

PDBBW 707

PROJECT GRANT AGREEMENT  
BETWEEN  
THE UNITED STATES OF AMERICA  
ACTING THROUGH  
THE AGENCY FOR INTERNATIONAL DEVELOPMENT  
("A.I.D.")  
  
THE REPUBLIC OF CAPE VERDE  
("GRANTEE")

Project Title: Project Development and Support  
Project No. : [REDACTED]  
Fiscal Year : 1990

The above named Parties hereby mutually agree to carry out the Project described in this agreement in accordance with (1) the terms of this agreement including any annexes attached hereto, and (2) any general agreements between the two governments regarding economic or technical cooperation

Amount of USAID Grant: \$150,000

Grantee contribution to the project: As stated Annex A.

Project Assistance Completion Date: September 30, 1991

This Agreement consists of this title page, Annex A, "Project Description", and Annex B, "Standard Provisions".

For the Government of the  
Republic of Cape Verde

Jose Luis Rocha  
Director of Bilateral  
Cooperation

Date Sept 29, 1990

For the Government of the  
United States of America

Thomas ~~W. C.~~ *Frederick*  
AID Representative

Date Spt 25, 1990

**PROJECT AGREEMENT**  
**ANNEX A**  
**PROJECT DESCRIPTION**  
**(FY 1990)**

**Project Title: Project Development and Support**  
**Project No. : 655-0015**  
**Fiscal Year : 1990**

**A. Project Description**

The project is a flexible mechanism to finance program and project design, pre-project implementation needs, policy assessment and analysis, and limited post-project support.

This agreement provides the A.I.D. fiscal year 1990 increment of funding for the project. Project funds provided under this agreement may be used for the following activities:

- (1) Export Development Services and operational research and pilot testing.
- (2) Sectoral studies, analyses, evaluations and assessments designed to assist A.I.D. and the Grantee in planning future joint development efforts.
- (3) Project development and design activities.

The project will support the private sector and the agriculture, health and human resources sectors of the Grantee's development effort.

**B. Implementation**

A.I.D. will contract and make direct payment for any services financed under the project.

A.I.D. will furnish the Ministry of planning and Cooperation copies of all reports, assessments and evaluations financed under this project.

**C. Financial Plan**

(1) A.I.D. financing. It is planned that the total amount of the A.I.D. financing will be \$500,000 over the life of the project. A.I.D.'s contribution will be provided in increments. The increment for FY 1990 is the amount shown in section 3 of the title page of the grant. Prior increments, totaling \$100,000, included \$50,000 in FY 1988 and \$50,000 in FY 1989. Subsequent increments will be subject to the availability of funds to A.I.D. for this purpose, and to the mutual agreement of the parties, at the time of a subsequent increment, to proceed.

(2) Grantee financing. The Grantee will contribute to the project by providing personnel to collaborate in special studies, analyses, evaluations and assessments.

(3) Illustrative Budget (US DOLLARS):  
Fiscal Year 1990

Design of Watershed and Applied Research Project	85,000
Food Aid Program Analysis	65,000
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TOTAL	150,000

PROJECT GRANT STANDARD PROVISIONS

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

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

ARTICLE B: GENERAL COVENANTS

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

SECTION B.2. EXECUTION OF PROJECT. The Cooperating Country will:

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

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

SECTION B.3. UTILIZATION OF GOODS AND SERVICES

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

(b) Goods and services financed under the Assistance, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geo-

graphic Code Book as in effect at the time of such use.

#### SECTION B.4. TAXATION.

(a) This agreement and the Assistance will be free from, and the Principal and interest will be paid free from, any taxation or fees imposed under laws in effect in the territory of the Cooperating Country.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Assistance, and any property or transaction relating to such contracts and (2) any commodity procurement transaction financed under the Assistance, are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the territory of the Cooperating Country, the Cooperating Country will, as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Assistance.

#### SECTION B.5. REPORTS, RECORDS, INSPECTIONS, AUDIT

The Cooperating Country will:

(a) furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Assistance. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

(c) afford authorized representatives of a Party the opportunity at all reasonable time to inspect the Project, the utilization of goods and services financed by such Party, and books, records and other documents relating to the Project and the Assistance.

#### SECTION B.6. COMPLETENESS OF INFORMATION

The Cooperating Country confirms:

(a) 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 the Assistance, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement, and

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

SECTION B.7. OTHER PAYMENTS. The Cooperating Country affirms that no payments have been or will be received by any official of the Cooperating Country in connection with the procurement of goods or services financed under the Assistance except fees, taxes or similar payments legally established in the territory of the Cooperating Country.

SECTION B.8. INFORMATION AND MARKING. The Cooperating Country will give appropriate publicity to the Assistance and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

#### ARTICLE C: PROCUREMENT PROVISIONS

##### SECTION C.1. SPECIAL RULES

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

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

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

(d) Transportation by air, financed under the Grant, of property or person, will be on carriers holding United States Certification, to the extent service by such carriers is available. Details on this requirement will be described in a Project Implementation Letter.

SECTION C.2. ELIGIBILITY DATE. No goods or services may be financed under the Assistance which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

##### SECTION C.3. PLANS, SPECIFICATIONS, AND CONTRACTS

In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Cooperating Country will furnish to A.I.D. upon preparation,

(1.) any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Assistance, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished to A.I.D. on preparation;

(2.) such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services which, though not

financed under the Assistance, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (2) will be identified in Project Implementation Letters;

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

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

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

SECTION C.4. REASONABLE PRICE. No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Assistance. Such items will be procured on a fair and, to the maximum extent practicable, on a competitive basis.

#### SECTION C.5. NOTIFICATION TO POTENTIAL SUPPLIERS

To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Assistance, the Cooperating Country will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

#### SECTION C.6. SHIPPING

(a) Goods which are to be transported to the territory of the Cooperating Country may not be financed under the Assistance if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in AID Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which AID, by written notice to the Cooperating Country, has designated as ineligible; or (3) under an ocean or air charter which has not received prior AID approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery service may not be financed under the Assistance, if such goods or persons are carried: (1) on an ocean vessel or aircraft (the latter financed under the loan portion of the Assistance) under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs", without prior written AID approval; or (2) in the case of aircraft, the cost of which is financed under the grant portion of the Assistance, on a non-U.S. flag air carrier if a U.S. flag carrier is

available (in accordance with criteria which may be contained in Project Implementation Letters) without prior written A.I.D. approval; or (3) on an ocean vessel which AID, by written notice to the Cooperating Country, has designated as ineligible; or (4) under an ocean vessel or air charter which has not received prior AID approval.

(c) Unless AID determined that privately-owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, (1) at least fifty percent (50 %) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by AID which may be transported on ocean vessels will be transported on privately-owned United States-flag commercial vessels, and (2) at least fifty percent (50 %) of the gross freight revenue generated by all shipments financed by AID and transported to the territory of the Cooperating Country on dry cargo liners shall be paid to or for the benefit of privately-owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this sub-section must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

#### SECTION C.7. INSURANCE

(a) Marine insurance on goods financed by AID which are to be transported to the territory of the Cooperating Country may be financed under the Assistance as a Foreign Exchange Cost under this Amendment provided (1) such insurance is placed at the lowest available competitive rate, and (2) claims thereunder are payable in U.S. dollars or, as A.I.D. may agree in writing, in the currency in which such goods were financed or in any freely convertible currency. If the government of the Cooperating Country, by statute, decree, rule, regulation, or practice discriminates with respect to AID-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Cooperating Country financed by AID hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as AID may otherwise agree in writing, the Cooperating Country will insure, or cause to be insured, goods financed under the Assistance imported for the Project against risks incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practices and will insure the full value of the goods. Any indemnification received by the Cooperating Country under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Cooperating Country for the replacement or repair of such goods. Any such replacement will be of source and origin of countries listed in AID Geographic Code 935 as in effect at the time of replacement, and, except, as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

## SECTION C.8. U.S. GOVERNMENT-OWNED EXCESS PROPERTY

The Cooperating Country agrees that, wherever practicable, United States Government-owned excess personal property, in lieu of new items financed under the Assistance, should be utilized. Funds under the Assistance may be used to finance the costs of obtaining such property for the Projet.

## ARTICLE D: TERMINATION; REMEDIES

### SECTION D.1. CANCELLATION BY COOPERATING COUNTRY

The Cooperating Country may, by giving AID 30 days written notice, cancel any part of the Assistance which has not been disbursed or committed for disbursement to third parties.

### SECTION D.2. EVENTS OF DEFAULT; ACCELERATION

It will be an "Event of Default" if the Cooperating Country shall have failed; (a) to pay when due any interest or installment of principal required under this Agreement, or (b) to comply with any other provision of this Agreement, or (c) to pay when due any interest or installment of principal or other payment required under any other loan, guaranty or other agreement between the Cooperating Country or any of its agencies and AID or any of its predecessor agencies. If an Event of Default shall have occurred, then AID may give the Cooperating Country notice that all or any part of the unrepaid Principal will be due and payable sixty (60) days thereafter, and, unless such Event of Default is cured within that time;

(1) such repaid Principal and accrued interest hereunder will be due and payable immediately, and

(2) the amount of any further disbursements made pursuant to then outstanding commitments to third parties or otherwise will become due and payable as soon as made.

### SECTION D.3. SUSPENSION

If at any time:

(a) An Event of Default has occurred; or

(b) An event occurs that AID determines to be an extraordinary situation that makes it improbable either that the purpose of the Assistance will be attained or that the Cooperating Country will be able to perform its obligations under this Agreement; or

(c) Any disbursement by AID would be in violation of the legislation governing AID; or

(d) The Cooperating Country shall have failed to pay when due any interest, installment of principal or other payment required under any other loan, guaranty, or other agreement between the Cooperating Country or any of its agencies and the Government of the United States or any of its agencies;

(1) suspend or cancel outstanding commitment documents to the extent they have not been utilized through irrevocable commitments to third parties or otherwise, giving prompt notice thereof to the Cooperating Country;

(2) decline to issue additional commitment documents or to make disbursement other than under existing ones; and

(3) at AID's expense, direct that title to goods financed under the Assistance be transferred to AID if the goods are from a source outside the Cooperating Country, are in a deliverable state and ~~have not~~ been offloaded in ports of entry of the Cooperating Country. Any disbursement made under the Loan with respect to such transferred goods will be deducted from Principal.

#### SECTION D.4. CANCELLATION BY AID

If, within sixty (60) days from the date of any suspension of disbursements pursuant to Section D.3., cause or causes thereof have not been corrected, AID may cancel any part of the Assistance that is not then disbursed or irrevocably committed to third parties.

#### SECTION D.5. CONTINUED EFFECTIVENESS OF AGREEMENT

Notwithstanding any cancellation, suspension of disbursement, or acceleration of repayment, the provisions of this Agreement will continue in effect until the payment in full of all Principal and accrued interest hereunder, provided, that any obligations arising out of the expenditure of Grant funds will not be extinguished by such payment of principal and interest.

#### SECTION D.6. REFUNDS

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, AID, notwithstanding the availability or exercise of any other remedies provided for under this Agreement, may require the Cooperating Country to refund the amount of such disbursement in U.S. dollars to AID within sixty (60) days after receipt of a request therefor.

(b) If the failure of the Cooperating Country to comply with any of its obligations under this Agreement has the result that goods or services financed under the Assistance are not used effectively in accordance with this Agreement, AID may require the Cooperating Country to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. dollars to AID within sixty (60) days after receipt of a request therefor.

(c) The right under subsection (a) or (b) to require such a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to AID from a contractor, supplier, bank or other third party with respect to goods or services financed under the Assistance, which refund relates to an unreasonable price, for or erroneous invoicing

of goods or services, or to goods that did not conform to specifications, or to services, that were inadequate, will (A) be made available first for the cost of goods and services required for the Project, to the extent justified, and (B) the remainder, if any, (i) if derived from Loan funds, will be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan reduced by the amount of such remainder, and (ii) if derived from Grant funds, will be applied to reduce the amount of the Grant.

(e) Any interest or other earnings on Grant funds disbursed by AID to the Cooperating Country under this Agreement prior to the authorized use of such funds for the Project will be returned to AID in U.S. dollars by the Cooperating Country.

#### SECTION D.7. NONWAIVER OF REMEDIES

No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

#### SECTION D.8. ASSIGNMENT

The Cooperating Country agrees, upon request, to execute an assignment to AID of any cause of action which may accrue to the Cooperating Country in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. dollar contract with AID financed in whole or in part out of funds granted by AID under this Agreement.