

PDBBM 867

LIMITED SCOPE GRANT AGREEMENT

Between the United States of America, acting through
the Agency for International Development (USAID)

AND

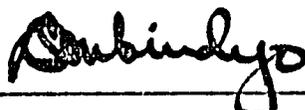
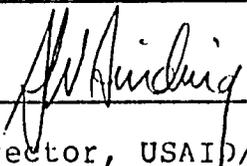
The Republic of Kenya
(Cooperating Country)

1. Project Title: Project Development And Support	2. AID Project Number: <u>615-0510.15</u>
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The above named parties hereby mutually agree to carry out the Project described in this Agreement in accordance with (1) the terms of this Agreement, including any annexes attached hereto, and (2) any general agreement between the two governments regarding economic or technical cooperation.

3. Amount of USAID Grant: \$225,000	4. Cooperating Country Contribution to the Project \$ 75,000	5. Project Assistance Completion Date September 30, 1989
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6. This Agreement consists of this title page and
Annexes 1, 2 and 3

7. For the Cooperating Country Typed Name: Signature:  Title: Permanent Secretary Ministry of Finance Date: 2. 8. 85	8. For the Agency for International Development Typed Name: Steven W. Sinding Signature:  Title: Director, USAID/Kenya Date: 9/2/88
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ANNEX 1

Project Development and Support Project (615-0510)

A. Project Description

1. Background: During the next several months, USAID/Kenya will be preparing a Project Paper for the proposed Agricultural Marketing Development Program (AMDP). The principal objectives of the Program are stated in the draft Project Identification Document as follows:

Goals: To assist the Government of Kenya to achieve its goal of rural-urban balance through the development of a more efficient marketing system.

Purpose: To develop selected market areas and to improve the policy environment for rural market development.

These objectives are to be served by support to a program of policy reforms; development of rural market infrastructure; and strengthening of the institutional capacity to guide policy and investment decisions. In designing the AMDP, USAID/Kenya is placing priority on collaboration with the Government of Kenya and on understanding the social, economic and institutional dynamics of Kenya's rural and urban sectors.

2. Project Purpose: The Project funded under this Limited Scope Grant Agreement consists of development and support activities required for the design of the proposed Agricultural Marketing Development Program. The purpose of this Project is to conduct a series of studies on topics which are critical to the development of a Project Paper for the AMDP. Within the general purposes stated in this paragraph and the guidelines referred to in paragraph [B. 5] below, the specific activities to be supported under the project will be mutually agreed upon by the parties.

3. Eligible Uses: Project funds shall be used for a series of Project Paper design-related studies which include but are not necessarily limited to those described below:

a. Economic Analyses

Economic analysis activities to be funded under this agreement shall include:

i) Analysis of the structure, conduct and performance in specified markets for goods and services, including socio-economic differences among market participants and with reference to gender issues; etc.

ii) Analysis of prospects for private investment in rural areas and market towns, and of possible measures to

promote private enterprise and competition in these areas;
and,

iii) Economic and financial analysis of the viability of representative, recent or pending, infrastructure investments in rural areas and market towns.

b. Analyses of Market Information Systems

In preparation for the design of a component of AMDP which will involve support to strengthen institutions collecting, analyzing and disseminating market information, two studies are envisioned:

- i) a study of crop reporting systems; and,
- ii) a study of market information reporting systems.

c. Institutional and Financial Analyses

Among the institutional and financial analyses which may be required for design of the AMDP, this Project will fund a study of the organizational, management, and financial issues relating to both central and local government institutions in the Program.

d. Design of Monitoring and Evaluation Systems

Among the analyses which may be required for design of a monitoring and evaluation plan for the AMDP, this Project will fund a report on the applications of current research and recent advances in the areas of rural and regional development studies which may be of assistance in assessing program performance and impact.

e. Analysis of Social Issues

The Project may provide funds for data collection and analysis of specific topics related to the socio-economic feasibility and the likely social impact and distribution of benefits from the AMDP:

i) Support may be provided for social soundness analysis for design of the AMDP, to ensure that the program is based on a solid understanding of Kenya's rural and urban sectors; and,

ii) Support may be provided to analyze the likely impact of the AMDP on the social well-being of the Kenyan people, for instance, with respect to health and nutrition status, access to social services, etc.

f. Other Design Studies

Subject to the mutual consent of both of the the parties

to this Agreement, additional development and support activities related to the design or appraisal of the proposed AMDP shall be undertaken.

B. PROJECT IMPLEMENTATION

1. Financial Contributions

1.1. USAID Financing. The amount of the AID grant provided is specified in Block 3 of the Title page.

1.2. Grantee Financing. The Government of the Republic of Kenya will contribute staff time on an in-kind basis, in an amount equal to that shown in Block 4 on the Title page, to collaborate in special studies, analyses, and the development of the AMDP.

2. Contracting. Unless otherwise agreed by the Parties, USAID will contract, and make direct payment, for the services financed under the Grant in accordance with standard USAID procurement and payment procedures. All procurement will be undertaken in accordance with Project Implementation Orders which will be reviewed and concurred in by the Grantee. All services financed under the Grant will have their nationality in the A.I.D. Geographic code 935 (Free World) with the exception of services financed under Project No. 940-1005.15 which will have their nationality in the A.I.D. Geographic Code 000 (U.S. and host country), unless otherwise agreed in writing by A.I.D. The principal contracting mechanisms to be utilized are USAID PIO/T's to use services available under existing Indefinite Quantity Contracts and Cooperative Agreements. Other mechanisms may be utilized as appropriate.

3. Reports. USAID will provide to the Government of Kenya, Ministry of Finance copies of the reports or papers funded under this Project.

4. Air Transport. Unless USAID otherwise agrees in writing, 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. Further details on this requirement will be provided, as necessary, in Project Implementation Letters.

5. Guidelines. Funds provided under this Grant must be used in accordance with USAID guidelines on use of project development and support funds, as revised from time to time.

Fiscal Data:

Appropriation:	72-1181014	72-1181021.8
Budget Plan Code:	GSSA-88-21615-KG63	PDHA-88-29615-KG-11
(Allowance):	(814-50-615-00-61-81)	(848-51-615-00-20-6)
Amount:	\$200,000	\$25,000
Project:	615-0510	940-1005.15
		GR-940-1005.15-001
		W380003

ANNEX 2:
ILLUSTRATIVE BUDGET

Component/Item	units	@	Cost (\$1000)
A. Economic Analysis (IGC)			
1. Personnel	30 p.w.	\$1200/p.w.	36.0
2. Per diem	30 p.w.	\$600/p.w.	18.0
3. Int'l Transport	6 r.t.	\$2500/r.t.	15.0
4. Local Transport			1.5
5. Rpt. Prep & ODC			2.0
6. Overhead			36.0
subtotal A			108.5
B. Market Information (COOP-AG)			
1. Personnel			12.5
2. Per diem			5.5
3. Int'l Transport			5.0
4. Local Transport			2.0
5. Rpt. Prep & ODC			1.0
6. Overhead			10.0
subtotal B			36.0
C. Institutional & Financial (Purchase Order)			
1. Personnel	8 p.w.	\$1200/p.w.	9.6
2. Per diem	8 p.w.	\$600/p.w.	4.8
3. Int'l Transport	1 r.t.	\$2500/r.t.	2.5
4. Local Transport			0.5
5. Rpt. Prep & ODC			0.5
6. Overhead			0.0
subtotal C			17.9
D. Monitoring and Evaluation (IGC)			
1. Personnel	6 p.w.	\$1200/p.w.	7.2
2. Per diem	6 p.w.	\$600/p.w.	3.6
3. Int'l Transport	1 r.t.	\$2500/r.t.	2.5
4. Local Transport			0.5
5. Rpt. Prep & ODC			0.5
6. Overhead			0.0
subtotal D			14.3
E. Social			
1. Personnel	16 p.w.	\$1000/p.w.	16.0
2. Per diem	80 p.w.	\$500/p.w.	4.0
3. Int'l Transport	2 r.t.	\$2500/r.t.	5.0
4. Local Transport			1.0
5. Rpt. Prep & ODC			3.3
6. Overhead			4.0
subtotal E			33.3
F. Miscellaneous			
1. Personnel	4 p.w.	\$1200/p.w.	4.8
2. Per diem	4 p.w.	\$600/p.w.	2.4
3. Int'l Transport	2 r.t.	\$2500/r.t.	5.0
4. Local Transport			0.5
5. Rpt. Prep & ODC			0.5
6. Overhead			1.8
subtotal F			15.0
Grand Total			225.0

Annex 3

PROJECT AGREEMENT

PROAG STANDARD PROVISIONS ANNEX

A. Reference to 'this Agreement' means the original Project Agreement as modified by any revisions which have entered into effect. Reference to 'cooperating country' means the country or territory of the Grantee.

B. (1) USAID will make available the amount specified in Block 3 of this Agreement, as necessary for the Project, as may be further described in Annex 1.

(2) The Grantee will make available the amount specified in Block 4 of this Agreement, as necessary for the Project, as may further be described in Annex A. The Grantee will also make, or arrange to have made, additional contributions of property, services, facilities and funds required for carrying out the Project as specified in Annex 1.

C. USAID and the Grantee may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Agreement. The two parties may agree to accept contributions of property, services, facilities and funds for purposes of this Agreement from other public and private agencies, and may agree upon the participation of any such third party in carrying out activities under this Agreement.

D. Except as otherwise specified herein or subsequently agreed by the parties, all contributions of the parties pursuant to this Agreement shall be made on or before the Project Assistance Completion Date, or amended date. A contribution of goods or services shall be considered to have been made when the services have been performed and the goods furnished as contemplated in this Agreement. Disbursement of funds may take place after final contributions have been made, but USAID shall not be required to disburse funds hereunder after the expiration of nine months following the estimated Project Assistance Completion Date (Block 5 of this Agreement) or any amended Project Assistance Completion Date specified.

E. The procurement of commodities and services to be financed in whole or in part by USAID may (where so required by USAID procedures) be undertaken only pursuant to Project Implementation Orders (PIOs) issued by USAID

F. Unless otherwise specified in the applicable PIO or Project Implementation Letter (PIL), the procurement of commodities imported specifically for the Project and financed with the USAID contribution referred to in Block 3 of this Agreement shall be subject to the provisions of USAID Regulation 1.

G. Unless otherwise agreed by the parties or otherwise specified in the applicable PIO, title to all property procured through financing by USAID pursuant to Block 3 of this Agreement shall be in the Grantee, or such public or private agency as it may authorize.

H. (1) Any property furnished to either party through financing by the other party pursuant to this Agreement shall, unless otherwise agreed by the party which financed the procurement, be used effectively for the purposes of the Project in accordance with this Agreement, and upon completion of the Project, will be used so as to further the objectives sought in carrying out the Project. Either party shall offer to return to the other, or to reimburse the other for, any property which it obtains through financing by the other party pursuant to this Agreement which is not used in accordance with the preceding sentence.

(2) Any funds provided to either party pursuant to this Agreement which are not used in accordance with this Agreement, shall be refunded to the party providing the funds.

(3) Any interest or other earnings on funds provided by USAID to the Grantee under this Agreement will be returned to USAID by the Grantee.

I. (1) If USAID and any public or private organization furnishings commodities through USAID financing for operations hereunder in the cooperating country, is, under the laws, regulations or administrative procedures of the cooperating country, liable for customs, duties and import taxes on commodities imported into the country for purposes of carrying out this Agreement, the Grantee will pay such duties and taxes unless exemption is otherwise provided by any applicable international agreement.

(2) If any personnel (other than citizens and residents of the cooperating country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with USAID, the Grantee or any agency authorized by he Grantee, who are present in the cooperating country to provide services which USAID has agreed to furnish or finance under this Agreement, are under the laws, regulations or administrative procedures of the cooperative country, liable for income and social security

taxes with respect to income which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes on personal property intended for their own use, or for the payment of any tariff or duty upon personal or household goods brought into the cooperating country for the personal use of themselves and members of their families (not including such personal or household goods as may be sold by any such personnel in the cooperating country) or if any firm, not normally resident in the cooperating country, is liable for income, receipts, or other taxes on work financed by USAID hereunder, the grantee will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

J. If funds provided by USAID are introduced into the cooperating country by USAID or any public or private agency for purposes of carrying out obligations of USAID hereunder, the Grantee will make such arrangements as may be necessary so that such funds shall be convertible into currency of the cooperating country at the highest rate which, at the time the conversion is made, is not unlawful in the cooperating country.

K. USAID shall expend funds and carry on operations pursuant to this Agreement only in accordance with the applicable laws and regulations of the United States Government.

L. The two parties shall have the right at any time to observe operations carried out under this Agreement. Either party during the term of the Project and for three years after the completion of the Project shall further have the right (1) to examine any property procured through financing by that party under this Agreement, wherever such property is located, and (2) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this Agreement, wherever such records may be located and maintained. Each party, in arranging for any disposition of any property procured through financing by the other party under this Agreement, shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which did the financing.

M. USAID and the Grantee shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.

N. The present Agreement shall enter into force when signed. Either party may terminate this Agreement by giving the other party thirty (30) days written notice of intention to terminate it. Termination of this Agreement shall terminate any

obligations of the two parties to make contributions pursuant to Blocks 3 and 4 of this Agreement, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of the Agreement. It is expressly understood that the obligations under paragraph H relating to the use of property or funds shall remain in force after such termination. In addition, upon such termination USAID may, at USAID 's expense, direct that title to goods financed under the Grant be transferred to USAID if the goods are from a source outside the Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of the Grantee's country.

O. To assist in the implementation of the Project, USAID from time to time, may issue PILs that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon PILs to confirm and record their mutual understanding on aspects of the implementation of this Agreement.

P. The Grantee agrees, upon request, to execute an assignment to USAID 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.