

PDKAE 6/13

A.I.D. Project Number 538-0017

PROJECT

GRANT AGREEMENT

BETWEEN

THE UNIVERSITY OF THE WEST INDIES

and the

UNITED STATES OF AMERICA

for

THE CARIBBEAN AGRICULTURAL EXTENSION PROJECT

o Dated: March 31, 1980

Appropriation: 72-1101021.3  
Allotment No : 043-52-538-00-69-01  
Amount Obligated: US\$900,000.00

CONFIRMED COPY

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Project Grant Agreement

Dated

March 31, 1980

Between

The University Of The West Indies ("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, will consist of planning and program development activities preparatory to assisting participating countries to improve the effectiveness of their Agricultural Extension Services. Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.3., 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 a subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an 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 a sum not to exceed Nine Hundred Thousand United States ("U.S.") Dollars (\$900,000) ("Grant"). The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and local currency costs, as defined in Section 6.2, of goods and services required for the Project.

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, in an amount not less than the equivalent of U.S. \$172,000, including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date

(a) The "Project Assistance Completion Date" (PACD), which is September 30, 1982, 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 7.1 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 to Disbursement

SECTION 4.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2, and of any additional representatives, together with a specimen signature of each person specified in such statement;

(b) Evidence that the Dean, Faculty of Agriculture, University of the West Indies, has formed a Planning Committee for the Project that includes as members at least one faculty member from each department in the Faculty of Agriculture and which assigns at least 10% of each Committee member's staff time to the Project;

(c) Evidence that the University of the West Indies has appointed a Project Leader;

(d) An executed contract with Midwest Universities Consortium for International Activities, Inc. (MUCIA), the collaborating Title XII Institution, specifying the relationship between the University of the West Indies and the U.S. Institution and the level and type of technical assistance to be provided consistent with the number of countries participating in the Project; and

(e) Written evidence that at least five Host Governments have agreed to cooperate with UWI and MUCIA in performing institutional analyses of the country's agricultural extension system and developing a four year National Extension Improvement Plan for that country.

SECTION 4.2. Notification. When A.I.D. has determined that the conditions precedent specified in Section 4.1 have been met, it will promptly notify the Grantee.

SECTION 4.3. Terminal Dates for Conditions Precedent. If all of the conditions specified in Section 4.1 have not been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Grantee.

Article 5: Special Covenants

SECTION 5.1. Pesticides. Prior to the procurement or use of any pesticide financed under the Project, Grantee will inform A.I.D. in writing of the proposed procurement or use of the pesticide, including

a detailed description of how the pesticide will be used and the safeguards to be followed, and shall obtain the written approval of A.I.D. prior to procurement or use of the pesticide.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursement pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance. Ocean transportation costs will be financed under the Grant only on vessels under flag registry of the United States or participating countries, except as A.I.D. may otherwise agree in writing. If A.I.D. determines either that there are no vessels under flag registry of participating countries generally available for ocean transportation, or that there is no access to U.S. flag service, A.I.D. in a Project Implementation Letter may agree to finance under the Grant ocean transportation costs on vessels under flag registry of another country.

SECTION 6.2. Local Currency Costs. Disbursements pursuant to Section 7.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in the English-speaking Caribbean, defined as Antigua, Bahamas, Barbados, Belize, British Virgin Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, Turks and Caicos, St. Kitts/Nevis, St. Lucia, St. Vincent and Trinidad and Tobago.

Article 7: Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs

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

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

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

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

#### SECTION 7.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain 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 7.3. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.4. Rate of Exchange. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into a participating country 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 local currency at the highest rate of exchange which, at the time the conversation is made, it is not there unlawful.

Article 8.1: Miscellaneous

SECTION 8.1. 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: Principal  
University of the West Indies  
St. Augustine  
Trinidad

Alternate address for cables: STOMATA, Port-of-Spain

To A.I.D.:

Mail Address: AID Representative  
USAID Barbados  
c/o U.S. Embassy  
Bridgetown, Barbados

Alternate address for cables: USAID/American Embassy  
Bridgetown, Barbados

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 with a copy of each communication sent to A.I.D.

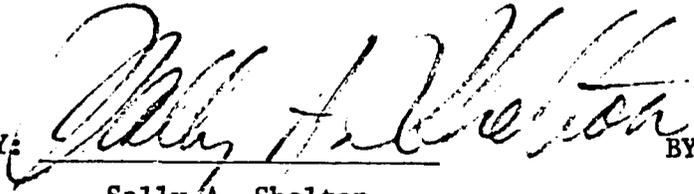
SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of Dean, Faculty of Agriculture and A.I.D. will be represented by the individual holding or acting in the office of Director, Regional Development Office/Caribbean 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 8.3. Standard Provision 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.

UNITED STATES OF AMERICA

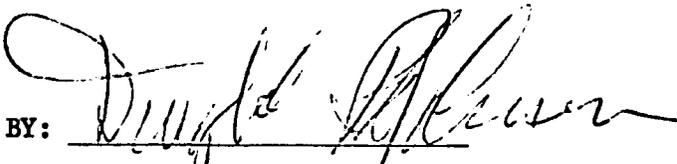
UNIVERSITY OF THE WEST INDIES

BY:   
Sally A. Shelton

BY:   
Lloyd Braithwaite

TITLE: Ambassador of the  
United States of America

TITLE: Pro-Vice Chancellor

BY:   
Dwight B. Johnson

TITLE: Acting Representative, Agency  
for International Development

## ANNEX I

### Caribbean Agricultural Extension Project

#### I. Project Summary

The goals of this project are to improve the economic and social well-being of small farm households within the region through an increase in the value of agricultural production and generation of agricultural employment.

To address this problem this project will have three major purposes: to increase the effectiveness of national extension services in nine territories; to enhance the outreach capabilities of the Faculty of Agriculture of the University of the West Indies and of other selected regional institutions which serve the national extension systems; and to involve women actively and more fully in extension policies and programs.

At present, agricultural extension services throughout the Eastern Caribbean are seriously constrained in providing vital services due to a number of deficiencies. Organization and management systems within extension programs are characterized by poorly defined goals, conflicting lines of authority, insufficient incentives and unreliable program monitoring. Extension agents have limited training in general agriculture, small farmer cropping techniques and extension delivery methods. Delivery systems are not organized to reach the greatest number of farmers and have few mechanisms for accurately gauging farmers' needs and lack essential tools for maximum impact (e.g. vehicles, communication and demonstration equipment). Regional supporting services for extension agencies are presently small, poorly organized, loosely coordinated and lack resources for identifying and responding to common needs of individual extension services. Improvement in these areas will increase the benefits of other agricultural development programs by enhancing the active participation of the maximum number of the region's small farmers.

The Caribbean Agricultural Extension Project will be implemented by the University of the West Indies (UWI), Faculty of Agriculture, under the leadership of the Department of Agricultural Extension. MUCIA, the U.S. Title XII institution, will collaborate with the UWI and provide long-term technical assistance to support project activities. The Project has been divided in two distinct phases: 1) Planning and Program Development, and 2) Program Implementation. Phase 2 of the project is conditional upon the review and approval by A.I.D. of the national extension improvement plans developed during phase 1. The overall life of the Project is estimated to be five years. Phase 1 activities will last between one and two years depending upon the level of institutional analysis required in each country. In the

event that the final phase 1 funding increment for this agreement is not obligated by January 15, 1981, UWI reserves the right to adjust its budget authorized under the Agreement to meet obligations for salary payments to staff contracted under this Agreement.

Under phase 1, the UWI will be provided resources to establish three outreach stations: the Leeward Islands (including Barbados), the Windward Islands and Belize. The outreach stations will be directed by a UWI professional and a U.S. long-term technical advisor. Assistance will also be provided to local governments to secure one additional agricultural extension officer who will serve as the country project liaison officer. In addition, host governments will provide appropriate inputs from agricultural officers and other knowledgeable officials. During phase 1, extension professionals from these outreach programs will be supported by short-term technical assistance to work with each local government to 1) conduct an institutional analysis of the agricultural support systems, 2) develop a comprehensive national extension improvement plan, and 3) secure commitments from governments to carry out the extension improvement plans.

Before authorization and funding of phase 2 activities, the UWI will present for A.I.D. approval a synopsis of at least five national extension improvement plans and the corresponding government commitments which outline 1) organizational changes necessary to maintain a dynamic and responsive extension service for small farmers, 2) long- and short-term training requirements, 3) vehicle, extension and communication equipment requirements, and 4) financial inputs from the host government, the UWI and A.I.D. to carry out phase 2 activities. After resources have been authorized by A.I.D. for phase 2 activities, the UWI will begin implementation of the approved national extension plans and initiate regional and sub-regional training programs to upgrade extension agents' technical skills in such areas as food crop production, communication techniques and extension delivery. Technical assistance will also be provided to upgrade UWI's technical and manpower capacity to provide continued support to extension services. Also under phase 2, local governments committed to implementing a national extension improvement plan will be provided with assistance to 1) continue supporting, on a declining scale, the additional agricultural extension officer serving as the country project coordinator, 2) provide in-service fellowships for qualified members of the extension staff to receive diploma level training in regional agricultural schools, 3) provide a small number of scholarships at the Bachelors and Masters level at UWI for experienced extension officers who have completed diploma level training, 4) provide additional fellowships to extension officers for a one year UWI post diploma course in agricultural extension/communication techniques, and 5) purchase required vehicles and communication equipment sufficient to meet the current needs of extension services. Equipment purchases will be limited to those that can be maintained and replaced by local Governments after the life of the Project.

II. Major Project Activities - Phase I

A. Activity 1: Establishment of a Regional Agricultural Extension Coordinating Committee (RAECC)

1. Financing

The RAECC will be established by the Project Director and Team Leader to provide advice and counsel to UWI and MUCIA about the implementation of the Project and serve a communication function for agricultural extension in the region. The field team staff, Chief Agricultural Officer and/or the Director of Agricultural Extension in each territory as well as farmers, representatives from farmers' associations, representatives of other extension related institutions such as WINBAN, and a representative from the Women and Development Unit at UWI will be invited to serve on the Committee, which will meet approximately five times during the life of the Project.

2. Objectives of RAECC

The specific objectives of the Coordinating Committee will be as follows:

- a. to give advice and counsel to UWI and MUCIA regarding the implementation of the Project;
- b. to provide an essential linkage between the Project and the national territories, as well as an important linkage between territories for sharing ideas;
- c. to share insights about regional resources in the development of national extension systems;
- d. to participate in the periodic evaluation of the National Extension Plans and of the Project.

3. A sub-committee of RAECC will be constituted to provide for the above objectives between meetings of the RAECC. The membership of the sub-committee will include:

- a. The Project Director
  - b. Team Leader
  - c. Leeward's Representative
  - d. Windward's Representative
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e. Ad Hoc Member

B. Activity 2: Conducting an Institutional Analysis

Following the first RAEC meeting, project staff in collaboration with the Host Governments will undertake an institutional analysis of each national extension system, and based on the findings, develop a national extension improvement plan. The institutional analysis will require as the first step, the collection of data and information concerning: 1) the organization, 2) the delivery system and the clientele served, 3) the personnel methods, and 4) the linkages with related agencies:

1. The Organization

The analysis should include but not be limited to an examination of:

- a. goals, purposes and activities;
- b. chain of command including methods of supervision;
- c. structure;
- d. decision making processes;
- e. types of decisions that are made at each level;
- f. the time required to obtain a decision on budget or action that is out of the jurisdiction of each position;
- g. the constraints of organization as felt by individuals at each level of the organization;
- h. program planning, development and approval;
- i. relationship between service functions and educational functions; and
- j. the current budget allocation, including the authority to spend money.

2. The delivery system analysis will include:

- a. current delivery systems in use;
- b. a profile of the small farmers and other target groups and the effectiveness of various delivery

methods used to reach these groups, i.e., personal contact, group meetings, mass media, etc.;

- c. location of personnel within the territory as it affects accessibility;
- d. the adequacy of transport;
- e. the availability of demonstration sites and equipment for setting up demonstrations;
- f. communication equipment available locally and regionally for extension activities; and
- g. office space - amount and quality for effective extension delivery.

3. Personnel analysis will include:

- a. number of extension personnel in relation to the public to be served;
- b. level of formal training;
- c. experience as it affects ability to perform as an extension worker;
- d. attitude to personnel toward their work;
- e. use of evaluation and counseling procedures; and
- f. orientation and in-service education programs.

4. The linkages with the agriculture extension service and credit, marketing and research institutions are an important component supporting small farm agriculture. The analysis will identify the local and regional support agencies and how they relate to the extension mission. Items will include:

- a. lending agencies and the requirements of small farmers to qualify for credit;
- b. information or instruction received from research sources for recommendation to small farmers;
- c. marketing organizations and their assistance to small farmer; and

- d. the amount and type of instructional assistance given to small farmers on the functions and services provided by agricultural support institutions.

C. Activity 3: Developing the National Extension Improvement Plans

Following the indepth institutional analysis in each country, the project team will design a four year national extension plan in collaboration with host government officials. These plans should include but not be limited to the following:

1. A clear set of objectives for the extension service;
2. Tasks to be assigned to the extension service taking special care to avoid conflicting tasks that might reduce overall effectiveness;
3. An organizational structure that has as few hierarchical levels as possible, has clear lines of authority and relevant job descriptions;
4. Delivery systems which include identification of the communication and demonstration equipment, transportation requirements and various dissemination methods which include systems to capture feedback from small farmers.
5. Personnel systems and needs should include:
  - a. the level of training and experience required for each position in the system;
  - b. specific training needs should be outlined indicating whether they should be territory specific or regional in character;
  - c. a plan to upgrade and maintain personnel through formal training using project scholarships should be developed including criteria for and method of selection of personnel for training.
6. Linkages between institutions and organizations, for example, marketing agencies, credit sources, government supply services, etc. should be identified and incorporated into the plans.

### III. Phase 1 Resources

The major resource inputs to accomplish Phase 1 activities for this project may be described as follows:

#### A. Staff Support

The Project will expand capacities of the national extension services and of the University of the West Indies by providing staff support for one additional position in each of the nine extension services and initial support for the UWI Leewards Associate and a Communications Specialist. The UWI will contribute half support for the Windwards Associate and full support for the second year salary of the Leewards Associate. Each government will make available the equivalent of one additional staff position for the Project. Staff support resources will also provide for non-professional positions at UWI and in each outreach office.

#### B. Technical Assistance

In addition to the positions described above, the Project calls for a combination of short- and long-term technical assistance inputs including three long-term experts from UWI (Project Director, Windward Program Associate and Belize Program Associate) and three long-term experts from MUCIA (Team Leader, Leeward Program Associate and Belize Program Associate). The AID technical assistance resources will also support nine man-months of short-term inputs, as well as professional and non-professional staff at the MUCIA lead university.

#### C. Equipment

Expenditures for commodities and equipment will be made to furnish and supply three outreach offices in the Leeward and Windward Islands and Belize and to facilitate completion of the institutional analysis and development of national extension plans. Office rental fees will be paid from these funds.

#### D. Travel and Transportation

The focus of this Project will be the extension services of the nine participating governments; hence the bulk of travel expenditures will be used in moving technical assistance and support staff to and from each island or Belize. In addition, expenditures will be required for fielding the MUCIA technical assistance staff. Other expenditures will cover cost incurred in assembling the RAEC.

E. Summary Financial Plan, Phase 1 (US\$000)

	<u>A.I.D.</u>	<u>U.W.I.</u>	<u>HOST COUNTRIES</u>	<u>TOTAL</u>
I. Staff Support	232.7	102.0	106.0	440.7
II. Technical Assistance	596.8	-	-	596.8
III. Equipment	79.0	26.0	17.5	122.5
IV. Travel and Transportation	232.2	8.8	-	241.0
V. Other Direct Costs	16.0	11.2	-	27.2
VI. Indirect Costs				
Administrative Support	74.1	-	-	74.1
Overhead Technical Assistance Contract	<u>118.5</u>	<u>-</u>	<u>-</u>	<u>118.5</u>
SUB-TOTAL	1,349.3	148.0	123.5	1,620.8
Inflation - 10% Per Year	<u>201.3</u>	<u>24.0</u>	<u>19.5</u>	<u>244.8</u>
TOTAL	<u>1,550.6</u>	<u>172.0</u>	<u>143.0</u>	<u>1,865.6</u>

IV. Collaborative Assistance

The collaborative assistance contracting mechanism reflected in this Project is designed to increase the joint implementation authority and responsibility of MUCIA and UWI and encourage more effective collaboration among all participating parties - AID, UWI and MUCIA at all stages of the Project. If collaboration is to be meaningful, both UWI and MUCIA must draw upon their respective strengths for project inputs. To the extent possible, a partnership must be developed between UWI and MUCIA. The relationship must have more depth than a typical contract for services, and project activities must be jointly discussed, approved and implemented. While the major directional impetus for the Project should come from the joint review and evaluation process, considerable breadth should remain for detailed decision-making between UWI and MUCIA.

The mechanisms for implementing this collaborative program are described below.

1. The Project Director (UWI) and Team Leader (MUCIA) shall equally share responsibility for all policies and activities relative to implementation of the project and activities described in this Annex.
2. MUCIA and UWI personnel will participate in the Project on a counterpart basis as specified in the Project Paper. However, each pair of individuals shall equally share responsibility and accept joint authority for the activities undertaken in their area.
3. The RAECC sub-committee will provide advice and guidance to the Project Director and Team Leader upon the request of either.
4. The Project Director and Team Leader will as conditions require seek the collective decision of a five person group consisting of the USAID Project Manager, UWI Dean of the Faculty of Agriculture, MUCIA Executive Director, UWI Project Director and the MUCIA Team Leader.

V. Special Provisions Relating to the UWI Contract with MUCIA

It is understood and agreed between the Grantee and AID that these special provisions are required to recognize and account for the status and methods of operation of MUCIA as a consortium of U.S. educational institutions.

1. Notwithstanding any provisions elsewhere in this Agreement to the contrary, UWI in its contract with MUCIA shall be permitted to use "General Provisions - Cost Reimbursement Contract with an Educational Institution", AID 1420-23C and "Additional General Provisions - Cost Reimbursement Contract with an Educational Institution", AID Form 1420-23D.
2. Upon the execution of the Contract between UWI and MUCIA as specified in this Agreement and AID's subsequent approval of the Contract, AID will open a letter of credit in the amount corresponding to that Contract to be available for obligation and payment under that Contract against which MUCIA only may present payment vouchers.
3. In the event that the final phase 1 funding increment for this Agreement is not obligated by January 15, 1981,<sup>a</sup> MUCIA reserves the right to adjust its Contract Budget as required to meet its obligation for salary payments to staff (excluding any overseas incentive and any differential and allowances) to the extent MUCIA is

liable to make such payments under its agreements with such staff.

4. MUCIA may, in its Contract with UWI, and subject to the Collaborative Assistance procedures outlined in Section IV, execute a sub-contract thereunder with a Member University of MUCIA or any other U.S. university to provide necessary on-campus administrative support and/or overseas services or special services in connection with the work to be performed under the contract.
5. Both parties will assist A.I.D. in seeing that, in so far as practicable, A.I.D. funds are not used for the payment of Host Country Duties and taxes.
6. Housing costs, including utilities, shall be based on U.S. Embassy regulations governing housing to U.S. F.S. employees which are in effect at the post of assignment.

## Project Grant Standard

### Provisions Annex II

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 I.

#### 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.

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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

The Grantee will assist A.I.D. in seeing that, in so far as practicable, A.I.D. funds are not used for the payment of host country duties and taxes.

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, book 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 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

Article B: General Covenants (Continued)

(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, or similar payments legally established in the participating country where made.

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 a participating country will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

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

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Article C: Procurement Provisions (Continued)

(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

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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 participating countries 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 commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by all shipments

Article C: Procurement Provisions (Continued)

financed by A.I.D. and transportation 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. 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 a country 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 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

**Article D: Termination; Remedies (Continued)**

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 participating member countries; are in a deliverable state and have not been offloaded in ports of entry.

**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 do 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.

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.