:

MINMED FREETOWN

To A.I.D.:

MAIL ADDRESS:

Embassy of the United States of America
Walpole Street
Freetown, Sierra Leone

Alternate Address for Cables:

AMEMBASSY FREETOWN

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 written notice.

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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 Director of Maternal and Child Health Programs, Ministry of Health, Freetown, Sierra Leone, and A.I.D. will be represented by the individual holding or acting in the office of the A.I.D. Affairs 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. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Republic of Sierra Leone 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 last below written.

UNITED STATES OF AMERICA

BY: Arthur W. Kennis

TITLE: AMBASSADOR

DATE: 8/24/83

BY: Wilbert Scarborough

TITLE: ACTING AID AFFAIRS OFFICER

DATE: August 24, 1983

Concurred in:

BY: [Signature]

TITLE: DIRECTOR, REDSO/WCA

DATE: 5 August 1983

REPUBLIC OF SIERRA LEONE

BY: [Signature]

TITLE: MINISTER OF HEALTH

DATE: 24/8/83

ANNEX I
PROJECT DESCRIPTION
FAMILY HEALTH INITIATIVES (FHI)
(SUMMARY)

I. General Project Description

A. Project Purpose:

The project will improve the capability of MOH staff to provide family planning services in MCH/family planning clinics throughout Sierra Leone. The project will finance the training of trainers and the training of field health workers in family planning information and in methods of contraception. The project is one element of a comprehensive development effort by the government to achieve the project goal of improving the quality of life of the people of Sierra Leone.

B. Description

The project is a three year effort to assist the Government of Sierra Leone improve the status of health of its people, particularly in maternal and child health. The Ministry of Health has about 120 MCH clinics in the country that cater to the health needs of women and children. Health workers in these clinics have the best opportunity to dispense family planning information and services to those who request it.

Recognizing the important impact that both interval, parity and maternal age have on infant and maternal mortality, nutrition and general health, family planning is to be

introduced into the maternal and child health program as a key health intervention. The Ministry of Health has trained more than one thousand paramedical personnel for its maternal and child health program. Their training and consequently the Health Services delivered have lacked a family planning component. This project will provide a retraining program to supply the family planning component. The project will also finance basic equipment and commodities and assist with supervision to strengthen the maternal and child health/family planning delivery system

The project is a modest effort in support of the Mission's secondary objectives, i.e., to support the Government of Sierra Leone in its efforts to improve the health of its people.

C. Project Outputs

1. Four discrete curricula will be developed for implementation with appropriate levels of health workers.
2. Improve the physical condition of four training centers in which training will be conducted.
3. Train about 30 key senior health workers who will be responsible for training other workers.
4. Train health workers in one selected district as a pilot effort prior to country-wide application of the training.
5. Organize the country-wide training schedule for the other 11 districts and western area and over

a 24 month period train approximately 700 health field workers.

6. Evaluate project impact in selected districts.

II. Responsibilities of the Participants:

The MOH will serve as implementing agent and the Director of MCH, Dr. Gba Kamara, will serve as project manager. The project manager will organize the entire training program and will be responsible for implementing the training curricula. MOH will be responsible for ensuring that district training schedules are established and executed.

USAID will contract with a U.S. citizen to ensure that local currency expenditures are made in an appropriate and timely manner. This person will be on site at the start of, or shortly thereafter, each training session to disburse funds for trainee subsistence and transport. This person will also be responsible for reimbursing teaching staff for costs and honorarium. - Month 3.

USAID will also contract with a person skilled in family planning training to monitor quality of teaching and the substance of course instruction. This person will make periodic visits to courses in session to observe and to discuss with instructors and trainees the relevance of instruction. - Month 3.

INTRAH, University of North Carolina, will provide periodic consultancies as may be requested by MOH project manager to assist in course instruction revision and evaluation. - Month 2 to 3.

The PPASL (Planned Parenthood Association of Sierra Leone) will provide contraceptive commodities to MOH clinics. Specific amounts and sites of clinics are to be determined.

- Month 1.

UNICEF will assist in providing some equipment for the four training centers. The list of items will depend on a survey of the training sites following signing of the project agreement. - Month 1

MOH/MCH will ensure the scheduling and implementation of District training courses. - Month 4 through 24.

Peace Corps will provide three volunteers to be posted in three chiefdoms to conduct an intensive supervision of field health workers demonstration. - Month 12-36.

The general implementation schedule for the first year of the project is as follows:

<u>TARGET ACTIVITY</u>	<u>RESPONSIBILITY</u>	<u>COMPLETION DATE</u>
1. Implementation Plan	Design - permanent Committee, MCH/USAID	April, 1983
2. Training, 6-8 weeks, Director MCH and 3 Senior staff Training in U.S. on FP Program Management	MOH Team (4) at Colombia University	June/July
3. Initiate actions to refurbish 4 training centers	UNICEF/USAID/MCH	August
4. Four curricula developed	INTRAH/MOH	July-Sept
5. Initiate training for trainers - 3	MOH/MCH/INTRAH	Oct.-Nov.

<u>TARGET ACTIVITY</u>	<u>RESPONSIBILITY</u>	<u>COMPLETION DATE</u>
6. Selection of pilot District for initial training course	MOH/MCH	Oct.
7. Conduct training in Pilot district for enrolled nurses, dispensers, TBAs, VMAs and MCH/AIDES	MOH/MCH/District trainers	Dec.
8. Evaluate effects of training in pilot district	MOH/MCH	Feb, 1984
9. Modify curricula as may be appropriate	MOH/MCH	March
10. Prepare schedule for training for other 11 districts and western area	MOH/MCH	March
11. Initiate training in District 2 thru 11 and in western areas over next two years.	MOH/MCH	April
12. General review of project progress	MOH/MCH/USAID	Every six months

NOTE:

USAID contracted persons will serve to monitor disbursements and substance of training. Their function is for oversight purposes for USAID. Their recommendations to AAO will, of course, be shared with the project manager.

III. Illustrative Financial Plan

The USAID will finance local costs related to improving four training centers, subsistence and transport to training sites of all trainees, honorarium for teaching staff and commodities. In addition, the project will finance two parttime persons to oversee local currency disbursements and to monitor the substance of course instruction.

The GOSL will provide basic salaries and allowances to all trainees to supervisory personnel and to trainers. The GOSL will also provide transport equipment in carrying out its normal supervisory and review responsibilities. The GOSL's contribution is a part of its recurrent budget allocations. The only exception to this will be an item in the development budget in 1984/85 to support three Peace Corps Volunteers.

The following financial plan is illustrative and that charges may be made to the plan by representatives of the parties named in the text of the agreement without formal amendment to the agreement if the changes do not cause (1) A.I.D.'s contribution to exceed \$500,000, or (2) the GOSL's contribution to be less than the amount specified in the text of the agreement.

A. AID Contribution

Source and application of funding - Thousands of U.S. Dollars

<u>AID</u>	<u>FX (\$)</u>	<u>LC (\$)</u>	<u>TOTAL</u>
1. Contract services for project monitoring	85	-	85
2. Training costs	52	97	149
3. Commodities	89	--	89
4. Bicycles	-	15	15
5. Refurbishing of centres	-	15	15
6. Equipment and supplies	64	--	64
7. Support/other cost*	-	75	75
8. Evaluation	-	8	8
Total AID Contribution	290	210	500
	(Le525)		

*Includes a grant to PPASL to provide contraceptives to MCH clinics.

B. Source of funds: GOSL Contribution (MCH/MOH)

	<u>FX</u>	<u>LC (Le)</u>	<u>TOTAL</u>
1. Personnel salaries	-	360	360
2. Transportation and vehicle maintenance	-	155	155
3. Drugs and supplies related to MCH/FP	-	112	225
Total GOSL Contribution:	-	740	740
Project Budget (\$ Equiv.)		\$296	\$296

Rate at \$1 = Le2.50

IV. Financing Methods

Direct payment of local costs by USAID will be implemented by a contract person to be financed under the project. This person will have access to an account established in one of the Backclay's Bank Branches located at training center sites. Once having established the costs of transport subsistence and honoraria the contract person will withdraw funds from the account, make payment and document the disbursement with proper receipts. In the case of direct payments to the training center for subsistence, a check drawn on the account will be issued to the training center. The AAO and contractor's signature will be required on all withdrawals from the account.

A bonding arrangement will have to be established for the contractor. This will be done in October or November when the contractor is engaged.

Payment for all local procurement actions will be done directly by AID based on proforma invoice for the most responsive bid to informal solicitation for bids, inspection and receiving report and on site delivery verification. Documents will be forwarded to Abidjan for payment.

Payment for all off shore procurement will be done on the basis of formal solicitation for bids, proforma invoices and evidence of shipment of goods. Documentation will be forwarded to Abidjan for payment.

Payment for contract persons will be on the basis of verified performance on a periodic basis to be determined in conjunction with the contractor. Payment will be made through Abidjan.

V. Project Evaluation

The project includes two evaluations. The first will be conducted within two months following the initial training course in pilot district around February 1984. The purpose of the evaluation is to assess the efficacy of the training program. The MOH/MCH staff under the direction of the project manager will be responsible for conducting the evaluation. The project manager plans to review "base line data", i.e., information from reports that are currently being generated on a continuing basis and to compare them with similar reports at the end of the period, i.e., two months later. The evaluation team will also interview workers at all levels in the district. If it is deemed appropriate, the curricula will be modified before the country-wide program begins.

The basic information that will be sought is frequency of referrals of clients to FP clinics, distribution of contraceptives and providing FP information.

The final evaluation, after all training is complete and a reasonable period has elapsed (4 to 6 months), will be conducted by Sierra Leoneans, a consultant from APHA and possibly REDSO/WCA or USAID/Freetown officer. In addition to effectiveness of trained personnel the evaluators will assess the level of achievement of institutionalization of capability of field staff to provide FP services within the framework of MCH/FP clinics.

Project Grant Standard

ANNEX II

Provisions Annex

Definitions: As used in this Annex, the "Agreement" refers to the Project Grant Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

Article A: Project Implementation Letters

To assist Grantee in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project in Annex 1.

Article B: General Covenants

SECTION B.1. Consultation. The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end the Parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors, or suppliers engaged on the Project, and other matters relating to the Project.

SECTION B.2. Execution of Project. The Grantee will:

(a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules or other arrangements, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

(b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

Article B: General Covenants (Continued)

SECTION B.3. Utilization of Goods and Services.

(a) Any resources financed under the Grant will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use. [See HB 18.]

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.

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

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.6. Completeness of Information. The Grantee confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or cause A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

SECTION B.7. Other Payments. Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except fees, taxes, or similar payments legally established in the country of the Grantee.

SECTION B.8. Information and Marking. The Grantee will give appropriate publicity to the Grant and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

Article C: Procurement Provisions

SECTION C.1. Special Rules.

(a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums for marine insurance placed in the territory of the Grantee will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

(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 produced 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 on a non-U.S. flag air carrier if a U.S. flag carrier is available (in accordance with criteria which may be contained in Project Implementation Letters) 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 sub-section 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 U.S. dollars or, as A.I.D. may agree in writing, 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.