

MS BHS 801

OFFICIAL PROJECT
DOCUMENT

This is a conformed copy of the Grant Agreement for the Family Health Services Project (649-0131) signed on August 26, 1984.

Edward Birgells 27 Aug 84

Edward Birgells
Project Development Officer

A.I.D. Project Number 649-0131
Date: **AUG 26 1984**

PROJECT
GRANT AGREEMENT
BETWEEN
SOMALI DEMOCRATIC REPUBLIC
and the
UNITED STATES OF AMERICA
for

FAMILY HEALTH SERVICES PROJECT

FUNDS AVAILABLE Ykk <i>OS</i>
USAID/SOMALIA
Date: <i>8/26/84</i>

72-1141021 GDA-84-21649-BG13

Funds Available:

Charles E. Brooks
Charles E. Brooks, Controller

Concurrence:

[Signature]
Minister of National Planning

[Signature]
Minister of Finance

[Signature]
Minister of Education

[Signature]
Minister of Health

WASAARADDA QORSHAYNTA QARANKA
Mashtaqadda Wasaaradda Qorshaynta Qaranka
Lamba: ST04 CENSUS
Taariikh: _____
Saxiix: <i>[Signature]</i>
Wasiirka Wasaaradda Qorshaynta Qaranka
Taariikh: 22.8.84

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Project Grant Agreement

Date: **AUG 26 1984**

Between

Somali Democratic Republic ("Grantee")

And

The United State of America, acting through the
Agency for International Development ("A.I.D.").

Article 1: The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described 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 consist of assisting the Grantee to develop population policies and programs. 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.

SECTION 2.2 Incremental Nature of Project.

(a) A.I.D.'s contribution to the Project which is estimated at \$10.1 million will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

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

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Article 3: Financing

SECTION 3.1 The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed One Million Nine Hundred Forty Thousand United States ("U.S.") Dollars (\$1,940,000) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 6.1 and local currency costs, as defined in Section 6.2 of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project.

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

(b) The resources provided by Grantee for the Project will be not less than the equivalent of U.S.\$10,300,000, including costs borne on an "in-kind" basis.

SECTION 3.3 Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is June 30, 1989, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

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

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

Article 4: Conditions Precedent to Disbursement

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

Article 4: Condition Precedent to Disbursement (Continued)

(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 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) A statement indicating that the GSF Committee, has reviewed the annual local currency requirements for the Project and that such requirements will be included in the Annual Budget Programming Document.

(d) Evidence that the Project Coordinating Committee has been established along with names, titles, and functions of the persons who will serve on this Committee.

(e) A letter from the Ministry of Finance confirming that personnel and commodities financed by AID under the Grant shall be exempt from all GS DR taxes and duties, including taxes on fuel purchased with Project funds.

SECTION 4.2. Disbursement for Population Data and Policy Component. Except for technical assistance, prior to any disbursement or to the issuance of any commitment documents for the Population Data and Policy Component, the Grantee shall, except as the Parties may otherwise agree in writing, furnish to A.I.D. in a form and substance satisfactory to A.I.D.:

(a) A written service contract from a manufacturer's service representative for the regular maintenance of the GS DR computer equipment purchased by the Project.

(b) An implementation schedule and financing plan for the 1986 National Population Census.

(c) A written contract with a firm to complete the site preparation for the GS DR computer equipment purchased by the Project.

(d) Evidence that the following positions for the 1986 National Population Census have been funded by non-USAID funding sources: (a) Census Advisor; (b) Census Cartographer; (c) Data Processing Advisor.

SECTION 4.3. Disbursement for Information, Education and Communication Component. Except for technical assistance, prior to any disbursement or to the issuance of any commitment documents for the Information, Education, and Communications Component, the Grantee shall, except as the Parties may otherwise agree in writing, furnish to A.I.D. in a form and substance satisfactory to A.I.D. evidence that suitable counterparts are available to serve in the Information, Education and Communication Unit.

Article 4: Condition Precedent to Disbursement (Continued)

SECTION 4.4. Disbursement for Training and Program Implementation under the Information, Education and Communication Component. Prior to any disbursement for IEC training and program implementation, 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.:

An overall IEC strategy specifying the role and function of each participating organization and the first annual work plan identifying the specific activities and schedules of each organization.

SECTION 4.5. Disbursement for the Operations Research Component. Prior to any disbursement or to the issuance of any commitment documents for the Operations Research Component, the Grantee shall, except as the Parties may otherwise agree in writing, furnish to A.I.D. in a form and substance satisfactory to A.I.D.:

Evidence that suitable counterparts are available to serve in the Operations Research Unit.

SECTION 4.6. Disbursement for Research Studies. Prior to any disbursement for the implementation of any research study of the Operations Research Component, the Grantee shall, except as the Parties may otherwise agree in writing, furnish to A.I.D. in a form and substance satisfactory to A.I.D., a written proposal for any such research study, that has been approved by the OR Technical Group.

SECTION 4.7. Notification. When A.I.D. has determined that the conditions precedent specified in Section 4.1, 4.2, 4.3, 4.4, 4.5 and 4.6 have been met, it will promptly notify the Grantee.

SECTION 4.8. Terminal Dates for Conditions Precedent.

(a) If all of the conditions specified in Section 4.1 have not been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Grantee.

(b) If all of the conditions specified in Section 4.2 and 4.3 have not been met within 180 days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D. at its option, may cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

(c) If all the conditions specified in Section 4.4, 4.5 and 4.6 have not been met within 450 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 cancel the then undisbursed balance of the Grant to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

Article 5: Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include two evaluations the first shall be conducted in the 24th month of the Project and the second evaluation shall be conducted in the 44th month. The evaluations will include, but not necessarily be limited to:

(a) evaluation of progress toward attainment of the objectives of the Project;

(b) identification and evaluation of problem areas or constraints which may inhibit such attainment;

(c) assessment of how such information may be used to help overcome such problems; and

(d) evaluation, to the degree feasible, of the overall development impact of the Project.

SECTION 5.2. Other Special Covenants.

(a) The Grantee agrees to make appropriate staff available for training programs and to serve as counterparts to the technical assistance personnel.

(b) The Grantee agrees to maintain the equipment purchased by the Project.

(c) The Grantee agrees that the facilities to be renovated for the Family Health Services Component will be used for the exclusive use of the Family Health/Family Planning Division of the Ministry of Health.

(d) The Grantee agrees that A.I.D. funds made available under this Project will not be used to pay for (1) performance of abortions as a method of family planning or to motivate or coerce any person to practice abortion, or, (2) the performance of involuntary sterilizations as a method of family planning or to provide any financial incentive to any person to practice sterilizations.

(e) The Grantee agrees to establish a system for medical review and quality control of Clinical Family Health Services.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1. will be used exclusively to finance the costs of goods and services required for the Project having, with respect to goods, their source and origin, and with respect to services their nationality in the Cooperating Country, the United States, or countries included in AID Geographic Code 941 as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance. Ocean transportation costs will be financed under the grant only on vessels under flag registry of the United States the Cooperating Country, or countries included in AID Geographic Code 941, except as A.I.D. may otherwise agree in writing.

SECTION 6.2. Local Currency Costs. Disbursements pursuant to Section 7.2. will be used exclusively to finance the costs of goods and services required for the Project having their source and except as A.I.D. may otherwise agree in writing, their origin, in Somali Democratic Republic. ("Local Currency Costs".)
"Local Currency Costs").

Article 7: Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of the Agreement, by such of the following methods as may be mutually agreed upon:

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or (B) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

Article 7: Disbursement (Continued)

SECTION 7.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained:

(1) by acquisition by A.I.D. with U.S. Dollars by purchase or from local currency already owned by the U.S. Government; or

(2) by A.I.D. requesting the Grantee to make available the local currency for such costs.

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 at the time AID requests the Grantee to make the local currency available.

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 Somali Democratic Republic 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 Somali Democratic Republic at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the Somali Democratic Republic.

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:

Article 8: Miscellaneous (Continued)

To the Grantee:

Mail Address: Minister
Ministry of National Planning
Mogadishu

To A.I.D.:

Mail Address: DIRECTOR
USAID/Somalia
Mogadishu, Somalia

Alternate address for cables:
AMEMBASSY MOGADISHU

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice. The Grantee, in addition, will provide the USAID Mission with a copy of each communication sent to A.I.D.

SECTION 8.2. Representatives. For all purpose relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of Minister of National Planning and A.I.D. will be represented by the individual holding or acting in the office of Mission Director, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

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.

SOMALI DEMOCRATIC REPUBLIC

By: _____

Title: Minister of Foreign Affairs

UNITED STATES OF AMERICA

By: _____

Title: Mission Director

Amplified Project Descriptions

I. General Project Description

The Family Health Services Project (FHS) has an institutional development focus and will deliver assistance through four different but mutually re-inforcing components: A) Population Data and Policy; B) Information, Education, and Communications; C) Clinical Family Health Services; and D) Operations Research. The long-term goal of the Project is to improve the quality of life for the Somali people. The purpose of the Project is to strengthen the capabilities of Somali institutions to promote, support, coordinate, and sustain family health programs. The principal institutions which will receive assistance include: 1) The Somali Family Health Care Association; the Central Statistical Department of the Ministry of National Planning; the Family Health/Planning Division of the Ministry of Health; the Somali Women's Democratic Organization; and the Curriculum Development Center and Women's Education Department in the Ministry of Education. In addition to the AID and GSDR resources, assistance will continue to come from AID centrally funded activities. Considerable resources are also expected from other donors including the United Nations Fund for Population Activities (UNFPA) and the Government of Italy.

At the end of the Project the following accomplishments will have been achieved: 1) the Central Statistical Department will use improved computational technology; 2) participating institutions will have improved technical and management skills in the production, analysis and application of data; 3) increased information, education, and communication programs supporting family health services; 4) greater effectiveness of service personnel in motivating couples to adopt and continue family health practices; 5) upgraded and expanded clinical family health services of the Ministry of Health; 6) personnel who are implementing family health programs will have improved skills in operations research; 7) family health programs will be guided by an effective operations research system; and 8) a contraceptive social marketing program will be tested.

A. Population Data and Policy

This component will supply suitable computer facilities and technical assistance to assist the GSDR in undertaking the 1986 National Census. The following activities will be undertaken: 1) A suitable computer, hardware and software system will be provided and installed with the Central Statistical Department; 2) Technical assistance in sampling design, census design, questionnaire design and nomad estimation techniques will be provided; 3) Assistance for analysis and demographic studies for pertinent census studies; and 4) Workshops and conferences on census and population topics. Local currency costs will be provided by the Grantee.

B. Information, Education and Communication

This component will provide information and explanation to the public concerning the role of family health services. AID Grant funds will be used to establish an IEC Unit and Resource Center with the Somali Family Health Care Association. Technical Assistance, training and commodities will be provided to establish the center, collect baseline data, and develop annual strategies and workplans as well as implementation of IEC programs with the Women's Education Department of the MOE, the Ministry of Health, the Somali Woman's Democratic Organization, and Somali Family Health Care Association. Grant funds will also provide for technical assistance, equipment, and a vehicle to the curriculum development center in the Ministry of Education. Finally, the AID Grant will provide for the preparation, production and distribution of IEC educational and promotional materials. Local currency costs will be provided by the Grantee.

C. Clinical Family Health Services

This component will deliver and administer family health services. AID Grant funds will: 1) Provide technical assistance, short-term training and commodities to upgrade the skills of family health trainees, physicians and field staff; 2) Provide for equipment and supplies, training and technical assistance to establish a model clinic in Mogadishu for training in contraceptive service delivery; 3) Support the establishment of special family health services in the regional specialty hospitals in Kismayo, Hargeisa and Mogadishu through the provision of technical assistance and training; 4) Upgrade management systems and develop facilities at the Family Health/Family Planning Division of the Ministry of Health by providing funds for basic office equipment and supplies, short-term technical assistance and training; and 5) Expand FHS to selected MCH centers and primary health care sites and hospitals. AID Grant funds will provide for contraceptives, clinical equipment and supplies, vehicles, and technical assistance. The Grantee will provide all local currency costs, including renovation costs.

D. Operations Research

This component is scheduled to begin implementation during the second year of the Project. The O/R component will monitor, evaluate and undertake special research for family health programs and services, including a contraceptive social marketing program. AID Grant funds will: 1) Assist in establishing an Operations Research Unit in the Somali Family Health Care Association, which will coordinate and assist in monitoring and evaluating activities for the Project and maintain on-going communications with participating agencies. An O/R Technical Group will conduct periodic meetings to complement these functions. 2) Provide specialized training and technical assistance in O/R methods, special studies, and monitoring. 3) Fund a FH survey to measure changes in family health. This survey will complement a 1983 survey conducted through the Ministry of Health and the Central Statistical Department. 4) Support the establishment of a Contraceptive Social Marketing Unit to implement an CSM Program. The Unit will be guided by an advisory

council. The Unit will conduct market tests, prepare promotion, packaging and commercial retailing of contraceptives. Project support will include short-term technical assistance, training, currency support for staff salaries, packing costs, fuel and vehicle maintenance, local travel and office expenses.

II. Responsibilities of the Participants

A Project Coordinating Committee will be established which includes representation from each of the institutions participating in the Project and USAID. The function of the Coordinating Committee is to provide a forum for discussing the progress, problems, and issues related to Project activities. The Committee will meet four times a year. The MONP will Chair the Committee and the SFHCA will provide the Secretariat. The Secretariat will be responsible for setting agendas and recording the proceedings of Committee Meetings. Decisions of the Committee will be acted upon by the Chairman under the authority of the Director General, MONP. Special technical assistance will be provided for establishing the committee and in assisting with its on-going operations.

In addition, the Secretariat will: (1) serve as a clearinghouse for information related to project activities; (2) identify, investigate, and bring to the attention of the Committee the general issues which constrain the development of family health services and population policies in Somalia; (3) recommend methods of integrating the activities of the various institutions involved in family health services and population related activities.

III. Illustrative Financial Plan

Project Financial Plan
(\$ Thousand or equivalent)

Project Inputs	<u>Obligations This Agreement</u>		<u>Future Years Anticipated</u>		<u>Total</u>	
	AID	GSDR	AID	GSDR	AID	GSDR
<u>Technical Assistance*</u>	450		4,370		4,820	
<u>Training</u>	60		400		460	
<u>Commodities</u>	1,430		3,390		4,820	
<u>Other Costs</u>		10,300				10,300
Total:	1,940	10,300	8,160		10,100	10,300

*Includes long and short-term technical assistance, as well as first year contribution of approximately \$205,000 to the USAID Field Support Unit.

In addition to the AID and GSDR resources, significant resources are expected from UNFPA and the Government of Italy to implement the Census component. The anticipated contribution from UNFPA is expected to be approximately \$967,000. The Government of Italy is expected to contribute approximately \$702,000.

The Plan is illustrative, changes 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 such changes do not cause (i) A.I.D.'s contribution to exceed the amount specified in the text of the Agreement, or (ii) The GSDR contribution to be less than the amount specified in the text of the Agreement. Future AID obligations are subject to the availability of funds and mutual Agreement of the Parties to proceed.

Project Grant StandardProvisions

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

Article A: Project Implementation Letters

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

Article B: General Covenants

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

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

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

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

SECTION B.3. Utilization of Goods and Services.

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

Article B: General Covenants (Continued)

(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

(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;

Article B: General Covenants (Continued)

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

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

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

Article C: Procurement Provisions

SECTION C.1. Special Rules.

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

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

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

(d) Transportation by air, financed under the Grant, of property or persons, 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;

Article C: Procurement Provisions (Continued)

(2) such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services, which, though not financed under the Grant, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a)(2) will be identified in Project Implementation Letters;

(b) Documents related to the prequalification of contractors, and to the solicitation of bids or proposals for goods and services financed under the Grant will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States standards and measurements;

(c) Contracts and contractors financed under the Grant for engineering and other professional services, for construction services, and for such other services, equipment or materials as may be specified in Project Implementation Letters, will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution; and

(d) Consulting firms used by the Grantee for the Project but not financed under the Grant, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Grantee for the Project but not financed under the Grant, shall be acceptable to A.I.D.

SECTION C.4. Reasonable Price. No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Grant. Such items will be 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,"

Article C: Procurement Provisions (Continued)

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 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.

Article C: Procurement Provisions (Continued)

SECTION C.B. 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 noncancellable 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 (60) 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.