

LIMITED SCOPE
GRANT PROJECT AGREEMENT

Between the United States of America, Acting Through
the Agency for International Development (AID)

AND

the Central Bank of the Dominican Republic

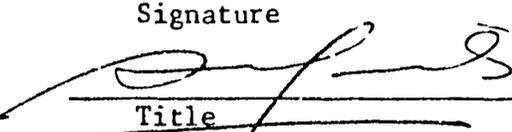
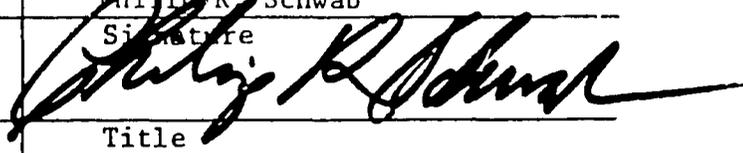
(Grantee)

| | |
|---|---------------------------------------|
| 1. Project Title Financial Reform Planning | 2. AID Project Number 517-0223 |
|---|---------------------------------------|

The above-named parties hereby mutually agree to carry out the Project described in this Agreement in accordance with (1) the terms of this Agreement, including any annexes attached hereto, and (2) any general agreement between the two governments regarding economic or technical cooperation.

| | | |
|--|--|--|
| 3. Amount of AID Grant \$40,000 | 4. Grantee Contribution to the Project \$13,500 | 5. Project Assistance Completion Date September 30, 1985. |
|--|--|--|

6. This Agreement consists of this title page and Annex A, Project Description and Budget, and Standard Provisions Annex.

| | |
|--|---|
| 7. For the Grantee Typed Name José Santos Taveras | 8. For the Agency for International Development Typed Name Philip R. Schwab |
| Signature  | Signature  |
| Title Governor | Title Director, USAID |
| Date 31 AGO. 1984 | Date AUG. 31 1984 |

PROJECT AGREEMENT

Annex A

PROJECT DESCRIPTION

| | |
|---------------------------|-----------------------|
| 1. Project Title | 2. AID Project Number |
| Financial Reform Planning | 517-0223 |

3. This Project consists of:

1. Purpose and Goal:

The purpose of this Agreement is to assist the Central Bank in the preparation of a technical report which would provide guidelines to undertake comprehensive financial and monetary reforms.

The goal is to eliminate monetary distortions, to promote efficiency in use of financial resources, and to pave the way for increased mobilization of domestic financial resources necessary for development.

2. This project will finance technical assistance to the Central Bank to carry out a study on the need for and planning of financial reform. The Economics Study Unit of the Central Bank is in the process of completing various studies on the status of financial markets and the effect of exchange and interest rate distortions on the efficiency of the monetary market. It is expected that the study will provide recommendations for financial and monetary reforms that would have wide and lasting impact on the Dominican financial market as well as economic growth. Several experts in monetary and financial policy will be invited to assist in revising various drafts and provide recommendations on monetary reforms.

Cont...

3. Budget:

| | <u>Estimated Budget</u> (In US\$) | | |
|---|--------------------------------------|---------------------|--------------|
| | <u>USAID/DR</u> | <u>Central Bank</u> | <u>Total</u> |
| I. Technical Assistance. | \$35,000 | | \$35,000 |
| a. Honorarium for the revision, completion and formulation of the final version of the financial reform program. | 10,000 | | |
| b. Honorarium for providing advice on the timing and content of the new financial policy and for providing computer simulation. | 10,000 | | |
| c. Honorarium for the revision of the objectives and outcomes of the new economic policy. | 10,000 | | |
| II. International Travel. | 5,000 | | 5,000 |
| III. Per Diem and logistic support. | | \$13,500 | \$13,500 |
| | <hr/> | | |
| | TOTAL: | | \$53,500 |

The Central Bank will provide, in addition to per diem expenses in country logistic support, including transportation to and from the airport, and secretarial support. Payment will be made by USAID to the Central Bank upon the presentation of Central Bank requests for payment based on actual payments to the Consultants.

1

PROJECT AGREEMENT

PROAC STANDARD PROVISIONS ANNEX

A. Reference to 'this Agreement' means the original Project Agreement as modified by any revisions which have entered into effect. Reference to 'cooperating country' means the country or territory of the Grantee.

B. (1) AID will make available the amount specified in Block 3 of this Agreement, as necessary for the Project, as may be further described in Annex A.

(2) The Grantee will make available the amount specified in Block 4 of this Agreement, as necessary for the Project, as may further be described in Annex A. The Grantee will also make, or arrange to have made, additional contributions of property, services, facilities and funds required for carrying out the Project as specified in Annex A.

C. AID and the Grantee may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Agreement. The two parties may agree to accept contributions of property, services, facilities and funds for purposes of this Agreement from other public and private agencies, and may agree upon the participation of any such third party in carrying out activities under this Agreement.

D. Except as otherwise specified herein or subsequently agreed by the parties, all contributions of the parties pursuant to this Agreement shall be made on or before the Project Assistance Completion Date, or amended date. A contribution of goods or services shall be considered to have been made when the services have been performed and the goods furnished as contemplated in this Agreement. Disbursement of funds may take place after final contributions have been made, but AID shall not be required to disburse funds hereunder after the expiration of nine (9) months following the estimated Project Assistance Completion Date (Block 5 of this Agreement) or any amended Project Assistance Completion Date specified.

E. The procurement of commodities and services to be financed in whole or in part by AID may (where so required by AID procedures) be undertaken only pursuant to Project Implementation Orders (PIOs) issued by AID.

F. Unless otherwise specified in the applicable PIO or Project Implementation Letter (PIL), the procurement of commodities imported specifically for the Project and financed with the AID contribution referred to in Block 3 of this Agreement shall be subject to the provisions of AID Regulation 1.

G. Unless otherwise agreed by the parties or otherwise specified in the applicable PIO, title to all property procured through financing by AID pursuant to Block 3 of this Agreement shall be in the Grantee, or such public or private agency as it may authorize.

H. (1) Any property furnished to either party through financing by the other party pursuant to this Agreement shall, unless otherwise agreed by the party which financed the procurement, be used effectively for the purposes of the Project in accordance with this Agreement, and upon completion of the Project,

will be used so as to further the objectives sought in carrying out the Project. Either party shall offer to return to other, or to reimburse the other for, any property which it obtains through financing by the other party pursuant to this Agreement which is not used in accordance with the preceding sentence.

(2) Any funds provided to either party pursuant to this Agreement which are not used in accordance with this Agreement, shall be refunded to the party providing the funds.

(3) Any interest or other earnings on funds provided by AID to the Grantee under this Agreement will be returned to AID by the Grantee.

I. (1) If AID and any public or private organization furnishing commodities through AID financing for operations hereunder in the cooperating country, is, under the laws, regulations or administrative procedures of the cooperating country liable for customs, duties and import taxes on commodities imported into the cooperating country for purposes of carrying out this Agreement, the Grantee will pay such duties and taxes unless exemption is otherwise provided by any applicable international agreement.

(2) If any personnel (other than citizens and residents of the cooperating country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with AID the Grantee or any agency authorized by the Grantee, who are present in the cooperating country to provide services which AID has agreed to furnish or finance under this Agreement, are under the laws, regulations or administrative procedures of the cooperative country, liable for income and social security taxes with respect to income which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes on personal property intended for their own use, or for the payment of any tariff or duty upon personal or household goods brought into the cooperating country for the personal use of themselves and members of their families (not including such personal or household goods as may be sold by any such personnel in the cooperating country) or if any firm, not normally resident in the cooperating country, is liable for income, receipts, or other taxes on work financed by AID hereunder, the Grantee will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

J. If funds provided by AID are introduced into the cooperating country by AID or any public or private agency for purposes of carrying out obligations of AID hereunder, the Grantee will make such arrangements as may be necessary so that such funds shall be convertible into currency of the cooperating country at the highest rate which, at the time the conversion is made, is not unlawful in the cooperating country.

K. AID shall expend funds and carry on operations pursuant to this Agreement only in accordance with the applicable laws and regulations of the United States Government.

L. The two parties shall have the right at any time to observe operations carried out under this Agreement. Either party during the term of the Project and for three years after the completion of the Project shall further have the right: (1) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this Agreement, wherever such records may be located and maintained.

9

Each party, in arranging for any disposition of any property procured through financing by the other party under this Agreement, shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which did the financing.

M. AID and the Grantee shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.

N. The present Agreement shall enter into force when signed. Either party may terminate this Agreement by giving the other party thirty (30) days written notice of intention to terminate it. Termination of this Agreement shall terminate any obligations of the two parties to make contributions pursuant to Blocks 3 and 4 of this Agreement, except for payments which they are committed to make pursuant to non-cancellable commitments entered into with third parties prior to the termination of the Agreement. It is expressly understood that the obligations under paragraph 11 relating to the use of property or funds shall remain in force after such termination. In addition, upon such termination AID may, at AID's expense, direct that title to goods financed under the Grant be transferred to AID if the goods are from a source outside the Grantee's country, are in a deliverable state and have not been off-loaded in ports of entry of the Grantee's country.

O. To assist in the implementation of the Project, AID, from time to time, may issue PLLs that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon PLLs to confirm and record their mutual understanding on aspects of the implementation of this Agreement.

P. The Grantee agrees, upon request, to execute an assignment to AID 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 AID financed in whole or in part out of funds granted by AID under this Agreement.