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A.I.D. Project No. 391-0489
Dollar Appropriation No. 72-1141037
Budget Plan Code: HESA-84-27391-KG13
Project Agreement No. 84-17

PROJECT GRANT AGREEMENT

BETWEEN

THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN

AND THE

UNITED STATES OF AMERICA

FOR

MANAGEMENT OF AGRICULTURAL RESEARCH AND TECHNOLOGY

DATED: August 9, 1984

(CONFORMED COPY)

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Dated: August 9, 1984

Between

The President of the Islamic Republic of Pakistan (hereinafter referred to as the "Grantee")

and

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

Article 1: The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2: The Project

SECTION 2.1. Definition of Project. The Project, which is further described in Annex 1, is designed to strengthen the performance of the national agricultural research system to generate and disseminate quality and relevant agricultural technologies to the farmers of Pakistan. The project will include, among other things, the provision of technical assistance, training, commodities, construction services, and support for field studies and demonstrations to strengthen the capability of the GOP to: (a) plan, manage and evaluate Pakistan's agricultural research needs and priorities and to effectively manage and utilize financial resources; (b) more effectively produce and disseminate new technologies; (c) provide career development courses to all levels of agricultural research, scientific support, and outreach personnel; (d) plan and carry out research on agricultural problems applicable to the arid, non-irrigated and high altitude areas of Baluchistan and similar areas of Pakistan; and, (e) conduct research on wheat and maize with an expanded outreach activity. Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 9.2. without formal amendment of this Agreement.

SECTION 2.2. Incremental Nature of Project.

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

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

Article 3: Financing

SECTION 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed Five Million United States ("U.S.") Dollars (U.S. \$ 5,000,000) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 7.1 of this Agreement and local currency costs, as defined in Section 7.2 of this Agreement, of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project. The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

SECTION 3.3. Project Assistance Completion Date (PACD).

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

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

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 8.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D, giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4: Conditions Precedent

SECTION 4.1. Conditions Precedent to First Disbursement.

Except as A.I.D. may otherwise agree in writing, prior to any disbursement of funds under this Project, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee shall furnish to A.I.D., in form and substance satisfactory to A.I.D.:

(a) a written opinion of Counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms;

(b) a written statement setting forth the names and titles of persons holding or acting in the Office of the Grantee and representing that the named person or persons have the authority to act as the representative or representatives of the Grantee, together with a specimen signature of each such person certified as to its authenticity.

SECTION 4.2. Condition Precedent to Selected Disbursement. Except as A.I.D. may otherwise agree in writing, prior to any disbursement of funds under this Project, other than for technical assistance, vehicles, household and office equipment, other project commodities, and training activities, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee shall furnish to A.I.D., in form and substance satisfactory to A.I.D., documentation that a Project Manager at the Pakistan Agricultural Research Council (PARC) and Project Representatives in each of the four provinces have been designated.

SECTION 4.3. Notification. When A.I.D. has determined that the conditions precedent specified in each of Sections 4.1 and 4.2 have been met, A.I.D. will promptly so notify the Grantee.

SECTION 4.4. Terminal Dates for Conditions Precedent.

(a) If all of the conditions specified in Section 4.1 have not been met within sixty (60) 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.

(b) If the condition specified in Section 4.2 has not been met within one hundred and twenty (120) days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

Article 5: Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as part of this Project. Except as the Parties may otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

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

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

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

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

SECTION 5.2. Director-General of the National Agricultural Research Center (NARC). Except as A.I.D. may otherwise agree in writing, the Grantee covenants that it will recruit and hire, within one year of the execution of this Agreement, a qualified person to fill the post, on a permanent basis, of Director-General of the National Agricultural Research Center (NARC).

SECTION 5.3. Arid Zone Research Institute (AZRI) Personnel. Except as A.I.D. may otherwise agree in writing, the Grantee covenants that it will fill the personnel vacancies existing at AZRI as of the date of this Agreement as soon as possible but, in no event, not later than two years from the date of the signing of this Agreement.

SECTION 5.4. Agricultural Training Facility and Multi-Media

Production Studio Staff. The Grantee covenants to: (a) establish permanent posts for each additional administrative and professional staff member required for the expanded Agricultural Training facility and the new Multi-Media Production Studio located on the campus of the National Agricultural Research Center (NARC), and to reflect these in the regular recurrent budget of the Pakistan Agricultural Research Council (PARC); (b) accord all professional technical staff of the Agricultural Training facility and the Multi-Media Production Studio, the status of "scientists", having the same remuneration and promotion opportunities as research scientists within PARC and the Federal and/or Provincial research network; and, (c) afford the Agricultural Training facility and Multi-Media Production Studio sufficient managerial and operational autonomy to carry out each of their respective mandates and, further, allow said facilities to operate as national facilities under the direct control and management of PARC.

SECTION 5.5. Host Country Counterpart Assignment. Except as A.I.D. may otherwise agree in writing, the Grantee covenants that it will identify and have promptly assigned to AZRI, the Pakistan Agricultural Research Council (PARC), the National Agricultural Research Center (NARC), and such other research facilities as A.I.D. from time to time may designate by Project Implementation Letters (PILS), sufficient Pakistani scientists with appropriate technical qualifications to serve as counterparts to all project-financed consultants.

SECTION 5.6. Post Training Employment. Except as the Parties may otherwise agree in writing, the Grantee, acting through its Ministry of Food, Agriculture and Cooperatives, shall make every reasonable effort to require that each person trained under this Project works in activities related to agricultural research in Pakistan for not less than three times the length of time of his or her training program provided, however, that in no event shall such an individual be allowed to work in agricultural research activities for less than one year nor be required to work in agricultural research activities for more than five years from the date of that individual's completion of training. The Grantee shall, further, not approve extensions in the trainee's permitted time abroad if such extension shall allow the trainee to remain abroad beyond that time required for his or her training program.

SECTION 5.7. Mechanisms for Funding Agricultural Research. Except as the Parties may otherwise agree in writing, the Grantee covenants to prepare a report within two years of the signing of this Agreement to:

- (a) analyze the problems created by the present funding mechanisms for the agricultural research network in Pakistan;
- (b) identify the causes of said problems; and,
- (c) propose alternative financial procedures to remedy said problems.

SECTION 5.8. Private Sector Participation in Agricultural Research.

A.I.D. and the GOP recognize the desirability of effectively incorporating the expressed research needs and requirements of the domestic private agribusiness sector into the research agenda of national and provincial research agencies, and the desirability of private agribusiness organizations contracting for a progressively greater share of research financed by this project. Accordingly, except as the Parties may otherwise agree in writing, the Grantee covenants to prepare and provide a report within three years of the signing of this Agreement, in form and substance satisfactory to A.I.D., establishing a two-year plan for increasing opportunities for the Pakistani private sector in the above cited areas. This plan shall include consideration of such issues as A.I.D. may, from time to time, establish in PILs but, at a minimum, shall establish benchmarks for increased Pakistani private sector opportunities in the selection of priority agricultural research topics, in the conduct of such research, in the planning of and participation in mutually beneficial and appropriate training programs, and in the dissemination of relevant technologies to farmers.

Article 6: Special Condition - Cultivation of Opium Poppy and Processing of Opium into Heroin. The Government of Pakistan (GOP) agrees to undertake appropriate measures to prohibit the cultivation of opium poppy and/or the processing of opium into heroin or morphine base within any area benefiting from the Project. In the event that a determination is made that the cultivation of opium poppy and/or

processing of opium into heroin is occurring in an area programmed to benefit or benefiting from this Project, no assistance under this Project directly benefiting that area shall commence and, if commenced, such assistance shall be suspended until the prohibited activity is eliminated. If the prohibited activity found to exist is not fully eliminated within a specified period of time to be agreed upon by the United States Government and the GOP, all assistance under this Project directly benefiting that area may be terminated. If, prior to the Project Assistance Completion Date (PACD) established by A.I.D. for this Project as it may be from time to time amended, it is determined that the prohibited activity is occurring in an area which has benefited from the Project, and the prohibited activity is not eliminated within a period of time to be agreed upon by the United States Government and the GOP, the GOP shall reimburse A.I.D. for all assistance that the GOP has received from A.I.D. under this Project, which has resulted in direct benefits to that village or area in which the prohibited activity is occurring.

Without limitation of other provisions applicable to termination and/or refund as set forth in this Project Agreement and Annexes thereto, if A.I.D. determines that A.I.D. is entitled to reimbursement under the provisions of this Article of the Agreement, A.I.D. may require the Grantee to refund the amount of any disbursements from the Grant for which there is an entitlement to reimbursement to A.I.D. in U.S. Dollars

within 120 days after receipt of request therefor. Such refunds paid by the Grantee to A.I.D. shall be considered as a reduction in the amount of A.I.D.'s obligation under the Grant but may be made available for reuse under the Grant if so authorized by A.I.D. in writing.

Article 7: Procurement Source

SECTION 7.1. Foreign Exchange Costs. Except as A.I.D. may otherwise agree in writing, disbursements pursuant to Section 8.1 will be used exclusively as follows:

(a) to finance the costs of goods and services required for the Project having, with respect to goods, their source and origin, and with respect to services, their nationality in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services), except as provided in the Project Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance. ("Foreign Exchange Costs");

(b) to finance ocean transportation costs under the Grant only on vessels under flag registry of the United States or Pakistan.

SECTION 7.2. Local Currency Costs. Disbursements pursuant to Section 8.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Pakistan ("Local Currency Costs"). To the extent provided for under this Agreement, "Local Currency Costs" may also include the provision of local currency resources required for the Project.

Article 8: Disbursement

SECTION 8.1. Disbursement for Foreign Exchange Costs.

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

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

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

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

SECTION 8.2. Disbursement for Local Currency Costs.

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

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

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

(2) by A.I.D., (A) requesting the Grantee to make available the local currency for such costs, and (B) thereafter making available to the Grantee, through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Grantee or its designee, an amount of U.S. dollars equivalent to the amount of local currency made available by the Grantee, which dollars will be utilized for procurement from the United States under appropriate procedures described in Project Implementation Letters.

The U.S. dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b) (1) above, the amount of U.S. dollars required by A.I.D. to obtain the local currency, and in the case of subsection (b) (2) above, an amount calculated at the rate of exchange specified in the applicable Special Letter of Credit Implementation Memorandum hereunder as of the date of the opening or amendment of the applicable Special Letter of Credit.

SECTION 8.3. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 8.4. Rate of Exchange. Except as may be more specifically provided under Section 8.2, if funds provided under the Grant are introduced into Pakistan by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Pakistan at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Pakistan.

Article 9: Miscellaneous

SECTION 9.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee:

Mail Address: Economic Affairs Division
Ministry of Finance & Economic Affairs
Government of Pakistan
Islamabad (Pakistan)

Alternative address for cables: ECONOMIC ISLAMABAD

To A.I.D.:

Mail address: USAID Mission to Pakistan
P.O. Box 1028
Ramna 5
Islamabad (Pakistan)

Alternative address for cables: USAIDPAK ISLAMABAD
for telexes: 5427 USAID PK

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

SECTION 9.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the Office of the Secretary General, the Secretary, the Joint Secretary and the Deputy Secretary for Economic Affairs Division and A.I.D. will be represented by the individual holding or acting in the Office of the Director, USAID Mission to Pakistan, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 9.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

GOVERNMENT OF PAKISTAN

BY: Sd/-
NAME: S. Nisar Ali Shah
TITLE: Joint Secretary,
Economic Affairs Division

UNITED STATES OF AMERICA

BY: Sd/-
NAME: Jimmie M. Stone
TITLE: Acting Mission Director
USAID/Pakistan

PROJECT DESCRIPTION

A. Project Goal and Purpose

The sectoral goal to which this project will contribute is to increase agricultural production, farm income and rural employment. The purpose of the project is to strengthen the performance of the national agricultural research system to generate and disseminate quality and relevant agricultural technologies to the farmers of Pakistan.

B. Project Components

The project consists of five components: (1) Research Management and Administration; (2) Information Transfer; (3) Training for the Agricultural Research Network; (4) Arid Zone Research; and, (5) Wheat and Maize Coordinated Programs.

The first three components are designed to strengthen and expand the human, physical, and technological resources available within the national agricultural research network and to improve the management of the system at the Federal and Provincial levels. Participating entities will include but are not limited to: the Pakistan Agricultural Research Council (PARC), the National Agricultural Research Center (NARC), the Arid Zone Research Institute (AZRI), the Provincial agricultural research institutions and training institutes in all four provinces, and the agricultural universities in the Sindh, Punjab, and the Northwest Frontier. The fourth component addresses the substantial gap that has existed in arid high altitude agricultural research for non-irrigated areas, which is especially important for the western regions of the country. Under this component, funds will be provided to strengthen the capability of AZRI, which is located in Quetta, Baluchistan, to generate and disseminate quality and relevant technologies applicable to the non-irrigated areas of the country, which represent 47 percent of the total land area. The fifth component will enable Pakistan to sustain and build on the impressive gains achieved in wheat and maize production by improving the research and outreach activities carried out through its Nationally Coordinated Wheat and Maize Programs.

1. Research Management and Administration

Under this project component, a series of systems analyses will be undertaken by teams of specialists to identify the problems and their causes and propose alternative solutions in the areas of research planning, research methods, organization and administration, information flow, and financial management. Recommendations emerging from these analyses are intended to be translated into specific management improvement interventions which will be implemented throughout the national agricultural research network under the direction of PARC, with the assistance of long-term and short-term

consultants. A number of special studies and interventions are also planned, including those in the areas of farming systems research, funding of agricultural research, private sector participation in agricultural research, bookkeeping and accounts, and research/outreach integration.

2. Information Transfer

The purposes of this component are to: (a) make research results more readily available to the general public and potential end-users; and, (b) disseminate the information in ways which respond to the needs of client groups and which ensure that the information will be properly and effectively utilized. Activities contemplated under this component include, by illustration, technical assistance and training in the production and dissemination of media and target-oriented technical information packages and the construction and equipping of a multi-media production studio on the campus of the NARC.

3. Training for the Agricultural Research Network

This component is designed to improve the capacity of the agricultural research community in Pakistan to, amongst other things: (a) identify personnel needs; (b) define appropriate education and skill development programs to meet those needs; and, (c) develop and institutionalize in-service, in-country career development courses to train existing and new personnel. To achieve this objective, the following activities are contemplated: (a) implementation of a personnel needs assessment and preparation of a long-term training plan; (b) training of NARC and Provincial training facility staff; (c) physical expansion of the NARC training facility; (d) development and initial implementation of tailored in-country training courses; and, (e) development of guidelines for participant selection, pre-departure preparation, and academic supervision of overseas degree and non-degree training programs.

4. Arid Zone Research

This component is designed to strengthen the capacity and capability of AZRI in Baluchistan to generate and disseminate quality and relevant technologies aimed at increasing agricultural production in Pakistan's non-irrigated areas. It is expected that A.I.D. will enter into a Collaborative Agreement with the International Center for Agricultural Research in Dry Areas (ICARDA), to finance the services of expatriate research scientists to work with Pakistani scientists at AZRI, at the Provincial Agricultural Research Institute in Baluchistan, and Provincial extension staff to plan and conduct research programs and to organize and conduct training programs at AZRI and the Provincial training facility in research methodologies, mixed farming, and on-farm research. Specific activities to be undertaken include, by illustration: (a) adaptation trials of imported and local varieties of cereal grains, legumes, forage, and pasture grasses;

(b) demonstrations and verification studies on farmers' fields of technologies that have proven superior on research stations; and, (c) special studies on such topics as range and livestock management, mixed farming, animal nutrition, and livestock marketing.

5. Wheat and Maize Coordinated Programs

This project component will support, amongst other things, the following research and outreach activities carried out through Pakistan's Nationally Coordinated Wheat and Maize Programs: (a) the continuation of efforts to produce high-yielding varieties of wheat and maize that are adapted to Pakistani conditions; (b) the development of a detailed agro-ecological analysis that will permit the identification of wheat and maize zones in Pakistan; (c) the establishment of larger and more accessible on-farm research and verification areas in representative locations that will permit the generation, testing and revision of production techniques appropriate to Pakistani conditions; and, (d) the increased use of farming systems research methods to ensure that the generation of researchable ideas and the development and extension of new technologies are done in ways that maximize their chances of adoption by farmers.

C. Illustrative Implementation Plan

1. A.I.D. Responsibilities

A.I.D. will be responsible for: (a) negotiating and awarding a contract to a U.S. firm to provide technical advisory services for the Research Management and Administration, Information Transfer, and Training for the Agricultural Research Network components; (b) negotiating and awarding a contract under the Collaborative Assistance mode to the International Center for Agricultural Research in Dry Areas (ICARDA) to assist in implementing the Arid Zone Research component; (c) arranging for the services of a short-term U.S. architectural and engineering (A&E) consultant to design the preliminary architectural layout of the production studio and expanded training facility on the NARC campus; (d) purchasing directly all project vehicles and all household and office equipment and supplies for long-term consultants as well as assisting PARC in the procurement of the remaining off-shore commodities; (e) arranging for the short-term and long-term training of participants outside of Pakistan; (f) providing sufficient staff to participate in the scheduled project evaluations and to liaise with host country staff in the implementation of this project; and, (e) inspecting and certifying for payment construction installations.

3. GOP Responsibilities

The GOP agency responsible for the overall implementation of this project is the Pakistan Agricultural Research Council (PARC), a semi-autonomous organization within the Ministry of Food, Agriculture and

Cooperatives. The four Provincial Secretariats of Agriculture, through their Departments of Research and Extension, will be responsible for implementing activities in their respective provinces in accordance with the existing Federal/Provincial divisions of authority and responsibility in Pakistan. Where authority and responsibility lie with the provinces, PARC will play a coordinating and monitoring role.

The Arid Zone Research Institute (AZRI) in Quetta, Baluchistan will be primarily responsible for implementing the Arid Zone Research Component. Implementation of the Wheat and Maize Coordinated Programs component will be the responsibility of PARC and the National Agricultural Research Center (NARC) under the Nationally Coordinated Program. The agricultural universities and Provincial agricultural training facilities will participate both as implementors and beneficiaries of project activities. To facilitate coordination and implementation of the project, a Project Coordinating Committee, composed of representatives from the Federal and all four Provincial Governments and each agricultural university, will be established under the chairmanship of PARC.

The GOP will be responsible for: (a) negotiating and awarding a contract to the International Wheat and Maize Improvement Center (CIMMYT) to assist in implementing the Wheat and Maize Coordinated Programs component; (b) negotiating and awarding a contract to a Pakistani management and accounting firm to assist PARC and the Provincial agricultural research institutes to strengthen their bookkeeping operations; (c) negotiating and awarding a contract to an A&E firm, probably Pakistani, to prepare final construction plans, specifications and bid documents and to supervise construction of the new media production studio and expanded training facility on the NARC campus; (d) negotiating and awarding a contract to a construction firm, probably Pakistani, to provide construction services for the two facilities on the NARC campus; (e) procuring the majority of local and off-shore commodities required for all five components of the project; (f) identifying suitable candidates for both long-term and short-term overseas training; (g) arranging for all in-country training activities; and, (h) providing sufficient staff to participate in the scheduled project evaluations and to serve as counterparts to the expatriate advisors in the implementation of this project.

ILLUSTRATIVE

SUMMARY OF PROJECT COSTS BY EXPENSE CATEGORY
AND SOURCE OF FUNDING
 (In 000s)

Expense Category	FY 1984		Life of Project Funding	
	A.I.D. Grant (In \$)	GOP (In Rs)	A.I.D. Grant (In \$)	GOP (In Rs)
Technical Assistance	2,919	-	11,765	-
Training	360	-	9,317	-
Commodities	1,721	-	2,933	-
Other Costs	-	1,300	3,260	13,416
Sub-Total	5,000	1,300	27,275	13,416
Contingency	-	-	2,725	1,339
TOTAL	5,000	1,300	30,000	14,755

- a/ Subject to the availability of funds to A.I.D. for this purpose and to the mutual agreement of both parties to proceed at the time of each subsequent increment.
- b/ For Pakistan Fiscal Year 1984/85 (July 1, 1984 - June 30, 1985).
- c/ Does not include approximately \$2.5 million under the Agricultural Commodities and Equipment Program (391-0468) for the importation of agricultural research commodities and equipment, subject to the availability of funds to A.I.D. for this purpose.

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PROJECT GRANT

STANDARD PROVISIONS ANNEX

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

Article A: Project Implementation Letters

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

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

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

Article B: General Covenants (Continued)

SECTION B.3. Utilization of Goods and Services.

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

(b) Goods or services financed under the Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

SECTION B.4. Taxation.

(a) This Agreement and the Grant will be free from any taxation or fees imposed under the laws in effect in the territory of the Grantee.

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

SECTION B.5. Reports, Records, Inspections, Audit.

The Grantee will:

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

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

Article B: General Covenants (Continued)

extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

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

SECTION B.6. Completeness of Information. The Grantee confirms

(a) that the facts and circumstances of which it has informed A.I.D., or cause A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;

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

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

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

Article C: Procurement Provisions

SECTION C.1. Special Rules.

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

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

Article C: Procurement Provisions (Continued)

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

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

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

SECTION C.3. Plans, Specifications, and Contracts. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

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

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

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

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

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

Article C: Procurement Provisions (Continued)

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

SECTION C.4. Reasonable Price. No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Grant. Such items will be 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 Grant, the Grantee will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

SECTION C.6. Shipping.

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

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Grant, if such goods or persons are carried: (1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs," without prior written A.I.D. approval; or (2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or (3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, (1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately owned United States-flag

Article C: Procurement Provisions (Continued)

commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed by A.I.D. and transported to the territory of the Grantee on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

SECTION C.7. Insurance.

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

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

SECTION C.8. U.S. Government-Owned Excess Property. The Grantee agrees that wherever practicable, United States Government-owned excess personal property, in lieu of new items financed under the Grant, should be utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

Article D: Termination; Remedies.

SECTION D.1. Termination. Either Party may terminate this Agreement by giving the other Party 30 days written notice. Termination of this Agreement will terminate any obligations of the Parties to provide financial or other resources to the Project pursuant to this Agreement, except for payment which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of this Agreement. In addition, upon such termination A.I.D. may, at A.I.D.'s expense, direct that title to goods financed under the Grant be transferred to A.I.D. if the goods are from a source outside Grantee's country, are in a deliverable state and have not been off-loaded in ports of entry of Grantee's country.

SECTION D.2. Refunds.

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

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

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

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to A.I.D. from a contractor, supplier, bank or other third party with respect to goods or services financed under the Grant, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the cost of goods and services required for the Project, to the extent justified, and (B) the remainder, if any, will be applied to reduce the amount of the Grant.

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Article D: Termination; Remedies (Continued)

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Grantee under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S. Dollars by the Grantee.

SECTION D.3. Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

SECTION D.4. Assignment. The Grantee agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. Dollar contract with A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.