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A.I.D. Project Number 538-0099

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PROJECT

GRANT AGREEMENT

BETWEEN

the

CARIBBEAN AGRICULTURAL RESEARCH AND DEVELOPMENT INSTITUTE

and the

UNITED STATES OF AMERICA

for

CARDI: FARMING SYSTEMS RESEARCH AND DEVELOPMENT

Dated: July 15, 1983

RECORD COPY

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PROJECT GRANT AGREEMENT

Dated: July 15, 1983

Between

The Caribbean Agricultural Research and Development Institute (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 I, will consist of assistance in developing an effective and sustainable farming systems research and development program in CARDI that is responsive to the agricultural needs of CARDI member countries. Annex I, which is 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 I may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2, 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 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. The anticipated life of Project budget for the Project is contained in Annex I.

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 One Million, One Hundred Thousand United States ("U.S.") Dollars (\$1,100,000) ("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

(a) 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.

(b) The resources provided by Grantee for the Project as described in Annex I will be not less than the equivalent of U.S. \$4,220,000, including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is June 30, 1988, 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) An 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 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;

(c) Evidence that a Project Manager, has been designated with appropriate delegations of authority to effectively implement the Project; and

(d) Final Project close out reports for the Small Farm Multiple Cropping Systems Project (538-0015).

SECTION 4.2 Disbursement for Expenses other than Technical Assistance and Financial Management Staff. Prior to disbursement under the Grant for activities other than technical assistance and financial management staff 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) Evidence that a suitable accounting system is in place to handle Project funds;

(b) A first year workplan for each component of the Project. The workplan should contain a detailed implementation plan, staffing arrangements, specifications for equipment, operating and research expenses, and budget, including CARDI and host government contributions.

SECTION 4.3. Disbursement for Personnel Expenses. Except for financial management staff, prior to any disbursement under the Grant, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made for personnel expenses, the Grantee will, except as A.I.D. may otherwise agree in writing, submit for A.I.D. approval the names, qualifications, and job description for all professional personnel funded under the Project.

SECTION 4.4. Conditions Precedent for Disbursement Subsequent to Year One. Prior to disbursement for activities subsequent to the first year of the Project the Grantee will, except as AID may otherwise agree in writing, submit to A.I.D. in form or substance satisfactory to A.I.D. a yearly workplan detailing the activities to be undertaken for the subsequent twelve month period.

SECTION 4.5. Notification. When A.I.D. has determined that the conditions precedent specified in Section 4.1., 4.2., 4.3, and 4.4, have been met, it will promptly notify the Grantee.

SECTION 4.6. Terminal Dates for Conditions Precedent.

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

b

(a) evaluation of progress toward 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. Pesticides. The Grantee covenants that prior to initiation of the procurement of any pesticide to be financed under the Project, the Grantee will inform A.I.D. in writing of the proposed procurement and 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 initiation of procurement procedures of the pesticides.

SECTION 5.3. Agricultural Activities. The Grantee covenants that in carrying out Project activities under this Agreement, the Grantee should avoid projects or activities which would cause or threaten serious injury to the production, marketing, or pricing of United States agricultural commodities or products.

SECTION 5.4. Adequate Staffing. The Grantee covenants that it will provide adequate staff to work with all technical specialists under the Project.

SECTION 5.5. Grantee Contribution. The Grantee covenants to make available, on a timely basis, its local currency contribution as specified in Annex I to this Agreement.

SECTION 5.6. Per Diem. The Grantee covenants that per diem expenses to be reimbursed or paid under the Grant shall not exceed those which AID pays to its employees pursuant to its established regulations.

SECTION 5.7. Research Advisory Board. The Grantee covenants to establish, by July, 1984, a Research Advisory Board, with duties and membership acceptable to AID.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursements 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 ("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.

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 member countries of CARDI.

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;

(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 member country of Grantee 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 member country of Grantee at the highest rate of exchange which, at the time the conversion is made, is not unlawful in that member country.

Article 8: 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:

EXECUTIVE DIRECTOR

Caribbean Agricultural Research
and Development Institute
University Campus
St. Augustine
Trinidad

Alternate address for cables: CARDINST

To A.I.D.:

Mail Address:

MISSION DIRECTOR

Regional Development Office/
Caribbean
P.O. Box 302
Bridgetown, Barbados

Alternate address for cables: USEMB BGI 2259

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 Executive Director and A.I.D. will be represented by the

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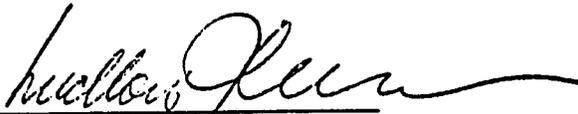
individual holding or acting in the office of Mission Director, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of 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.

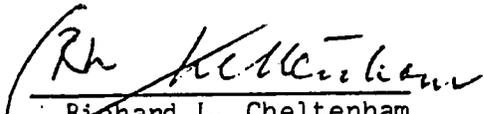
SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex II) is attached to and forms part of this Agreement.

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

CARIBBEAN AGRICULTURAL RESEARCH
AND DEVELOPMENT INSTITUTE

BY: 
Ludlow K. Flower

BY: 
Richard L. Cheltenham

TITLE: Charge d' Affaires

TITLE: Chairman, Standing
Committee of Ministers
Responsible for
Agriculture

BY: 
William B. Wheeler

BY: 
Joseph Bergasse

TITLE: Mission Director

TITLE: CARDI Executive Director

A. Project Description

The CARDI Farming Systems Research and Development Project (FSR/D) is designed to address the most significant agronomic and organizational constraints to increasing agricultural productivity and production in the island states of the Eastern Caribbean. In addition, the Project will address the major institutional constraints in CARDI. Project activities will take place in the following islands: St. Kitts/Nevis, Antigua, Montserrat, Dominica, St. Lucia, St. Vincent and the Grenadines. In addition, Barbados will participate directly in the development and production of animal livestock feed programs under the Project. The Project is part of an overall CARDI FSR/D Program which it is anticipated will eventually be implemented in all CARDI member countries.

The goal of the Project is to improve the economic and social well-being of small and medium size commercial farm households in CARICOM countries through an increase in the production of agricultural commodities and the generation of agricultural employment.

The Project's purpose is to develop an effective and sustainable Farming Systems Research and Development Program (FSR/D) in CARDI that is responsive to the agricultural needs of participating Eastern Caribbean countries.

Three inter-related outputs will result: technology generation, technology transfer, and institutional strengthening as follows:

- 1) CARDI will refine its farming systems research methodology and develop a minimum of 42 economically viable farm tested and validated technological improvements in crops, livestock and crop/livestock combinations.
- 2) CARDI will establish a systematic approach to technology transfer, whereby, in cooperation with extension services, technological improvements can be rapidly transferred to farmers.
- 3) CARDI will be strengthened to a point where it can effectively implement the Project and support the continuation of a productive Farming System Research and Development Program, as well as, its other technical programs.

B. Project Activities

1. Technology Generation

CARDI will continue its on-farm adaptive research program instituted under the AID-funded Small Farm Multiple Cropping Systems Research Project (SFMCP). Under SFMCP CARDI carried out island level, farm level and production sub-systems analysis for most islands. Recommendation domains and groupings of homogeneous farmers with similar constraints and crops have been identified. Under the Project CARDI will: a) generate, farm-test and

farm-validate economically viable farm level technological improvements in selected crops, livestock and crop/livestock combinations; b) refine its FSR methodology and document this refinement.

Research programs will be developed at annual planning sessions involving CARDI staff, technical consultants, Ministry of Agriculture officials, and relevant members of the private sector. The annual planning sessions will result in annual workplans which will form part of an annual implementation plan for the Project.

2. Technology Transfer

CARDI will develop methods to systematically transfer technological improvements to extension agents, private enterprises and farmers participating in applicability testing.

Research and extension are highly related functions which have potential for augmenting mutual support for each other's organizations. The Project has particularly strong ties with the AID-funded Caribbean Agricultural Extension Project (CAEP) with the University of the West Indies. CARDI is an important member of the Technical Joint Action Committee which is established under CAEP, and will establish important long-run research extension linkages at the regional and national level.

CARDI will coordinate its research activities with CAEP and national extension organizations, both public and private, to assure an extension involvement in an early stage of the generation process. During the transfer stage CARDI will assist extension agents until technologies can be tested on farms under total extension supervision. In addition, CARDI will train extension agents and interact with CAEP to facilitate the learning process. CARDI will also establish and maintain linkages with Ministries of Agriculture and other national and regional research public and private organizations involved in agricultural production, marketing, extension and credit.

3. Institutional Strengthening

The FSR/D Project will assist CARDI, through training and technical assistance to strengthen many of its management support systems. Since many of the management areas will cut across the CARDI organization, assistance will not be narrowly focused on the FSR program as such. Therefore, a multi-phased approach to institutional development will be adopted to: a) strengthen CARDI's ability to perform farming systems research in the Eastern Caribbean; b) develop and strengthen crucial organization and management systems which are needed to support CARDI's technical programs across the board, and c) strengthen CARDI's international image and instill a higher degree of professionalism among CARDI staff.

(a) Project Management: Effective Project management will require the establishment of effective financial planning, financial reporting and evaluation procedures. An area which will receive immediate attention will be proper financial control. Technical assistance will be provided to

CARDI to establish appropriate financial systems and train staff in the implementation of these systems.

(b) CARDI Institutional Strengthening: This aspect of the Project will involve a two phased approach. First, CARDI will contract with a firm to design and implement essential management systems. These systems have been identified in the management audit and include: administrative systems, personnel and management systems and finance and accounting systems. All systems will be designed by the end of 1983. The same firm will assist CARDI in implementing these systems over a period of time. The actual setting in place of these systems will vary according to the availability of staff and the difficulties involved in establishing the systems. It is anticipated that all systems will be in place and operational no later than the end of 1984. It is anticipated that this phase of the CARDI institutional strengthening activity will commence as soon as CARDI meets initial conditions precedent.

(c) Research Advisory Board: To strengthen CARDI's international image, and to inculcate a higher degree of professionalism among their peers and the scientific community, a Research Advisory Board (RAB) will be formed made up of members from the international research community. Such international research institutions as Centro Internacional de Agricultura Tropical (CIAT), International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), International Institute of Tropical Agriculture (IITA) and the Centro Internacional de Mejoramiento de Maiz y Trigo (CIMMYT) and donors such as the Rockefeller Foundation, UNDP, The World Bank, AID, CIDA and Ford Foundation will be invited to be a members of the CARDI RAB.

The responsibility of formulating the RAB and implementing the Board's functions will be the task for the Chairman of the Board of Governors with the assistance of the CARDI Executive Director and the Research Management Specialist. It is expected that the RAB will be formed by July 1984. It is anticipated that yearly meetings will be held in one of the participating countries in the CARDI FSR program.

The RAB will be directly responsible to the CARDI Board of Governors with their recommendations and guidelines directed to the CARDI Executive Director. The RAB responsibilities will be to maintain CARDI's thrust of professional improvement particularly in Farming Systems Research and related agricultural research disciplines.

C. Project Components

1. Staffing: Island research programs will be implemented by CARDI Country Teams. Each team will be under the direction of a Country Team Leader, who will be responsible for all CARDI FSR programs in the particular island. Each Country Team will consist of three or four members. It is anticipated that many teams will have at least one Ministry of Agriculture (MOA) staff assigned full time to the Team. The Project will fund the personnel and administrative costs of each country team, in addition to, necessary operational and research costs. AID will fund the total cost of country team operations (with the exception of Ministry of Agriculture staff member salaries), during the first year of the Project. CARDI will assume a greater percentage of these costs during the life of the Project and will (with the exception of Ministry of Agriculture staff member salaries) fund all personnel and administrative costs for country teams by the end of the Project.

CARDI currently has five technical specialists assigned to its FSR unit in St. Lucia and Antigua. These specialists give back-up support to country teams and serve on a pool of FSR experts to CARDI member countries. Current areas of expertise represented include: a systems agronomist, a crop protection specialist, a weed control specialist, an agricultural economist and economic anthropologist. Under the Project, CARDI will double its FSR technical support capability. It is anticipated that additional personnel in the following areas will be added to the CARDI FSR technical staff: a systems agronomist, a horticulturist, an animal science specialist, an agricultural economist and an agricultural engineer. All technical specialists will be stationed at the sub-regional offices located in St. Lucia and Antigua. AID will fund the total cost of technical specialists during the first year of the Project. Each subsequent year, CARDI will fund an increasing amount of specialists' costs. By the end of the Project CARDI will fund the total personnel cost of all technical specialists associated with the CARDI FSR program.

2. Equipment and Supplies: In addition to administrative costs, (rental of office space and utilities, office equipment and supplies and on-island travel costs) the Project will fund necessary operational and research costs associated with the FSR/D Project. Equipment and operational costs include:

- a) Field and laboratory equipment for country research programs and for Barbados' CARDI unit participation in the livestock feeding program;
- b) Plant materials, seeds and other research costs for island specific research program including Barbados;
- c) Eight Project vehicles and
- d) Micro-computer system.

3. Field Station Upgrading: CARDI's two field stations in St. Lucia and in Antigua will be upgraded. The field stations will also provide for the office space of the country teams in the two respective countries. AID will fund the cost of renovations to buildings and upgrading the facilities to make them compatible with FSR research needs. CARDI will fund the operational costs of the two stations.

4. Project Training and Technical Assistance

a) Training

Two types of training programs are envisioned under the Project. The first are workshops which will cover Project management, program development and FSR/D planning and implementation areas. The workshops will involve CARDI staff, MOA research and extension personnel from CARDI member countries. There will also be technical short course training to upgrade CARDI staff in specific skill areas. It is anticipated such training will be in the U.S. or at research institutions in developing countries outside the Commonwealth Caribbean.

i) Workshops

The first workshop will be devoted to the development of Project management systems. The purpose of this workshop will be to establish the management and monitoring systems which will be used in the Project and familiarize those responsible for carrying them out. An evaluation design workshop is also planned. The purpose will be to lay out a methodology for evaluation which will enable CARDI to begin collecting relevant baseline data.

Another set of workshops will precede the annual review and planning sessions. During these sessions CARDI FSR/D staff will review their past work, make refinements, and plan the activities of the following year. These workshops will be held annually and in addition to the CARDI staff, will involve extension, MOA staff and the private sector.

During the Project, there will be two workshops designed specifically for extension personnel. These workshops will be conducted primarily by CARDI FSR/D staff with assistance from the Farming Systems Specialists. These workshops will cover the FSR/D methodology in detail and will include "hands-on" work for the extension agents in conducting on-farm trials. These workshops will help CARDI forge closer working relationships with extension.

CARDI will conduct three workshops/seminars for research and extension personnel from other CARDI member countries and non-member countries. The purpose of these sessions will be to expose these individuals to the FSR/D methodology, program successes and specific technological improvements which may have region-wide applicability. These will enable CARDI to have a broader and more cost effective FSR/D program influence. Other workshops may be scheduled as required.

ii) Short Courses and International Conferences

It is anticipated that there will be need for some of the technical staff to attend formal short courses. These courses are offered by many of the international research centers, U.S. Universities and the USDA. The purpose of this training will be to sharpen specific technical skills of key FSR/D staff.

b) Technical Assistance

Both long and short-term technical assistance will be provided under the Project to assist CARDI with implementing various aspects of the FSR/D Project. Three sources of technical assistance are expected to be utilized.

i) Institutional Contract

It is anticipated that the primary source of technical assistance will be with an institution under the Title XII program. It is expected that the contract will last for the duration of the Project and will provide for a) the services of a farming systems specialist for up to 42 months; b) the services of a research management specialist for approximately 27 months; and c) short-term assistance amounting to approximately 36 months to support CARDI in various technical and administrative areas.

It is anticipated that the farming systems specialist will reside in St. Lucia. The advisors principle duties will be:

- a) Assist the Country Teams and the sub-regional support staff in the design and implementation of FSR/D activities;
- b) Assist the CARDI Project Manager in the centralized Project activities of planning, budgeting and evaluating;
- c) Participate and contribute to the Project workshops and seminars;
- d) Assist in identification of short-term technical assistance requirements; and
- e) Coordinate with home office in arranging for suitable short-term technical assistance.

The research management specialist, will not reside in the Caribbean, but will be required to spend extensive short-term periods in Trinidad and other states participating in the Project. The specialists duties will be:

- a) Monitor and assist CARDI in the implementation of all Project activities;
- b) Monitor and assist CARDI in the implementation of all organization and management systems;
- c) In conjunction with farming systems specialist, CARDI Project Manager and Executive Director, arrange for short-term technical assistance;
- d) Assist in the formulation of annual workplans;
and
- e) Provide short-term assistance as appropriate.

It is anticipated that short-term assistance will be required in the following areas:

- The design and analysis of on-farm trials;
- Integrated pest management;
- Economic evaluation of technological improvement from the farmer's point of view;
- Soil and water conservation and management in a farming systems context;
- Design and conducting of Project workshops;
- Management information systems;

Micro-computer systems.

ii) CARDI Organization and Management Systems

CARDI will contract with a firm to provide technical assistance and training to develop and implement the organization and management systems. The contract will assist CARDI in the development and implementation of the following systems:

- a) Project preparation, approval and evaluation system including a Project management and documentation system;
- b) Proper accounting system, including standard policies guidelines and procedures;
- c) Clerical and paper work system;
- d) Communication and management information system; and
- e) Personnel management system, including job descriptions and appropriate salary structure.

iii) Specialty Technical Assistance

CARDI will need additional technical services in areas such as Project audit, conducting workshops, micro-computer systems and for other needs that may be identified during the life of the Project, as well as, for travel, per diem and honorariums associated with RAB.

D. Project Organization

The technical aspects of the Project will be headed by a CARDI Project Manager. The Manager will have a full delegation of authority and sufficient resources to manage the technology generation and transfer components of the Project.

The Manager will be appointed on a full-time basis for the duration of the Project and will have overall responsibility for managing, supervising, monitoring and reporting on relevant Project related activities. Working with the long and short-term specialists, the Manager will ensure that an interdisciplinary team approach is used at all Project levels in the implementation and evaluation of Project activities. The Manager will be responsible for maintaining close research/extension linkages at all Project levels, for responding to participating country requests, and for interfacing with donors and private sector institutions. The Manager's staff will include one administrative assistant responsible for financial management and inter-island communications. This person will be assisted in developing Project implementation and management systems by CARDI headquarters staff and external program/Project management consultants.

The Executive Director of CARDI will be responsible for the CARDI institutional strengthening program. The Executive Director may delegate this authority to appropriate CARDI personnel depending on the outcome of workplans and area of assistance to be determined. Because of the importance of the

strengthening effort, responsibility, at least initially, will rest with the Executive Director.

Two sub-regional CARDI Project support units will be established, one for the Windward Islands in St. Lucia and one for the Leeward Islands in Antigua. Each unit will be headed by a technical coordinator. Sub-regional FSR/D technical specialist staff will be assigned to each unit based on particular agro-environmental needs of the countries included in the sub-regional unit. These technical specialists will spend a considerable period of time servicing the several islands in their sub-regional area.

At the country level, CARDI will have Country Teams (CTs) headed by a CT Leader and supported by a field technician, administrative assistant and several research support staff. The CT's will manage in-country operations calling on sub-regional specialist teams and research station staff to conduct field work and provide technical back-up support. The CT's will include participating country Ministry of Agriculture staff assigned to the FSR/D Project. In-country Project activities will be jointly designed and monitored by the National Planning Committees, already established through CAEP made up of members from both the Ministry of Agriculture the private sector and the representatives of the Caribbean Agricultural Extension Project. The CT's will employ a participatory approach to involve farmers and other key private and public local organizations in the FSR/D process.

E. Project Financial Plan

1. AID Contribution

a. Personnel Costs (\$1,890,000)

AID grant funds will be used to fund the following personnel costs on a decreasing basis over the life of the Project: 1) ten technical specialists to be stationed in St. Lucia or Antigua, 2) country team members who are not funded by individual countries, and 3) management support costs for the St. Lucia and Antigua regional offices. In addition, AID will fund for the first year of the project, administrative assistants assigned to each country team.

b. Equipment and Supplies (\$1,110,000)

AID will fund the following equipment and supplies: office equipment for regional offices in St. Lucia and Antigua, and country team offices; micro-computer systems for up to three islands; laboratory equipment, field equipment and experimental materials and supplies for the life of the Project; eight vehicles; field station renovation, and equipment for two of CARDI's research stations.

c. Operating Expenses (\$950,000)

AID will fund administrative expenses, (office rental, utilities and office supplies) for the two regional offices and for each country team office on a declining basis for the life of the Project. AID will fund all on-farm research and on-island travel costs (gasoline, oil, and maintenance for project vehicles) for the life of the Project.

d. Regional Travel (\$400,000)

The AID contribution will fund regional travel for Project staff associated with technical and administrative activities.

e. Technical Assistance (\$1,960,000)

\$1,430,000 million is budgeted for the following technical assistance: 27 person months of a Research Management Specialist; 42 person months for a long-term Farming Systems Research Specialist, and 36 person months of short term assistance.

\$100,000 is budgeted for short term assistance for the development and implementation of a CARDI institutional strengthening program.

\$430,000 is budgeted for specialty technical assistance needs such as: yearly project audits, conducting workshops, the development of micro-computer systems, travel per diem and honorariums for the Research Advisory Board, and other short-term needs that may arise during the Project.

f. Training (\$390,000)

Funds are provided for essential staff development of a short-term nature. Short-term training will focus on workshops, conferences short courses and other training necessary to increase the capabilities of CARDI, participating country staff and the private sector.

g. Evaluation (\$300,000)

Funds are provided for two external evaluations during the life of the Project.

2. CARDI Contribution

a. Personnel Costs (\$3,240,000)

CARDI will fund the salary and benefits of all CARDI staff needed to backstop Project activities. CARDI will also fund an increasing portion of the salary and benefits of technical specialists, country team members and management support staff. It is expected that CARDI will fund 25 percent of the salary and benefits of these personnel in year 2; 50 percent in year 3; 75 percent in year 4; and 100 percent in year 5. CARDI will also fund adequate administrative assistants to support teams in financial control and administrative systems beginning in year two.

b. Operating Expenses (\$880,000)

CARDI will fund, on an increasing basis, rental, utilities and supplies associated with the St. Lucia and Antigua regional offices, in addition to, similar costs for all country teams. It is expected that CARDI will fund 25 percent of the operational costs in year 2; 50 percent in year 3; 75 percent in year 4; and 100 percent in year 5. CARDI will also fund the operational costs of the field stations.

c. Regional Travel (\$100,000)

Beginning in year three of the Project CARDI will begin funding regional travel associated with Project activities.

3. Host Governments Contribution (\$880,000)

a. Personnel Costs (\$770,000)

It is anticipated that host Governments will contribute to the salary and benefits of at least one member of each country team.

b. Operating Expenses (\$110,000)

The Governments of Antigua, St. Kitts/Nevis and Montserrat also contribute to the office space used by country teams in their states. CARDI will attempt to have other governments contribute to the operating expenses of the Project.

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Illustrative Budget

(US\$000)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Total</u>
<u>AID</u>						
Personnel						
Costs	720	590	440	140	-	1,890
Equipment &						
Supplies	524	339	108	97	42	1,110
Operating						
Expenses	160	225	220	195	150	950
Regional						
Travel	90	95	80	80	55	400
Technical						
Assistance	320	420	500	495	225	1,960
Training	95	85	80	68	62	390
Evaluation	-	-	100	-	200	300
TOTAL - AID	1,909	1,754	1,528	1,075	734	7,000
<u>CARDI</u>						
Personnel						
Costs	125	345	610	890	1,270	3,240
Operating						
Expenses	90	125	170	220	275	880
Regional						
Travel			20	30	50	100
TOTAL - CARDI	215	470	800	1,140	1,595	4,220
<u>PARTICIPATING GOVERNMENTS</u>						
Personnel						
Costs	126	138	152	169	185	770
Operating						
Expenses	18	20	22	24	26	110
TOTAL - GOVT'S	144	158	174	193	211	880

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.

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 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 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).

(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

(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 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 offloaded 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.

(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.