

A.I.D. Project Number 645-0224

Grant Agreement Number:  
645-0224-G-SS-4026-00

PROJECT  
GRANT AGREEMENT  
BETWEEN  
THE KINGDOM OF SWAZILAND  
and the  
UNITED STATES OF AMERICA  
for  
THE RURAL RECONSTRUCTION PROJECT

DATE: AUGUST 31, 1984

A.I.D. Project No. 645-0224  
Grant Agreement Number:  
645-0224-G-SS-4026-00

Project Grant Agreement

Dated:

Between The Kingdom of Swaziland ("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 understanding 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 assistance to the Grantee to rehabilitate and reconstruct roads and related infrastructure and to re-equip and replace water gauging stations destroyed by Cyclone Domoina. Specifically, the grant will consist of two components:

(a) roads rehabilitation:

- (1) engineering assistance (for supervision of restoration works and on-the-job training of Swazi engineers) to develop supervisory and quality-control capacities within the Roads Branch of the Ministry of Works and Communications;
- (2) maintenance, service and materials contracts to minimize non-operational status of plant and equipment; and
- (3) short-term technical assistance to resolve site-specific engineering problems and review project performance; and,

(b) water gauging station restoration:

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- (1) procurement of towers, strip-chart recorders and telemetry equipment, and
- (2) technical consultations.

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 the 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. It is anticipated that, subject to the provisions of this paragraph, A.I.D.'s total contribution to this Project will be U.S. \$1,250,000.

### 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 Five Hundred Thousand United States ("U.S.") Dollars (\$500,000) ("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 not less than the equivalent of U.S. \$2,858,000, including costs borne on an "in-kind" basis.

**SECTION 3.3. Project Assistance Completion Date.**

(a) The "Project Assistance Completion Date" (PACD), which is December 31, 1986, 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 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 reduce the amount of the Grant by all or part thereof for which requests for disbursement accompanied by necessary supporting documentation prescribed in Project Implementation Letters were not received before the expiration of the 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) 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;

(b) Evidence that the supplementary plant and equipment necessary to the successful implementation of the Project will be procured, transferred from other ministerial units, leased,

or will otherwise be made available to the Roads Branch of the Ministry of Works and Communications when needed during the life of this Project;

(c) Evidence that the Ministry of Works and Communications will enter into work agreements specifying the responsibilities and authority of the two U.S. supervisory engineers provided under this Project.

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

SECTION 4.3. Terminal Dates for Conditions Precedent.

If all of the conditions specified in Section 4.1. have not been met within ninety (90) days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

Article 5. Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

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

(b) identification and evaluation of problem areas of constraints which may inhibit such attainment;

(c) assessment of how such information may be used to help overcome such problems; and

(d) evaluation, to the degree feasible, of the overall development impact of the Project.

SECTION 5.2. Parliamentary Budget. The Grantee agrees to present to Parliament a budget for the rehabilitation units of the Ministry of Works and Communications and for the repair and replacement of weirs for river gauging stations of the Ministry of Natural Resources, Land Utilization and Energy for the fiscal year starting April 1, 1985 which is at least equal to the amount spent in the 1984/85 fiscal year.

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**SECTION 5.3. Prompt Payment Through Central Transport Administration.**

The Grantee agrees to pay promptly, through the Central Transport Administration, the bills submitted under the plant and vehicle maintenance and repair contracts.

**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 (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, (Annex 2), 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 Swaziland ("Local Currency Costs"). To the extent provided for under this Agreement, "Local Currency Costs" may also include the provision of local currency resources required for the Project.

**Article 7. Disbursement**

**SECTION 7.1. Disbursement for Foreign Exchange Costs.**

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

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters:

(A) requests for reimbursement for such goods or services, or

b

(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 a Letter 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 goods or services.

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

SECTION 7.2. Disbursement for Local Currency Costs.

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

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

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

(2) by A.I.D.

(A) requesting the Grantee to make available the local currency for such costs, and

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

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

SECTION 7.3. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

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

Article 8. Miscellaneous

SECTION 8.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To the Grantee:

Mail Address: Principal Secretary, Prime Minister's Office  
Department of Economic Planning and  
Statistics  
P. O. Box 602  
Mbabane, Swaziland

Alternate address for cables: ECONPLAN, Mbabane, Swaziland

To A.I.D.:

Mail Address: Director, A.I.D. Mission to Swaziland  
P. O. Box 750  
Mbabane, Swaziland

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

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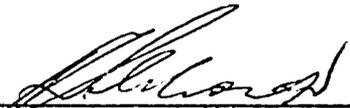
SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of the Principal Secretary, Prime Minister's Office, Department of Economic Planning and Statistics. A.I.D. will be represented by the individual holding or acting in the office of the Director, A.I.D. Mission to Swaziland. By written notice, the Grantee 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.

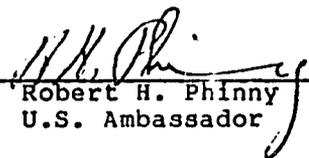
SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

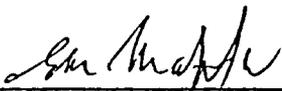
IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused the Agreement to be signed in their names and delivered as of the day and year first above written.

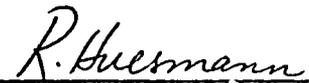
For the Government of the  
Kingdom of Swaziland

For the United States of  
America

  
By: V.E. Sikhondze  
Title: Principal Secretary,  
Dept. of Economic Planning  
and Statistics

  
By: Robert H. Phinny  
Title: U.S. Ambassador

  
By: Gilbert Mabila  
Title: Principal Secretary,  
Ministry of Works and  
Communications

  
By: Robert Huesmann  
Title: Director  
USAID/Swaziland

  
By: A. R. Shabangu  
Title: Principal Secretary,  
Ministry of Natural Resources,  
Land Utilization and Energy

Funds Available:

Appropriation : 72-1141021.3  
Budget Plan Code: GDAA-84-21645-AG13  
Allotment : 443-50-645-00-69-41  
Authority : State 242937, dated August 17, 1984

Columbus Spaine Jr  
Controller, USAID/Swaziland

## AMPLIFIED PROJECT DESCRIPTION

Except as specifically provided herein, and within the limits of the definition of the Project set forth in Section 2.1., elements of the Amplified Project Description may be changed by written agreement of the authorized representative of the Parties named in Section 8.2. without formal amendment of this Agreement. This Annex is illustrative; it will be reviewed, changed, and updated periodically (usually following an evaluation) to reflect the dynamic nature of the Project and expected modifications in implementation over time.

### Article I. General Project Description

The Project consists of two components: rural roads rehabilitation and water gauging station restoration. The Project will provide long-term engineering personnel services, up to five months of short-term engineering consultancies for road site-specific assessment and up to three months of assistance for weir reconstruction design and site planning. There will also be a series of time-and-materials contracts for the repair and maintenance of plant and equipment; these will be both to overhaul all deadlined equipment within the first four months of the Project and to provide parts and services to repair and maintain equipment which can not be adequately dealt with by the Central Transport Administration (CTA). Finally, the Project will provide water gauging equipment.

Technical assistance accounts for 46 percent of the Project; assistance in the form of time-and-materials maintenance contracts will amount to an additional 40 percent. Equipment purchases account for the balance of the Project costs.

The rural roads rehabilitation component will secure the services of two engineers (for two years each at a total cost of \$500,000) to supervise the efforts of the rehabilitation units and to provide on-the-job training for three Swazi engineers. These two supervisory engineers will direct work in all four districts of the country. CTA will assign field mechanics to the mobile repair units, and they will operate under the direction of supervisory engineers. Thus, the U.S. engineers are the critical element in this component; they will enhance the professional experience of Swazi engineers, integrate inspection concepts and personnel into the roads rehabilitation effort, and will manage the personnel and equipment of the rehabilitation units. They will also be responsible, in the first instance, for the operational availability of plant.

The second equally important element in the restoration of the roads network is the contracting out of repair and maintenance work which is beyond the capacities of CTA to undertake on a timely and effective basis. Service contracts will be awarded for the immediate overhaul of deadlined equipment and for the longer-term repair of inoperative equipment during the life of the Project. The contract will also allow procurement of expendable supplies or spares from the contractor when such are not available from CTA within five work days. Maximum AID commitment to the contracts is \$500,000; the GOS share of the contracts will be at least double that amount.

To ensure adequate engineering planning and design experience in the rehabilitation of roads, short-term consultants may be required for site-specific problems. The complexity and magnitude of Domoina's destruction yielded complicated sets of rehabilitation problems in some segments of damaged roadway. Their resolution may necessitate specialized expertise beyond the ability of the Project's supervisory engineers. Approximately five person-months (\$65,000) of such expert consultancies and related Project review have been allowed.

The second component of the Project will provide water depth and volume gauging equipment at river measuring stations. Specifically, the Project will finance the repair or replacement of all eighteen strip-chart recorders (\$56,000) and the three telemetry devices (\$17,000) destroyed in the Domoina floods; in addition, it will finance the fabrication and installation of nineteen towers (\$100,000) used to house such equipment at weirs sites. The costs of reconstructing or repairing the weirs is borne by the GOS by either using its own manpower or seeking contractors. AID will provide \$12,000 for consultants to relocate demolished weirs, design replacement weirs, and prepare tender documents.

A. Goal.

The goal of this Rural Reconstruction Project is to restore Swaziland's rural transportation infrastructure and stream flow measurement facilities to the conditions that existed prior to the disaster caused by Cyclone Domoina. This overall goal presupposes that the GOS has the financial and human resources (including management) to undertake general rehabilitation efforts in all sectors and that foreign donors, as well as commercial and concessional lenders, will make available financial resources currently beyond the means of the GOS. In light of international concern after the disaster, the early indications of fiscal commitments by the United Kingdom, African Development Bank and World Bank and the GOS's relatively light debt burden responsibilities indicate that the assumptions can be realistically achieved.

B. Purpose.

The purpose of AID's support, in cooperation with the United Kingdom, is to assist the GOS in improving its capacity to repair and maintain roads damaged by Cyclone Domoina; the rehabilitation of the roads network to pre-cyclone conditions is the single most important element in the nation's return to normalcy. The Project focuses on the rehabilitation of damaged gravel or earth roads undertaken directly by work crews of the Roads Branch of the Ministry of Works and Communications (MWC). The British participation will assist design, contracting, and construction supervision of both gravel and paved roads and major bridge infrastructure destroyed by Domoina. A second component will promote the reestablishment of the Government's capacity to monitor and allocate water resources.

C. Outputs.

The end of Project status (at the conclusion of two years) will see the rehabilitation of at least 440 miles of gravel and earth roads to previous standards. The Project will also improve the engineering skills and supervisory abilities exhibited by the three Swazi engineers. Due to the new maintenance program, (including a contracting out component), major repairs to plant and equipment will take a shorter time than prior to the Project and will yield an average plant and equipment operational availability level of seventy-five percent. Finally, the Project will culminate in the restoration (to a sufficient level of accuracy) of those thirty-three gauging stations damaged by Domoina, permitting the collecting and reporting of usable information needed to allocate water resources internally and comply with international requirements. Site visits, engineering reports, road counts, and water level readings will constitute the means of verification.

The assumptions necessary to achieve the Project purpose for the Water Resources Branch of Ministry of Natural Resources, Land Utilization and Energy (MNRLUE) are that the GOS makes budgetary resources available in the second year of the Project which equal or surpass its first year funding, and that the Swazi hydrologists will remain in the employ of the GOS.

The outputs will depend on the training of three Swazi engineers to be better able to design, manage, and supervise road repair and maintenance, and in the creation of a system whereby the Roads Branch can handle reconstruction of cyclone-damaged roads. The Project output will lead to an enhanced institutional capacity framework within which human resources can be mobilized to

rehabilitate gravel and earth roads. In addition, the Project will pioneer an innovative means to repair and overhaul plant and equipment, via contract with the private sector, such that equipment assigned to the rehabilitation units will be operational at least seventy-five percent of the time.

The verification of Swazi counterpart improvement will be found in personnel evaluations by the two AID-funded engineers and by the senior roads engineer. From the vehicles maintenance point of view, the indicators would be a timely contracting system, in which work orders are issued for overhauls and major maintenance and equipment deadlining is cut to half of the pre-project level. The output of the water resources component can be verified by the existence of water flow data, which was interrupted by flood damage, and the extent to which it is analyzed to provide a meaningful input into the national network.

#### D. Inputs.

This Project has two discrete, capacity-enhancing components: road rehabilitation and water gauging station restoration. AID financing will total \$1.25 million, with roads related funds totaling \$1,065,000, and water resources \$185,000. In the roads portion, AID will be joined by both the GOS (not less than \$2.7 million for the salaries of counterparts and estimated plant and equipment contract maintenance expenses) and the British Overseas Development Agency (\$250,000 for three engineers). In the water gauging Project, the GOS will provide financing (at least \$144,000) for the repair of weirs and in-country transport costs related to the installation of AID-financed strip-charts, instrument-housing towers, and telemetry equipment.

The roads rehabilitation component has three distinct elements:

1. \$500,000 to provide, for two years each, two long-term technicians (supervisory engineers), to manage roads work in the field and provide on-the-job training for three Swazi engineers; additionally, these engineers will help with the on-the-job training of Swazi engineering technicians assigned to the respective units.

2. \$500,000 to finance up to \$200,000 in contracts to private-sector firms for immediate major repair and overhaul to plant and equipment (at Project start) and to finance up to \$300,000 in long-term (two-year) time-and-materials contracts for the repair, overhaul, and maintenance of such plant and equipment as are assigned to the Project, during the life of the Project.

3. \$65,000 to provide technical consultancy for site-specific rehabilitation engineering problems and for assessment of maintenance contracting and practical training efforts.

To initially complement the equipment repair and overhaul element, the Program Development and Support Grant will contribute \$55,000 for an equipment overhaul specialist who will prepare bid documents for the two types of contracts indicated above, and for equipment diagnostics by local representatives of leadlined plant and equipment maintenance.

The river gauging station component consists of four elements:

1. \$56,000 for the repair or replacement of eighteen strip-chart recorders to continually monitor water levels;
2. \$17,000 for the replacement of three telemetry devices to relay information of the flow data of selected stations to a central microcomputer;
3. \$100,000 for repair or replacement of nineteen towers which house such recording and telemetric devices; and
4. \$12,000 for short-term engineering consultancy needed to assess weir damage, recommend preliminary design modifications, and prepare bid documents for reconstruction of selected weirs by providing contractors.

## Article II. Responsibility of the Parties

### A. Implementation Schedule

The following schedule presents the major implementation actions to take place during the Project along with the responsible agents. The schedule is illustrative and is not expected to be followed exactly. At several points within the life of Project (usually following an evaluation), the schedule will be updated and/or changed by written agreement between AID and the Grantee without formal amendment of this Agreement.

ROADS COMPONENT

JULY/SEPT 1984	OCT/DEC 1984	JAN/MARCH 1985	APRIL/JUNE 1985	JULY/SEPT 1985
-Sign Grant Agreement.				
-Receive Service Tenders. Candidate Supv. Eng.	-Clear C.P.'s Sign Eng. Contracts. Complete initial repair series. Initiate Supv. Eng. Activity.			-Initiate operating repair sequences  -Draw up Six mo. work plan
-AID/Eng review Tenders and Eng. Candidates				-May/June AID/Engr Monitor Visit June-mid term evaluation

RIVER COMPONENTS

-Receive/Review weir eng. report.	GOS Budget and tender for weir contracts.			-Award weir contracts
-Prepare tender documents/release to bidders (AID to review).	GOS own forces on weir works.			-Award contracts on towers, recorders, and telemetry.  -Receive towers and telemetry and a portion of recorders.
				-Install towers, recorders, and telemetry equipment.

OCT/DEC 1985	JAN/MARCH 1986	APRIL/JUNE 1986	JULY/SEPT 1986	OCT/DEC 1986
-Weir works. 6 mo. work plan		-6 mo. work plant		
-AID/Eng. Monitor visit.			-Eng. final report and for remaining work.	PACD
		AID/Eng. Monitor Visit.		

## B. Implementation Plan

### 1. Road Rehabilitation Component

An A.I.D. Program Development Support Grant-financed equipment specialist will arrive in country and assess the condition of plant and equipment assigned to the Roads Branch, such that a bid document or documents may be prepared to overhaul and repair deadlined equipment. In consultation with CTA, Roads Branch, and the Tender Board, he will prepare bid documents and repair/overhaul specifications, will assist in the evaluation of formal bids, and will help draft and negotiate the final overhaul contracts. (More than one contract will be necessary given the different makes of plant and equipment.) He will provide the same services for a longer-term repair and maintenance contract (based on time-and-material provided under work order or spares provided under requisition). He will finally review the joint CTA-Roads Branch maintenance program, make recommendations thereon, and provide training for maintenance contract monitoring and administration.

The consultancy will last up to ten weeks; during which time the consultant will collaborate with a West German consulting firm evaluating CTA and at least one of the U.S.-financed supervisory engineers provided under this Project. He will also return one year into the Project to assist in the evaluation of maintenance contractory procedures, to provide further training in contract administration, and to make recommendations relating to the renewal of such contacts. This second consultancy for one month will be procured under a contract using Project funds.

The two American supervisory engineers will be hired by the Roads Branch as GOS employees. As non-GOS-funded operational experts, the engineers will be recruited by TransCentury Corporation under a contractual agreement which USAID/Swaziland already has in effect. One engineer has already been identified and will be on-site by October 1, 1984; a second engineer will arrive as soon thereafter as possible. Under these arrangements, the engineers will receive housing support, housing maintenance, office space, and an official vehicle by the MWC. (It is anticipated that the UK's ODA will be providing the Roads Branch's senior roads engineer by October 1, with another British engineer arriving December 1, 1984).

The roads component will be implemented primarily through the Roads Branch of the MWC. Special modified arrangements have been negotiated with the CTA through which CTA (which has the responsibility to maintain Roads Branch equipment) will contract out for major repairs, overhauls, and related parts. These arrangements will be under AID host country procurement regulations.

The two series of maintenance contracts (the first for immediate overhaul of deadlined plant and equipment and the second for their long-term maintenance and repair) will be signed by CTA. As a result of open, competitive bidding, it is anticipated that contracts will be signed with private sector Swazi or South African firms. In light of the performance bonding, service and parts guarantee and liquidated damages provision of the contracts, it is likely that the authorized agents of plant and equipment manufacturers will be awarded the contracts.

To ensure full funding, CTA will subobligate the total estimated contract cost for each such maintenance contract and track expenditures on a subsidiary ledger. Work orders and/or requisitions will be used to access these time-and-materials contracts; such must be co-signed by the U.S. supervisory engineer (Roads Branch) and the Senior Mechanical Engineer (CTA). Upon completion of the work and delivery of the equipment to the work site, the supervisory engineer will certify completion in compliance with contract terms.

Upon authorization to pay by the CTA General Transport Manager, CTA will then process the transaction for payment under its open trust account. The payment vouchers will be paid by the Swaziland Treasury and a pre-agreed portion of these disbursements will be passed periodically to AID for reimbursement from the Project grant account. Subject to revision as the Project proceeds, AID will expect to disburse the allocated portion of the grant in a sum of up to \$200,000 for the initial repairs of the equipment, and the balance in amounts equal to \$50,000 or up to one-half of the expenditures made per quarter, whichever is less.

The Roads Branch will administer the contracts and monitor compliance with their terms; CTA will establish separate accounts for each contract (to ensure AID auditability). It is anticipated that the immediate overhaul contracts will be signed by November 1 and the longer-term, time-and-materials contracts by November 15.

During the Project, site-specific engineering problems may arise which require technical expertise not possessed by the U.S. supervisory engineers or by others within the MWC. AID will procure by the contractor mechanism, if such individual is not available locally, a consultant or technical expert who could provide such expertise. If locally procured, the GOS will undertake the contracting under its own rules and regulations (including standard hourly rates and mileage charges). USAID/Swaziland will either make direct payment to the consultant or will reimburse the GOS for consultant-related costs; including salary, travel, per diem (if needed), overhead, and other direct costs.

## 2. Water Resources Component

The water gauging component of the Project will be implemented through a designated officer of the Water Resources Branch (WRB) of the Ministry of Natural Resources, Land Utilization and Energy.

As regards technical services for weir damage assessment, reconstruction designing, and preparation of related construction bidding documents, AID will finance up to \$12,000 of such services, consistent with a contractual arrangement negotiated between a Swazi technical firm and the WRB. A resident consulting firm of recognized expertise, Watermeyer Legge Piesold & Uhlmann was selected, based on the WRB prior experience with the firm, its ability to undertake the work immediately and provide local continuing follow-up support, and the firm's previous designs of weirs impacted by the flood. As a result of predominant capability and immediate availability, AID will reimburse the GOS for up to two person months of these services at standard GOS rates for such services (as negotiated last year by the MWC). Since the firm is not of U.S. or Swazi nationality, a source/origin waiver will be processed before reimbursement will be made.

The strip-chart recorders will be purchased from the current United States supplier. AID will procure the equipment directly through the PIO/C mechanism; a REDSO/ESA supply officer will prepare the PIO/C, based on specifications provided by the Water Resources Branch. A sole source waiver (based on standardization of the Branch's instrumentation compatibility with system-wide recorders, and effective service ability) has been prepared as a pre-implementation activity, such that the PIO/C can be signed simultaneously with the Grant Agreement. Shipment of the recorders will be by air freight FOB Manzini, Swaziland.

Finally, three telemetry devices will be purchased under an existing WRB contract. As USAID will be replacing three devices diverted from an expansion program to the flood-damaged stations, AID will make payment to the contractor only after the three devices destroyed by Domojina have been physically replaced and are operational. Both a sole source and a source/origin waiver have been prepared for these commodities.

Pre-Grant Agreement expenditures incurred by the Government of Swaziland for weirs-related technical assistance, towers, recorders, and telemetry equipment, based on commitments made after January 31, 1984 and arising as a direct result of Cyclone Domojina, are authorized to be reimbursed under this Agreement.

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Article III. Illustrative Financial Plan

The Illustrative Financial Plan, Table 1 of this Annex, sets forth the planned contributions of the Parties. Changes may be made to the Plan by written agreement of the representatives of the Parties identified in Section 8.2. without formal amendment of the Agreement, provided such changes do not cause (1) AID's contribution to exceed the amount set forth under Section 3.1. or (2) the GOS's contribution to be less than the amount set forth under Section 3.2.

Financial Plan.

Including a 6 percent inflation on all U.S. costs and a 14 percent inflation on Swaziland costs, plus using an exchange rate of \$1.00=E1.62, the total cost of this Project is \$4.36million, with \$1.25million (28.7 percent) provided by USAID and \$2.86million (65.6 percent) contributed by the Government of Swaziland. The British Government is providing two engineers costing \$250,000 (5.7 percent). For details see the Illustrative Budgets which appear on the next page.

The Project will be fully obligated in FY 1984 but expenditures will take place over the two year life of Project.

ILLUSTRATIVE BUDGETS

USAID

TOTAL

Rural Road Reconstruction	
Long Term Technical Assistance	500,000
Short Term Technical Assistance	65,000
Spare Parts and Maintenance	500,000
sub-total	1,065,000
River Gauging Stations	
Water Gauging Equipment	173,000
Short Term Technical Assistance	12,000
sub-total	185,000
GRAND TOTAL	1,250,000

GOVERNMENT OF SWAZILAND TOTAL

Rural Road Construction	
Counterparts	25,000
Personnel	1,183,000
Equipment	1,446,000
Home/Furnishings	23,000
Vehicle petrol/maint.	15,000
Office Space	14,000
Office Support	8,000
sub-total	2,714,000
River Gauging Stations	
Wier Reconstruction	144,000
sub-total	144,000
TOTAL	2,858,000

COMBINED EXPENDITURES

	USAID FX	LC	GOVT. OF SWAZILAND FX	LC	U.K. FX	TOTAL
Personnel	577,000			1,332,640	250,000	2,159,640
Commodities	379,750	293,250	747,200	778,160		2,198,360
TOTAL	956,750	293,250	747,200	2,110,800	250,000	4,358,000
GRAND TOTAL	1,250,000		2,858,000		250,000	4,358,000
(percent total)	28.7%		65.6%		5.7%	100.0%

#### Article IV. Evaluation

It is important that as early as possible in the Project a review be made of:

(a) the experience with on-the-job training of Swazi Engineers and engineering technicians;

(b) the contracting mechanisms for vehicle maintenance/repair work; and,

(c) the progress on repairing water gauging stations and installing AID-financed equipment.

The first review will occur six (6) months into Project implementation. This is early enough to make corrections and revisions to problems affecting the institution building, contracting, and hydrological data accuracy aspects of the Project. Reviews would include the Agricultural Development Officer (USAID/Swaziland) as Project Officer, the Regional Economist (USAID/Swaziland), the Regional Engineer (USAID/Lesotho), the Project Development Officer (USAID/ Swaziland), the two U.S. supervisory engineers, the Senior Roads Engineer (British), Chief Professional Officer (Ministry of Works and Communication), the Senior Technical Engineer (CTA), the General Transport Manager (CTA), and representatives of the Ministry of Finance and the Department of Economic Planning and Statistics.

The review committee will assess the training plan of each Swazi roads engineer and will review the activities of the engineering technicians, evaluating their fitness and acceptance by the roads crews and supervisors, and needs for continuing education at the Swaziland College of Technology (SCOT). The committee will further review and evaluate the following;

(1) the maintenance contracting procedures and their effectiveness in eliminating the backlog of deadlined plant;

(2) the Roads/CTA preventive maintenance program, the training of the drivers in carrying their responsibilities to perform daily first echelon maintenance and the effectiveness of the CTA seconded maintenance crews to perform their function;

(3) the purchasing and disbursement procedures.

A separate meeting on water resources activities will be held including the AID, Ministry of Finance and the Department of

Economic Planning and Statistics representatives and the Senior Water Engineer of the Water Resources Branch. The major areas of concern will be the contracting out of weir replacements; the progress on the procurement and installation of towers, recorders, and telemetric equipment; progress on the Branch's workplan to repair or replace weirs; and accuracy of data received from stations with damaged weirs.

A mid-project evaluation will take place in the fourteenth month of the Project to assess the experiential training of the Swazi engineer and engineer technicians and set goals for the second year. USAID may wish to finance an experiential training expert to attend and offer suggestions to enrich the planned practical training being offered. To evaluate the maintenance contracts and the operational availability of plant and equipment, the Project will finance the return visit of the equipment consultant who originally drafted the bid documents and advised on contracting.

The evaluation team will review the productivity of the rehabilitation units, identify key constraints to improved performance, and make recommendations to the Senior Roads Engineer. The evaluation of Water Resources will concentrate on the performance of installing AID-procured equipment, the status of weir repairs, and accuracy of data recorded, ways to improve performance, and the extent to which information flows have impacted on water resource management.

A final evaluation will be held at the end of the Project and will concentrate on the progress made toward achievement of the end of Project status. The on-the-job training of the Swazi engineers and engineer technicians will be assessed, especially their contribution to the improvement of roads quality, and potential for greater responsibilities.

The final evaluation will assess the success of the equipment maintenance contract, exploring the internal mechanism of the contract, make suggestions to improve upon them and create a model for continuation after the Project has ended, and matching its performance against alternatives. The final point of consideration will be the extent to which the rehabilitation units complied with their mandate to reconstruct 440 miles of gravel and earth roads, the problem and key constraints encountered, the manner in which these were surmounted, and recommendations for future maintenance efforts. As regards water resources, the evaluation will focus on the effective installation of AID-provided equipment and their use, the extent to which weir repairs were made and the use of the data, and the effect the equipment had on Water Management. The last part of the evaluation will concern beneficiaries: the nature, scope and direction of the benefits of the Project.

Project Grant Standard  
Provisions Annex

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

Article A: Project Implementation Letters

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

Article B: General Covenants

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

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

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

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

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

Article B: General Covenants (Continued)

as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use. See HB 18.

SECTION B.4. Taxation.

(a) This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in the territory of the Grantee.

(b) To the extent that

(1) any contractor, including any consulting firm, any personnel of such contractor financed under the Grant, and any property or transaction relating to such contracts and

(2) any commodity procurement transaction financed under the Grant, are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the territory of the Grantee, the Grantee will, as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Grant.

SECTION B.5. Reports, Records, Inspections, Audit.

The Grantee will:

(a) furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Grant. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

(c) afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization of

Article B: General Covenants (Continued)

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 is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

SECTION B.7. Other Payments. Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except fees, taxes, or similar payments legally established in the country of the Grantee.

SECTION B.8. Information and Marking. The Grantee will give appropriate publicity to the Grant and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

Article C: Procurement Provisions

SECTION C.1. Special Rules.

(a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums for marine insurance placed in the territory of the Grantee will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

(c) Any motor vehicles financed under the Grant will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

(d) Transportation by air, financed under the Grant, of property or persons, will be on carriers holding United States certification, to the extent service by such carriers is available. Details on this requirement will be described in a Project Implementation Letter.

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Article C: Procurement Provisions (Continued)

SECTION C.2. Eligibility Date. No goods or services may be financed under the Grant which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

SECTION C.3. Plans, Specifications, and Contracts. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Grantee will furnish to A.I.D. upon preparation,

(1) any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Grant, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation;

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

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

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

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

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

Article C: Procurement Provisions (Continued)

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

SECTION C.6. Shipping.

(a) Goods which are to be transported to the territory of the Grantee may not be financed under the Grant if transported either:

(1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment; or

(2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or

(3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Grant, if such goods or persons are carried:

(1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs," without prior written A.I.D. approval or 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 material damage or any loss of the goods insured or will be used to reimburse the Grantee for the replacement or repair of such goods. Any such replacements will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

SECTION C.8. U.S. Government-Owned Excess Property. The Grantee agrees that wherever practicable, United States Government-owned excess personal property, in lieu of new items financed under the Grant, should be utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

Article D: Termination; Remedies

SECTION D.1. Termination. Either Party may terminate this Agreement by giving the other Party 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 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 (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,

Article D: Termination; Remedies (Continued)

(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.

SECTION D.3. Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

SECTION D.4. Assignment. The Grantee agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. dollar contract with A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.