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LIMITED SCOPE GRANT PROJECT AGREEMENT

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

AND

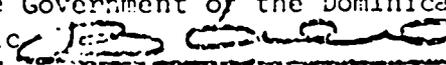
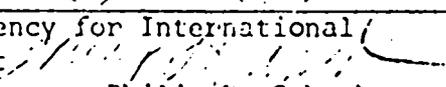
Dominican Development Foundation (DDF)
(Grantee)

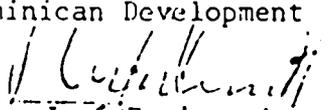
1. Project Title DOMINICAN DEVELOPMENT FOUNDATION	2. AID Project Number 517-0124
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The above named parties hereby mutually agree to carry out the Project described in this Agreement in accordance with (1) the terms of this Agreement, including any annexes hereto, and (2) any general agreement between the two governments regarding economic or technical cooperation.

3. Amount of AID Grant <u>\$135,600</u>	4. Grantee Contribution to the Project <u>\$98,000</u>	5. Project Assistance Completion Date June 30, 1982
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6. This Agreement consists of this title page; Annex A, a Project Description; and Annex B, Standard Provisions.

7. For the Government of the Dominican Republic  Typed Name: <u>Eric Morivar Baez</u> Title: <u>Secretary of Finance</u> Date: <u>Sept. 28, 1979</u>	8. For the Agency for International Development  Typed Name: <u>Philip R. Schwab</u> Title: <u>Director</u> Date: <u>Sept. 28, 1979</u>
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For the Dominican Development Foundation  Typed Name: <u>José Enrique Armenteros</u> Title: <u>President</u> Date: <u>Sept. 28, 1979</u>	
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CONVENIO DE DONACION DE PROYECTO DE ALCANCE LIMITADO

Entre los Estados Unidos de América, actuando por intermedio de
la Agencia para el Desarrollo Internacional (AID)

Y

Fundación Dominicana para el Desarrollo (FDD)
(Concesionario)

1. Título del Proyecto FUNDACION DOMINICANA PARA EL DESARROLLO	2. Número del Proyecto de la AID 517-0124
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Las partes arriba nombradas por medio del presente Convenio acuerdan llevar a cabo el Proyecto descrito en el mismo de conformidad con (1) las condiciones de este Convenio, incluyendo los anexos adjuntos, y (2) cualquier convenio entre ambos gobiernos relativos a la cooperación económica y técnica.

3. Monto de la Donación de la AID \$135,600	4. Aporte del Concesionario al Proyecto \$98,000	5. Fecha de Conclusión de Asistencia al Proyecto 30 de junio de 1982
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6. Este Convenio consiste de esta página titular; el Anexo A, Descripción del Proyecto; y el Anexo B, Disposiciones Normales.

7. Por el Gobierno de la República Dominicana Nombre: <u>Lic. Bolívar Báez</u> Título: <u>Secretario de Finanzas</u> Fecha: <u>Sept. 28, 1979</u>	8. Por la Agencia para el Desarrollo Internacional Nombre: <u>Philip R. Schwab</u> Título: <u>Director</u> Fecha: <u>Sept. 28, 1979</u>
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Por la Fundación Dominicana para el Desarrollo Nombre: <u>José Enrique Armenteros</u> Título: <u>Presidente</u> Fecha: <u>Sept. 28, 1979</u>	
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PROJECT AGREEMENT

Annex A

PROJECT DESCRIPTION

1. Project Title DOMINICAN DEVELOPMENT FOUNDATION	2. AID Project Number 517-0124
3. This Project consists of: Project is to improve the organizational structure of the Grantee, to make adjustments in its operational policies and procedures, and to increase its capacity to plan, administer and evaluate credit activities, particularly as they relate to lending activities for groups of small farmers.	

(See Annex A, pages 2 through 4 for detailed project description)

4. Special Provisions

AID's contribution to the Project will be provided in increments, the initial one being made available as follows:

To assist the Grantee to meet the costs of carrying out the Project, AID agrees to grant the Grantee an amount not to exceed One Hundred Thirty Five Thousand Six Hundred United States Dollars (\$135,600). Subsequent increments will be subject to availability of funds to AID for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

PROJECT DESCRIPTION

Project Purpose:

To restructure the DDF's organization and make adjustments in its operational policies and procedures, particularly as they relate to lending activities for groups of small farmers. In support of this objective, AID will furnish appropriate technical and commodity assistance.

AID Inputs:

The technical assistance to be provided will consist of a total of 36 person/months and will cost approximately \$276,000. It will include one resident advisor for two years with experience in agricultural credit management and operations. Short term TA will be required in financial management, credit institutional organization and in arts and crafts production and marketing. The commodity assistance will consist of one field vehicle for use by the project staff. The total cost of AID grant assistance, including evaluation, is \$325,000. It is expected that a considerable amount of in-service training will be carried out during the life of the project by the technical assistance personnel or other in-country professionals at no extra cost to the project. These inputs are described in more detail as follows:

1. Rural Credit Advisor with proven operations and management capability for up to two years. He will serve as advisor to the Director General of the DDF, to the Director of the Social and Financial Services Division and to the Director of the newly created Credit Department. His principal responsibilities will be to:
 - a. Help to structure the new Credit Department;
 - b. Advise on the use of credit statistics and help design and implement controls that will facilitate management decisions and program evaluation;
 - c. Assist in formulating administrative systems and procedures relative to credit programs;
 - d. Review procedures and controls for loans from the DDF to farmer groups;

- e. Help design systems, procedures and controls between the farmer associations and their members;
- f. Assist in designing credit applications and reports that will provide the information necessary for effective analysis and evaluation of loans or projects;
- g. Develop standards for loan analysis;
- h. Advise on the simplification and acceleration of the lending process and on the strengthening of supervisory controls;
- i. Design a system of management controls;
- j. Advise in the establishment of annual credit targets for approvals, disbursements, collections and special activities;
- k. Assist in establishing an institutionalized system of coordination with SEA for effective technical assistance to DDF borrowers; and
- l. Help plan and carry out in-service training programs for the various groups involved in credit management.

2. Financial Advisor(s) -- estimated six person/months. The principal responsibilities in this area will be to advise and assist the Director of the Controller Division and the Director of the Program and Development Resources Division, to design a system of financial controls and to design and implement a system of economic and financial planning and evaluation for the medium term (perhaps 3 years) with annual reviews. These tasks should be completed as early as possible with periodic follow-up by the same advisor.

3. Artisan Advisor(s) -- estimated three person/months. The principal responsibility in this area will be to review and evaluate the economic and social viability of the present artisan groups to which DDF is lending money and make specific recommendations to the Director of the Artisan Division and to the Director General of DDF concerning the future of the program.

4. Organization Advisor -- estimated three person/months. This advisor will work primarily with the Social and Financial Services Division and with the Credit Advisor in the improvement of operations at the field level. His principal responsibilities will be towards the local associations and their juntas, specifically to:

- a. Evaluate their organization and strategy with reference to the objectives of the DDF;
- b. Develop model statutes and standards for them;
- c. Formulate guidelines for evaluating their viability; and
- d. Assist in the development of training plans for members.

5. Commodity assistance will be in the form of one four-wheel drive vehicle to be assigned full time for use by the technical assistance team under this project for its duration.

6. Financial assistance will be provided under the project for assistance with project evaluation.

6. Counterpart
GODR Inputs:

The counterpart contribution to the project will consist of salaries and support for counterpart personnel, office facilities and support and field support including vehicle operation and maintenance for the technical assistance team. The total cost of the counterpart contribution for these items totals RD\$196,500.

PROJECT AGREEMENT

PROAG STANDARD PROVISIONS ANNEX

- A. Reference to 'this Agreement' means the original Project Agreement as modified by any revisions which have entered into effect. Reference to 'cooperating country' means the country or territory of the Grantee.
- B. (1) AID will make available the amount specified in Block 3 of this Agreement, as necessary for the Project, as may be further described in Annex A.
- (2) The Grantee will make available the amount specified in Block 4 of this Agreement, as necessary for the Project, as may further be described in Annex A. The Grantee will also make, or arrange to have made, additional contributions of property, services, facilities and funds required for carrying out the Project as specified in Annex A.
- C. AID and the Grantee may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Agreement. The two parties may agree to accept contributions of property, services, facilities and funds for purposes of this Agreement from other public and private agencies, and may agree upon the participation of any such third party in carrying out activities under this Agreement.
- D. Except as otherwise specified herein or subsequently agreed by the parties, all contributions of the parties pursuant to this Agreement shall be made on or before the Project Assistance Completion Date, or amended date. A contribution of goods or services shall be considered to have been made when the services have been performed and the goods furnished as contemplated in this Agreement. Disbursement of funds may take place after final contributions have been made, but AID shall not be required to disburse funds hereunder after the expiration of nine months following the estimated Project Assistance Completion Date (Block 5 of this Agreement) or any amended Project Assistance Completion Date specified.
- E. The procurement of commodities and services to be financed in whole or in part by AID may (where so required by AID procedures) be undertaken only pursuant to Project Implementation Orders (PIOs) issued by AID.
- F. Unless otherwise specified in the applicable PIO or Project Implementation Letter (PIL), the procurement of commodities imported specifically for the Project and financed with the AID contribution referred to in Block 3 of this Agreement shall be subject to the provisions of AID Regulation I.
- G. Unless otherwise agreed by the parties or otherwise specified in the applicable PIO, title to all property procured through financing by AID pursuant to Block 3 of this Agreement shall be in the Grantee, or such public or private agency as it may authorize.
- H. (1) Any property furnished to either party through financing by the other party pursuant to this Agreement shall, unless otherwise agreed by the party which financed the procurement, be used effectively for the purposes of the Project in accordance with this Agreement, and upon completion of the Project, will be used so as to further the objectives sought in carrying out the Project. Either party shall offer to return to the other, or to reimburse the other for, any property which it obtains through financing by the other party pursuant to this Agreement which is not used in accordance with the preceding sentence.

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

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

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

(2) If any personnel (other than citizens and residents of the cooperating country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with AID, the Grantee or any agency authorized by the Grantee, who are present in the cooperating country to provide services which AID has agreed to furnish or finance under this Agreement, are under the laws, regulations or administrative procedures of the cooperative country, liable for income and social security taxes with respect to income which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes on personal property intended for their own use, or for the payment of any tariff or duty upon personal use of themselves and members of their families (not including such personal or household goods as may be sold by any such personnel in the cooperating country) or if any firm, not normally resident in the cooperating country, is liable for income, receipts, or other taxes on work financed by AID hereunder, the grantee will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

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

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

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

- M. AID and the Grantee shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.
- N. The present Agreement shall enter into force when signed. Either party may terminate this Agreement by giving the other party thirty (30) days written notice of intention to terminate it. Termination of this Agreement shall terminate any obligations of the two parties to make contributions pursuant to Blocks 3 and 4 of this Agreement, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of the Agreement. It is expressly understood that the obligations under paragraph H relating to the use of property or funds shall remain in force after such termination. In addition, upon such termination AID may, at AID's expense, direct that title to goods financed under the Grant be transferred to AID if the goods are from a source outside the Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of the Grantee's country.
- O. To assist in the implementation of the Project, AID from time to time, may issue PILs that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon FILs to confirm and record their mutual understanding on aspects of the implementation of this Agreement.
- P. The Grantee agrees, upon request, to execute an assignment to AID 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 AID financed in whole or in part out of funds granted by AID under this Agreement.