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A.I.D. PROJECT NUMBER 532-0047

PROJECT AGREEMENT 78-3

(Training needs Survey/Employment Dev.)

PROJECT

GRANT AGREEMENT

BETWEEN

GOVERNMENT OF JAMAICA

AND THE

UNITED STATES OF AMERICA

FOR

MANPOWER PLANNING, TRAINING

AND EMPLOYMENT

DATED: AUG 31 1978

RECORD COPY

Project Grant Agreement

Dated **AUG 31 1978**

Between

THE GOVERNMENT OF JAMAICA, acting through the Ministry of Finance and Planning ("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 the establishment of an integrated and improved manpower development and utilization system responsive to the planning goals and the labor market needs of Jamaica (the "Project"). The Project has been designed to implement an interagency manpower development and utilization system through which both employment availability information and job seekers will readily flow and, hopefully, meet. This will involve improving the Government of Jamaica's data base and its capacity for manpower planning, thus strengthening the coordination and implementation of all manpower related activities. In addition, improvements will be made in the vocational information and job guidance services, in occupational skills training and in job placement services. 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 8.2, 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 the Agreement. Subsequent increments will be subject

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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 not to exceed Eighty Thousand United States("U.S.") Dollars (\$80,000)("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 will be in installments of which the first shall be not less than the equivalent of U.S.\$77,600, including costs borne on an "in kind" basis.

Section 3.3. Project Assistance Completion Date

(a) The "Project Assistance Completion Date" (PACD), which is Sept.30, 1981, 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 any disbursement, of the issuance of any commitment documents under the Project Agreement, other than to finance (a) technical assistance to develop the implementation schedule referred to in clause (iii) below and (b) long-term participant training in manpower planning, the Grantee shall furnish to A.I.D., in form and substance satisfactory to A.I.D.:

- (i) evidence that a Coordinating Committee and a Secretariat (within NPA) for monitoring and coordinating Project functions have been established and are functioning;
- (ii) evidence that the NPA has prepared a scope of work for a contractor to be hired for a two-year period by USAID/Jamaica to provide technical assistance and advice to the NPA Secretariat and its Director; and
- (iii) evidence that, in consultation with the Ministries of Education, Youth and Sports, Labor and Finance of the Grantee, the NPA Secretariat has prepared a time-phased implementation schedule for the training and technical assistance activities to be carried out during the first year of the Project, including a schedule of Grantee's budgetary allocations for workshop seminars and participant training.

Section 4.2. Additional Disbursements. Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement, to finance technical assistance and training during the twelve-month periods, commencing on September 30, 1979, and September 30, 1980, respectively, the Grantee shall furnish to A.I.D., in form and substance satisfactory to A.I.D., time-phased implementation plans for each such twelve-month period, each based on results from the annual evaluation of the Project from the previous twelve-month period.

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

Section 4.4. Terminal Dates for Conditions Precedant

(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.

(b) If all the conditions specified in Section 4.2 have not been met within 90 days from September 30, 1979 or 90 days from September 30, 1980, as the case may be, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, any may terminate this Agreement by written notice to the 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:

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

(b) identification and evaluation of problem areas of 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. Secretariat. The Grantee shall covenant that it will create the required new positions in order to permit the Secretariat of the National Planning Agency to meet its obligations under this Project and shall provide the required funding in order to cover the recurrent costs of such positions.

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 (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.

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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 Jamaica ("Local Currency Costs").

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 disbursement 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 by acquisition by A.I.D. with U.S. Dollars by purchase or from local currency already owned by the U.S. Government.

(c) The U.S. dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b) above, the amount of U.S. dollars required by A.I.D. to obtain the local currency.

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 Jamaica 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 Jamaica at the highest rate of exchange which, at the time the conversion is made is not unlawful in Jamaica.

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: Director
National Planning Agency
39 Barbados Avenue
Kingston 5, Jamaica

Alternate Address for cables: Same as above

TO A.I.D.

Mail Address: Mission Director
USAID Jamaica
2 Oxford Road
Kingston 5, Jamaica

Alternate Address for cables: Same as above

Other addresses may be submitted for the above upon the giving of notice.

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 Director of the National Planning Agency and A.I.D. will be represented by the individual holding or acting in the office of Mission Director, Jamaica, 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 2) is attached to and forms part of this Agreement.

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

GOVERNMENT OF JAMAICA

By: *Eric O. Bell*

Title: Minister of Finance & Planning
Eric O. Bell

UNITED STATES OF AMERICA

By: *Philip R. Schuab*

Title: Acting Director

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Amplified Description of the Project

I. Project Purpose

The purpose of this project is to establish an integrated and improved manpower development and utilization system responsive to the Government of Jamaica's planning goals and to labor market needs. While many of the elements of a manpower system currently exist within governmental institutions they function inefficiently and in relative isolation from each other. The objectives of project activities, then, is to upgrade and coordinate the Government's manpower planning, training and employment service activities, eliminating duplicative functions and increasing the relevance and efficiency of its manpower-related services. The ultimate goal of the Project is to increase the employment and productivity of the Jamaican labor force, currently characterized by extremely high levels of unemployment and underemployment.

II. Project Components

Project activities will focus on six areas where assistance is needed:

(a) Component A - Basic Information for Manpower Planning: Project activities will address the need to improve the existing data base upon which manpower analysis and employment projections are made. Project inputs will be provided to the Government of Jamaica's Department of Statistics and to the National Planning Agency (NPA).

(b) Component B - Manpower Planning and Coordination: Project activities address the need to improve the Government of Jamaica's capability for manpower planning and coordination by increasing the size and expertise of the National Planning Agency. Project inputs will be provided to the National Planning Agency.

(c) Component C - Employment Information and Trainee Selection: Project activities will address the need to upgrade the Government of Jamaica's current capability to select candidates for occupational skills training. Project inputs will be provided to the Ministry of Education (MOE), the Ministry of Youth and Sports (MYS) and the Ministry of Labor and Employment (MLE).

(d) Component D - Training: Project activities will address the need to expand and make more relevant the range of occupational skills training available to the unemployed, to employed persons needing skills-upgrading and to persons seeking self-employment opportunities. Project inputs will be provided to the MOE and the MYS.

(e) Component E - Placement: Project activities will address the need to upgrade and expand the Government of Jamaica's current placement services to make them more relevant to graduates of vocational schools and non-formal training programs. Project inputs will be provided to the MLE.

(f) Component F - Labor Market Information: Project activities will address the need to improve the quality of information currently being collected on labor market experiences of graduates of vocational training programs in order to improve planning, training and placement services (feedback system). Project inputs will be provided to the MOE, the MYS and the MLE.

III. Summary of Inputs

- A. A.I.D. - AID will fund the following inputs: (1) 89 person months of short-term advisors (\$534,000); (2) 24 person months of long-term technical assistance (\$80,000); (3) 155 person months of workshop seminars (\$131,000); (4) 87 person months of participant training (\$123,000); (5) equipment for data processing and printing (\$50,000); and (6) contingency reserves (\$32,000).
Total: \$950,000.
- B. Government of Jamaica - Government of Jamaica will fund the following inputs (amts. in \$U.S.): (1) 155 months of salary expenditures for persons attending workshop seminars (\$132,600) (2) 87 person months of salaries and support for persons in participant training (\$42,400); (3) research support (\$76,000); (4) staff salaries, support and other recurrent expenses for Government of Jamaica agencies participating in the Project (in particular the new positions being created for the Secretariat within the NPA) (\$393,000); and (5) a reserve of cost and in-kind contribution for contingencies (\$31,000).Total: \$675,000.

IV. End-of-Project Status

The following conditions are expected to exist at the end of the project implementation period, and their existence will be indicative of the achievement of the purpose of the project:

A. Increasing numbers of individuals with low skill levels and/or little prior work experience are being provided with relevant and up-to-date guidance, testing, occupational skills and job placement services.

B. The Department of Statistics, Jamaican Employment Services and the Ministry of Education are regularly supplying the NPA with information and feedback needed for effective manpower planning.

C. Manpower forecasts and sector guidelines, based on information and feedback from the system, are being developed by the NPA, disseminated to appropriate offices within the Ministries of Education, Youth and Sports, and Labor, and utilized by those offices.

D. The NPA is monitoring compliance of the Ministries of Education, Youth and Sports, and Labor with recommendations contained in the sector guidelines, replanning as is indicated by feedback from these agencies, and effectively coordinating the manpower system activities of each Ministry with the others.

V. Implementation

The NPA will be directly responsible for overall project execution and coordination. The Secretariat within the NPA will work with other public entities responsible for sub-activities within the Project. These include the Department of Statistics, the Ministries of Education, Youth and Sports, and Labor and Employment.

The full-time Manpower Planning Advisor/Coordinator, to be hired by USAID-Jamaica, will work closely with the Director of the NPA Secretariat who will serve as Project Coordinator for the Government of Jamaica. The Coordinating Committee will be established to facilitate interagency coordination of the work of the Project. This Committee will be comprised of representatives of the Ministries of Education, Labor, and Youth and Sports and the Department of Statistics and the NPA.

The USAID Education/Human Resources Development Officer will work with the Manpower Planning Advisor/Coordinator and the Director of the NPA Secretariat as well as representing the USAID on the Project Committee.

A Project Committee will be established to monitor the implementation and evaluation of the Project. This Committee will include representatives of the Ministries of Finance, Education, Youth and Sports, and Labor, the National Planning Agency, the Department of Statistics, and the USAID. The Committee will be directly involved in the annual review and evaluation but it is also expected that the Committee will have scheduled meetings on a semi-annual or quarterly basis to systematically review and modify project activities as necessary to fully achieve program objectives.

VI. Evaluation

In accordance with Article 5 of the Agreement, joint USAID-Government of Jamaica annual evaluations will take place no later than August 31, 1979 and 1980. These evaluations will review the progress of the preceding year using as a base the time-phased schedule called for in Article 4. These evaluations will provide feedback and recommendations relative to the on-going activities of the project and will provide the basis for the preparation of the detailed time-phased implementation plan for the ensuing year.

At the end of the project, there will be an evaluation which will provide a summary report on all of the component activities in terms of their effectiveness in meeting initial or revised project objectives.

PROJECT FINANCIAL PLAN

Attachment 1 to Annex 1

As of **Aug 31 1973**

(Source and Application of Funding - U. S. Dollars) Project No. 532-0047
Pro. Ag. 78-3

Project Inputs	Amount for an Incrementally Funded Project									
	Cumulative Obligations/ Commitments as Of			Future Years Anticipated			T O T A L			
	A. I. D.	GOJ	Other	A. I. D.	GOJ	Other	A.I.D.	GOJ	Other	TOTAL
1. Technical Assistance	65,000	-	-	549,000	-	-	614,000	-	-	614,000
2. Workshops	-	3,600	-	131,000	129,000	-	131,000	132,600	-	263,600
3. Participant Training	10,000	5,000	-	113,000	37,400	-	123,000	42,400	-	165,400
4. Research and Technical Support	-	20,000	-	-	56,000	-	-	76,000	-	76,000
5. Equipment	5,000	-	-	45,000	-	-	50,000	-	-	50,000
6. Staff Support	-	49,000	-	-	344,000	-	-	393,000	-	393,000
7. Contingencies	-	-	-	32,000	31,000	-	32,000	31,000	-	63,000
T O T A L	80,000	77,600	-	870,000	597,400	-	950,000	675,000	-	1,625,000

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Project Grant Standard

Provisions Annex

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

Article A: Project Implementation Letters

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

Article B: General Covenants

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

SECTION B.2. Execution of Project. The Grantee will: :

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

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

Article B: General Covenants (Continued)

SECTION B.3. Utilization of Goods and Services.

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

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

SECTION B.4. Taxation.

(a) This Agreement and the Grant will be free from any taxes 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 contractor 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 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 require.

(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 also be adequate to show the nature and extent of solicitations from prospective suppliers of goods and services acquired, the basis for 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, 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.

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 to A.I.D. on preparation;

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

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

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

Article C: Procurement Provisions (Continued)

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

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

SECTION C.5. Notification to Potential Suppliers. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Grant, the Grantee will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

SECTION C.6. Shipping.

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

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

(c) Unless A.I.D. determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, (1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately owned United States-flag commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by

Article C: Procurement Provisions (Continued)

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.

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.

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