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A.I.D. Project Number 611-0206

PROJECT

GRANT AGREEMENT

Between

THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA

and the

UNITED STATES OF AMERICA

for

THE HUMAN AND INSTITUTIONAL

RESOURCES DEVELOPMENT PROJECT

Date: September 19, 1984

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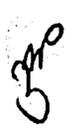


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PROJECT GRANT AGREEMENT

Dated September 19, 1984

Between

The Government of the Republic of Zambia, acting through the National Commission for Development Planning (Grantee)

And

The United States of America, acting through the Agency for International Development ("A.I.D.").

Article 1

The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2

The Project

SECTION 2.1. Definition of Project. The Project, which is further described in Annex 1, will consist of assistance to the Grantee in developing its technical, administrative and managerial human and institutional resources in critical shortage skills areas. Annex 1, attached, amplifies 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 8.3, without formal amendment of this Agreement.

SECTION 2.2. Incremental Nature of the Project.

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



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

Article 3

Financing

SECTION 3.1. The Grant: To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed one million sixty eight thousand United States ("U.S.") Dollars (\$1,068,000) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and local currency costs, as defined in Section 6.2, of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project

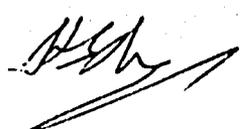
(a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by Grantee for the Project will not be less than the equivalent of U.S. \$4,029,000, including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is September 30, 1990, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

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



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(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 not later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D. giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4

Conditions Precedent to Disbursement

SECTION 4.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.: A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.3, and of any additional representatives, together with a specimen signature of each person specified in such statement.

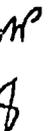
SECTION 4.2. Additional Disbursement. Prior to disbursement under the Grant, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made for any long-term participant training, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D.: a training plan, satisfactory to the Project Executive Committee, outlining Zambia's professional manpower needs and priorities in the critical shortage skill areas identified in Annex 1.

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

SECTION 4.4. Terminal Dates for Conditions Precedent.

(a) If the condition specified in Section 4.1 has not been met within 60 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Grantee.

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



Article 5

Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include two evaluations during the implementation of the Project, one after approximately the second year of the Project and one at the end of the Project, that will include:

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

(b) identification and evaluation of problem areas or 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. Training Plans. Grantee agrees that after development and submission to A.I.D. of a national training plan, Grantee shall prepare and submit to A.I.D. annual training plans thereafter for proposed training under this Project.

SECTION 5.3. Selection of Trainees. Grantee agrees to abide by the criteria and procedures specified in Annex 3 to this Agreement, for the selection of trainees and short-term consultants under the Project.

SECTION 5.4. Other Procedures. Grantee agrees to adhere to all standard DMDT procedures for the identification, screening, processing, support and placement (upon return) of long-term training participants.

SECTION 5.5. Trainee Support. Grantee agrees to provide all trainees financed under the Project, or ensure that they are provided, with paid study leave from their Government positions, including but not limited to, full salary support, housing (if applicable) and all other benefits that are routinely provided to such participants by their employers over the entire training period.

SECTION 5.6. Training Bonding. Grantee agrees to require all employers of selected participants to execute an agreement with each participant in which the participant agrees to return to the service of the employer following AID funded training, and to continue in such employment



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for the period of time specified in the employer's applicable regulations or established policy

SECTION 5.7. OPEX Advisor Housing. Grantee agrees to identify and make available for renovation, not later than January 1, 1985 GRZ senior staff housing to be provided to all long term OPEX advisors (four in Lusaka and one in Kitwe).

SECTION 5.8. Advisor Salaries. Grantee agrees to provide all long-term OPEX advisors with a salary in Zambian Kwacha, on a timely basis, that is commensurate with the duties and responsibilities of the senior level positions they will occupy.

SECTION 5.9. GRZ Counterparts. Grantee agrees to provide adequate counterparts for long-term OPEX advisors working with NCDP, CSO, NIPA and UNZA.

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, 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 Zambia ("Local Currency Costs").

Article 7

Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs.

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

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

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

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

SECTION 7.2. Disbursement for Local Currency Costs.

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

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

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

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

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

SECTION 7.3. Other Forms of Disbursement. Disbursement 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 Zambia by A.I.D. or any public or private agency for purposes of carrying our obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Zambia at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Zambia.

Article 8

Miscellaneous

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

To the Grantee:

Mail Address: National Commission for Development Planning, P. O. Box 50268, Lusaka

Alternate Address for telex:

To A.I.D.:

Mail Address: Agency for International Development, P. O. Box 32481, Lusaka

Alternate Address for telex:

USAID ZA 40810

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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.

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 Permanent Secretary, National Commission for Development Planning and A.I.D. will be represented by the individual holding or acting in the office of A.I.D. Representative, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

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

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

THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA

BY: _____

Hon (Dr.) H.S. Meebelo, M.P.

TITLE: _____

Minister

UNITED STATES OF AMERICA

BY: _____

Nicholas Platt

TITLE: _____

Ambassador

BY: Frederick M. Perry

Frederick M. Perry

TITLE: Acting AID Representative

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AMPLIFIED PROJECT DESCRIPTION

HUMAN AND INSTITUTIONAL RESOURCES DEVELOPMENT PROJECT (HIRD)

PROJECT NO. 611-0206

1. PROJECT OBJECTIVES

The outputs which will be expected from the assistance provided under this project are as follows:

-- Increased numbers of Zambians trained and staffing high and middle level positions in critical shortage skill areas such as accounting, management, business administration, public administration, economics, statistics and computer science.

-- Improved quality of administrative skills of upper and middle level managers in the Zambian civil service, parastatals and the private sector.

-- Improved efficiency in GRZ planning and analysis.

-- Strengthened capacity of selected Zambian training institutions to conduct on-going education and training programs in critical shortage skill areas.

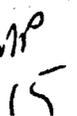
2. PROJECT ELEMENTS

The assistance to be provided under this project consists of technical assistance, training and instructional materials and equipment.

A. Training

Under this project, three types of training will be provided: Long-term, post graduate degree training; short-term U.S. or third country, non-degree training; and short-term, in-country training.

All applications and proposals for funding of training under this project, must meet the following criteria:



-- review and approval by a project executive committee comprised of representatives from AID/Zambia, NCDP, Contractor, DMDT, and proposing entity, as appropriate.

-- for long-term U.S. training, the proposing Ministry, parastatal or organization must submit a training plan specifying type of training proposed, need for such training, candidates proposed for training, positions the candidate(s) are occupying prior to training and positions they will occupy upon completion of training.

-- proposed trainees must hold positions where training and skills in the critical shortage skills areas, such as accounting, economics, business administration, management public administration, statistics, etc., are required.

(1) Long-term Training

Long-term overseas graduate degree training at U.S. institutions, primarily at the M.A. degree level, but also a limited number of PhD programs, will be provided for selected high and middle level Zambians currently employed in the Zambian civil service, parastatals (excluding mining) and the private sector (Zambian owned and operated firms). The participants will be holders of undergraduate degrees in such areas as economics, business administration, accounting, statistics, and management and who either currently occupy positions as indicated above, or have the potential for assuming positions in these organizations, but require additional training to replace expatriates performing such functions. A total of approximately 160 person-years of long-term training assistance will be provided. Assuming that the average length of the long-term degree training for each participant will be two and one half years, a maximum of 64 Zambians could potentially receive such training. It is anticipated that some of the participants may require remedial or preparatory training prior to pursuing their graduate degree programs, particularly in those programs requiring a solid foundation in the natural sciences and quantitative skills. This preparatory training will also be funded by the Project.

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(2) Short-term (U.S. and/or Third Country) Training

Short-term U.S. and/or third country, non-degree training will be provided for senior level managers and administrators in the Civil Service and parastatals. Training offered at institutions such as the Pan African Institute for Development (PAID) in Zambia, the Eastern and Southern Africa Management Institute (ESAMI) in Tanzania, the Institute for Development Management in Botswana, the Maxwell School at Syracuse University, as well as specialized courses offered by U.S. Government facilities such as the Department of Agriculture and the Bureau of the Census, will be eligible for funding under the project. A total of approximately 300 person months of such training will be funded under this project. Such training will provide senior managers and administrators with information and knowledge required to improve productivity and efficiency within the departments and units they manage. Because most of these individuals will already have post-graduate degree training and/or several years of experience as senior managers and administrators, they will not be among those candidates who will be considered for long-term overseas training.

(3) Short-term (In-country) Training

Short-term, in-country training will be provided for senior and middle level professionals to improve the knowledge and skills required to perform their day-to-day responsibilities more effectively. This training will be in the form of short courses, analytical workshops, seminars and conferences. Such training may be provided on an individual basis, although it is more likely that group training will constitute the majority of the assistance provided. Funds will be used for obtaining guest speakers and lecturers, per diem expenses of participants, and rental of facilities for such training. The short-term, in-country training may vary in length, from one day to one month, depending upon the scope of the training requested. A total of approximately 1000 person-months of short-term training will be funded under this project.

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B. Technical Assistance

The project will provide approximately 19 person-years of long-term technical expertise and approximately 5 person years of short-term consultancies. The long-term technicians will consist of a Public Administration Specialist (3 person-years) who will provide advisory support to the National Institute of Public Administration (NIPA), a Senior Statistician who will work for the National Commission for Development Planning's Central Statistics Office (3 person-years), a Manpower Economist/Planner who will work with the Office of Manpower Planning in NCDP, (3 person-years), a Statistics Professor who will work with UNZA/Lusaka (3 person-years), a Public Administration Professor who will also work at UNZA/Lusaka (2 person-years), an Accounting Professor who will work at UNZA/Ndola Campus (3 person-years) and a Business Administration/Management Professor who will also work at UNZA/Ndola Campus (2 person-years). The following table illustrates the timing for these long term advisors:

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>No. of Person-years</u>
Public Admin. Spec.	X	X	X			3
Manpower Econ/Planner	X	X	X			3
Senior Statistician	X	X	X			3
Statistics Professor	X	X	X			3
Public Admin. Professor				X	X	2
Accounting Professor	X	X	X			3
Bus. Admin. Professor				X	X	2
TOTAL						19

A total of approximately 5 person years of short-term consultancies will also be provided to conduct seminars, workshops, and other in-country group training programs in Zambia for high and middle level professional Zambian personnel. These consultancies may be from 2 weeks to 6 months in duration. It is anticipated that short-term consultants will be required in specialized areas such as Public Administration, Accounting, Economics, Development Planning, Microcomputer Programming, Library Science, Management and Data Analysis. Approximately six person-months of short-term technical assistance has been allocated for evaluation which will be performed over the life of the project. The specific areas where short-term consultancies will be provided will be determined during the implementation stage through periodic work plans submitted by the contractor, for GRZ and AID approval.

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C. Instructional Materials and Commodities

Instructional materials, such as library reference materials, textbooks and periodicals, on subjects such as Accounting, Business Administration, Statistics, Economics, Management and Public Administration, will be provided to strengthen and update the current collection of such materials available at UNZA (Lusaka and Ndola Campuses) and NIPA.

Five mini-or-micro-computers, 15 programmable calculators and 200 solar powered calculators will be provided UNZA's Statistics Department, Lusaka Campus, to provide students in economics, accounting, engineering, business administration and other statistics students with experience in utilizing such equipment.

Short-term consultants in library science and computer science will be provided during the early stages of the project to assess the specific material and equipment needs. These items will be procured either locally or from the U.S., whichever is most appropriate.

Finally, four vehicles for the long-term technical advisors are required to provide these individuals with basic transportation needed to attend meetings away from the institutions where they will be working.

3. Implementation

AID's Role: AID will contract with a U.S. based institution or consortium of institutions to assist AID/Zambia and the GRZ in the implementation of the project. The contractor will function under the direction of the National Commission for Development Planning (NCDP), the implementing agency for the GRZ. The contractor will be selected on the basis of prior experience in the placement of participants in training institutions in the United States and third countries, ability to recruit and deploy long-term and short-term technical assistance as required for in-country training and institutional development, and capacity for providing technical and logistics support for training both in the U.S. and Zambia.



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Contractor Selection

AID/W Contracts Office will prepare the Request for Proposals (RFP) from the Project Paper when approved by AID/Zambia and upon approval of the Project Paper by AID/W, the RFP will be advertised in the U.S. Commerce Business Daily. Proposals will be reviewed by a selection panel comprised of the AID/Zambia Project Manager and one representative each from NCDP and AID/W. After selection, the contracting office in AID/W will complete the negotiation and contract award process.

Contractor Management

AID/Zambia will provide general guidance and project support to the Contractor, as necessary, through the Project Support Unit. The AID/Zambia GDO will be Project Manager. A PSC and the Training Officer will work under the direction of the Project Manager, with responsibility for technical monitoring and for keeping the mission and AID/W fully informed of the progress of the project as well as any problems which may occur.

Contractor Responsibilities

The contractor will participate in the selection of candidates for training as a member of the Project Executive Committee and assist in the selection of training institutions. Responsibilities include all non-GRZ arrangements, e.g., testing, placement, admissions, predeparture orientation, travel for both U.S. based and third country training, etc.

The contractor's home office in the U.S. will provide all participant support in accordance with AID's Handbook 10, Participant Training, including monthly living allowances and other supports such as settling in and travel allowances. The contractor's home office will facilitate participant arrivals in the U.S. and subsequent departure for their respective training institutions, will provide arrival seminars, and will be responsible for solutions to problems faced by participants while studying in the United States.

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The contractor will establish a field office in Lusaka for the life of the project to facilitate the processing of U.S. participants and to provide support services for other participants studying outside Zambia. In addition, the field office will assist NCDP and Directorate Manpower Development Training (DMDT) in the design and implementation of the in-country training program and the coordination of institutional development activities supported by the project. This field office will also assist AID/Zambia in the preparation of AID documents required for U.S. training, e.g., Project Implementation Order/Participants (PIO/P's).

The contractor will recruit and contract for the services of the long-term OPEX advisors and short-term consultants for in-country training and technical assistance to the institutions as provided for in project. NCDP, with the assistance of other institutions involved in the project, will develop the actual scope of work for each consultant together with guidelines and conditions of service, with the concurrence of AID/Zambia. The contractor will provide CV's of potential consultants for approval and selection by the Project Executive Committee. The contractor will then contract for the consultant's services, make travel arrangements, and provide support services for these individuals during their stay in Zambia.

The contractor will work collaboratively with DMDT and Zambian training institutions in procuring appropriate training materials and equipment to support the in-country training, and will also arrange for shipment and storage per AID's rules.

The contractor will submit quarterly to AID/Zambia project reports, with copies to GRZ, covering all aspects of their activities, e.g., administrative and financial status, student placements and follow-up reports, status of long-term and short-term consultancies, and any problems which may have occurred during the reporting period.

GRZ Role

Implementing Agency

The implementing agency for the GRZ will be the National Commission for Development Planning (NCDP) which is under the Office of the President. NCDP was established to formulate manpower development policy, to conduct manpower planning and

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research, and to coordinate donor assistance for training. NCDP has six departments, two of which are directly served by this project: Manpower Planning and Development and the Central Statistics Office.

Training Plans

NCDP, as the implementing agency, will have primary responsibility for coordination of project activities within the Government of Zambia. NCDP will prepare each year a national training plan outlining Zambia's manpower considerations and priorities for training. From this national plan, NCDP will prepare and submit to USAID for approval an annual project-related training plan covering the priority areas specified in the project paper. The plan will identify positions for long-term training in the U.S., short-term overseas and third-country training, and in-country training assistance requirements. The plan will identify courses to be taught through local institutions and will include a request for required consultants for the in-country training program. The OPEX advisors assigned to NCDP will assist NCDP in the preparation of both the national and the project-related plan. The plan will be implemented by DMDT.

Training Coordination

The administration of all training for the civil service, parastatals and private sector will be the responsibility of the Directorate of Manpower Development Training (DMDT) within the Cabinet Office. DMDT is the operating division of GRZ with ongoing responsibility for identification of candidates and training programs for the public sector, and will implement the training plan prepared by NCDP upon its approval by the Project Executive Committee. Consistent with existing procedures, DMDT will annually review the three-year training plans submitted by Ministries and Administrative units for incorporation into training estimates being prepared by DMDT.



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DMDT will then prepare from these plans a list of candidates for long-term and short-term external training who meet the requirements of the project-related training plan. This list, to be accompanied by CV's of candidates and other pertinent documentation, will be presented to the Project Executive Committee for final selection. The in-country training program requirements and requests for consultants will be prepared by DMDT for the Contractor and the selected local training institutions for implementation.

DMDT will follow its established procedures for processing selected participants through GRZ personnel study leave applications and approvals, but will apply the specific bonding procedures of Section 5.5 of the Grant Agreement. The Contractor and DMDT will collaborate in the timely processing of visas, travel, predeparture training and/or orientation, etc. DMDT will provide its normal support functions for project participants, such as maintenance of student records, clearances and reviewing the performance of trainees upon return and ensuring proper employment of their skills.

Project Executive Committee

Applications for training received and reviewed by DMDT will be reviewed by the Project Executive Committee which will be chaired by NCDP and comprised of representatives from DMDT, NCDP, AID/Zambia and the U.S. Contractor. In some cases, representatives from parastatals, private sector and in-country training institutions may be involved on an ad hoc basis.

Responsibilities

The Project Executive Committee will select participants for long-term training in the U.S. in the priority skills areas identified by NCDP, and will recommend those participants best suited for short-term, non-degree training in the U.S. and third country institutions. In addition, the Project Executive Committee will approve the selection of U.S. universities and training institutions and, with the assistance of the contractor, ensure that training is geographically spread and technically appropriate to meet project objectives.



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The Project Executive Committee will also select candidates for short-term diploma and certificate level training to be conducted locally. Candidates for training in short-term special seminars and workshops ranging from six weeks to 90 days in duration at local institutions will comprise the largest number of short-term trainees; the Project Executive Committee may or may not wish to officially select such participants, but may approve the recommendations received from participating ministries, parastatals and employers.

Cost Estimate and Financial Plan

The following plan is illustrative and changes may be made to the plan by representatives of the parties named in the agreement, without formal amendment of the Agreement, if such changes do not cause (1) A.I.D.'s contribution to exceed the amount specified in the text of the Agreement, or (2) the grantee's contribution to be less than the amount specified in the text of the Agreement. Future A.I.D. obligations are subject to the availability of funds and mutual agreement of the parties to proceed.



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TABLE 1 - SUMMARY OF AID PROJECT EXPENDITURES BY FISCAL YEAR
(in \$000's)

	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>TOTALS</u>
Technical Assistance	0	790.0	805.0	730.0	385.0	280.0	2,990.0
Training	0	1,540.0	1,540.0	1,540.0	1,540.0	580.0	6,740.0
Instructional Materials and Commodities	0	136.5	34.0	34.0	34.0	34.0	272.5
Project Support Costs	0	323.3	72.0	80.0	43.5	43.5	562.3
TOTALS	0	2,789.8	2,451.0	2,384.0	2,002.5	937.5	10,564.8
Inflation (10% compounded annually)	0	0	245.1	500.2	662.1	434.1	1,841.5
Contingency (5%)	0	139.5	134.9	144.1	133.2	69.2	620.9
GRAND TOTAL AID BUDGET	0	2,929.3	2,831.0	3,028.3	2,797.8	1,440.8	13,027.2

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TABLE 2 - SUMMARY OF GRZ PROJECT EXPENDITURES BY FISCAL YEAR
(in \$000's)

	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>TOTALS</u>
Support to U.S. Technical Assistance	0	320.0	320.0	320.0	128.0	128.0	1,216.0
Support to Training	0	444.5	671.2	759.5	529.7	333.8	2,738.7
Basic Totals	0	764.5	991.2	1,079.5	657.7	461.8	3,954.7
Totals with inflation (15% compounded annually)	0	764.5	1,139.9	1,265.8	789.6	567.3	4,527.1
Contingency (10%)	0	76.5	114.0	126.6	79.0	56.7	452.8
GRAND TOTAL GRZ BUDGET	<u>0</u>	<u>841.0</u>	<u>1,253.9</u>	<u>1,392.4</u>	<u>868.6</u>	<u>624.0</u>	<u>4,979.9</u>

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Project Grant StandardProvisions 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.

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Article B: General Covenants (Continued)

SECTION B.3. Utilization of Goods and Services.

(a) Any resources financed under the Grant will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use. [See HB 12.]

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



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Article B: General Covenants (Continued)

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

SECTION B.6. Completeness of Information. The Grantee confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or cause A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

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

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

Article C: Procurement Provisions

SECTION C.1. Special Rules.

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

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

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



Article C: Procurement Provisions (Continued)

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

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

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

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

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

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

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

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

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Article C: Procurement Provisions (Continued)

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

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

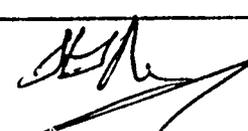
SECTION C.5. Notification to Potential Suppliers. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Grant, the Grantee will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in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

SECTION C.6. Shipping.

(a) Goods which are to be transported to the territory of the Grantee may not be financed under the Grant if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which A.I.D., by written notice to the Grantee has designated as ineligible; or (3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Grant, if such goods or persons are carried: (1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs," without prior written A.I.D. approval; or (2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or (3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, (1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately owned United States-flag commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by



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Article C: Procurement Provisions (Continued)

all shipments financed by A.I.D. and transported to the territory of the Grantee on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

SECTION. C.7. Insurance.

(a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Grantee may be financed as a Foreign Exchange Cost under this Agreement provided (1) such insurance is placed at the lowest available competitive rate, and (2) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency. If the Grantee (or government of Grantee), by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Grantee financed by A.I.D. hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, the Grantee will insure, or cause to be insured, goods financed under the Grant imported for the Project against risks incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Grantee under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Grantee for the replacement or repair of such goods. Any such replacements will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

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



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Article D: Termination; Remedies.

SECTION D.1. Termination. Either Party may terminate this Agreement by giving the other Party 30 days written notice. Termination of this Agreement will terminate any obligations of the Parties to provide financial or other resources to the Project pursuant to this Agreement, except for payment which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of this Agreement. In addition, upon such termination A.I.D. may, at A.I.D.'s expense, direct that title to goods financed under the Grant be transferred to A.I.D. if the goods are from a source outside Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of Grantee's country.

SECTION D.2. Refunds.

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty (60) days after receipt of a request therefor.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed under the Grant are not used effectively in accordance with this Agreement, A.I.D. may require the Grantee to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

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

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



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Article D: Termination; Remedies (Continued)

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

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

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



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