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A.I.D. Project Number: 538-0171

**PROJECT GRANT AGREEMENT**

**BETWEEN**

**THE ORGANIZATION OF EASTERN CARIBBEAN STATES  
(OECS)**

**and the**

**UNITED STATES OF AMERICA**

**for**

**THE ENVIRONMENT AND COASTAL RESOURCES PROJECT**

**Dated: August 30, 1991**

**CONFORMED COPY**

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A.I.D. Project No. 538-0171

PROJECT GRANT AGREEMENT

Dated: August 30, 1991

Between

The Organization of Eastern Caribbean States ("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, consists of a coordinated program to plan and implement sustained, natural resource management for economic development using government, private sector and local community resources.

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.

SECTION 2.2 Incremental Nature of Project.

(a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date stated in this agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

**Article 3: Financing**

**SECTION 3.1. The Grant.** To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed One Million Eight Hundred Seventy-Five Thousand United States ("U.S.") Dollars (\$1,875,000) ("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 the Grantee for the Project will be no less than the equivalent of One Million United States Dollars (US\$1,000,000), including costs borne in cash and "in-kind" basis as further described in Section II of Annex 1 to this Agreement.

**SECTION 3.3. Project Assistance Completion Date**

(a) The "Project Assistance Completion Date" (PACD), which is September 30, 1997, 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 of the Grantee 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;

**SECTION 4.2. Second Disbursement.** Prior to the second disbursement under the Grant for other than project start-up costs, the Grantee will negotiate and submit to A.I.D. for review and approval, Sub-grant Agreements between the Grantee and the Governments of the Commonwealth of Dominica and of St. Lucia, prior to execution, (a) identifying the specific Local Site(s) to be targeted for Project benefits, (b) defining implementation responsibilities and authorities, emphasizing community involvement in planning and implementation for specific activities to be carried-out under the Grant, and (c) including an estimated budget of the in-kind and cash financial support which these Governments will make to ensure successful implementation of the Project. The estimated budget shall be based on the illustrative budget discussion included in Section II of Annex 1 to this Agreement.

**SECTION 4.3. Disbursement for Local Site Activities.** Prior to disbursement under the Grant to Sub-grants for Project activities in Dominica and St. Lucia, except for studies, Project-funded staff, technical assistance, public awareness programs, planning seminars, and training, the Grantee and Sub-Grantees will allow and participate in Environmental Assessments of the activities planned for the selected Local Sites, which Assessments will be organized, reviewed and approved by A.I.D.

**SECTION 4.4. 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 in writing.

**SECTION 4.5. Terminal Date for Conditions Precedent.** If all of the conditions specified in Section 4.1. and Section 4.2 have not been met, respectively, within 90 days and 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 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:

(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 Pesticides.** Unless A.I.D. otherwise agrees in writing, no procurement of pesticides will be financed under the Grant.

**SECTION 5.3 Work Plans.** The Grantee shall submit to A.I.D. for review and approval annual time-phased work plans and operational budgets for activities to be carried out under the Regional Environmental Management and Local Site Management components of the Project. The first set of work plans shall be submitted to A.I.D. prior to the end of Year one of the project.

**SECTION 5.4 Project Staff.** Within ninety (90) days of meeting the conditions identified in Section 4.1., the Grantee will submit to A.I.D. for review and concurrence, the nominations of candidates for all Project-funded staff 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, with respect to goods, their source and origin and with respect to services their nationality 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. Ocean transportation costs will be financed under the Grant only on vessels under flag registry of the United States, except as A.I.D. may otherwise agree in writing.

**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 participating member countries of the Grantee ("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 any 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 the 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; and

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

SECTION 7.4. Rate of Exchange. Except as may be more specifically provided under Section 7.2., if funds provided under the Grant are introduced into a participating country of the 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 Eastern Caribbean Dollars at the highest rate of exchange which, at the time the conversion is made, is not unlawful in member countries of the Grantee.

Article 8: Miscellaneous

SECTION 8.1. Communication. 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:	Director General
Mail Address:	OECS Secretariat
	The Morne
	Castries, St. Lucia
Cable Address:	

To A.I.D.:	MISSION DIRECTOR
Mail Address:	Regional Development Office/Caribbean
	P.O. Box 302
	Bridgetown, Barbados
Cable Address:	2259 USEMB BGI-WB

Other addresses may be substituted 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 General and A.I.D. will be represented by the 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 2) is attached to and forms part of this Agreement.

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

UNITED STATES OF AMERICA

ORGANIZATION OF EASTERN CARIBBEAN STATES

BY: [Handwritten Signature]

BY: [Handwritten Signature]

TITLE: Regional Director

TITLE: Director  
Administration & Island Co-operation

## Annex 1

### PROJECT DESCRIPTION

#### I. GENERAL DESCRIPTION

##### A. OVERVIEW

The purpose of the Environment and Coastal Resources (ENCORE) Project is: To demonstrate regionally that partnership between public, private and community interests can conserve the natural resource base and promote economic development in Eastern Caribbean islands. The Project acknowledges the fact that the OECS countries are conscious of the need to develop and implement appropriate policy, legislation, and regulatory mechanisms; to provide awareness programs to their people; and to carry-out economically viable activities that foster environmentally sound and sustainable development. The Project also reflects a growing recognition among OECS countries of the inter-dependency between economic growth, environmental protection, and the need to involve communities in actions designed to protect the environment. These conditions suggest a receptivity in Eastern Caribbean countries to new ways to manage land and natural resources. The ENCORE Project responds to this growing recognition by encouraging local communities, in conjunction with government institutions, to utilize inland and coastal resources in economical ways that also enhance bio-diversity and conserve the environment; and by showing that this can be accomplished via community participation.

To achieve this project purpose, the ENCORE project will focus on two components. The Regional Environmental Management (REM) component will be conducted in all OECS countries while Local Site Management (LSM) component will be initiated on two islands: St. Lucia and Dominica. Lessons learned in Local Site activities will be shared regularly with other OECS countries through the network of regional activities. Similarly, lessons learned from the REM activities will be applied to the Local Sites.

##### B. PROJECT COMPONENTS

The REM component is intended to strengthen the capabilities of individual island states and the Organization of Eastern Caribbean States (OECS) to address natural resource management problems by improving their environmental policy framework, laws and regulations; institutional capacity to support and oversee environmental management programs; and knowledge and awareness of environmental issues and destruction of their limited environmental bases. The LSM component is intended to address specific environmental problems by carrying out site-specific activities on islands that already have a strong commitment to improved natural resource management utilizing existing

environmental institutions in partnership with the public and private sector.

1. Regional Environmental Management (REM)

The REM component includes four activities: Environmental Public Awareness and Education, Training, Policy Dialogue, and Environmental Monitoring. This component is intended to address environmental issues at regional, national and local levels, by improving the environmental information network and skills base. This component will also reinforce the ability of the OECS' Natural Resource Management Unit (NRMU) and the OECS member states to coordinate, assemble information, and monitor the regional environment in support of developing appropriate environmental policies and legislation. The principal objectives of this component will include:

- Enabling the OECS to efficiently oversee and implement a strong regional natural resource management program;
- Organizing a regional approach for responsible environmental management and monitoring, including appropriate arrangements for regular collaboration and coordination;
- Encouraging harmonization of the regional environmental legislative agenda;
- Establishing a focal point in all OECS countries for coordinating the development and implementation of national environmental policy;
- Establishing a regional, interlinked environmental data base network; and
- Establishing appropriate regional and national environmental public awareness and educational programs

These objectives will be achieved through the following activities.

a. Public Awareness and Education

This activity will support development and wide scale dissemination of (1) a basic environmental database for each OECS country; (2) communications programs for use by radio and television stations, schools and other such groups; (3) special media events tailored to local culture and oriented to changing public views on environmental issues or to inform people about particular project actions; (4) regional environmental conventions oriented to the general public and tailored to the widest possible

a'

audience; and (5) environmental education packages (pamphlets, leaflets, audio-visual productions, etc.) for use by schools in the region.

b. Training

This activity will improve the administrative competency of the region's public and private natural resource and environmental management institutions; assist national policy makers and government institution's senior staff in developing environmentally sound solutions; and increase the skills of private sector institutions and local community leaders in dealing with natural resource issues. Training will be provided via seminars/workshops, special courses, and at the graduate level.

c. Policy Dialogue

This activity will encourage the development of (1) a regional consensus on the basic, harmonized legislative framework which should be put in place in each country to encourage sustainable natural resource management, (2) a focal point in each country (e.g., an environmental desk or other appropriate organizational unit) for coordinating matters affecting the environment, and (c) a basic environmental management plan in each country. The NRMU will become fully functional as coordinator and guide for these policy discussions, and become the regional center for policy development on environmental concerns.

d. Environmental Monitoring

This activity will improve the region's capacity to monitor the changing status of key natural resources, including trends in environmental degradation. The Project will conduct assessments of existing environmental monitoring capabilities in each OECS country and, where applicable, formulate recommendations for improving and upgrading this capability. The Project will provide for training and short-term technical assistance for national environmental monitoring staff and limited procurement of laboratory equipment. The project will also address the organizational implications for improving national monitoring, and the trade-offs of further investments in national versus more intensive use of available regional monitoring capabilities.

2. Local Site Management

The LSM component will promote the development of economic activities which are consistent with sound natural resource and environmental management. This component will also demonstrate the advantages of community and governmental partnership in the management of natural resources for long-term sustainable economic growth. Local communities will be encouraged

to participate in decision-making regarding sound natural resource management, conflict resolution, monitoring, and resource enhancement. Local Site residents will be included in project conceptualization, planning, and implementation and thereby contribute substantially to site management.

Sites participating in the project are: Soufriere, St. Lucia; Scotts Head, Dominica; and Portsmouth/Cabrits, Dominica.

Following are illustrative activities which may be undertaken in Local Sites:

a. Soufriere, St. Lucia

Terrestrial National Park Development Plans.

Complete detailed design for parks, including design for ecotourism and visitor facilities, use patterns, and inventory of the resource base. Soufriere is recognized as a world heritage site and will be one of the major project park developments of ENCORE.

Agriculture, Forestry and Watershed Management.

Encourage small-scale, community-based agriculture and forestry enterprises that are sustainable and based on natural vegetation; emphasize good harvesting methods, utilization of natural raw materials, and manufacturing for products (e.g., charcoal production, furniture manufacture); encourage replanting, and soil stabilization. Deforestation, habitat destruction, inappropriate agriculture crops and methods are wide spread. ENCORE will have major actions in these areas. Other AID projects will be involved in this activity.

Marine Fisheries Development.

A principal challenge throughout the Caribbean is maintenance of fishing stocks for local reef fishermen. At the same time, divers want unspoiled reef fish stocks. Training fishermen in using Local Site resources, while conserving those resources, is a major objective for ENCORE. Included here will be developing appropriate fishing methods, including exploring ways to find new stocks or new fishing areas, identifying appropriate tackle, training in new fishing methods such as deep sea fish harvesting, and controlling inappropriate fishing methods.

b. Portsmouth/Cabrits, Dominica

Marine Park and Coastal Resources Management.

Establish, expand and strengthen marine reserves for key marine areas, with marine use zoning. Park sites in Cabrits are already identified in several planning documents. These areas have been recognized as some of the best diving spots in the world.

Terrestrial National Park Development Plans.

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Further development of the Cabrits Fort will make this high-potential historical site one of the top tourist attractions on Dominica.

Tourism Development. Demonstrate, through environmentally and socially sound tourism approaches, such as ecotourism, that nature-based tourism can create economic benefits without environmental destruction. A major economic incentive to conservation and environmental protection is international tourism, which will be integrated with park development. This activity blends in with many of the above activities. Training will directly support preparing local site residents for participation in tourism.

c. Scotts Head, Dominica

Marine Park and Coastal Resources Management. Establish, expand and strengthen marine reserves for key marine areas, with marine use zoning. Park sites in Scotts Head are already identified in several planning documents. These areas have been recognized as some of the best diving spots in the world.

Environmental Education/Community Awareness. Use site staff (with technical assistance) to conduct a program directed at residents, primary/secondary schools, natural resource users, and NGOs, and will participate in regional information-gathering and training activities. Programs that identify problems such as sand mining, turtle conservation areas, and inappropriate use of agriculture chemicals, require informing the public of laws and helping them develop methods to appropriately use and conserve their resources. This activity will be active in all project sites and will link into the regional public awareness/training program as well.

Pollution Control and Monitoring. Conduct surveys of each Local Site identifying sources and points of pollution to reveal significant problems. The survey will be followed by development of remedial action plans to mitigate the pollution. Special monitoring will be carried-out throughout the project life in all Local Sites to evaluate the effectiveness of the remedial actions and to identify new pollution sources.

C. Project Implementation Arrangements

The Project will be implemented by the OECS Secretariat, located in St. Lucia. The OECS, through the NRMU, will have primary responsibility for the Regional Environmental Management (REM) Component. The OECS will negotiate a sub-grant with an international, environmental private voluntary organization (PVO), possibly a consortium of Caribbean and international PVOs, to support project implementation. The OECS will establish a working

partnership role with the environmental PVO(s). Management of the Local Site Management (LSM) component will be delegated to the Governments of Dominica and St. Lucia via two sub-grants from the OECS. The sub-grants will require considerable community involvement and support from the environmental PVO(s) as well as from other public and private sector entities. While Dominica and St. Lucia will manage the Local Site activities, the OECS will retain normal oversight responsibility for the implementation of the country sub-grants. The principal methods of this oversight will be to review annual Local Site work plans for consistency with the overall objectives of the Project, and to monitor implementation of approved Local Site activities to insure adequate progress and consistency with the approved work plans. In addition, OECS will review all project vouchers to insure consistency with the approved annual work plans.

1. Principal Implementing Entities
  - a. OECS/NRMU

The OECS' Natural Resource Management Unit (NRMU) will have overall management responsibility for the project. The OECS will appoint a full-time Project Coordinator and other required support staff. The NRMU will be responsible for coordinating overall project planning, implementation and reporting; controlling and accounting for funds; managing host country contracts and sub-grants with international, regional, national and local entities; convening project-sponsored, regional conferences and workshops; coordinating educational and skills training activities; and disseminating information and engendering policy dialogue among its membership.

Since the NRMU will have full and direct responsibility for the activities of the Regional Environmental Management component, it will have a key role in broadly guiding the planning and implementation of the Local Site Management component to insure consistency of LSM activities with the broad objectives of the Project. However, the responsibility for directly carrying out the country/community-specific activities of the LSM component will be delegated to national governments through sub-grants. All funds for LSM activities will be channelled to each participating host country government via a sub-grant from the OECS.

To support the NRMU to accomplish its role, the Project will provide advisory assistance from an international PVO or a consortium of PVOs, which will be selected by the OECS in consultation with AID. The PVO(s) will provide long-term advisory assistance consisting of a Chief-of-Party and Secretary stationed in NRMU for 2 years, and a Technical Advisor stationed in Dominica and St. Lucia at the Local Sites for 2 years each. In addition,

the PVO(s) will provide about 40 person-months of short-term advisory assistance throughout the life of the project. In addition to providing technical/advisory services, the PVO(s) may also assist the OECS in arranging training, educational, and procurement activities. The PVO(s) selected will have substantial international experience in coastal zone and natural resources management, community-based environmental decision-making and, preferably, experience in the Eastern Caribbean. To carry-out its functions, the PVO(s) may be assisted (e.g., via a sub-agreement or contract arrangement) by international, U.S. and/or Eastern Caribbean organizations such as universities, private firms, the Caribbean Conservation Association, the Caribbean Natural Resources Institute, etc. Such organizations, *inter alia*, would complement the community-based coastal zone management experience of the PVO(s). The OECS will provide management direction and support for the Chief-of-Party and Secretary for 2 years and for the short-term advisors which are used for regional activities. St. Lucia and Dominica will provide support for their respective long-term Technical Advisors and short-term advisors which are used in national programs.

The OECS Secretariat will recruit and employ additional management and administrative staff for the NRMU. This staff will be recruited from within the Caribbean and will consist of a Project Coordinator, a Field Assistant, a Project Accountant and Secretary for the life of the project. The OECS will provide office space for this administrative staff for the duration of the Project.

#### b. Other Caribbean Regional Entities

Several other Caribbean regional organizations may participate in the Project in either an implementation or advisory role. These organizations may receive funds through sub-grants, host country contracts, or other appropriate mechanisms from the OECS or the international PVO. The Caribbean Community (CARICOM), which has active departments supporting NGOs, the Caribbean Environmental Health Institute (CEHI), the Caribbean Conservation Association (CCA), Bellairs Research Institute, and the University of the West Indies (UWI), among others, may be used in this fashion.

Work foreseen by these groups may include the conduct by CEHI of regional environmental monitoring activities as well as establishing a baseline data base of environmental monitoring information. Bellairs Research Institute may be involved in both regional and local activities associated with reef and marine park establishment as may the University of the West Indies. CCA may be part of an international PVO consortium and may be a principal player in the development of regional activities in public awareness and local PVO strengthening.

Host country contracts or sub-agreements that are anticipated for these groups will be offered by the OECS or its member states following selection procedures and criteria which will be agreed to by AID and the OECS and outlined in project implementation letters (PILs).

c. National and Local Entities

National and local entities participating in the project will be various ministries, e.g. Finance, Agriculture, Public Works and Planning, as well as local PVOs and community groupings organized in response to specific Local Site needs or opportunities. The OECS will negotiate sub-grants with the Ministry of Agriculture in Dominica and the St. Lucia Ministry of Planning, who will respectively appoint the Dominica Forestry Department and the St. Lucia National Trust as national coordinating agencies for LSM activities.

These coordinating agencies will appoint a full-time, Project-funded, Country Coordinator who will be responsible for managing the sub-grant from the OECS. The Country Coordinator will ensure close coordination between the activities of the REM and the LSM components. Additionally, coordinating agencies will appoint a Local Site Coordinator who will be responsible for planning, directing and monitoring project activities at the Local Site. The Site Coordinator will work under the direction of the Country Coordinator and will be supported by an Advisory Committee. This committee will be a principal vehicle for community participation in the project. The committee will guide all planning and implementation operations of the Site. Membership will include community representatives from the private and public sectors, such as local PVOs, local business representatives, the Chief Agricultural Officer, Chief Forester, Environmental Health Officer, a representatives from the Ministry of Community Development, the National Trust, NGO representatives. A primary concern will be establishing a functional committee which meets the needs of the site, and which is not so large as to be unmanageable.

d. Regional Advisory Committee

The OECS/NRMU is currently operating with the support of a Regional Advisory Committee to help guide and coordinate programs for which NRMU is responsible. This committee will be examined and possibly reconstituted to serve as a consultive review body for the ENCORE project. The Committee will review all project work plans, including Local Site work plans, training/education, public awareness, and environmental monitoring activities, and offer advice and guidance. It will also serve as a focus for regional discussion on environmental concerns in the

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region. A major activity of this committee will be to identify and recommend to the NRMU specific subject areas for Project-funded regional environmental studies, review completed studies, and formulate recommendations for appropriate follow-up actions, including policy dialogue agenda items for public conventions and conferences with Heads of Governments.

Membership will include the NRMU ENCORE Project Coordinator, and appropriate regional representatives. Additionally, select environmental experts from the region will be invited to participate to add an important external perspective to project planning activities. It is expected that this committee will meet bi-annually.

## 2. Implementation of the REM Component

The OECS/NRMU will manage this component in conjunction with the international environmental PVO(s). The NRMU, working in conjunction with the Regional Advisory Committee, will develop a set of priorities for the region based on those REM principal objectives discussed in Section I.B.1. of this Annex. Based on these priorities, the NRMU will request OECS countries to submit proposals detailing how public awareness/education, policy dialogue and environmental monitoring can be assisted in the respective countries within the broad framework of the ENCORE Project. Based on these proposals, the NRMU will develop an annual work plan which will be reviewed by the Regional Advisory Committee and approved by AID. Upon approval, AID will issue a PIL authorizing expenditures for implementation.

Public environmental awareness/education is currently supported by several regional organizations, NGOs and the press who inform the citizens and public policy makers about environmental management problems and about the relationship of these problems to sustainable development. However, these activities are generally based on poor, inaccurate or incomplete information. The NRMU, working in conjunction with LSM activities and with a series of regional/local NGOs and contractors, will coordinate a wide range of activities in public awareness, information exchange and environmental monitoring which will be designed to provide and periodically update accurate, country-specific databases in each OECS country concerning the physical, economic, and social dimensions of natural resource management and environmental issues. This database will provide a basis for meeting a range of needs, including developing country-specific environmental management plans, accurately informing the public on the state of the environment, garnering public support for behavioral changes. AID has already provided funding to develop a series of specific country Environmental Profiles under the Environmental Profiles Project. In addition, the AID-funded Caribbean Law Institute Project is undertaking a comprehensive

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study of environmental laws that exist in the OECS nations. The NRMU will support wide scale use of the extensive information presented in these reports by developing and distributing pamphlets, leaflets, public announcements, local media events, etc. NRMU will also organize periodic regional Environmental Conventions which will serve as a forum for non-technical public education about the state of the environment and up-to-date methods on conservation/planning of natural resource use.

A more formal training/education program will cross-cut all Project activities. In developing a consensus on environmental priorities for the Project to address, the NRMU will also work closely with countries to identify needs for more formal, high impact training and education needs. The NRMU will also formulate and coordinate a broad-based training and education program designed to strengthen the institutional capabilities of public and private agencies concerned with protecting the environment. Finally, the NRMU will organize regional workshops and seminars to address specific technical training requirements, and will orchestrate a series of educational grants to agencies and individuals to meet more formal technical educational requirements. Formal education will be conducted both within and outside of the region. This program will be designed to support all Project activities and to ensure equitable participation of all OECS countries.

Environmental monitoring activities will be a key to improving the region's capacity to monitor the changing status of key natural resources, including trends in environmental degradation. The NRMU, supported by the international environmental PVO(s), will enter into contracts or sub-grants with regional environmental agencies to conduct brief assessments environmental monitoring capability in each OECS country and, where applicable, formulate recommendations for improving and upgrading this capability. Recommendations may range from limited procurement of key items of laboratory equipment to provision of training and short-term technical assistance for national environmental monitoring staff. The assessment will also address the organizational implications for improving national monitoring, and the trade-offs of further investments in national versus more intensive use of available regional monitoring capabilities. Recommendations from these national assessments will inform other REM activities (Training, Public Awareness and Policy Dialogue). The NRMU will stimulate the formulation of specific proposals for small (up to \$25,000) follow-up grants at the country level. The Regional Advisory Committee will review these proposals for consistency with the Project's objectives, following which the NRMU will approve the proposals for implementation. Criteria for approval will be finalized by the Regional Advisory Committee and will include such factors as whether the requested support is already available within the region (i.e. regional/national trade-

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off), the ability of the country to maintain/sustain the requested investment, and the extent to which the requesting country will benefit from other Project activities (i.e. sharing the benefits).

The NRMU will also enter into contracts or sub-grants with regional environmental agencies to collect and analyze data in the three initial Local Sites in St. Lucia and Dominica. This information will be used to develop benchmarks and measurements of progress of project funded activities designed to improve the environment. Based upon these results, a modest, long-term monitoring program will be established at the Local Sites which will serve as an example that could be adopted in any area in the region. Data collection and analysis exercises will also demonstrate to regional planners the types and uses of environmental monitoring data.

### 3. Implementation of the LSM Component

Countries participating in the Local Site Management component will receive a sub-grant from the OECS. As noted above, it is expected that the Ministry of Planning and the Ministry of Agriculture in St. Lucia and Dominica, respectively, will be the signatories to these sub-agreements, naming the St. Lucia National Trust and the Dominica Forestry Department as the respective coordinating agencies.

The Country Coordinator, appointed by the coordinating agency and supported by an Advisory Committee, will manage the sub-grant with the OECS and will work closely with the NRMU to structure opportunities for regularly sharing the lessons learned at the Local Site with other OECS countries. A Site Coordinator will manage all project activities at the Local Site.

The Country Coordinator, Site Coordinator and Advisory Committee will be assisted by long- and short-term advisors from the environmental PVO(s). It is envisioned that each Sub-grantee will request further Local Site assistance from the U.S. Peace Corps for selected activities (to be determined). Long-term assistance from the PVO(s) will be provided for two years and will cover all phases of ENCORE activity at the Local Sites, including identification of high priority activities; development and review of work plans; selection of local community groups for sub-grants; selection of local contractors for small-scale works; coordination of public sector input across several sectors; program implementation; monitoring; evaluation; and establishment of appropriate linkages between the LSM and REM components.

## II. Project Budget

The summary budget for the ENCORE Project is presented below. Attachment A to this Annex provides a more detailed budget.

### SUMMARY BUDGET (\$000)

	<u>AID</u>	<u>OECS</u>	<u>TOTAL</u>
1. Regional Environmental Management	4,000	300	4,300
a. Public Info/Education	(1,250)	(125)	(1,375)
b. Training	(1,000)	( 25)	(1,025)
c. Policy Analysis and Formulation	(1,250)	(125)	(1,375)
d. Environmental Monitoring	( 500)	( 25)	( 525)
2. Local Site Management	6,000	700	6,700
a. Soufriere	(2,900)	(350)	(3,250)
b. Scotts Head	(1,550)	(175)	(1,725)
c. Portsmouth/Cabrits	(1,550)	(175)	(1,725)
3. Evaluation, Audits, Environmental Assessments and Contingency	750	-	750
<b>TOTAL ESTIMATED</b>	<b>10,750</b>	<b>1,000</b>	<b>11,750</b>

#### A. Grantee Contributions

The Project will require two kinds of contributions from participating countries and the OECS: in-kind and direct support contributions. These contributions will total approximately \$1.0 million.

In-kind contributions include costs associated with items which are not dedicated for full-time project use. This includes non-project funded public employee staff time; temporary use of public offices, office equipment, and vehicles; utilities, including telephone, fax, electricity, water costs in support of project operations; public works staff, equipment and petroleum/oils/lubricants costs; donated time of community workers, use of community meeting halls and other facilities, etc.

Direct support contributions include specific outlays for use of the project. This includes office facilities and equipment dedicated to project use; operation and maintenance of project-funded vehicles and equipment; radio and

television air time for announcements or other such public communications; project specific communication costs (e.g., telephone and fax services); salaries of staff seconded to project activities, including local contributions for Local Site public works/restoration activities; salaries of government employees approved for education and training activities and travel costs of persons approved for formal education; and identifiable petroleum/oils/lubricants costs for project activities.

Contributions will be provided by the private sector, community groups, the OECS and Member governments. The actual contributions per country will depend upon the extent to which countries elect to participate in the Project, and will be further discussed in work plans for the REM and LSM components.

#### B. AID Contributions

Planned contributions to the Project total \$11,000,000 based on availability of funds. These funds can be used to support local currency funded costs and foreign exchange costs as allowed in this Agreement. Authorization for expending these funds will be given in Project Implementation Letters (PIL) issued from time to time. PILs will be issued for approving and funding annual work plans, training plans and other such project documents.

### III. Evaluations, Audits, and Environmental Assessments

#### A. Evaluation Plan

AID, in consultation with the OECS, will directly contract for two formal evaluations during the life of the Project. The first of these will be conducted at the beginning of the third year of the Project. AID and the OECS will jointly organize a team of qualified personnel from AID and the OECS supplemented by outside evaluators from one or more consulting firms, universities, or regional institutions, such as the CEHI or CCA.

Particular attention will be given to:

1. the degree of acceptance of the project by host country governments, NGO/PVOs, and local groups at the Local Sites;
  2. the extent to which women have been brought into the decision and management of natural resources;
  3. evaluating the degree of coordination between the various implementing agencies, and determining their effectiveness in the management of the project;
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4. the effectiveness of the internal monitoring system in identifying problems and accomplishments;
5. the effectiveness of the environmental information system has been in providing environmental information and as a project management tool;
6. the effectiveness of training and technical assistance in achieving project purpose;
7. the effectiveness of community involvement in project decision making and implementation, in improving the environmental conditions and in achieving acceptance of such management; and,
8. the effectiveness of the policy dialogue and the public awareness program in bringing harmonization of environmental law to the region as well as fostering better understanding of environmental development.

The final independent evaluation will be conducted at the beginning of the fifth year of the project. This in-depth analysis will focus on the extent to which the Project outputs, purpose, and the end-of-project conditions have been achieved. Both evaluations will provide additional insights on how to assure that the Project's achievements can be sustained subsequent to the PACD. The methodology for the evaluations and scopes of work for the evaluation team members will be developed jointly by the OECS and AID.

#### B. Environmental Assessments

An Environmental Assessments (EA) of all activities to be undertaken in the Local Sites required by AID regulations. The EAs will be conducted, reviewed and approved by AID prior to undertaking any project supported field activities, except for studies, staff, planning, or training. These EAs will be organized and conducted directly by AID in conjunction with the OECS and the Governments of Dominica and St. Lucia. These assessments will be carried on planned actions and development methodology developed during the first phases of project implementation.

#### C. Audits

AID will directly contract for six annual audits during the life of the project. Scopes of work for these audits will be developed jointly by AID and the OECS, with final approval by AID. The audits will include assessment of the adequacy of the Project's financial management and reporting systems. Formal reports for

each audit will be submitted to the OECS Secretariat and to AID. Within 180 days after signing the Project Grant Agreement, AID and the OECS will develop and agree on an appropriate scope of work for these audits.

Annex 2Project Grant Standard Provisions

**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 of 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 the 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 others, and the overall progress of the Project toward completion; and

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(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 reasonably 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 of 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 pre-qualification 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, or 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 pre-qualification 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 item shall be produced 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. approve .

(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 on a non-U.S. flag air carrier if a U.S. flag carrier is available (in accordance with criteria which may be contained in Project Implementation Letters) 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 sub-section 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 U.S. dollars or, as A.I.D. may agree in writing, 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 materials 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 where ever 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 the 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 sound 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 constructed 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.

FINANCIAL TRACKING PROJECT BUDGET INITIAL OBLIGATION (\$000) <sup>1</sup>						
CATEGORY	USAID		COUNTERPART <sup>2</sup>		TOTAL INITIAL OBLIGATION	PROJECT PLANNED
	INITIAL	TOTAL	INITIAL	TOTAL		
PROJECT ADMINISTRATION <sup>3</sup>	300	1,000	20	25	320	1,025
COMMODITIES	50	140	0	25	50	165
TRAINING	50	1,000	0	25	50	1,025
PVO GRANT <sup>4</sup>	500	2,100	0	0	500	2,100
FIELD OPERATIONS	50	1,160	0	225	50	1,385
ST. LUCIA SUB- GRANT	300	2,200	15	350	315	2,550
DOMINICA SUB- GRANT	300	2,400	15	350	315	2,750
EVALUATIONS, AUDITS, ENVIRONMENTAL ASSESSMENTS <sup>5</sup> , & CONTINGENCY	325	750	0	0	325	750
<b>TOTAL</b>	<b>1,875</b>	<b>10,750</b>	<b>50</b>	<b>1,000</b>	<b>1,925</b>	<b>11,750</b>

<sup>1</sup> Total funding is planned at \$12,000,000 where USAID contributes \$11,000,000 and the Grantees contribute \$1,000,000. \$250,000 will be retained by AID to provide the services of a PSC project specialist to assist with the technical management of the project.

<sup>2</sup> These counterpart funds will be used to cover establishment of offices and to account for officials time involved in planning for and conducting initial start-up actions.

<sup>3</sup> This will fund the OECS project staff including approximately 4 months for a temporary project coordinator until the permanent staff person is on board.

<sup>4</sup> The PVO Sub-grantee will provide \$700,000 to each of the Local Site Countries and \$700,000 for the regional activities. In addition, the PVO Grantee may provide matching funds to the Project.

<sup>5</sup> These services will be contracted directly by AID.