AFR/PD/IPS
PDBBW677

CLASSIFICATION:

AID 1120-1 (8-66)

DEPARTMENT OF STATE
AGENCY FOR
INTERNATIONAL DEVELOPMENT

PAAD

PROGRAM ASSISTANCE APPROVAL DOCUMENT

1. PAAD NO. [redacted] (Amendment No. 5)
2. COUNTRY: DJIBOUTI
3. CATEGORY: CASH TRANSFER-PROGRAM SUPPORT GRANT (NON-PROJECT ASSISTANCE 603-0022.00)
4. DATE: SEPTEMBER 19, 1990
5. TO: FRED C. FISCHER, DIRECTOR, REDSO/ESA
6. OYB CHANGE NO.: N/A
7. FROM: RAOUF N. YOUSSEF, ACTING CHIEF, REDSO/ESA/PROJ
8. OYB INCREASE: N/A
TO BE TAKEN FROM: N/A
9. APPROVAL REQUESTED FOR COMMITMENT OF: $1,300,000
10. APPROPRIATION - ALLOTMENT
11. TYPE FUNDING: ☐ LOAN ☒ GRANT
12. LOCAL CURRENCY ARRANGEMENT: ☐ INFORMAL ☐ FORMAL ☒ NONE
13. ESTIMATED DELIVERY PERIOD: SEPTEMBER 1990
14. TRANSACTION ELIGIBILITY DATE: SEPTEMBER 1990
15. COMMODITIES FINANCED

NONE

16. PERMITTED SOURCE
U.S. only:
Limited F.W.:
Free World:
Cash: $1,300,000

17. ESTIMATED SOURCE
U.S.:
Industrialized Countries:
Local: $1,300,000
Other:

18. SUMMARY DESCRIPTION

A US$1.3 million cash grant will be provided from the FY 90 Economic Support Fund as budget support, to assist the Government in Djibouti to reduce its deficit, thereby supporting economic and political stability. Eligible uses of cash grant include: (1) multi-lateral debt service payments, (2) eligible international debt service payments and (3) public sector imports of U.S. commodities and services. The two conditions precedent to disbursement of the grant will require: (1) evidence that a non-commingled interest-bearing Special Dollar Account has been established in a commercial bank for deposit and tracking of all grant dollars made available under this grant (2) Government submission of a request letter to A.I.D. proposing acceptable specific uses of all grant dollars for REDSO/ESA approval. No local currency deposits will be required. It is expected that the cash transfer will be disbursed by A.I.D. in one payment, probably in late 1990. GROD disbursements from the new non-commingled Special Dollar Account may continue through May 1992.

19. CLEARANCES

	DATE
REDSO/ESA/PROJ:RNYoussef	9/19
REDSO/ESA/LEG:AVance	9/19/90
REDSO/ESA/ANAL:RPhillips	
RFMC:TCully	9/20/90
REDSO/DDIR:BJOdell	9/20/90

20. ACTION
☒ APPROVED ☐ DISAPPROVED

Fred C. Fischer — AUTHORIZED SIGNATURE — DATE 9/20/90

DIRECTOR, REDSO/ESA — TITLE

CLASSIFICATION:

BPC:GESA9031603JG31
APPROP:72-11011037
ALLOWANCE:037-61-603-00-50-01
(STATE 310562)

FUNDS AVAILABLE
RFMC-NAIROBI / KENYA
DATE 9/19/90

ACTION MEMORANDUM FOR THE REDSO/ESA DIRECTOR

FROM: Raouf N. Youssef, Project Development Officer

SUBJECT: Djibouti - Non-Project Assistance Program (603-0022) - Amendment No. 5

DATE: September 19, 1990

I. Problem: Your approval is requested for a grant of $1.3 million, from the FY 1990 Section 531, Economic Support Fund appropriation, to the Government of the Republic of Djibouti (GROD), to be authorized through an Amendment No. 5 to the FY 1988 Non-Project Assistance Program (603-0022). The entire authorized amount of $1.3 million will be obligated in the fourth quarter of FY 1990, through signature of a grant agreement (603-K-601C).

II. Discussion:

A. Program Justification:

The justification for the program rests on overall U.S. political and strategic interests, as Djibouti's location and its facilities are important for U.S. military operations in the Horn of Africa and the Persian Gulf. Djibouti's airfield is used by U.S. Navy anti-submarine patrol aircraft; its port is used by French and U.S. Navy ships.

1. Economic Background

The contraction of the Djiboutian economy which started in 1984 has accelerated greatly in the past two years, due to the political instability of neighboring countries and the resulting decline in trade for goods and services. It is estimated that private sector activity has declined by at least 20% over the last year. The volume of goods handled by the port has declined by 40% during the past two years. The population growth rate is estimated at three percent per year. Accordingly, real per capita GDP has been falling, though there is no consensus on the approximate per capita GDP; figures range from the Government's $280, to $780 by the World Bank.

As a result of the contraction of exports (virtually all re-exports) the trade imbalance has worsened. The current balance deficit was estimated at $58 million in 1987, before the latest fall in re-export trade was felt. No data is available on the status of the service account, but it is highly unlikely that this account could compensate for the trade deficit.

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As has been the case for most of the past decade, the overall budget deficit is partially covered by the flow of external assistance. On the budget side, the picture has not improved. Unable to cover even its recurrent costs from its income, (1988 deficit: $8.2 million) the government has slashed its investment expenditures to 4.3% of its total budget. The total deficit (recurrent and investment in 1988: $19 million) is covered by external aid and borrowing. Yet the government was $31.5 million in arrears at the end of 1988, or 24% of the total budget. In late 1989, the French agreed to help reduce this amount by 50%.

A stable convertible currency is one of the cornerstones of Djibouti's open economy. Any changes to this policy, such as the introduction of an exchange rate based on a basket of currencies or a devaluation of the current rate to the US dollar, has been rejected for the time being. Thus the Djiboutian franc remains pegged at a fixed exchange rate to the US dollar, and must follow its fortunes.

2. Balance of Payments Situation

It should be noted that although the Djiboutian government has received technical assistance from the IMF in order to institutionalize the collection and analysis of balance of payment statistics, no new data has been published since the 1987 IMF effort and the IMF has not published new figures either.

Because of this lack of data, it is difficult to determine the extent of the balance of payment problem. The most recent data published is the 1987 trade goods statistics. As stated earlier, these show a deficit of $58 million. It should be noted that the collapse of the trade with Northern Somalia began in early 1988 and culminated with the closing of the border to all trade in the spring of 1989. To this day the border remains closed.

Thus it can be expected that the trade imbalance has worsened dramatically during the past two years. The trans-shipment trade with Ethiopia continues to suffer from the Ethiopians' preferential use of the port of Assab for their imports. The trans-shipment trade has not grown as expected due to the stiff competition of the port of Jeddeh.

Queried about the level of the Government's reserves, a Ministry of Finance official stated recently that reserves were down to less than four weeks of imports.

3. GROD Budget Deficit

During the past five years, the combined capital and recurrent budgets for Djibouti have been constant in nominal terms, but this constancy belies a growing shift in favor of the recurrent budget. In 1983, the proportion of the total budget attributable to recurrent activities was 66%, leaving 44% for the capital investment. In the 1988 budget, the recurrent budget share had risen to 95.5% of total budget, leaving 4.5% for capital expenditures. These expenditures were totally consumed by the GROD's commitment to externally funded development activities and host country counterpart funds. In the recurrent budget, most expenditures continued to be for personnel costs: the percentage rose to 65% of the recurrent budget for 1988, from 64% in 1987.

As noted earlier, revenues do not even cover recurrent expenditures. This deficit is covered by budgetary assistance from external sources (primarily France and the US for the past two years), public sector borrowing, and as mentioned before, large arrears. In the 1988 budget, external financing in the form of budgetary aid covered 66% of the deficit. The balance was covered by using the special reserve fund (set up in 1981 with French assistance and now exhausted), and also by drawing on the special stabilization fund set up for oil imports (hydrocarbure). As part of a new aid package, the French are replenishing the special reserve fund to $11.25 million in 1990.

This situation leads to several problems. The first is that Djibouti has become totally dependent on French (and to a lesser degree US) assistance to balance its budget. The French, who had previously indicated that they would like to eliminate this type of assistance, are in the process of drawing up a multi-year plan with yet undetermined (said to include a 20% drop in direct budgetary support from $8.9 million to $7.1 million), but substantial, levels of budget support. In return, the GROD will be obligated to follow a structural adjustment plan.

The second concern is that the budget deficit is being financed by an accumulation of external debt. Again it should be noted that lack of national account statistics makes it difficult to quantify the problem. In 1988, debt service amounted to $7.7 million or less than 6% of the total budget. This is a serious long-term concern, although it should be noted that several factors have lessened the urgency for the time being. One, Djibouti will benefit from the French forgiveness of the debts of Africa's 35 poorest countries. Two, a large portion of the GROD's remaining debts are to multilateral agencies at concessional rates. Three, because of Djibouti's small size, an occasional gesture from a creditor, such as the expected reduction by 50% of the Tadjourah road debt by the Saudis, can have a large impact.

A third issue is that in systematically using the oil import stabilization fund to cover its budget deficit, the GROD is narrowing its maneuvering space, should the price of oil increase dramatically. As the geothermal energy program will not come on line, if it proves to be feasible, until at the earliest 1998, the economic impact of such a rise would be disastrous on an economy already burdened by one of Africa's highest costs of energy.

Djibouti's fragile economic health gives several causes for concern. First, the sustained budgetary deficit undermines the country's capacity to plan for its development needs and to seek funding for these needs in a consistent and effective manner. In an effort to approach this problem directly, the public sector has undertaken a series of austerity measures over the last few years which include restrictions on new hiring, elimination of wage increases, and reduction of capital and development expenditures. Further steps are required to reduce costs and to increase revenues. However, because of the rapid collapse of the private sector, the GROD now accounts for over 70% of GDP. Further cost-cutting measures would undermine the precarious stability of the government. Efforts thus must be geared toward increased efficiency in revenue raising, as well as a more productive use of these revenues. It is highly unlikely, in the current political and economic environment, that the GROD can substantially cut its costs and thus reduce its budget deficit.

Second, because Djibouti is a service oriented economy to a large extent, it depends on the economic and political situation in the bordering states. While Djibouti can strive in the long term to re-orient its economy in order to lessen this dependence, in the short term (five years) it can only hope for a settlement of the various conflicts and a return to economic stability. Thus, in the short term, Djibouti will become more dependent on direct foreign budgetary assistance.

4. Other Donor Assistance

Djibouti's reliance on foreign aid inflows for both recurrent and capital budget expenditures results in a high level of aid per capita. In 1987, total aid to Djibouti reached $95 million, (source: UNDP annual survey) or between $211 or $275 per capita, using various population estimates. This total aid flow shows a slight decline from 1985 ($100 million) and 1986 ($98 million). This assistance is almost equally divided between technical assistance and capital assistance, $45 million and $44 million, respectively, with the balance composed of drought relief and refugee assistance. Of the total amount, bilateral aid accounted for over 83% of the total. France remains the major bilateral donor with $35 million yearly. To this aid must be added the cost of keeping the French military presence in Djibouti, $26.5 million dollars yearly. Despite the presence of numerous military personnel,

their savings are repatriated and not invested in-country. It is estimated that France provides over 50% of the Djiboutian GDP (source: Indian Ocean Newsletter). It has also been estimated by informed observers that direct budgetary French support in 1989 reached between $13 to $14 million.

The OPEC group, which for many years has been Djibouti's second major donor, continues to provide funding, but at a much reduced rate. In 1987 Saudi Arabia's aid level was $23.7 million; however, this level declined sharply in the following years after the completion of the Tadjourah road. Currently the only major Saudi aid project is the construction of an Islamic center. Other Arab states have greatly reduced their support. The next largest single bilateral donor is Italy, which is financing a road to the Somali border and the major part of the geothermal power investment. The next donor group is the US, the Federal Republic of Germany, and Japan, with each giving $3 to 4 million yearly.

Multilateral assistance is led by the World Bank, and the UNDP; other UN agencies active in Djibouti are the FAO, UNICEF and the WHO. The African Development Bank also has an active lending program in Djibouti for a total of $55 million in the water, sanitation, urban development, fisheries, and geothermal energy sectors. There is currently no IMF program for Djibouti. In 1987, multi-lateral aid compromised 17% of the total aid to Djibouti.

B. Program Description

This additional $1.3 million Economic Support Fund cash grant will be provided as budget support, to assist the Government of Djibouti to reduce its deficit, thereby supporting economic and political stability in the country. Eligible uses of the cash grant dollars include: (1) multi-lateral debt service payments; (2) other eligible international (Code 935) debt service payments; and (3) public sector imports of U.S. source and origin commodities and services of at least $200,000 per importation.

Two conditions precedent to disbursement of the grant will require: (1) evidence that a non-commingled interest-bearing Special Dollar Account has been established in a commercial bank to track specifically this 1.3 million dollar grant provided pursuant to this program amendment, and (2) Government submission of a request letter satisfactory to A.I.D. proposing specific uses for the grant dollars for REDSO/ESA approval. No local currency deposits will be required. The cash transfer will be disbursed by A.I.D. in one payment projected to occur in late 1990. GROD disbursements from the new non-commingled Special Account may continue through May 1992.

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C. Program Implementation

1. Government of Djibouti

The grant will be negotiated with the Ministry of Foreign Affairs and Cooperation, which will determine which portion of Djibouti's debt to multi-lateral banks and U.S. Geographic Code 935 entities will be retired and/or which public sector importation of U.S. commodities and services will be funded with the cash grant. A non-commingled special interest-bearing dollar account will be established in the Bank of Commerce and Industry - Red Sea, a private commercial bank in Djibouti, to be the repository for the dollar grant provided under this program amendment. As with FY 88 and FY 89 funds, the dollar assistance will be tracked to end use by the Djiboutian Government through monthly bank statements, supported by supplementary documentation such as receipts and vouchers verifying payment. Copies of these will be submitted to A.I.D. on a quarterly basis by the GROD. The GROD has assigned implementation responsibilities to the Ministry of Finance.

2. A.I.D.

REDSO/ESA, assisted by two REDSO PSC Program Monitors in Djibouti, will have primary responsibility for administration of the grant. A REDSO Project Committee, chaired by a Project Development Officer, will backstop implementation of the program. The REDSO Project Development Officer (PDO) will monitor NPA implementation and assist with host country negotiations during TDY's in Djibouti as needed.

A U.S. PSC Program Monitor resident in Djibouti and a Djiboutian PSC Assistant Program Monitor will continue to help the GROD implement non-project assistance. The U.S. PSC has been contracted by REDSO/ESA for 13 months, starting in September 1990 under a separate ESF allocation authorized by the 603-0022 Project Paper. Funding for the Djiboutian PSC will also be extended for 12 months through September 30, 1991 under the 603-0022 PP. They are supervised by the REDSO Project Development Office, but supported directly by the American Embassy in Djibouti, including the leasing and maintenance of office space, procurement of office supplies, leasing and maintenance of U.S. PSC housing, and maintenance of office equipment and the official vehicle. In addition, the U.S. Embassy provides secretarial and guard services, and use of an official driver as for any other Embassy section, without distinction or attribution of cost.

REDSO will assess NPA performance by early FY 1991 as part of the process of designing the anticipated FY 1991 NPA. As the assessment is planned to be an in-house management review, no funds from the grant have been budgeted for this purpose.

In addition to providing for this annual review, A.I.D. will retain the right to obtain reports, inspect and audit the NPA to verify how the dollar cash grant was utilized. For example, RFMC prepared a close-out review of the FY 88 NPA account in March 1990.

D. Legal Requirement

The status of the applicable legal requirements for the NPA is as follows:

(1) Congressional Notification: A Congressional Notification of A.I.D.'s intention to provide this additional $1.3 million of NPA cash transfer assistance to the GROD in FY 1990 has expired without objection.

(2) Request for Assistance: A letter from the GROD requesting $3.0 million in budget support for international debt service and public sector importation from the U.S. is attached to this PAAD Amendment No. 5 as Annex A. This request covers the $1.742 million obligated earlier this fiscal year in addition to the $1.3 million currently proposed.

(3) Approval of Eligible Debt Service Payments: AA/AFR approval of eligible debt service payments is attached to this PAAD Amendment No. 5 as Annex B.

(4) AID/W Concurrence with the Field's Justification for Not Generating Local Currencies:

The dollar grant assistance provided as direct budget support by the NPA will help alleviate Djibouti's current budget problems. No local currencies will be generated, nor will a counterpart contribution be required of the GROD. This is because a requirement to transfer funds from the operating budget of the GROD to a special local currency account for the financing of development activities previously funded by A.I.D. would (a) drain scarce budget resources contrary to one of the purposes of this cash transfer and (b) probably overtax limited GROD managerial capacities. This justification for not generating local currencies from the NPA cash transfer was accepted by the Africa Bureau in FY 88. (See cables 87 DJIBOUTI 3464 and 87 STATE 338220 in Annex C of FY 89 PAAD Amendment No. 3.)

(5) Statutory Checklist: Updated Statutory Checklists have been prepared and are attached to this PAAD Amendment No. 5 as Annex C.

(6) Initial Environmental Determination: For the environmental determination, a categorical exclusion is attached in Annex D of this PAAD Amendment No. 5. GC/AFR has provided its opinion that the categorical exclusion provided in the IEE provided for the earlier obligation of $1.742 million this fiscal year is sufficient to permit the obligation of the additional $1.3 million, since the proposed uses remain the same, the assistance is in the form of cash, and the obligation will occur during the same fiscal year.

(7) Human Rights: There are currently no human rights issues in Djibouti, based upon information provided by the American Embassy in its update of the Country Checklist.

(8) Conditionality: The conditions precedent to disbursement of the cash grant include (1) a requirement for GROD establishment of a non-commingled interest-bearing Special Dollar account in a commercial bank for deposit and for tracking uses of the grant dollars provided pursuant to this Agreement, and (2) a requirement for GROD submission of a letter proposing specific uses of the grant dollars for REDSO/ESA review and approval.

E. Negotiating Status:

REDSO staff held discussions with GROD officials during November 1989 prior to the preparation of PAAD Amendment No. 4, the purposes of which are identical to those in this PAAD Amendment No. 5. There is general consensus on the content and the implementation procedures proposed. No new conditions or covenants are proposed.

F. Responsible Officer:

The REDSO/ESA Director, or his designee, will be the A.I.D. officer responsible for negotiating and implementing this program.

This NPA PAAD Amendment No. 5 was prepared by REDSO/ESA Project Development Officer Raouf Youssef.

III. Authority:

AA/AFR approval of eligible debt payments is contained in State 315673 (See Annex B). Under DOA 551, you are authorized to approve the PAAD Amendment.

IV. Recommendation:

REDSO considers implementation of the NPA Amendment No. 5 to be feasible as designed. It is therefore recommended that:

(a) you sign the PAAD Amendment No. 5 facesheet authorizing an additional cash grant of $1.3 million of ESF funds to support U.S. political and strategic interests in Djibouti by helping to meet GROD debt servicing and public sector U.S. import requirements, and

(b) you sign below indicating your approval of the negotiation and execution of the attached Program Grant Agreement. Under DOA 475 (See Annex F), a copy of which is attached, the U.S. Ambassador to Djibouti is authorized to sign the Agreement on behalf of the United States.

Approved: Fred C. Zeiler

Disapproved: _____

Date: 9/20/90

ATTACHMENTS:

Annex A: GROD Request Letter
Annex B: AA/AFR Approval of Eligible Debt Payments (STATE 315673)
Annex C: FY 90 Statutory Checklist
Annex D: FY 90 IEE
Annex E: Proposed FY 90 Grant Agreement
Annex F: DOA 475

Drafted by: REDSO/ESA/PROJ: RYoussef _____ 9/19

Clearances:

REDSO/DDIR: BOdell		DATE	9/20/90
REDSO/ANAL: RPhillips	draft	DATE	draft
REDSO/LEG: AVance		DATE	9/19/90
RFMC: TCully	PAHD Fact Sheet	DATE	

NPA5:C:
9/21/90

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ANNEX A:

GROD REQUEST LETTER

Translation Ministry of Foreign Affairs letter
Reference No.420/MAEC dated 12/18/89

Mr. Ambassador,

Pleae find attached the letter No. 1249 of the Ministry of Finance and National Economy concerning a request of a Non project Assistance Grant for forwarding to:

The Director of REDSO/ESA

Please accept Mr. Ambassador the insurance of my highest consideration.

Mohamed Hassan Abdillahi
Acting Secretary General

RÉPUBLIQUE DE DJIBOUTI
Unité – Egalité – Paix

Ministère des Affaires étrangères
et de la Coopération

LE SECRÉTAIRE GÉNÉRAL

N° 420 /MAEC

Djibouti, le 18 DEC. 1989

2 . DEC 1989

جمهورية جيبوتي

الوحدة — المساواة — السلام

وزارة الخارجية والتعاون

السكرتير العام

رقم

جيبوتي في

Monsieur l'Ambassadeur,

J'ai l'honneur de vous faire parvenir ci-joint la correspondance n° 1249 du Ministère des Finances et de l'Economie Nationale relative à une requête de subvention d'assistance non-projet, pour transmission :

- Monsieur le Directeur du Bureau Régional des Services de Développement Economique (REDSO/ESA)

Veuillez agréer, Monsieur l'Ambassadeur, les assurances de ma très haute considération.

LE SECRETAIRE GENERAL A.I.

MOHAMED HASSAN ABDILLAHI

A /

MONSIEUR L'AMBASSADEUR
DES ETATS-UNIS
D'AMERIQUE
DJIBOUTI

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Translation of Ministry of Finance letter
Reference No. 1249/MFEN dated 12/11/89

MR. AMBASSADOR,

I have the honor to bring to your attention that the Republic of Djibouti wishes to obtain from the United States of America a Non-Project Assistance Grant of US $ 3 Million for the purpose of following up on going projects or other priority development projects of National importance, or to support the balance of payments.

Also, in conjonction with this grant, the Government of Djibouti asks you to maintain an A.I.D presence in Djibouti utilising the balance of the funds available

Mr Ambassador, please accept my expression of high consideration.

Mohamed Djama Elabe
Minister of Finance and
National Economy

جمهورية جيبوتي
الوحدة — المساواة — السلام

REPUBLIQUE DE DJIBOUTI
Unité – Égalité – Paix

2 DEC. 1989

وزير المالية والاقتصاد الوطني

LE MINISTRE DES FINANCES
ET DE L'ÉCONOMIE NATIONALE

N° 1249 /MFEN

Djibouti, le 11 DEC. 1989

Monsieur le Directeur du bureau régional
des services de développement économique
(REDSO/ESA)
Ambassade des Etats-Unis d'Amérique
S/C de Monsieur le Ministre
des Affaires Etrangères
et de la Coopération

Monsieur le Directeur,

J'ai l'honneur de porter à votre connaissance que le Gouvernement de la République de Djibouti souhaite obtenir du Gouvernement des Etats-Unis d'Amérique une subvention d'assistance non-projet d'un montant de 3 millions de dollars américain dans le but soit de poursuivre les projets en cours ou d'autres projets de développements prioritaires sur le plan national ou de soutenir la balance de paiements.

D'autre part, en relation avec cette subvention, le Gouvernement de la République de Djibouti vous demande de maintenir la présence de l'AID à Djibouti utilisant le reliquat des fonds disponible.

Je vous prie de croire, Monsieur le Directeur, à l'expression de ma haute considération.

1989

Le Ministre des Finances

REPUBLIQUE DE DJIBOUTI
Le Ministre des Finances et de l'Economie Nationale
Unité - Egalité - Paix

16

ANNEX B:

AA/AFR APPROVAL OF ELIGIBLE DEBT SERVICE PAYMENTS

ACTION AID-0 INFO ECON POL/RLO

VZCZCNAC039
PP RUEHNR
DE RUEHC #5673 2610244
ZNR UUUUU ZZH
P R 180244Z SEP 90
FM SECSTATE WASHDC
TO RUEHNR/AMEMBASSY NAIROBI PRIORITY 3893
INFO RUEHDJ/AMEMBASSY DJIBOUTI 1880
BT
UNCLAS STATE 315673

RECEIVED
18 SEP 90 14 15
USAID/KENYA

18-SEP-90 TOR: 04:29
CN: 21573
CHRG: AID
DIST: AID
ADD:

PROJ
Call re IEE

AIDAC NAIROBI FOR REDSO/ESA

E.O. 12356: N/A
TAGS:
SUBJECT: DJIBOUTI FY 90 NON-PROJECT ASSISTANCE (603-K-601C) - PAAD AND GRANT AGREEMENT AMENDMENT TO ADD U.S. DOLS. 1.3 MILLION

REF: A. STATE 073455 B. R. YOUSEF/R. ENEY TELCON SEPTEMBER 10

1. THE ACTING AA/AFR HEREBY APPROVES THE USE OF U.S. DOLLAR DISBURSEMENTS FROM THIS U.S.DOLS. 1.3 MILLION AMENDMENT TO THE SUBJECT PROGRAM, PLUS ACCRUED INTEREST, FOR THE SAME PURPOSES AS APPROVED IN REF A, I.E., TO SERVICE DEBT OWED BY THE GOVERNMENT OF DJIBOUTI TO MULTILATERAL DEVELOPMENT BANKS (MDB'S) AND, TO THE EXTENT SUCH DEBTS ARE INSUFFICIENT TO ABSORB THE FULL AMOUNT, TO DEBTS OWED TO A.I.D. GEOGRAPHIC CODE 935 ENTITIES. THIS APPROVAL IS FOR BROAD USES OF FUNDS AND NOT FOR SPECIFIC DEBTS.

2. DELEGATION OF AUTHORITY TO U.S. AMBASSADOR TO DJIBOUTI TO SIGN GRANT AGREEMENT AMENDMENT. THE ACTING ASSISTANT ADMINISTRATOR FOR AFRICA HEREBY DELEGATES AUTHORITY TO THE U.S. AMBASSADOR TO DJIBOUTI, OR TO THE PERSON ACTING IN THAT CAPACITY, TO SIGN AN AMENDMENT, IN AN AMOUNT NOT TO EXCEED U.S. DOLS. 1.3 MILLION, TO THE GRANT AGREEMENT FOR THE DJIBOUTI FY 90 NON-PROJECT ASSISTANCE PROGRAM (603-K-601C). THE GRANT AGREEMENT AMENDMENT SHALL BE PREPARED BY THE REDSO/ESA AND CLEARED BY THE DIRECTOR/REDSO/ESA AND THE REDSO/ESA REGIONAL LEGAL ADVISOR.

3. SINCE REDSO/ESA HAS SCHEDULE A AUTHORITY FOR DJIBOUTI NO DOA FROM AA/AFR IS NECESSARY TO ENABLE REDSO/ESA DIRECTOR TO APPROVE SUBJECT PAAD AMENDMENT. FUNDS RESERVED IN FM/A FOR YOUR PAAD AUTHORIZATION. BAKER

UNCLASSIFIED STATE 315673

ANNEX C:

STATUTORY CHECKLISTS

5C(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable to: (A) FAA funds generally; (B)(1) Development Assistance funds only; or (B)(2) the Economic Support Fund only.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FY 1990 Appropriations Act Sec. 569(b). Has the President certified to the Congress that the government of the recipient country is failing to take adequate measures to prevent narcotic drugs or other controlled substances which are cultivated, produced or processed illicitly, in whole or in part, in such country or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully?

   NO

2. FAA Sec. 481(h); FY 1990 Appropriations Act Sec. 569(b). (These provisions apply to assistance of any kind provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance from the Child Survival Fund or relating to international narcotics control, disaster and refugee relief, narcotics education and awareness, or the provision of food or medicine.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of coca or marijuana) or a "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs

   Not applicable. Djibouti is not a drug-producing or drug-transit country.

are transported, or through which significant sums of drug-related profits are laundered with the knowledge or complicity of the government): (a) Does the country have in place a bilateral narcotics agreement with the United States, or a multilateral narcotics agreement? and (b) Has the President in the March 1 International Narcotics Control Strategy Report (INSCR) determined and certified to the Congress (without Congressional enactment, within 45 days of continuous session, of a resolution disapproving such a certification), or has the President determined and certified to the Congress on any other date (with enactment by Congress of a resolution approving such certification), that (1) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to satisfy the goals agreed to in a bilateral narcotics agreement with the United States or in a multilateral agreement, to prevent illicit drugs produced or processed in or transported through such country from being transported into the United States, to prevent and punish drug profit laundering in the country, and to prevent and punish bribery and other forms of public corruption which facilitate production or shipment of illicit drugs or discourage prosecution of such acts, or that (2) the vital national interests of the United States require the provision of such assistance?

3. 1986 Drug Act Sec. 2013. (This section applies to the same categories of assistance subject to the restrictions in FAA Sec. 481(h), above.) If recipient country is a "major illicit drug producing country" or "major drug-transit country" (as defined for the purpose of FAA Sec 481(h)), has the President submitted a report to

Not applicable.

Congress listing such country as one: (a) which, as a matter of government policy, encourages or facilitates the production or distribution of illicit drugs; (b) in which any senior official of the government engages in, encourages, or facilitates the production or distribution of illegal drugs; (c) in which any member of a U.S. Government agency has suffered or been threatened with violence inflicted by or with the complicity of any government officer; or (d) which fails to provide reasonable cooperation to lawful activities of U.S. drug enforcement agents, unless the President has provided the required certification to Congress pertaining to U.S. national interests and the drug control and criminal prosecution efforts of that country?

4. FAA Sec. 620(c). If assistance is to a government, is the government indebted to any U.S. citizen for goods or services furnished or ordered where: (a) such citizen has exhausted available legal remedies, (b) the debt is not denied or contested by such government, or (c) the indebtedness arises under an unconditional guaranty of payment given by such government or controlled entity? NO

5. FAA Sec. 620(e)(1). If assistance is to a government, has it (including any government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities? NO

6.	FAA Secs. 620(a), 620(f), 620D; FY 1990 Appropriations Act Secs. 512, 548. Is recipient country a Communist country? If so, has the President: (a) determined that assistance to the country is vital to the security of the United States, that the recipient country is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of the recipient country from international communism, or (b) removed a country from applicable restrictions on assistance to communist countries upon a determination and report to Congress that such action is important to the national interest of the United States? Will assistance be provided either directly or indirectly to Angola, Cambodia, Cuba, Iraq, Libya, Vietnam, South Yemen, Iran or Syria? Will assistance be provided to Afghanistan without a certification, or will assistance be provided inside Afghanistan through the Soviet-controlled government of Afghanistan?	NO. (a) Not applicable (b) Not applicable
7.	FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, damage or destruction by mob action of U.S. property?	The country has not permitted such damage.
8.	FAA Sec. 620(l). Has the country failed to enter into an investment guaranty agreement with OPIC?	NO
9.	FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fishermen's Protective Act been made?	(a) NO (b) Not applicable

10. FAA Sec. 620(q); FY 1990 Appropriations Act Sec. 518 (Brooke Amendment). (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1990 Appropriations Act appropriates funds?

(a) NO

(b) Not applicable

11. FAA Sec. 620(s). If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

Yes, taken into consideration by the Administrator at the time of Agency OYB approval.

12. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have relations been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption?

(a) NO

(b) Not applicable

13. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the "Taking into Consideration" memo.)

(a) Country U.N. payments are current through 1988. Notification of 1989 payments due has just been received.

(b) Not applicable

14. FAA Sec. 620A. Has the President determined that the recipient country grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism or otherwise supports international terrorism? NO

15. FY 1990 Appropriations Act Sec. 564. Has the country been determined by the President to: (a) grant sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or (b) otherwise support international terrorism, unless the President has waived this restriction on grounds of national security or for humanitarian reasons? (a) NO (b) NO

16. ISDCA of 1985 Sec. 552(b). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures? NO

17. FAA Sec. 666(b). Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA? NO

18. FAA Secs. 669, 670. Has the country, after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards, and without special certification by the President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.) (a) NO (b) NO

19. FAA Sec. 670. If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device? — NO

20. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. on Sept. 25 and 28, 1981, and did it fail to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the "Taking into Consideration" memo.)
(a) NO
(b) Not applicable

21. FY 1990 Appropriations Act Sec. 513. Has the duly elected Head of Government of the country been deposed by military coup or decree? If assistance has been terminated, has the President notified Congress that a democratically elected government has taken office prior to the resumption of assistance?
(a) NO
(b) Not applicable

22. FY 1990 Appropriations Act Sec. 539. Does the recipient country fully cooperate with the international refugee assistance organizations, the United States, and other governments in facilitating lasting solutions to refugee situations, including resettlement without respect to race, sex, religion, or national origin? — (a) Yes

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria

a. FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?

Not applicable. No DA or DFA will be used in Djibouti.

b. FY 1990 Appropriations Act Sec. 535. Has the President certified that use of DA funds by this country would violate any of the prohibitions against use of funds to pay for the performance of abortions as a method of family planning, to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilization as a method of family planning, to coerce or provide any financial incentive to any person to undergo sterilizations, to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

2. Economic Support Fund Country Criteria

a. FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest?

(a) NO

(b) Not applicable

b. FY 1990 Appropriations Act Sec. 569(d). Has this country met its drug eradication targets or otherwise taken significant steps to halt illicit drug production or trafficking?

Not applicable

3(A)2 - NONPROJECT ASSISTANCE CHECKLIST

The criteria listed in Part A are applicable generally to FAA funds, and should be used irrespective of the program's funding source. In Part B a distinction is made between the criteria applicable to Economic Support Fund assistance and the criteria applicable to Development Assistance. Selection of the criteria will depend on the funding source for the program.

CROSS REFERENCES:	IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED?	Yes N/A

A. GENERAL CRITERIA FOR NONPROJECT ASSISTANCE

1. FY 1990 Appropriations Act Sec. 523; FAA Sec. 634A. Describe how authorization and appropriations committees of Senate and House have been or will be notified concerning the project.	A Congressional Notification expired without objection.
2. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?	Not applicable
3. FAA Sec. 209. Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? Information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs.	(a) NO (b) Not applicable

4. FAA Sec. 601(a). Information and conclusions on whether assistance will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.	(a), (b) and (c): Use of NPA for purchase of U.S. goods and services will increase trade, foster private initiative and competition and improve technical efficiency of industry, agriculture, and commerce. (d) (e) and (f): Not applicable.
5. FAA Sec. 601(b). Information and conclusions on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).	Technical Assistance under NPA will encourage purchase of U.S. goods and services.
6. FAA Sec. 121(d). If assistance is being furnished under the Sahel Development Program, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of A.I.D. funds?	Not applicable

B. FUNDING CRITERIA FOR NONPROJECT ASSISTANCE

1. Nonproject Criteria for Economic Support Fund

a. FAA Sec. 531(a). Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA?	(1) Yes (2) Yes
b. FAA Sec. 531(e). Will assistance under this chapter be used for military or paramilitary activities?	NO

c. FAA Sec. 531(d). Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106?

(1) NO

(2) Not applicable

d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

Not applicable

e. FY 1990 Appropriations Act, Title II, under heading "Economic Support Fund," and Sec. 592. If assistance is in the form of a cash transfer: (a) Are all such cash payments to be maintained by the country in a separate account and not to be commingled with any other funds? (b) Will all local currencies that may be generated with funds provided as a cash transfer to such a country also be deposited in a special account, and has A.I.D. entered into an agreement with that government setting forth the amount of the local currencies to be generated, the terms and conditions under which they are to be used, and the responsibilities of A.I.D. and that government to monitor and account for deposits and disbursements? (c) Will all such local currencies also be used in accordance with FAA Section 609, which requires such local currencies to be made available to the U.S. government as the U.S. determines necessary for the requirements of the U.S. Government, and which requires the remainder to be used for programs agreed to by the U.S. Government to carry out the purposes for which new funds authorized by the FAA would themselves be available? (d) Has Congress received prior notification providing in detail how the funds will be used, including the U.S. interests that will be served by the assistance, and, as appropriate, the economic policy reforms that will be promoted by the cash transfer assistance?

(a) Yes

(b) Not applicable; No local currencies will be generated.

(c) Not applicable

(d) Yes

2. Nonproject Criteria for Development Assistance

a. FAA Secs. 102(a), 111, 113, 281(a). Extent to which activity will: (1) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (2) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries?

Not applicable. No DFA or DA funding will be used in Djibouti.

b. FAA Secs. 103, 103A, 104, 105, 106, 120-21. Is assistance being made available (include only applicable paragraph which corresponds to source of funds used; if more than one fund source is used for assistance, include relevant paragraph for each fund source):

(1) [103] for agriculture, rural development or nutrition; if so (a) extent to which activity is specifically designed to increase productivity and income of rural poor; [103A] if for agricultural research, account shall be taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made; (b) extent to which assistance is used in coordination with efforts carried out

under Sec. 104 to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people; and (c) extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

(2) [104] for population planning under Sec. 104(b) or health under Sec. 104(c); if so, extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach.

(3) [105] for education, public administration, or human resources development; if so, (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education

and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities.

(4) [106] for energy, private voluntary organizations, and selected development problems; if so, extent activity is:

(i)(a) concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and (b) facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment;

(ii) concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

(iii) research into, and evaluation of, economic development processes and techniques;

(iv) reconstruction after natural or manmade disaster and programs of disaster preparedness;

(v) for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance;

(vi) for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development.

(5) [120-21] for the Sahelian region; if so, (a) extent to which there is international coordination in planning and implementation; participation and support by African countries and organizations in determining development priorities; and a comprehensive, multidonor development plan which calls for equitable burden-sharing with other donors; (b) has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of projects [illegible] (dollar or local currency generated therefrom)?

DRAFTED:PO/CP:CHconnold:3/20/90:2169J

ANNEX D:

FY 90 IEE

INITIAL ENVIRONMENT EXAMINATION

Project Country: Djibouti

Project Title and No: Non-Project Assistance (603-0022) - PAAD Amendment No. 4

Funding: $1.742 million FY: 1990

IEE Prepared by: Deborah Prindle, Regional Project Development Officer

Environmental Action Recommended: Categorical Exclusion

Justification: This activity is a $1.742 million cash grant for budget support, which will be used for payment of external debt and/or public sector importation of goods and services from the U.S. The portion of the cash grant which will be spent for repayment of debt falls within Section 216.2(c)(1) Reg. 16, as an activity with no effect on the natural environment. It thus is within a class eligible for an exclusion from further environmental review notwithstanding provisions of 216.2(c)(3). As for any portion of the grant which may be used for commodity imports, the activity would fall under the exclusion category 216.2(c)(2)(IX) - again notwithstanding Section 216.2(c)(3).

Approved by: Satish P. Shah, REDSO Director DATE June 13, 90

Clearance: Stephen Spielman, RLA DATE 4/26/90

for André DeGeorges, REO DATE 4/5/90

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ANNEX E:

PROPOSED FY 90 GRANT AGREEMENT

A.I.D. Grant No.: 603-K-601C

AGREEMENT
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF DJIBOUTI
AND
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
ACTING THROUGH
THE AGENCY FOR INTERNATIONAL DEVELOPMENT
FOR
BALANCE OF PAYMENTS SUPPORT

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AGREEMENT, dated SEPTEMBER, 1990 between the Government of the Republic of Djibouti ("Grantee") and the Government of the United States of America, acting through the Agency for International Development ("A.I.D."), together referred to as the "Parties."

ARTICLE I

The Assistance

Section 1.1 The Grant

For the purpose of assisting in the reduction of its budget deficit and thereby supporting the economic and political stability of Djibouti, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, hereby grants to the Government of the Republic of Djibouti under the terms of this Agreement not to exceed One Million Three Hundred Thousand United States Dollars (U.S. $1,300,000) (the "Grant").

ARTICLE II

Disbursement of the Grant

Section 2.1 Disbursement of the Dollar Grant

After satisfaction of the conditions precedent and upon receipt of a Financing Request (FR) from the Grantee, A.I.D. will disburse the Grant into a dollar account to be established by the Grantee pursuant to Section 4.1(c) of the Agreement. Funds deposited into this Account may not be commingled with any other funds from A.I.D. or any other source.

Section 2.2 Date of Disbursement

Disbursement by A.I.D. will be deemed to occur on the date A.I.D. disburses the Grant pursuant to Section 2.1 herein.

Section 2.3 Terminal Date for Requesting Disbursements

Except as A.I.D. may otherwise agree in writing, the terminal date for requesting disbursement of the Grant shall be 180 days from the date of the signing of this Agreement. In the event that final disbursement of the Grant has not been requested by that date, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

ARTICLE III

Uses of Dollar Grant by Grantee

Section 3.1 Permitted Uses of Dollar Grant

Unless otherwise agreed to by A.I.D. in writing, the dollar grant funds provided pursuant to this Agreement will be allocated to (1) payment of Djiboutian debt service to multilateral banks; (2) payment of Djiboutian debt service to eligible entities in countries included in A.I.D. Geographic Code 935; and (3) the public sector for the importation from the United States of technical assistance, raw materials, intermediate and capital goods, and spare parts.

Section 3.2 Prohibited Uses of Dollar Funds

The Grantee agrees that the funds provided under this Grant shall not be used to finance military or paramilitary requirements of any kind, including the procurement of commodities and/or services for these purposes, for luxury goods, for the repayment of military debt, or for such other uses as shall, from time to time, be notified to the Grantee by A.I.D.

Section 3.3 Interest on Disbursed Dollar Funds

In the event that the dollar funds deposited into the Special Dollar Account established pursuant to this Agreement earn interest prior to their utilization by the Grantee for eligible transactions, such interest earned shall be retained in the Special Dollar Account to be used in the same manner and for the same purposes as the U.S. dollars granted under this Agreement.

Section 3.4 Redeposit of Dollar Funds

If any of the dollars deposited in the Special Dollar Account established pursuant to this Agreement are utilized by the Grantee for purposes not permitted under the terms of this Agreement, the Grantee shall redeposit, within 60 days after receiving notice from A.I.D. of such a breach, an equivalent amount of dollars into the Special Dollar Account established pursuant to this Agreement.

ARTICLE IV

Conditions Precedent to Disbursement

Section 4.1 Conditions Precedent to Disbursement

Prior to the disbursement of the Grant, or the issuance by A.I.D. of documentation pursuant to which such 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., the following:

(a) An opinion of legal counsel acceptable to A.I.D. that the Agreement has been duly authorized 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(s) holding or acting in the office of the Grantee specified in Section 5.7 and of any additional representatives, together with a specimen signature of each person specified in such statement.

(c) Evidence that the Grantee has established a separate, non-commingled interest-bearing Special Dollar Account in a commercial bank of the Grantee's choosing into which all Grant funds under this AGreement are to be disbursed by A.I.D.

(d) A letter from the Grantee to A.I.D. setting forth the proposed specific uses of the dollar Grant funds to be provided pursuant to this Agreement.

Section 4.2 Notification

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

Section 4.3 Terminal Date for Meeting Conditions Precedent

If the conditions specified in Section 4.1 have not been met within ninety (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 V

MISCELLANEOUS

Section 5.1 Reports, Records, Inspections, Audit

(a) Grantee will maintain, or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, such books and records relating to this Agreement as are necessary to show adequately, without limitation, deposit into and compliance with this Agreement. Such books and records will be audited regularly and in accordance with generally accepted auditing standards, and shall be maintained for three (3) years after the date of last disbursement under this Grant.

(b) The Grantee will provide quarterly reports as to disbursements into and out of the Special Dollar Account, monthly bank account statements, and such additional information as A.I.D. may request from time to time relating to the activities financed from the Account. These reports will contain such information and include such supporting documentation as may be required by A.I.D. In addition, the Grantee shall furnish to A.I.D. such further information and reports relating to this Agreement as A.I.D. may reasonably request.

(c) The Grantee will afford authorized representatives of A.I.D. the opportunity at all reasonable times to inspect the books, records and other documents relating to this Agreement and to the use of dollar disbursements made pursuant to this Agreement.

Section 5.2 Suspension of Disbursements

A.I.D. may suspend disbursements for a period of up to 90 days upon written notice to the Grantee.

Section 5.3 Termination of Disbursement

Either party may terminate this Agreement by giving the other party thirty (30) days written notice. Termination of this Agreement shall terminate any obligations of the parties to provide financial or other resources pursuant to this Agreement, except for payments for which funds have been committed by A.I.D. prior to the termination of this Agreement. Notwithstanding any suspension or termination, the provisions of this Agreement shall continue in full force and effect with respect to any portion of the Grant provided prior to or notwithstanding such suspension or termination.

Section 5.4 Completeness of Information

The Grantee confirms that the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on this Agreement, are accurate and complete to the best of the Grantee's knowledge and belief after due inquiry and include all facts and circumstances that might materially affect the discharge of responsibilities under this Agreement.

Section 5.5 Implementation Letters

From time to time, for the information and guidance of both Parties, A.I.D. will issue Implementation Letters describing the procedures applicable to the implementation of this Agreement. Except as permitted by particular provisions of this Agreement, Implementation Letters will not be used to amend or modify the text of this Agreement.

Section 5.6 Taxation

This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in Djibouti, or which may become effective during the term of this Agreement.

Section 5.7 Representatives

For all purposes relevant to this Agreement, Grantee will be represented by the individual holding or acting in the Office of Minister of Foreign Affairs and Cooperation and A.I.D. will be represented by the individual holding or acting in the Office of Director, Regional Economic Development Services Office (REDSO/ESA), Nairobi, each of whom, by written notice, may designate additional representatives for all purposes.

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 5.8 Communications

(a) 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 delivered to such party at the following addresses:

To the Grantee: Ministry of Foreign Affairs and Cooperation

To A.I.D. REDSO/ESA
C/O American Embassy
Djibouti

(b) 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.

Section 5.9 Language of Agreement

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

IN WITNESS WHEREOF, Djibouti 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.

GOVERNMENT OF THE
REPUBLIC OF DJIBOUTI

By: _____
TITLE: Minister of Foreign
Affairs and Cooperation

UNITED STATES OF AMERICA

By: _____
TITLE: Ambassador
EMBASSY OF UNITED STATES
OF AMERICAN IN DJIBOUTI

APPROPRIATION: 72-11011037
BUDGET PLAN CODE: GESA-90-31603-JG31
ALLOWANCE: 037-61-603-00-50-01
PROJECT NUMBER: 603-0022
PAAD NO. 603-K-601C

September , 1990

ACCORD DE SUBVENTION
ENTRE
LE GOUVERNEMENT DE LA REPUBLIQUE DE DJIBOUTI
ET
LE GOUVERNEMENT DES ETAT-UNIS D'AMERIQUE
AGISSANT PAR
L'AGENCE POUR LE DEVELOPPEMENT INTERNATIONAL
POUR
SOUTIEN A LA BALANCE DES PAIEMENTS

ACCORD EN DATE DU ___ SEPTEMBRE 1990 entre le Gouvernement de la République de Djibouti (Bénéficiare") et le Gouvernement des Etat-Unis D'Amérique, agissant par l'Agence pour le Développement International ("A.I.D."), tous deux référenciés comme étant les "Parties".

ARTICLE I

L'ASSISTANCE

1.1 Subvention.

Dans le but d'assistance pour la réduction du déficit budgétaire et de ce fait soutenir la stabilité économique et politique de Djibouti; l'A.I.D., conformément à la loi d'Assistance à l'Etranger de 1961, telle qu'amendée, accorde aux termes de cette convention une subvention n'exédant pas UN MILLION TROIS CENTS DE DOLLARS AMERICAINS (1.300.000 dollars U.S.) ("La Subvention").

ARTICLE II

Déboursement de la Subvention

DEBOURSEMENT

2.1 Déboursement de la Subvention en U.S. dollars

A) Après la satisfaction des conditions précédentes et à la réception de la Demande de financement (DF), l'A.I.D. déposera les fonds dans la banque désignée par le Bénéficiaire, comme prévu dans la Section 4.1 (C) de l'accord. Les fonds déposé dans ce compte ne peuvent être mélanger avec d'autre fonds de l'A.I.D. où d'autre sources.

2.2 Date de Déboursement

Le déboursement par l'A.I.D. est considéré comme pouvant être effectué à la date où l'A.I.D. fait le dépôt conformément à la Section 2.1 de la présente.

2.3 Date terminale pour la demande de déboursement

Exception écrite faite par l'A.I.D., la date terminale pour demander le déboursement des fonds fournis par la présente, est dans les cent quatre-vingt (180) jours de la signature de cet accord. Si le bénéficiaire n'a pas demandé le déboursement par cette date, ou plus tard si l'A.I.D. donne son accord par écrit, l'A.I.D. á son gré, peut terminer cet Accord par un avis écrit au bénéficiaire.

ARTICLE III

Utilisation de la subvention par le Bénéficiaire

3.1 Utilisation permise de la Subvention.

Sauf si l'A.I.D. donne son accord par écrit, la subvention en U.S. Dollar sous cet accord sera alloués pour:

1) le paiement du service de la dette djiboutienne aux banques multilatérales;
2) le paiement du service de la dette djiboutienne aux entités éligibles dans les pays compris dans le code géographique 935 de l'A.I.D. et;
3) le secteur public pour l'importation en provenance des Etats-Unis d'assistance technique, de matières premières, de marchandises intermédiaires et principales, et de pièces détachées.

3.2 Utilisation Interdites de la Subvention.

Le bénéficiaire est en accord que les fonds octroyer par cette subvention ne peut être utilisé pour le financement d'activités militaire ou para-militaire d'aucune sorte, inclue l'achat de marchandises, et/ou services pour ce but, pour l'achat de produits de luxes, pour le remboursement de dette militaire, et toute autre utilisation qui serait, de temps à autre, communiquer au bénéficiaire par l'A.I.D.

3.3 Intérêt sur les Fonds Déboursés.

Dans le cas où les fonds en dollars U.S. seraient déposés dans le compte spécial en dollars gagnent de l'intérêt avant leur déboursement par le Bénéficiaire pour les transactions admises, cet intérêt gagné doit être utilisé de la même manière et dans les mêmes buts que les dollars U.S. subventionnés sous cet Accord.

3.4 Remboursement en U.S. Dollars.

Si des fonds dollars déposés dans le compte spécial établi à la suite de cet accord sont utilisés par le Bénéficiaire d'une façon non-permise sous les termes de cet Accord, le bénéficiaire doit rembourser, dans un délai de soixante jours après avoir reçu avis de l'A.I.D., une somme équivalente dans le compte spécial etabli à la suite de cet accord.

ARTICLE IV

Conditions Précédentes au Déboursement

4.1 Conditions Précédentes au Déboursement

Avant le déboursement de la Subvention, ou l'établissement par l'A.I.D. des documents conformément auxquels le déboursement sera effectué, le Bénéficiaire devra, sauf si les Parties s'entendent autrement par écrit, fournir à l'A.I.D., en bonne et due forme à la satisfaction de l'A.I.D., ce qui suit:

(A) L'avis d'un conseil juridique acceptable pour l'A.I.D. que l'Accord a été dûment autorisé par le, et exécuté au nom du, Bénéficiaire et qu'il constitue une obligation d'engagement légal et valide du Bénéficiaire conformément à tous ses termes.

(B) Une déclaration par le Bénéficiaire déclarant et garantissant que la personne (ou les personnes) désignée (s) dans celle-ci a (ont) l'autorité d'agir en tant que représentante (ou représentantes) du Bénéficiaire conformément à la Section 5.7, avec à la fois un spécimen de la signature de chaque personne certifiée pour son authenticité.

(C) La preuve que le Bénéficiaire a établi une compte spécial en dollars séparé porteur d'intérêt dans une banque commerciale choisie par le Bénéficiaire dans lequel les fonds du Bénéficiaire sous cet Accord devront être déboursés par l'A.I.D.

(D) Une lettre adressée par le Bénéficiaire à l'A.I.D. contenant les utilisations spécifiques proposées, pour les fonds de la Subvention fournis par cet Accord, pour l'approbation de l'A.I.D.

4.2 Notification

Lorsque l'A.I.D. aura déterminé que conditions précédentes de déboursement spécifiées dans la Section 4.1 a été rempli, elle avisera promptement le Bénéficiaire.

4.3 Date Terminale pour Répondre aux conditions précédentes

Si les conditions spécifiées dans la Section (4.1) n'ont pas été remplies dans les quatre-vingt-dix (90) jours à partir de la date de cet Accord, ou une période de temps plus longue que l'A.I.D. peut accorder par écrit, A.I.D., à son gré peut terminer cet Accord par une notice écrite au Bénéficiaire.

ARTICLE V

Divers

5.1 Rapports, Registres, Inspections, Verifications

(A) Livres et Registres

Le Bénéficiaire tiendra, ou sera responsable de la tenue, conformément aux principes de comptabilité généralement acceptés et aux pratiques pleinement appliquées, de tous les livres et registres relatifs au compte spécial en dollars nécessaires pour la présentations adéquate, sans aucune limitation, du dépôt dans le compte et des déboursements de fonds à partir du compte, le compte par le Bénéficiaire pour les buts sur lesquels il y a eu accord. Ces livres et registres seront vérifiés régulièrement et conformément aux standards de vérification comptable acceptés généralement, et ils doivent être gardés durant trois (3) ans après la date du dernier déboursement sous cet Accord.

(B) Rapports

Le Bénéficiaires fournira des rapports trimestriels sur les déboursements dans ou hors du compte spécial en dollars, les relevés de compte mensuels bancaires, et toutes informations supplémentaires que l'A.I.D. peut demander de temps en temps relatives aux activités financées à partir du compte. Ces rapports contiendront les informations et la documentation à l'appui que peuvent être exigées par l'A.I.D. En plus, le Bénéficiaire fournira à USAID ces rapports et renseignements supplèmentaires qui peuvent être raisonnablement demandés sous cet Accord.

(C) Droit d'Inspection et de Vérification

L'A.I.D. ou n'importe lequel de ses représentants autorisés, aura le droit d'inspecter et de vérifier à tout moment raisonnable les livres et registres tenus par le Bénéficiaires relatifs au compte spécial en dollars.

5.2 Suspension de Déboursement

A.I.D. peut suspendre les déboursements pour une periode au plus de 90 jours sur demande écrite du Bénéficiaire.

5.3 Terminaison de Déboursement

L'une ou l'autre des parties peut terminer cet Accord en donnant à l'autre Partie un préavis écrit de trente (30) jours. La terminaison de cet Accord terminera tous engagements des Parties d'éxécuter d'autres obligations financière sous cet Accord, sauf payments pour lequels fonds ont été engagés par A.I.D. avant la terminaison de cet Accord. Malgré tout suspension ou terminaison, les clauses de cet Accord continueront d'être en vigueur et prendront en considération tout portion de l'Accord décidée avant ou en dépit de tout suspension ou terminaison.

5.4 Information Complète

Le Bénéficiaire confirme que les faits et les circonstances par lequels l'A.I.D. ont été informés ou déterminés que A.I.D. soit informé, au cours de négotiation d'une convention avec A.I.D. sur cet Accord, sont exacts et complete à la bonne connaissance du Bénéficiaire et la conviction après enquête adéquate et renferment tous faits et circonstances qui pourraient materiellement avoir une action sur la décharge de responsabilité sous cet Accord.

5.5 Lettre de Mise à Exécution

De temps en temps, pour l'information et la conduite à suivre des deux Parties, l'A.I.D. établira des Lettres de Mise à Exécution décrivant les procédures applicables à l'exécution de cet Accord. Sauf si cela est autorisé par des clauses particulières de cet Accord, les Lettres de Mise à Exécution ne seront pas utilisées pour amender ou modifier le texte de cet Accord.

5.6 Taxation

Cet Accord et le moutant subventionné dans la présente doivent être exonérés de toute taxe ou fraise imposés par n'importe quelle loi en vigueur dans la République de Djibouti.

5.7 Représentants

Pour tous les objectifs relevant de cet Accord, le Bénéficiaire sera représenté par la personne en fonction ou faisant fonction au bureau du Ministre des Affaires Etrangères et de la Coopération, et l'A.I.D. sera représentée par la personne en fonction ou faisant fonction au bureau du Directeur, Bureau Régional des Services de Développment Economique (Regional Economic Development Services Office: REDSO/ESA), à Nairobi, chacun d'entre eux par notice écrite, peut désigner des représentants supplémentaires pour tous les objectifs. Les noms des représentants du Bénéficiaire, avec le specimen des signatures, seront fournis à l'A.I.D., qui peut accepter comme dûment autorisé tout document signé par ces représentants dans l'exécution de cet Accord, et ce jusqu'à la réception de la notice écrite de révocation de leur autorité.

5.8 Communications

(A) Les communications soumises par l'une des Parties à l'autre sous cet Accord seront faites par écrit ou par télégramme ou cable, et seront dûment adressées ou envoyées à cette autre Partie aux adresses suivantes:

Pour le Bénéficiaire:	Ministère des Affaires Etrangères et de la Coopération
Pour l'A.I.D.	REDSO/ESA C/O American Embassy Djibouti

(B) Toutes ces communications seront en Anglais, sauf si les Parties s'accordent autrement par écrit. D'autre adresses peuvent être substituées à celles ci-dessus par notice écrite.

5.9 Langue d'Accord

Cet Accord est rédigé en deux langues Anglais et Français. Au cas où il y a de differents ou conflits entre les deux versions, la version anglais contrôlera.

EN FOIS DE QUOI, Djibouti et les Etats-Unis d'Amérique, chacun agissant par son représentant dûment autorisé, ont établi cet Accord pour qu'il soit signé en leurs noms et livré à la date du jour et de l'année indiquée à la première page.

Le Gouvernement de la République de Djibouti	Les Etats-Unis d'Amerique
Par _____	Par _____
Titre: Ministre des Affairs Etrangères et de la Coopération	Titre: Ambassadeur Des Etats-Unis d'Amerique, Djibouti

APPROPRIATION: 72-11011037
BUDGET PLAN CODE: GESA-90-31603-JG31
ALLOWANCE: 037-61-603-00-50-01
PROJECT NUMBER: 603-0022
PAAD NO. 603-K-601C

September , 1990

ANNEX F

DOA 475

DELEGATION OF AUTHORITY NO. 475

TO: PRINCIPAL DIPLOMATIC OFFICERS

1. Pursuant to the authority delegated to me as the Acting Administrator, I hereby delegate to the principal diplomatic officers of the United States in countries where there is no AID Mission or Office for AID activities, the authorities delegated to Directors of AID Missions in AID Handbooks, manual orders, regulations, policy directives and determinations, and other instructions.

2. The exercise of the authorities hereby delegated are subject to the same limitations applicable to the exercise of such authorities by AID Mission Directors and such other limitations as the cognizant AID Regional Assistant Administrator may specify.

3. The authorities hereby delegated may be redelegated to the officers at post principally responsible for AID activities.

4. Effective Date:_____.

Jay F. Morris
Acting Administrator

7-1-86
Date

A.I.D. Grant No.: 603-K-601C

AGREEMENT
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF DJIBOUTI
AND
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
ACTING THROUGH
THE AGENCY FOR INTERNATIONAL DEVELOPMENT
FOR
BALANCE OF PAYMENTS SUPPORT

AGREEMENT, dated SEPTEMBER, 1990 between the Government of the Republic of Djibouti ("Grantee") and the Government of the United States of America, acting through the Agency for International Development ("A.I.D."), together referred to as the "Parties."

ARTICLE I

The Assistance

Section 1.1 The Grant

For the purpose of assisting in the reduction of its budget deficit and thereby supporting the economic and political stability of Djibouti, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, hereby grants to the Government of the Republic of Djibouti under the terms of this Agreement not to exceed One Million Three Hundred Thousand United States Dollars (U.S. $1,300,000) (the "Grant").

ARTICLE II

Disbursement of the Grant

Section 2.1 Disbursement of the Dollar Grant

After satisfaction of the conditions precedent and upon receipt of a Financing Request (FR) from the Grantee, A.I.D. will disburse the Grant into a dollar account to be established by the Grantee pursuant to Section 4.1(c) of the Agreement. Funds deposited into this Account may not be commingled with any other funds from A.I.D. or any other source.

Section 2.2 Date of Disbursement

Disbursement by A.I.D. will be deemed to occur on the date A.I.D. disburses the Grant pursuant to Section 2.1 herein.

Section 2.3 Terminal Date for Requesting Disbursements

Except as A.I.D. may otherwise agree in writing, the terminal date for requesting disbursement of the Grant shall be 180 days from the date of the signing of this Agreement. In the event that final disbursement of the Grant has not been requested by that date, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

ARTICLE III

Uses of Dollar Grant by Grantee

Section 3.1 Permitted Uses of Dollar Grant

Unless otherwise agreed to by A.I.D. in writing, the dollar grant funds provided pursuant to this Agreement will be allocated to (1) payment of Djiboutian debt service to multilateral banks; (2) payment of Djiboutian debt service to eligible entities in countries included in A.I.D. Geographic Code 935; and (3) the public sector for the importation from the United States of technical assistance, raw materials, intermediate and capital goods, and spare parts.

Section 3.2 Prohibited Uses of Dollar Funds

The Grantee agrees that the funds provided under this Grant shall not be used to finance military or paramilitary requirements of any kind, including the procurement of commodities and/or services for these purposes, for luxury goods, for the repayment of military debt, or for such other uses as shall, from time to time, be notified to the Grantee by A.I.D.

Section 3.3 Interest on Disbursed Dollar Funds

In the event that the dollar funds deposited into the Special Dollar Account established pursuant to this Agreement earn interest prior to their utilization by the Grantee for eligible transactions, such interest earned shall be retained in the Special Dollar Account to be used in the same manner and for the same purposes as the U.S. dollars granted under this Agreement.

Section 3.4 Redeposit of Dollar Funds

If any of the dollars deposited in the Special Dollar Account established pursuant to this Agreement are utilized by the Grantee for purposes not permitted under the terms of this Agreement, the Grantee shall redeposit, within 60 days after receiving notice from A.I.D. of such a breach, an equivalent amount of dollars into the Special Dollar Account established pursuant to this Agreement.

ARTICLE IV

Conditions Precedent to Disbursement

Section 4.1 Conditions Precedent to Disbursement

Prior to the disbursement of the Grant, or the issuance by A.I.D. of documentation pursuant to which such 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., the following:

(a) An opinion of legal counsel acceptable to A.I.D. that the Agreement has been duly authorized 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(s) holding or acting in the office of the Grantee specified in Section 5.7 and of any additional representatives, together with a specimen signature of each person specified in such statement.

(c) Evidence that the Grantee has established a separate, non-commingled interest-bearing Special Dollar Account in a commercial bank of the Grantee's choosing into which all Grant funds under this AGreement are to be disbursed by A.I.D.

(d) A letter from the Grantee to A.I.D. setting forth the proposed specific uses of the dollar Grant funds to be provided pursuant to this Agreement.

Section 4.2 Notification

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

Section 4.3 Terminal Date for Meeting Conditions Precedent

If the conditions specified in Section 4.1 have not been met within ninety (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 V

MISCELLANEOUS

Section 5.1 Reports, Records, Inspections, Audit

(a) Grantee will maintain, or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, such books and records relating to this Agreement as are necessary to show adequately, without limitation, deposit into and compliance with this Agreement. Such books and records will be audited regularly and in accordance with generally accepted auditing standards, and shall be maintained for three (3) years after the date of last disbursement under this Grant.

(b) The Grantee will provide quarterly reports as to disbursements into and out of the Special Dollar Account, monthly bank account statements, and such additional information as A.I.D. may request from time to time relating to the activities financed from the Account. These reports will contain such information and include such supporting documentation as may be required by A.I.D. In addition, the Grantee shall furnish to A.I.D. such further information and reports relating to this Agreement as A.I.D. may reasonably request.

(c) The Grantee will afford authorized representatives of A.I.D. the opportunity at all reasonable times to inspect the books, records and other documents relating to this Agreement and to the use of dollar disbursements made pursuant to this Agreement.

Section 5.2 Suspension of Disbursements

A.I.D. may suspend disbursements for a period of up to 90 days upon written notice to the Grantee.

Section 5.3 Termination of Disbursement

Either party may terminate this Agreement by giving the other party thirty (30) days written notice. Termination of this Agreement shall terminate any obligations of the parties to provide financial or other resources pursuant to this Agreement, except for payments for which funds have been committed by A.I.D. prior to the termination of this Agreement. Notwithstanding any suspension or termination, the provisions of this Agreement shall continue in full force and effect with respect to any portion of the Grant provided prior to or notwithstanding such suspension or termination.

Section 5.4 Completeness of Information

The Grantee confirms that the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on this Agreement, are accurate and complete to the best of the Grantee's knowledge and belief after due inquiry and include all facts and circumstances that might materially affect the discharge of responsibilities under this Agreement.

Section 5.5 Implementation Letters

From time to time, for the information and guidance of both Parties, A.I.D. will issue Implementation Letters describing the procedures applicable to the implementation of this Agreement. Except as permitted by particular provisions of this Agreement, Implementation Letters will not be used to amend or modify the text of this Agreement.

Section 5.6 Taxation

This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in Djibouti, or which may become effective during the term of this Agreement.

Section 5.7 Representatives

For all purposes relevant to this Agreement, Grantee will be represented by the individual holding or acting in the Office of Minister of Foreign Affairs and Cooperation and A.I.D. will be represented by the individual holding or acting in the Office of Director, Regional Economic Development Services Office (REDSO/ESA), Nairobi, each of whom, by written notice, may designate additional representatives for all purposes.

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 5.8 Communications

(a) 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 delivered to such party at the following addresses:

To the Grantee: Ministry of Foreign Affairs and Cooperation

To A.I.D. REDSO/ESA
C/O American Embassy
Djibouti

(b) 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.

Section 5.9 Language of Agreement

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

IN WITNESS WHEREOF, Djibouti 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.

GOVERNMENT OF THE REPUBLIC OF DJIBOUTI

REPUBLIQUE DE DJIBOUTI
Le Ministre des Affaires Étrangères et de la Coopération

By:
TITLE: Minister of Foreign Affairs and Cooperation

UNITED STATES OF AMERICA

EMBASSY OF THE UNITED STATES OF AMERICA DJIBOUTI

By:
TITLE: Ambassador
EMBASSY OF UNITED STATES OF AMERICAN IN DJIBOUTI

September 27, 1990

APPROPRIATION: 72-11011037
BUDGET PLAN CODE: GESA-90-31603-JG31
ALLOWANCE: 037-61-603-00-50-01
PROJECT NUMBER: 603-0022
PAAD NO. 603-K-601C
RESCTLNO:D902009

FUNDS AVAILABLE
REDSO NAIROBI KENYA
DATE: 9/21/90

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ACCORD DE SUBVENTION
ENTRE
LE GOUVERNEMENT DE LA REPUBLIQUE DE DJIBOUTI
ET
LE GOUVERNEMENT DES ETAT-UNIS D'AMERIQUE
AGISSANT PAR
L'AGENCE POUR LE DEVELOPPEMENT INTERNATIONAL
POUR
SOUTIEN A LA BALANCE DES PAIEMENTS

ACCORD EN DATE DU SEPTEMBRE 1990 entre le Gouvernement de la République de Djibouti (Bénéficiare") et le Gouvernement des Etat-Unis D'Amérique, agissant par l'Agence pour le Développement International ("A.I.D."), tous deux référenciés comme étant les "Parties".

ARTICLE I

L'ASSISTANCE

1.1 Subvention.

Dans le but d'assistance pour la réduction du déficit budgétaire et de ce fait soutenir la stabilité économique et politique de Djibouti; l'A.I.D., conformément à la loi d'Assistance à l'Etranger de 1961, telle qu'amendée, accorde aux termes de cette convention une subvention n'exédant pas UN MILLION TROIS CENTS DE DOLLARS AMERICAINS (1.300.000 dollars U.S.) ("La Subvention").

ARTICLE II

Déboursement de la Subvention

DEBOURSEMENT

2.1 Déboursement de la Subvention en U.S. Dollars

A) Après la satisfaction des conditions précédentes et à la réception de la Demande de financement (DF), l'A.I.D. déposera les fonds dans la banque désignée par le Bénéficiaire, comme prévu dans la Section 4.1 (C) de l'accord. Les fonds déposé dans ce compte ne peuvent être mélanger avec d'autre fonds de l'A.I.D. où d'autre sources.

2.2 Date de Déboursement

Le déboursement par l'A.I.D. est considéré comme pouvant être effectué à la date où l'A.I.D. fait le dépôt conformément à la Section 2.1 de la présente.

2.3 Date terminale pour la demande de déboursement

Exception écrite faite par l'A.I.D., la date terminale pour demander le déboursement des fonds fournis par la présente, est dans les cent quatre-vingt (180) jours de la signature de cet accord. Si le bénéficiaire n'a pas demandé le déboursement par cette date, ou plus tard si l'A.I.D. donne son accord par écrit, l'A.I.D. á son gré, peut terminer cet Accord par un avis écrit au bénéficiaire.

ARTICLE III

Utilisation de la subvention par le Bénéficiaire

3.1 Utilisation permise de la Subvention.

Sauf si l'A.I.D. donne son accord par écrit, la subvention en U.S. Dollar sous cet accord sera alloués pour:

1) le paiement du service de la dette djiboutienne aux banques multilatérales;
2) le paiement du service de la dette djiboutienne aux entités éligibles dans les pays compris dans le code géographique 935 de l'A.I.D. et;
3) le secteur public pour l'importation en provenance des Etats-Unis d'assistance technique, de matières premières, de marchandises intermédiaires et principales, et de pièces détachées.

3.2 Utilisation Interdites de la Subvention.

Le bénéficiaire est en accord que les fonds octroyer par cette subvention ne peut être utilisé pour le financement d'activités militaire ou para-militaire d'aucune sorte, inclue l'achat de marchandises, et/ou services pour ce but, pour l'achat de produits de luxes, pour le remboursement de dette militaire, et toute autre utilisation qui serait, de temps à autre, communiquer au bénéficiaire par l'A.I.D.

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3.3 Intérêt sur les Fonds Déboursés.

Dans le cas où les fonds en dollars U.S. seraient déposés dans le compte spécial en dollars gagnent de l'intérêt avant leur déboursement par le Bénéficiaire pour les transactions admises, cet intérêt gagné doit être utilisé de la même manière et dans les mêmes buts que les dollars U.S. subventionnés sous cet Accord.

3.4 Remboursement en U.S. Dollars.

Si des fonds dollars déposés dans le compte spécial établi à la suite de cet accord sont utilisés par le Bénéficiaire d'une façon non-permise sous les termes de cet Accord, le bénéficiaire doit rembourser, dans un délai de soixante jours après avoir reçu avis de l'A.I.D., une somme équivalente dans le compte spécial etabli à la suite de cet accord.

ARTICLE IV

Conditions Précédentes au Déboursement

4.1 Conditions Précédentes au Déboursement

Avant le déboursement de la Subvention, ou l'établissement par l'A.I.D. des documents conformément auxquels le déboursement sera effectué, le Bénéficiaire devra, sauf si les Parties s'entendent autrement par écrit, fournir à l'A.I.D., en bonne et due forme à la satisfaction de l'A.I.D., ce qui suit:

(A) L'avis d'un conseil juridique acceptable pour l'A.I.D. que l'Accord a été dûment autorisé par le, et exécuté au nom du, Bénéficiaire et qu'il constitue une obligation d'engagement légal et valide du Bénéficiaire conformément à tous ses termes.

(B) Une déclaration par le Bénéficiaire déclarant et garantissant que la personne (ou les personnes) désignée (s) dans celle-ci a (ont) l'autorité d'agir en tant que représentante (ou représentantes) du Bénéficiaire conformément à la Section 5.7, avec à la fois un spécimen de la signature de chaque personne certifiée pour son authenticité.

(C) La preuve que le Bénéficiaire a établi une compte spécial en dollars séparé porteur d'intérêt dans une banque commerciale choisie par le Bénéficiaire dans lequel les fonds du Bénéficiaire sous cet Accord devront être déboursés par l'A.I.D.

(D) Une lettre adressée par le Bénéficiaire à l'A.I.D. contenant les utilisations spécifiques proposées, pour les fonds de la Subvention fournis par cet Accord, pour l'approbation de l'A.I.D.

4.2 Notification

Lorsque l'A.I.D. aura déterminé que conditions précédentes de déboursement spécifiées dans la Section 4.1 a été rempli, elle avisera promptement le Bénéficiaire.

4.3 Date Terminale pour Répondre aux conditions précédentes

Si les conditions spécifiées dans la Section (4.1) n'ont pas été remplies dans les quatre-vingt-dix (90) jours à partir de la date de cet Accord, ou une période de temps plus longue que l'A.I.D. peut accorder par écrit, A.I.D., à son gré peut terminer cet Accord par une notice écrite au Bénéficiaire.

ARTICLE V

Divers

5.1 Rapports, Registres, Inspections, Verifications

(A) Livres et Registres

Le Bénéficiaire tiendra, ou sera responsable de la tenue, conformément aux principes de comptabilité généralement acceptés et aux pratiques pleinement appliquées, de tous les livres et registres relatifs au compte spécial en dollars nécessaires pour la présentations adéquate, sans aucune limitation, du dépôt dans le compte et des déboursements de fonds à partir du compte, le compte par le Bénéficiaire pour les buts sur lesquels il y a eu accord. Ces livres et registres seront vérifiés régulièrement et conformément aux standards de vérification comptable acceptés généralement, et ils doivent être gardés durant trois (3) ans après la date du dernier déboursement sous cet Accord.

(B) Rapports

Le Bénéficiaires fournira des rapports trimestriels sur les déboursements dans ou hors du compte spécial en dollars, les relevés de compte mensuels bancaires, et toutes informations supplémentaires que l'A.I.D. peut demander de temps en temps relatives aux activités financées à partir du compte. Ces rapports contiendront les informations et la documentation à l'appui que peuvent être exigées par l'A.I.D. En plus, le Bénéficiaire fournira à USAID ces rapports et renseignements supplèmentaires qui peuvent être raisonnablement demandés sous cet Accord.

(C) Droit d'Inspection et de Vérification

L'A.I.D. ou n'importe lequel de ses représentants autorisés, aura le droit d'inspecter et de vérifier à tout moment raisonnable les livres et registres tenus par le Bénéficiaires relatifs au compte spécial en dollars.

5.2 Suspension de Déboursement

A.I.D. peut suspendre les déboursements pour une periode au plus de 90 jours sur demande écrite du Bénéficiaire.

5.3 Terminaison de Déboursement

L'une ou l'autre des parties peut terminer cet Accord en donnant à l'autre Partie un préavis écrit de trente (30) jours. La terminaison de cet Accord terminera tous engagements des Parties d'éxécuter d'autres obligations financière sous cet Accord, sauf payments pour lequels fonds ont été engagés par A.I.D. avant la terminaison de cet Accord. Malgré tout suspension ou terminaison, les clauses de cet Accord continueront d'être en vigueur et prendront en considération tout portion de l'Accord décidée avant ou en dépit de tout suspension ou terminaison.

5.4 Information Complète

Le Bénéficiaire confirme que les faits et les circonstances par lequels l'A.I.D. ont été informés ou déterminés que A.I.D. soit informé, au cours de négotiation d'une convention avec A.I.D. sur cet Accord, sont exacts et complete à la bonne connaissance du Bénéficiaire et la conviction après enquête adéquate et renferment tous faits et circonstances qui pourraient materiellement avoir une action sur la décharge de responsabilité sous cet Accord.

5.5 Lettre de Mise à Exécution

De temps en temps, pour l'information et la conduite à suivre des deux Parties, l'A.I.D. établira des Lettres de Mise à Exécution décrivant les procédures applicables à l'exécution de cet Accord. Sauf si cela est autorisé par des clauses particulières de cet Accord, les Lettres de Mise à Exécution ne seront pas utilisées pour amender ou modifier le texte de cet Accord.

5.6 Taxation

Cet Accord et le moutant subventionné dans la présente doivent être exonérés de toute taxe ou fraise imposés par n'importe quelle loi en vigueur dans la République de Djibouti.

5.7 Représentants

Pour tous les objectifs relevant de cet Accord, le Bénéficiaire sera représenté par la personne en fonction ou faisant fonction au bureau du Ministre des Affaires Etrangères et de la Coopération, et l'A.I.D. sera représentée par la personne en fonction ou faisant fonction au bureau du Directeur, Bureau Régional des Services de Développment Economique (Regional Economic Development Services Office: REDSO/ESA), à Nairobi, chacun d'entre eux par notice écrite, peut désigner des représentants supplémentaires pour tous les objectifs. Les noms des représentants du Bénéficiaire, avec le specimen des signatures, seront fournis à l'A.I.D., qui peut accepter comme dûment autorisé tout document signé par ces représentants dans l'exécution de cet Accord, et ce jusqu'à la réception de la notice écrite de révocation de leur autorité.

5.8 Communications

(A) Les communications soumises par l'une des Parties à l'autre sous cet Accord seront faites par écrit ou par télégramme ou cable, et seront dûment adressées ou envoyées à cette autre Partie aux adresses suivantes:

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Pour le Bénéficiaire: Ministère des Affaires Etrangères et de la Coopération

Pour l'A.I.D. REDSO/ESA
C/O American Embassy
Djibouti

(B) Toutes ces communications seront en Anglais, sauf si les Parties s'accordent autrement par écrit. D'autre adresses peuvent être substituées à celles ci-dessus par notice écrite.

5.9 Langue d'Accord

Cet Accord est rédigé en deux langues Anglais et Français. Au cas où il y a de differents ou conflits entre les deux versions, la version anglais contrôlera.

EN FOIS DE QUOI, Djibouti et les Etats-Unis d'Amérique, chacun agissant par son représentant dûment autorisé, ont établi cet Accord pour qu'il soit signé en leurs noms et livré à la date du jour et de l'année indiquée à la première page.

Le Gouvernement de la République de Djibouti

Par _____

Titre: Ministre des Affairs Etrangères et de la Coopération

Les Etats-Unis d'Amerique

Par _____

Titre: Ambassadeur Des Etats-Unis d'Amerique, Djibouti

APPROPRIATION: 72-11011037
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RFMO-NAIROBI / KENYA
DATE 9/27/90