

A.I.D. Project No. 386-0504

Loan and Grant Agreements

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GRANT AGREEMENT

Between

THE PRESIDENT OF INDIA

and

THE UNITED STATES OF AMERICA

for

CHILD SURVIVAL HEALTH SUPPORT PROJECT

Dated: August 29, 1986

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PROJECT GRANT AGREEMENT

for the

CHILD SURVIVAL HEALTH SUPPORT PROJECT

Dated: August 29, 1986

Between

The President of India ("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 of the Project described herein, and with respect to the financing of the Project.

Article 2: The Project

SECTION 2.1. Definition of the Project. The purpose of this Project is to assist the Grantee to expand the proportion of children and women covered by specific child survival interventions and to

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improve the quality of the delivery of these interventions. The Project will seek to strengthen the India's health programs, namely the Diarrheal Disease Management Program and Universal Immunization Program, employing a simultaneous development approach involving concurrent activities at the national, state and sub-state levels. Annex 1, attached amplifies the definition of the Project contained in this Section 2.1. Within the limits of the definition of the Project in this Section 2.1., 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 the Project

(a) A.I.D. intends to contribute a total of not to exceed Sixty Five Million United States ("U.S.") Dollars (\$65,000,000) for this Project as set forth in Attachment 1 to Annex 1. A.I.D.'s contribution to the Project may be provided in increments, to this Agreement the initial one being made available in accordance with Section 3.1 of this Agreement, or through other appropriate modalities. Additional funds to this Agreement will be subject to the availability of funds to A.I.D. for this purpose.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with Grantee, may specify in Project Implementation Letters (PILs)

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 Twelve Million U.S. Dollars (\$12,000,000) ("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's 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 services required to carry out the Project effectively and in a timely manner.

(b) Grantee already funds activities relevant to this project which exceed 25 percent of total project costs. The Grantee intends to continue to contribute to these activities.

SECTION 3.3. Project Assistance Completion Date (PACD)

(a) The PACD, which is September 30, 1991, or such other date as A.I.D. and Grantee may agree to in writing, is the date by which the A.I.D. and Grantee 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 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 such disbursement will be made, the Grantee will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion of counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Government of India and that it constitutes a valid and legally binding obligation of the Government of India in accordance with all its terms and;

(b) Advice from the Department of Economic Affairs that the appropriate and concerned agencies have ratified the modalities for the implementation of the project.

(c) A statement of the names of the persons holding and acting in the office of the Grantee, as specified in Section 8.2 of this Agreement together with a specimen signature of each person.

SECTION 4.2. Conditions Precedent to First Disbursement under State Level Activities. Prior to the first disbursement of Grant funds for the activities of a particular state covered under the

Project or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Cooperating Country will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

(a) Documentation in support of the establishment of office and staff including that for coordination may be advised and agreed to pursuant to Section 4.1(b) above.

(b) The first annual action plan covering training, communications, monitoring and information system, and special studies in the state for which disbursement is sought, as per the modalities as may be advised and agreed to pursuant to Section 4.1(b) above.

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 so 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 ninety days from the date of this Agreement, or such later dates as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

(b) If all of the conditions specified in Section 4.2 have not been met within 120 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 of each project component i.e. Diarrheal Disease Management Program, UIP, national and state level programs as may be advised and agreed to pursuant to Section 4.1(b) above.

SECTION 5.2. Provision of Adequate Budget. The Cooperating Country agrees that it will ensure adequate budget provisions in the central government budget as well as in the budgets of the project states to carry out the activities that may be listed in annual implementation plans.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursements made 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 (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), except as A.I.D. may otherwise agree in writing, and except as provided in the Standard Provisions Annex, Section C.1 (b) with respect to marine insurance ("Foreign Exchange Costs"). 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 India ("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: Disbursements

SECTION 7.1. Disbursements for Foreign Exchange Costs

(a) After satisfaction of applicable conditions precedent, Grantee may obtain disbursement of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of the 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 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, through Letters of Credit or otherwise, for such goods or services.

(b) Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Grantee and may be financed under the Grant.

SECTION 7.2. Disbursements for Local Currency Costs

(a) After satisfaction of applicable 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 disbursement hereunder shall be purchased by A.I.D. with U.S. dollars from the Reserve Bank of India. The U.S. dollar equivalent of the local currency made available hereunder will be the amount of U.S. dollars required by A.I.D. to obtain the local currency.

SECTION 7.3. Other Forms of Disbursement. Disbursement of the Grant may also be made through such other means as A.I.D. and the Grantee may agree to in writing.

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

Article 8: Miscellaneous.

SECTION 8.1. Communications. Any notice, request, document or other communication submitted by either A.I.D. or the Grantee 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 Grantee:

Mail Address: Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
New Delhi

**Alternate Address
for Telegram:** ECOFAIRS, New Delhi

To A.I.D.

Mail Address: Mission Director
U.S.A.I.D.
American Embassy
New Delhi 110021

**Alternate Address
for Telegrams:** USAID, New Delhi

All such communications will be in English, unless A.I.D. and the Grantee otherwise agree in writing. 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 Joint Secretary, Department of Economic Affairs, Ministry of Finance, GOI, 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 project 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 implemen-

tation 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.

SECTION 8.4. Language of Agreement. This Agreement is prepared in both English and Hindi. In the event of ambiguity or conflict between the two versions, the English language version will be used for final interpretation.

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.

THE PRESIDENT OF INDIA

THE UNITED STATES OF AMERICA

By -/Sd./-

BY -/Sd./-

Name: J.L. Bajaj

Name: Owen Cylke

Title: Joint Secretary
Department of Economic Affairs
Ministry of Finance
Government of India
New Delhi

Title: Director
U.S. Agency for
International
Development
New Delhi

Amplified Project Design Plan

The goal of the project is a significant reduction of infant and child mortality through a reduction of deaths from immunizable diseases and their complications, and deaths from dehydration due to diarrhea.

The project purpose is to expand the proportion of children and women covered by immunization and oral dehydration therapy, and to improve the quality of the delivery of these interventions.

More specific purposes within the project period are as follows:

- To achieve a significant increase in coverage of children under age one with DPT, BCG, polio, and measles immunization, and a significant increase in coverage of pregnant women with completed tetanus toxoid immunization.
- To achieve within a substantial proportion of the households with young children a knowledge of and established use of ORT and continued feeding as a first line treatment of diarrhea in the home; and to support this with a national network of clinical oral rehydration centers.
- To enhance the capacity of states to monitor and implement these programs.

Further amplification of this Project will be assured pursuant to Section 4.1 (b) of the Agreement above.

JD

SUMMARY COST ESTIMATE - BY USAID PROJECT COMPONENT

	<u>LC</u>	<u>FX</u>	<u>Total</u>	<u>LC</u>	<u>FX</u>	<u>Total</u>	<u>LC</u>	<u>FX</u>	<u>Total</u>
Universal Immunization	10,000	15,000	25,000	-	-	-	10,000	15,000	25,000
National Program	-	-	-	15,000	-	15,000	15,000	-	15,000
State Level Activities	-	-	-	18,000	-	18,000	18,000	-	18,000
Innovative Field Tests Demonstra- tions and Technical Support	3,360	3,190	6,550	-	-	-	3,360	3,190	6,550
Participant Training	-	450	450	-	-	-	-	450	450
T O T A L	13,360	18,640	32,000	33,000	-	33,000	46,360	18,640	65,000

PROJECT GRANT

STANDARD PROVISIONS ANNEX

Definitions:

As used in this Annex, the word "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 the Grantee in the implementation of the Project, A.I.D. from time to time will issue Project Implementation Letters after consultation with the Grantee 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 revision of elements 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, 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 any of the Central, state (including Union Territories), city or municipal laws in effect in India.

(b) No proceeds of the Grant shall be disbursed on account of payment of identifiable taxes, tariffs, duties or other levies imposed by or under any of the Central, state (including Union Territories), city or municipal laws of the Grantee on goods or services or on the importation, manufacture, procurement or supply thereof. A Project Implementation Letter, jointly agreed-upon, will indicate the details of the implementation of this sub-section.

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SECTION B.5. Reports, Records, Inspection, 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 the receipt and use of goods and services acquired under the Grant. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

(c) afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed by such Party, and books, records, and other documents relating to the Project and the Grant.

SECTION B.6. Completeness of Information. The Grantee

confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or caused 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 Project sites, and, as appropriate, 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) No motor vehicles will be financed under the Grant, except as A.I.D. may otherwise agree in writing.

(d) Transportation by air, financed under the Grant, of property or persons, will be on carriers holding United States certification, to the extent service by such carriers is available. Details of 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 or cause to be furnished to A.I.D. upon preparation, 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 as described in Project Implementation Letters. Material modifications in such documentation will likewise be furnished to A.I.D. on preparation;

(b) Such documents as described in Project Implementation Letters 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;

(c) As specified in Project Implementation Letters, contracts and contractors financed under the Grant for engineering and other professional services, for construction services and for such other services, equipment or materials 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.

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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, 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) Cost 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

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under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs", without prior written A.I.D. approval, or (2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or (3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels:

(1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately owned United States-flag commercial vessels, and

(2) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed by A.I.D. and transported to the territory of the Grantee on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels.

Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

SECTION C.7. Insurance.

(a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Grantee may be financed as a foreign exchange cost under this Agreement provided:

(1) such insurance is placed at the lowest available competitive rate, and

(2) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency.

If the Grantee (or government of Grantee), by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D. financed procurement against any marine insurance company authorized to do business in any state of the United States, then all goods shipped to the country 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. To the extent the Grantee does not insure or cause to be insured goods financed under the Grant imported for the Project, the Grantee will assure that funds for any necessary repair or replacement will be available in the currency in which such goods were financed or in any freely convertible currency.

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 thirty (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 the 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 accor-

dance 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 (60) days after receipt of a request therefor.

(c) The right under subsection (a) or (b) to require a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to A.I.D. from a contractor, supplier, bank or other third party with respect to goods or services financed under the Grant, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications or to services that were inadequate, will (A) be made available first for the cost of goods and services required for the project, to the extent justified, and (B) the remainder, if any, will be applied to reduce the amount of the Grant.

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Grantee under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S. Dollars by the Grantee.

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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. Assignments. 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.