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A.I.D. Project No. 504-0068

PROJECT  
GRANT AGREEMENT  
between  
GUYANA  
and  
UNITED STATES OF AMERICA  
for  
RURAL ROADS

Dated: September 30, 1978

Table of ContentsPROJECT GRANT AGREEMENT

	<u>Page</u>
Article 1: The Agreement	1
Article 2: The Project	1
SECTION 2.1. Definition of Project	1
SECTION 2.2. Incremental Nature of Project	2
Article 3: Financing	2
SECTION 3.1. The Grant	2
SECTION 3.2. Grantee Resources for the Project	3
SECTION 3.3. Project Assistance Completion Date	3, 4
Article 4: Conditions Precedent to Disbursement	4
SECTION 4.1. First Disbursement	4, 5
SECTION 4.2. Disbursement for Technical Assistance	5
SECTION 4.3. Notification	5
SECTION 4.4. Terminal Dates for Conditions Precedent	5, 6
Article 5: Special Covenants	6
SECTION 5.1. Project Evaluation	6
Article 6: Procurement Source	7
SECTION 6.1. Foreign Exchange Costs	7
SECTION 6.2. Local Currency Costs	7
Article 7: Disbursement	7
SECTION 7.1. Disbursement for Foreign Exchange Costs	7, 8
SECTION 7.2. Disbursement for Local Currency Costs	8, 9
SECTION 7.3. Other Forms of Disbursement	9
SECTION 7.4. Rate of Exchange	10
Article 8: Miscellaneous	10
SECTION 8.1. Communications	10
SECTION 8.2. Representatives	11
SECTION 8.3. Standard Provisions Annex	11
Annex 1: Project Description	1
I. Goal and Purpose	1
II. Project Components	1, 10
III. Financial Plan	11

TABLE OF CONTENTSPROJECT GRANT STANDARD PROVISIONS ANNEX.

	<u>Page</u>
Article A: Project Implementation Letters	1
Article B: General Covenants	1
SECTION B.1. Consultation	1
SECTION B.2. Execution of Project	1
SECTION B.3. Utilization of Goods and Services	2
SECTION B.4. Taxation	2
SECTION B.5. Reports, Records, Inspections, Audit	2
SECTION B.6. Completeness of Information	3
SECTION B.7. Other Payments	3
SECTION B.8. Information and Marking	3
Article C: Procurement Provisions	3
SECTION C.1. Special Rules	3, 4
SECTION C.2. Eligibility Date	4
SECTION C.3. Plans, Specifications, and Contracts	4, 5
SECTION C.4. Reasonable Price	5
SECTION C.5. Notification to Potential Suppliers	5
SECTION C.6. Shipping	5, 6
SECTION C.7. Insurance	6
SECTION C.8. U.S. Government-Owned Excess Property	6
Article D: Termination, Remedies	7
SECTION D.1. Termination	7
SECTION D.2. Refunds	7, 8
SECTION D.3. Nonwaiver of Remedies	8
SECTION D.4. Assignment	8

PROJECT GRANT AGREEMENT

Dated: September 30, 1978

Between

Guyana ("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 a program of technical assistance and training to strengthen and expand the institutional capacity of the Cooperating Country's Ministry of Works and Transport ("MWT") to maintain and construct Guyana's road system in rural areas and to permit it to continue a feeder road program. Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may

be changed by written agreement of the authorized representatives of the Parties named in Section 8.2 without formal amendment of this Agreement. The Project will be carried out by the Grantee's Ministry of Works and Transport.

SECTION 2.2. Incremental Nature of Project.

(a) A.I.D.'s grant 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 of grant funds up to Nine Hundred Thousand United States Dollars (\$900,000) will be subject to the 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 Eight Hundred Thousand United States ("U.S.") Dollars (\$800,000) ("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 not less than the equivalent of U.S. \$266,667, including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is December 31, 1982, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

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

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project

Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4: Conditions Precedent to Disbursement

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

(a) An opinion of the Attorney General of Guyana or other 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;

and

(c) A time phased implementation plan for carrying out the Project,

SECTION 4.2. Disbursement for Technical Assistance. Prior to disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, to finance technical assistance, the Grantee will, except as the Parties may agree otherwise in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

(a) A technical assistance plan indicating for each advisor requested his scope of work, the MWT counterpart assigned to him, and his schedule of working;

(b) A preliminary implementation plan for establishing a Heavy Equipment Operator Training Program;

(c) Evidence that the MWT has appointed a permanent, full-time training officer with adequate staff and clerical support; and

(d) An executed contract or contracts for engineering or other technical services for the Project with a firm or firms acceptable to A.I.D.

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

SECTION 4.4. Terminal Dates for Conditions Precedent.

(a) If all of the conditions specified in Section 4.1

have not been met within 60 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Grantee.

(b) If all of the conditions specified in Section 4.2 have not been met within 180 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

Article 5: Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as an integral 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.

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.

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 Guyana ("Local Currency Costs"). To the extent provided for under this Agreement, "Local Currency Costs" may also include the provision of local currency resources required for the Project.

Article 7: Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs.

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

upon:

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

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

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

SECTION 7.2. Disbursement for Local Currency Costs.

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

finance such costs.

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

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

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

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

### SECTION 7.3. Other Forms of Disbursement.

Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.4. Rate of Exchange. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into Guyana 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 Guyana at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Guyana.

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 address:

To the Grantee:

Mail Address: Minister of Works and Transport  
P.O. Box 26  
Georgetown, Guyana

Address for  
cables: MINW&T

To A.I.D.:

Mail Address: USAID Mission to Guyana  
P.O. Box 25  
Georgetown, Guyana

Address for  
cables: USAID, American Embassy  
Georgetown, Guyana

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 Minister of Economic Development and Cooperatives and A.I.D. will be represented by the individual holding or acting in the office of Director, U.S.A.I.D. Mission to Guyana, 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.

GUYANA

In Presence of:

By: (Sgd) H. Desmond Hoyte  
H. Desmond Hoyte

(Sgd) Winston Murray  
Assistant Secretary to the  
Treasury

Title: Minister of Economic  
Development and Cooperatives

UNITED STATES OF AMERICA

In Presence of:

By: (Sgd) Edna A. Boorady  
Edna A. Boorady

(Sgd) John R. Burke  
John R. Burke  
Ambassador

Title: Director, USAID Mission  
to Guyana

Certified to be a true copy of the original  
signed by Edna A. Boorady, Director, USAID/Guyana.

*Bruce M. Berry*  
Bruce M. Berry  
Executive Officer (Acting)  
USAID/Guyana

PROJECT DESCRIPTION

I. Goal and Purpose

The sector goal is to improve the standard of living in the rural areas of Guyana. The Project purpose is to strengthen and expand the capacity of the Ministry of Works and Transport (MWT) to maintain and construct Guyana's road system and to permit it to continue a feeder road program. The Project will focus on: a) bringing the road support services of the MWT, particularly the mechanical maintenance and repair capacity, up to standard to enable it to provide adequate support to the operating divisions; and b) on strengthening the Road Maintenance and the Road Construction Divisions.

In order to strengthen and expand the capacity of the MWT to achieve the objective stated above, the Project provides both training and technical assistance to the Ministry's Mechanical Division, the Road Maintenance and Road Construction Divisions, and to other selected operating elements of MWT, as described below.

II. Project Components

Technical Assistance and Training will be provided to the following Divisions within the MWT:

1. Mechanical Division

The MWT plans to undertake both a short-term and a

long-term program to improve its capability to effect equipment overhaul and maintenance. To assist in this task the Project will finance the cost of the following technical personnel:

- a) One Workshop Administrator for 24 person months
- b) One Master Mechanic for 18 person months
- c) One Electrical Systems Specialist for 18 person months.

A principal task of the Workshop Administrator is to establish basic shop management systems in the Division and improve quality and timeliness of the work. The Master Mechanic and Electrical Systems Specialist are to provide needed training and technical assistance in major equipment workshops.

Building on the recommendation of the U.N.D.P.-sponsored Management Study, a long-term program to upgrade the management of the Mechanical Division and the operation of its two principal workshops in Georgetown, and one of its district workshops, is to be undertaken. For this task, the Project will finance the services of an Equipment Management Specialist for 18 person months to install a management information and control system for the Division. The control system will include work planning and control, a preventive

maintenance system, and cost accounting procedures.

In addition, the Training Plan for the Project includes substantial on-the-job training to upgrade the skills of its personnel.

The budget estimate for this element of the Project is:

	<u>A.I.D.</u>	<u>GOG</u>	<u>Total</u>
Technical Advisors	\$520,000	\$236,398	\$756,398

2. Maintenance and Supply Divisions

Maintenance Division

Personnel of this Division are to receive extensive training in road maintenance operations under the Project's training program and a small amount of short-term training in asphalt paving and asphalt plant operations.

Supply Division

To upgrade this Division's capability for providing more timely and adequate spare parts support for the Mechanical Division, one Senior Supply Advisor for 18 person months is provided to design and implement an appropriate control system and to train personnel in its operation.

The budget estimate for this element of the Project is:

	<u>A.I.D.</u>	<u>GOG</u>	<u>Total</u>
<u>Road Maintenance</u>			
Technical Advisors	\$ 32,000	\$ 3,333	\$35,333
<u>Supply Division</u>			
Technical Advisors	120,000	13,647	133,647
Total	\$152,000	\$16,980	\$168,980

3. Training Program

The MWT will develop and institutionalize the training function in the Ministry. To achieve this objective, it will create a new office at a senior organizational level within the Ministry and will appoint a Training Officer to head the office. That officer will have prime responsibility for the administration, supervision, and inspection of a complete system of training for the Ministry, including on-the-job training, management training, apprenticeships and scholarships. To assist the Guyana Training Officer, the Project will finance the costs of a team of five or more training specialists. The team leader will be the counterpart of the Guyana Training Officer and it will be the team leader's responsibility to assist the Training Officer to design and implement the new complete training system.

The objectives of the training program are:

- 1) to upgrade the most important skills of selected craftsmen, the automotive mechanics, machinists, and other metal workers and automotive electricians;
- 2) to upgrade the technical skills of foremen and other first line supervisors who work primarily with these craftsmen and to teach them basic supervisory techniques;
- 3) to provide technical management training for 40 hours per year per man at top and middle management levels;
- 4) to provide specialized training for the Supply Division to install new methods of control to be established by the Technical Assistance team; and
- 5) to assist the Ministry to institutionalize an effective and comprehensive training program.

The immediate training program to be undertaken by the Guyana Training Officer is to concentrate on five major problem areas:

- i) Skills training for mechanics, automotive electricians and machinists;
- ii) Road construction and road maintenance supervisors, and heavy equipment operators;
- iii) Technical management;
- iv) Spare parts supply, inventory methods, and information retrieval;

- v) The firm establishment of a permanent system of training.

Because of the magnitude of the training needs, the program is directed to specific functions of key groups of employees.

A summary of the training program of the Project is as follows:

- a) Skills Training of Mechanical and Automotive Electrical Craftsmen and Foremen, and Road Construction and Road Maintenance Supervisors:

To upgrade the skills of this category of employees with minimum impact on production schedules, the services of a Training Specialist in on-the-job type training techniques for 6 person months is included in the team of trainees being provided under the Project. In addition, foremen and supervisors will be taught the special training techniques developed by the JIT Program and basic supervisory methods.

- b) Heavy Equipment Operator Training:

To upgrade the skills of heavy equipment operators/drivers, a training center for operators will be established by MWT and a training program designed and implemented which will include training in basic operation of the various types of equipment,

proper utilization of such equipment and their maintenance. To assist in this element of the Project, technical assistance will be provided to the Guyana Training Officer by experienced trainers in heavy equipment and a master mechanic thoroughly acquainted with the operation and technical uses of construction equipment, approximately 18 person months each.

c) Management Training:

To assist the MWT in implementing a policy whereby all its middle and top level managers receive periodic training in management techniques appropriate to their specialized areas of responsibility, the Project Training Plan provides for the first two years of such a training program. Subject to further review and study by the principal Guyana Training Officer, it is anticipated that a minimum standard of 40 hours or one week's training for managers each year will become MWT policy. A Management Training Specialist will be provided by the Project for approximately 24 person months to plan, organize and conduct training in technical management subjects.

d) Training for Supply Division:

A specialist in non-computerized supply systems will assist the Supply Division in studying deficiencies of the present system and in developing an improved system of procurement, inventory management, and information retrieval and distribution. This technician will work with the training specialist(s) in developing a Course, which will be taught and institutionalized by the training specialist, for the training of supply personnel in the use of the new system.

The budget estimate for this element of the Project is:

	<u>US \$</u>
i) Technical Training Specialist/ Training Team Leader/30 person months	\$200,000
ii) Management Trainer/24 person months	160,000
iii) Heavy Equipment Operator Trainer/ 18 person months	120,000
iv) Trainer/Master Mechanic/18 person months	120,000
v) On-the-job Training Specialist/ 6 person months	48,000
vi) Short-term Training Specialists/ 6 person months	48,000
Total	<u>\$696,000</u>

4. Central Transport Planning Unit

In order to develop the capacity and credibility of this Unit to serve as the principal transport policy and planning body with responsibility for establishing transportation policy for the country, the Project includes the following short- and long-term technical assistance and scholarships:

- a) A senior transport/economist/planner for 24 person months to work closely with the professional staff, helping define the role of a transportation planning unit, establishing a work program, and guiding the staff in conducting specific studies. In addition, he will provide on-the-job training and seminars to the sub-professionals and research assistants on the staff.
- b) Short-term technical assistance, consisting of one transport economist and one engineer familiar with low cost road design standards for 3 person months each to assist the Central Transport Planning Unit to conduct a study of various low cost all-weather feeder road alternatives.

The budget estimate for the technical assistance

element of the CTPU component of the Project is:

	<u>A.I.D.</u>	<u>GOG</u>	<u>Total</u>
Technical Advisors			
Long-term	\$160,000	\$18,196	\$178,196
Short-term	48,000	2,745	50,745
Total	\$208,000	\$20,941	\$228,941

#### 5. Soils and Materials Laboratory

To assist MWT in its plan to upgrade and improve the effectiveness of the Soils and Materials Laboratory, the Project includes the following technical advisors:

- i) a long-term advisor for up to 12 person months to assist the Soils, Materials and Research Section with the setting up and management of a soils and materials testing laboratory.
- ii) a short-term research advisor for approximately 6 person months to assist with the development of research programs especially in the design and performance of pavements and foundations.

The budget estimate for this element of the Project is:

	<u>A.I.D.</u>	<u>GOG</u>	<u>Total</u>
Technical Advisors (U.S.)	\$124,000	\$ 12,681	\$136,681

III. Financial Plan

The total projected costs of the technical assistance and training to be financed by the Grant is as follows:

	<u>In U.S. \$</u>		
	<u>A.I.D.</u>	<u>GOG</u>	<u>Total</u>
Mechanical Division	\$520,000	\$236,398	\$ 756,398
Maintenance Division	32,000	3,333	35,333
Supply Division	120,000	13,647	133,647
Training Program	696,000	280,000	976,000
Central Transport Planning Unit	208,000	20,941	228,941
Soils and Materials Laboratory	124,000	12,681	136,681
Total	\$1,700,000	\$567,000	\$2,267,000

The first increment of the Grant is to finance the first year costs of the technical assistance and training planned for the Project.

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. [See HB 18.]

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

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 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.