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Lent to
John Ross
AFR/RA

PGA # G-698-0410.38-81-6

PROJECT GRANT AGREEMENT

between

THE GOVERNMENT of the REPUBLIC OF GHANA

and

THE GOVERNMENT of the UNITED STATES OF AMERICA

for

TAMALE DEVELOPMENT DEMONSTRATION PROJECT

Project No. 698-0410.38 (AIP)

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PROJECT GRANT AGREEMENT

Dated

Between

The Republic of Ghana, acting through the
Ministry of Works and Housing (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 understanding 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 the Project

The Tamale Development Demonstration Project, which is further described in Annex 1, will assist with selected land use demonstration activities in Tamale. During the two year period two complementary activities will be undertaken: (1) Provision of equipment and commodities to assist the extension of basic road and infrastructure into the Block M Extension and Gumah Village as a means of organizing self-help housing areas and facilitating future community improvements;

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and (2) Provision of technical advice in equipment procurement, operation and maintenance through short-term consultancies.

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 Section 8.2, without formal amendment of this Agreement.

Section 2.2 Time Periods for Funding

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.

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") for the implementation of the Project. 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.

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Section 3.2 Grantee Resources for the Project

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

(b) The resources provided by the Grantee for the Project will be not less than the equivalent of two hundred and fifty-four thousand "U.S." dollars (\$254,000), including costs borne on an "in-kind" basis, during the life of the project.

Section 3.3 Project Assistance Completion Date

(a) The Project Assistance Completion Date (PACD), which is July 31, 1983 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 disbursements, 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

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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 Disbursement

Prior to disbursement under the Grant, or to the issuance by A.I.D. of any commitment document pursuant to which disbursement will be made, except for the procurement of U.S. Government excess property equipment, the Grantee will, except as the parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

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

(b) Evidence that a Steering Committee, as described in Annex 1 has been constituted, to assist the Western Dagomba District Council to manage the project and that the representatives of participating communities have agreed to the role each entity is to play in the project and to provide the technical, financial and human resources required to carry out the project.

(c) Evidence that the Grantee has made all necessary arrangements to ensure sufficient allocation of and/or the provision of project commodities (fuel, lubricants, cement pipes, valves, etc.), transportation services (to move goods and equipment to the demonstration construction sites) and labor resources essential for the successful implementation of the project.

(d) Evidence that the Grantee has made all necessary housing arrangements in Tamale for the short-term equipment advisor.

Section 4.2 Notification

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

Section 4.3 Terminal Dates for Conditions Precedent

If the conditions specified in Section 4.1 have not been met within one hundred and twenty (120) 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 of 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, one evaluation during the implementation of the

Project and one or more at certain points thereafter. The elements of this would contain:

- (a) evaluation of progress toward attainment for 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 needed to help overcome such problems; and
- (d) evaluation, to the degree feasible, of the overall development impact of the Project.

Section 5.2 U.S. Excess Property Accountability

The Grantee shall ensure or cause to be ensured for not less than one year after the date of arrival of each item of U.S. excess property at the Grantee's port of entry;

(a) That accountability records are maintained on all items of excess property provided hereunder except expendable items;

(b) A.I.D. shall have the right to inspect all items of excess property wherever the items are located and to audit all accounts and records pertaining to such items; and

(c) The prior approval of A.I.D. shall be obtained before any items of excess property provided under this Agreement is retransferred or otherwise disposed of.

The obligations described above shall be in addition to and in no way relieve the Grantee from the requirements of other provisions of this Agreement.

Section 5.3 Commodities/Equipment Clearance and Transportation

Grantee shall ensure or cause to be ensured that all commodities and equipment financed by the Grant be expeditiously cleared through customs and transported without delay to the construction sites in Tamale.

ARTICLE 6: Procurement Source

Section 6.1 Foreign Exchange Costs

Disbursement pursuant to Section 1.1 will be used exclusively to finance the costs of goods and services required for the project having their source and origin in the United States (Code 000 of the AID 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.

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 Ghana ("Local Currency Costs"). To the extent provided for under this agreement, "Local Currency Costs" may also include provisions of local currency resources required for the project.

ARTICLE 7: Disbursement

Section 7.1 Disbursement for Foreign Exchange Costs

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

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or, (B) requests for A.I.D. to procure commodities or services in 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 designated by the Government of Ghana and 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.

Section 7.2 Disbursement for Local Currency Costs

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursement 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 the necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements will be obtained by A.I.D. in the usual manner.

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 7.3, if funds provided under the Grant are introduced into Ghana 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 Ghana at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Ghana.

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ARTICLE 3: Miscellaneous

Section 3.1 Communications

Any notice, request, document or other communications 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 delivery to each party at the following address:

To The Grantee:

Department of Town & Country Planning
Ministry of Works and Housing
P.O. Box H.61
Accra, Ghana

To A.I.D.:

Office of Development Administration
USAID Mission to Ghana
P.O. Box 1630
Accra, Ghana

Section 3.2 Representatives

For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting as the Director of Town and Country Planning Ministry of Works and Housing, Accra and A.I.D. will be represented by the individual holding or acting in the Office of Director, USAID Mission to Ghana, 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 of 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

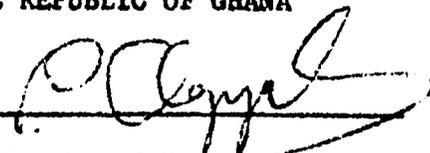
written notice of revocation of their authority.

Section 3.3 Standard Provision Annex

A "Project Grant Standard Provision 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 last day and year written below.

THE REPUBLIC OF GHANA

By 

Title: Mr. S.P. Agyarko
Acting Principal Secretary
Ministry of Finance and
Economic Planning

THE UNITED STATES OF AMERICA

By 

Title: Larry Sifers
Acting USAID Mission Director

Appropriation: 72-1111021.6
Allotment: 146-60-641-00-69-11
Project No.: 698-0410.38
Amount: \$500,000
Effective Date of this PGA: August 31, 1981

AMPLIFIED DESCRIPTION OF THE PROJECT

ARTICLE A: Project Description

Section A.1 Purpose

The Project, to be jointly financed by the Grantee and A.I.D., has as its purpose demonstration of the value and feasibility of integrating sociological improvements with positive physical community changes on a planned basis, and to provide in-country training for Ghanaians in equipment maintenance. More specifically, the Project is to assist the Western Dagomba District Council (WDDC) in its efforts to provide roads and related infrastructure elements at two selected residential community demonstration sites in the Tamale area.

Section A.2 General

The above stated project purpose will be achieved through the provision of U.S. excess property construction equipment and machinery needed to complete physical improvements at the demonstration sites; maintenance and repair shop tools; a portion of essential construction materials and commodities such as fuel, cement, plastic pipe, valves, hand tools, etc. to cover shortages in the Western Dagomba District Council allocations and; a short-term (U.S.) technical advisor's services to assist the Western Dagomba District Council in organizing an efficient maintenance/operation training program. The provision of the resources and inputs mentioned above will mainly serve to support the activities being carried out by the Western Dagomba District Council and Town and Country Land Use Planning Unit, primary implementing entities for the project.

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The Western Dagonba District Council and Town and Country Planning will coordinate inputs and manage the twenty-four month infrastructure improvement project through a steering committee made up of representatives of local and regional agencies and the two communities (Ward M Extension Gumah Village) involved in the demonstration. Two sites have been selected for the project, Gumah village and Ward M Extension. Gumah village, a resettlement area for families who have been displaced by a large highway project, will have an estimated population of 2,500 when fully settled. The area is basically flat and open and has been planned for approximately 224 plots averaging 100'x 80' Ward M Extension which is located south of the center of Tamale is a heavily settled "un-planned" development near a large industrial area. When the Ward M area is fully developed, it will hold approximately 2,500 inhabitants.

Project activities will include:

- (a) Road and related infrastructure construction at the two demonstration sites utilizing project funded U.S. excess property machinery and equipment,
- (b) Training of WDDC repair technicians and mechanics in the efficient maintenance and operation of heavy road building machinery and equipment.

ARTICLE B: Inputs

Section B.1 A.I.D. A.I.D. will provide funding for:

- (a) Heavy duty construction equipment (including hauling trucks, tractor, motor grader and ditching machines); ocean freight shipment to

Tema port only and a spare parts component for each item of equipment.

(b) Maintenance and repair workshop tools to support the Western Dagomba District Council efforts to keep its equipment and machinery in good working order;

(c) Technical assistance (exclusive of housing, furnishing and related support costs) for approximately 6 months to assist the Western Dagomba District Council support its equipment maintenance training program;

(d) A portion of the essential building construction materials and fuel, lubricants and other operating supplies for Project equipment and machinery to cover shortfalls in the Western Dagomba District Council and/or Town and Country Planning allocations.

Section B.2 Government of Ghana

Inputs to be provided by Government of Ghana include:

(a) Labor - salaries for construction workforce and intern mechanics to be provided by WDDC;

(b) Salaries for time spent by professional staff members serving on the Project Steering Committee;

(c) Funding for workshop facility to maintain and repair construction equipment;

(d) Storage facilities for Project materials and commodities;

(e) Office space for Project staff;

(f) Construction materials and commodities essential for completion of road installation and infrastructure development at the demonstration sites;

(g) Fuel, lubricants and other operating supplies for project equipment and machinery;

(h) Costs for clearing and transporting the excess property and other Project commodities and construction materials to the two Tanale demonstration sites.

ARTICLE C: Implementation

Responsibilities of Government of Ghana Implementing Agencies

For successful implementation of the Project key governmental agencies will have the following administrative, financial and functional responsibilities:

(a) Town and Country Planning (Ministry of Works and Housing) will be responsible for the overall coordination of activities necessary for successful implementation of the project and ensuring that inputs provided by other participating governmental agencies are budgeted for and made available at the two construction sites in a timely manner. Acting through its offices in Tanale and Accra, Town and Country Planning will make arrangements and budget for: (1) the clearance and movement of all construction equipment and materials (whether financed by Government of Ghana or A.I.D.) to the construction sites in Tanale; and (2) the provision of Project office space, storage and workshop facilities.

Basic evaluation and progress monitoring responsibilities will also rest with Town and Country Planning/Tanale.

(b) Western Dagomba District Council (WDDC) has been mandated the responsibility for district development and therefore must establish development goals and priorities for the district. To successfully implement construction and infrastructure improvement activities at the two selected development demonstration sites, the WDDC will have to budget sufficient financial resources and obtain project specific allocations for essential construction commodities and materials; fuel and lubricants; and labor (both unskilled, semi-skilled and supervisory). With support and assistance from the Regional Administrative Offices in Tanale, the WDDC will ensure that sufficient commodity allocations (cement, fuel, etc.) are ordered and delivered to Tanale in a timely manner so as not to jeopardize progress of work at the demonstration sites.

The Western Dagomba District Council will manage the twenty-four month Project through a Steering Committee made up of representatives of local and regional agencies and the two communities involved in the demonstration.

The membership of the Steering Committee is as follows:

- (a) Chairman: Western Dagomba District Council
- (b) Office of the District Chief Executive
- (c) Department of Town and Country Planning
- (d) Dept. of Social Welfare and Community Development

- (e) Ministry of Health
- (f) Department of Parks and Gardens
- (g) Ghana Highway Authority
- (h) Ghana Water and Sewerage Corporation
- (i) Electricity Corporation of Ghana
- (j) Ministry of Education
- (k) Ministry of Agriculture
- (l) Representatives of the Communities
- (m) Ministry of Finance and Economic Planning

Once infrastructure development at the two demonstration sites begins, there will also have to be a system in place that provides equitable plot distribution and land titling which to the maximum extent possible protects the rights of resident squatters and also new low-income residents. As part of this project the Western Dagomba District Council will provide for such a system that enables existing residents (squatters in the case of the Ward M Extension site) and new low-income residents to obtain title to their property with a minimum of difficulty.

Also as part of the Tamale Demonstration project the Western Dagomba District Council will give special attention to cost recovery and various measures for increasing its capacity to provide infrastructure services by increasing local revenues. Development fees, special user fees and other ways will be utilized to recover costs to pay for the materials and labor required to maintain existing infrastructure and extend services to newly developing areas within the district.

ARTICLE D: Financial Plan

A financial plan is attached as Attachment 1.1 to this Annex. This plan is subject to change by agreement of the representatives named in Section 3.2 of the Agreement without formal amendment to the Agreement. Transfers may be made between line items provided that no line item is increased or decreased by more than 10% without written agreement of the parties, and further provided that the total funding obligated by A.I.D. is not exceeded.

ARTICLE E: Evaluation Plan

Section E.1 General

The evaluation component of the project will be a joint Department of Town and Country Planning (Ministry of Works and Housing) - A.I.D. effort. Evaluations will cover all aspects of the Project's effectiveness in providing infrastructure development and physical community changes on a planned basis.

Section E.2 Schedule

Evaluations for this project will be scheduled to coincide with the joint evaluation framework and plan being developed for the Tanale Integrated Improvement Program for the Urban Poor (TIIPUP), Project No. 912-0007.01.

ARTICLE F: Title to Equipment

All equipment and materials financed by the project will be titled to the Western Dagonba District Council's Public Works Department.

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ILLUSTRATIVE PROJECT FINANCIAL PLAN
(Source and Application of Funds)
 \$ 000

<u>Project Inputs (by line items)</u>	<u>AID Grant</u>	<u>GOG</u>	<u>TOTAL</u>
<u>Personnel/Labor</u>	<u>60</u>	<u>54</u>	<u>114</u>
U.S. Technical Services	(60)	-	(60)
Part time Counterpart Professional Staff	-	(12)	(12)
Labor (construction workers, foremen and mechanics)	-	(42)	(42)
<u>Commodities</u>	<u>390</u>	<u>135</u>	<u>525</u>
Heavy duty construction equipment (excess property)	(160)	-	(160)
Construction materials (cement, pipes, valves, etc.)	(140)	(75)	(215)
Maintenance Repair Shop Tools Component	(25)	-	(25)
Fuel, Lubricants and operating supplies	(65)	(60)	(125)
<u>Facilities</u>	<u>-</u>	<u>10</u>	<u>10</u>
Workshop and Storage Facilities	-	(8)	(8)
Office Space	-	(2)	(2)
<u>Other Costs</u>	<u>50</u>	<u>55</u>	<u>105</u>
Housing	-	(15)	(15)
Clearing and Transportation of Project Equipment and Materials to Tamale	-	(40)	(40)
Contingency Fund	(50)	-	(50)
TOTALS	500	254	754

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