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PROJECT GRANT AGREEMENT

Between The

REPUBLIC OF KENYA

and the

UNITED STATES OF AMERICA

acting through the

AGENCY FOR INTERNATIONAL DEVELOPMENT

FOR

INSTITUTIONAL DEVELOPMENT FOR AGRICULTURAL
TRAINING PROJECT

A.I.D. Project No. 615-0239

Date: August 27, 1986

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By this Agreement made and entered into on the 27th day of August, 1986 the GOVERNMENT OF THE REPUBLIC OF KENYA (hereinafter referred to as the "Cooperating Country") and the UNITED STATES OF AMERICA, acting through the Agency for International Development (hereinafter referred to as "A.I.D."), hereby agree as follows:

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 Cooperating Country 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 a program of institutional strengthening in the areas of curriculum content and structure, administrative operations, staff and faculty development, and educational materials, which aims to insure Egerton's preeminence as an agricultural education institution of excellence in training practically-oriented agricultural manpower for Kenya and Africa. This will be accomplished in part through the establishment of a permanent relationship with a U.S. agricultural university. 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.

ARTICLE 3

Financing

SECTION 3.1. The Grant.

To assist the Cooperating Country 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 Cooperating Country under the terms of this Agreement not to exceed Two Million United States ("U.S.") Dollars (\$2,000,000) ("Grant"). The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and local currency costs, as defined in Section 6.2, of goods and services required for the Project.

SECTION 3.2. Cooperating Country Resources for the Project.

(a) The Cooperating Country 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 Cooperating Country agrees to provide, or cause to be provided, resources for the Project of not less than the equivalent of U.S. \$4,507,700, 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, 1991, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

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

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in Section 7.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Cooperating Country, 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 Cooperating Country 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 Cooperating Country specified in Section 8.2., and of any additional representatives, together with a specimen signature of each person specified in such statement.

SECTION 4.2. Additional Disbursement.

Prior to disbursement of the Grant, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made, for procurement of commodities and equipment from the United States (except procurement of commodities and equipment by the contractor), 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., detailed specifications for each such commodity or equipment procurement.

SECTION 4.3. Notification.

When A.I.D. has determined that the condition precedent specified in Section 4.1 has been met, it will promptly notify the Cooperating Country.

SECTION 4.4. Terminal Date for Condition Precedent.

If the condition specified in Section 4.1 has 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 Cooperating Country.

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

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writing, the program will consist of a mid-term evaluation and a major final evaluation as defined in Annex 1, the Amplified Project Description.

SECTION 5.2. Import of Project Commodities.

The Cooperating Country agrees that when Project commodities are ordered, a DAL form (Application to Purchase or Import Equipment/Materials/Motor Vehicles/Goods for Projects or Project Personnel on a Duty and Sales Tax Free Basis) will be processed expeditiously so that Project funded-commodities will enter Kenya free of all duties and taxes. The DAL form will be processed prior to AID approval of commodity orders. Processing of the DAL will proceed even in the absence of shipment details. Final release of goods by the responsible Customs Officer at the port of entry will be obtained upon presentation of shipment details at the time of arrival of approved commodities in Kenya.

SECTION 5.3. Availability of Funds.

The Cooperating Country agrees that sufficient funds will be budgeted and made available throughout the project to support project operations.

SECTION 5.4. Assignment of Counterpart Personnel.

The Cooperating Country agrees to assign, as required throughout the project, all Egerton College administrative and technical staff required to adequately carry out the project.

SECTION 5.5. Bonding of Trainees.

The Cooperating Country agrees that it will make every effort to assure that persons completing project-financed training programs in the United States serve a minimum period of not less than five years in service at Egerton College.

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 AID Geographic Code Book), 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.

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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 the Republic of Kenya ("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 Cooperating Country 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) requests for A.I.D. to procure commodities or services on the Cooperating Country'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 the Cooperating Country in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Cooperating Country 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 Cooperating Country 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

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

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

SECTION 7.3. Other Forms of Disbursement.

Disbursements of the Grant 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 the Republic of Kenya by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Cooperating Country will make such arrangements as may be necessary so that such funds may be converted into currency of The Republic of Kenya at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the Republic of Kenya.

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 addresses:

To the Cooperating Country:

Mail Address: Permanent Secretary
Ministry of Finance
P. O. Box 30007
Nairobi, Kenya

Alternate address for cables: Finance, Nairobi, Kenya

To A.I.D.:

Mail Address: Director
USAID Mission to Kenya
P. O. Box 30261
Nairobi, Kenya

Alternate address for cables: USAID, AmEmbassy, Nairobi

All such communications will be in English. Other addresses may be substituted for the above upon the giving of notice.

SECTION 8.2. Representatives.

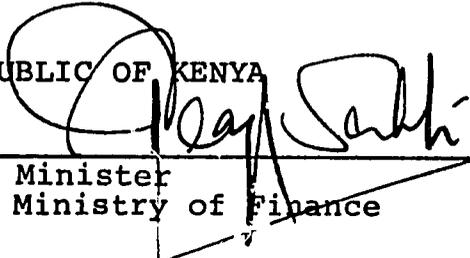
For all purposes relevant to this Agreement, the Cooperating Country will be represented by the individual holding or acting in the office of Permanent Secretary, Ministry of Finance and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID Mission to Kenya, 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 Cooperating Country, 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 Cooperating Country 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.

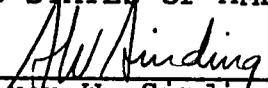
REPUBLIC OF KENYA

BY:


Minister
Ministry of Finance

UNITED STATES OF AMERICA

BY:


Steven W. Sinding
Director, USAID/Kenya

ANNEX 1

AMPLIFIED PROJECT DESCRIPTION

I. GENERAL PROJECT DESCRIPTION

A. Background of the Project

Future development of Kenya's agricultural sector is critically dependent on intensifying production. The limit of arable land and rapid population growth have combined to create serious pressures on existing cultivated land and on Kenya's ability to continue to feed itself. Because agriculture is the foundation of Kenya's economy, failure to intensify production and subsequent lagging growth could have potentially far reaching effects. Intensification will require action and progress on several fronts including research, extension, agricultural services, use of improved inputs, access to credit, marketing and policy improvement. Impinging on all of these is the human resource base required to provide quality personnel to move the sector forward.

The need for trained agriculturalists with practically-oriented skills will continue to exist in Kenya in the foreseeable future. Egerton College has acquired, over the years, an excellent reputation for its practical curriculum. Its graduates are renowned throughout the public and private sectors as being among the best trained agriculturalists in Africa, particularly in the area of extension.

Egerton College faces a challenge in maintaining this reputation due to the conjunction of circumstances which are placing new demands on the college. These include:

- the acquisition of university college status and its implications for autonomy and for relations with other parts of the higher education system and government ministries;
- an anticipated doubling of student enrollment with the addition of new degree programs, and the need for an enlarged staff and faculty;
- beginning of special attention to research and outreach as part of the College's expanded mission, particularly through the Agricultural Resources Center;

- the possibility of becoming a regional agricultural training, research and service center for East Africa, with collaboration from USAID, other international donors, and the International Agricultural Research Centers; and

- a shift from guaranteed government employment of graduates to reliance on the job market, both public and private.

With modest institutional support the Egerton program can be further strengthened to enable it to play an expanded role in training, research, and outreach.

B. Project Purpose and Objectives

This project will strengthen Egerton College as an agricultural education institution of excellence serving the needs of Kenya and other African countries, which will be accomplished in part by the establishment of a permanent institutional relationship between Egerton College and a the University of Illinois at Urbana-Champaign (UIUC).

The Institutional Development for Agricultural Training Project proposes to address the needs outlined above through four major project components:

1. curriculum development and evaluation
2. administrative and management improvement
3. faculty and staff development
4. educational materials, research and outreach

Under the first component, curriculum development, a curriculum review mechanism will be set in place which encompasses both internal departmental committees, Faculty and Academic Boards, and external advisory committees which include representation from the public and private sectors. Curriculum content and structure will also be reviewed by faculty and staff of Egerton College with the latter providing assistance in curriculum revision as needed. UIUC will also provide technical assistance to develop and conduct an initial manpower study and to prepare a survey for follow-up of Egerton graduates. The intent of this project component is to shape curricula which provide graduates with the knowledge and skills needed to meet the requirements of the agricultural public and private sectors.

Administration and management will be improved through the computerization of financial and data management systems at Egerton College under the second project component. Thirty microcomputers will be installed, software procured, and staff

trained in their use in such critical areas as payroll and personnel records, accounting and budgeting systems, student records data base, course content and schedule files, and building and inventory files. Administrative operations will be facilitated by the procurement and installation of printing and photocopying equipment.

The third component of faculty and staff development aims to upgrade the skills of Egerton faculty to meet the more advanced teaching and research requirements of university degree programs, and to strengthen the managerial and administrative skills of staff to enable the college to operate efficiently and effectively in the face of rapidly increasing enrollment. Degree training in the U.S. will be provided for an estimated 10 faculty per year, with emphasis given to Ph.D training. Non-degree training will also be provided, primarily for supervisory administrative staff, who will work with counterparts of UIUC or another U.S. University in conjunction with training courses in the U.S. as well as benefit from temporary technical assistance at Egerton provided by UIUC staff.

The fourth project component of educational materials, research and outreach revolves around the Agricultural Resources Center (ARC) and two soon-to-be-opened Rural Development Laboratories which will serve as the college's vehicle for reaching out into the surrounding communities. An Educational Materials Center (EMC) will be established in conjunction with the ARC, whose function will be to procure where possible from abroad, or prepare as needed on-site, educational materials for use in the regular curriculum, continuing education programs, and the outreach activities of the college through the ARC. The EMC will be constructed and equipped, and staff recruited and trained in graphics and other aspects of educational materials production by UIUC staff. Egerton faculty from the various departments will be assigned on a half-time basis to assist with preparation of suitable educational materials.

Both Egerton faculty and students and UIUC faculty and students will participate in the adaptive agricultural research programs developed by the ARC. A key contribution will be made by UIUC faculty on sabbatical at Egerton College. Research will be undertaken at both the college's existing farms, and at new Rural Development Laboratories based around the college campus and around the Chemeron Field station.

C. End of Project

Successful implementation of project components is expected to lead to the following achievements:

1. Establishment of a permanent institutional relationship between Egerton College and the University of Illinois at Urbana-Champaign.
2. Graduates better qualified technically and having a better understanding of the socio-economic context of Kenyan agriculture to meet the manpower needs of the public and private agricultural sectors.
3. An improved curriculum review structure which includes representation from the private sector, relevant ministries and alumni.
4. New curriculum in the fields of agribusiness and agricultural management as well as revised curricula in other fields to adequately incorporate information on the socio-economic context of Kenyan agriculture, including the role of women farmers.
5. More efficient computerized administrative and management systems in place which are capable of being expanded to meet the needs imposed by rapidly increasing enrollment, new programs, and an enlarged faculty and staff.
6. High demand for student placement, high faculty attraction to Egerton, and high faculty/staff retention and satisfaction.
7. Functioning educational materials center, adaptive research, and continuing education/outreach programs through the Agricultural Resources Center and its subsidiary Rural Development Laboratories.

II. MAJOR RESPONSIBILITIES OF PROJECT PARTICIPANTS

The administration of this project will involve Egerton College, the Ministry of Agriculture and Livestock Development, the Ministry of Education Science and Technology, the Ministry of Finance, USAID, and the University of Illinois at Urbana-Champaign. The implementation arrangements include coordinated plans for short-term technical assistance involving primarily sabbatical arrangements for administrative and teaching staff, training, student and faculty exchange programs, and commodity procurement.

The collaborative assistance method (HB 14, App.H) is being used to design and implement this project. It allows maximum participation of the U.S. educational institution and host country in the design of the program and permits project implementation to respond to changing requirements throughout the life of the project.

1. Government of Kenya

The following agencies will have administrative responsibility for the project:

a. Egerton College

Egerton College will be the major implementing agency for the Project, assisted by the University of Illinois under a host country contract. Egerton College will be responsible for establishing a curriculum review structure that includes new External Departmental Advisory Committees and the appointment of external public and private sector representatives to the Curriculum Monitoring and Advisory Committee. It will also be responsible for selecting staff for training, paying international travel costs and partial staff salaries during training, and requiring that staff who receive degree training remain at the college for five years following the completion of training.

Egerton will prepare documentation for procurement of project commodities, clear articles from customs arriving from abroad, transport all commodities purchased in-country and overseas to the college, install equipment where necessary, and provide for operation and maintenance. Suitable facilities will be made available for project sponsored training at Egerton, and space and staff provided for the Educational Materials Center.

Egerton will arrange travel and housing accommodation for visiting faculty and staff, and cover other in-country costs of

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the sabbatical/research program. A research fund will be established to finance research by Egerton College faculty and visiting faculty and scholars. A coordinator will be appointed for the project who will ensure that the institutional linkage with the University of Illinois proceeds smoothly.

b. Ministry of Education, Science and Technology

The Ministry of Education, Science and Technology (MOEST) will be responsible for monitoring the project and will participate in its evaluations.

c. Ministry of Agriculture and Livestock Development

The Ministry of Agriculture and Livestock Development (MOALD) will participate in Egerton College's curriculum development activities and will cooperate with Egerton College as it develops research and outreach programs. This Ministry will also monitor the project in general and will participate in its evaluations. Although Egerton's new University College status will change the previous direct accountability from MOALD to MOEST, the close functional relations between MOALD and Egerton will continue because of the college's critical importance in agricultural training, research and outreach.

2. USAID

USAID and Egerton College will be jointly responsible for monitoring and evaluating the progress of the project. USAID will review and approve all contracts and commodity procurement plans and will assist Egerton College in the contracting process as needed. Contracting for evaluation services will be the full responsibility of USAID.

3. University of Illinois

The University of Illinois will be responsible for providing advisory services on a technical assistance or sabbatical basis; developing faculty and student exchange programs; assisting with curricular development; devising a means of acquiring and producing teaching/learning materials and training EMC staff; developing, monitoring and implementing faculty/staff participant training programs, and procuring project micro-computers and software. The University will also be responsible for preparing periodic reports on the progress of the project, and will cooperate in the evaluations of the project initiated by USAID and Egerton College.

III. EVALUATION AND MONITORING PLAN

Continuous assessment of overall project management and evaluation of project goals, purposes, output, achievement and implementation strategies is required. Three levels of evaluation will be employed in a cycle during the life of the project.

(1) A quarterly review and assessment of project progress will be made jointly by Egerton College, the U.S. university and USAID. The review will be based on a project quarterly report prepared jointly by the university and Egerton College.

(2) An annual review and assessment will be made of project accomplishments with reference to project goals and purposes. Again, the parties involved in this review will include Egerton College and the Chairman of its Board of Governors, MOEST, MOALD, the University, and USAID. In line with the collaborative assistance method, project implementation strategies, work plans and budgets for the coming year will be carefully reviewed and modifications will be made where necessary. The resulting budget and work plan will be agreed upon by the parties involved and will become the basic implementation guide for the subsequent year.

(3) At the conclusion of the second and the beginning of the fifth years of the project, in-depth evaluations will be carried out. These evaluations will be undertaken by external evaluators contracted by A.I.D. and include the participation of the Ministry of Agriculture and Livestock Development and the Ministry of Education, Science and Technology.

Continuous assessment and evaluation activities will be coordinated by the Principal of Egerton College and the Project Director, University of Illinois. Each of the project activities will be evaluated with respect to specific purposes, outputs, and inputs as they relate to the objectives of that activity and as modified during the annual review. The overall evaluation of the project will emphasize the progress made toward the goal and purpose achievement and the effectiveness of overall program management.

IV. IMPLEMENTATION SCHEDULE

The implementation schedule for the first two years of the project is presented below. Following the collaborative assistance mode, detailed implementation plans will be prepared each year following an in-depth review of progress made to date and agreement on the targets for the next year.

Implementation Sequence - FYs 1987 and 1988

ACTION	SEQUENCE								
	FY 87				FY 88				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<u>Linkage</u>									
1. Appointment Liaison Committees and Coordinators									x
2. Preparation for and exchange of liaison committees	xxx	xxx							
3. Departmental Exchange	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
<u>Administration and Management</u>									
1. Purchase and installation of administration micro-computer					xx	xxx			
2. Appointment of Director computing service					xxx				
3. Staff Training at Egerton in basic 8-week computer course						xxx			
4. On-the-job training for other faculty and support staff					xxx	xxx	xxx	xxx	xxx

	FY 87				FY 88			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Faculty/Staff Development</u>								
1. Academic Board selects faculty for degree training	xxx				xxx			
2. U.S. placement activities for FY 88 and FY 89 begin		xxx	xxx	xxx		xxx	xxx	xxx
3. Trainees depart for FY 88 and FY 89 (FY 87 trainees begin in Q4 of FY 86)							x	x
4. Workshops/seminars in Kenya for Egerton faculty as needed	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
5. Advanced training at UIUC for selected staff from finance, student records, etc.		xxx	xxx	xxx	xxx	xxx	xxx	xxx
6. Observation/counterpart assignment at UIUC for senior administrative staff		xxx	xxx	xxx	xxx	xxx	xxx	xxx
<u>Curriculum Development and Evaluation</u>								
1. Naming of internal and external committees	xxx							
2. Planning and execution of manpower study		xxx	xxx	xxx	xxx			
3. Exit questionnaire of graduates and graduate-placement studies		xxx					xxx	
4. Continuous monitoring and evaluation	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
<u>Educational Materials, Research and Outreach</u>								
1. Organization of EMC	xxx							

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	FY 87				FY 88			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2. Begin construction planning/ program for EMC building	x	xxx	xxx	xxx				
3. Staffing and establishment of departmental linkages			xxx					
4. UIUC search for usable existing materials with Kenyan applicability	xxx	xxx						
5. Purchase/delivery of equipment for quick copy centers	xxx	xxx						
6. Purchase/delivery of equipment for EMC					xxx	xxx	xxx	
7. Planning/production of educational materials					xxx	xxx	xxx	xxx
8. Organization of ARC for expanded mission								
a. Naming of research policy committee		xxx						
b. Establishment of research fund		xxx						
c. Establishment of Rural/ Development Laboratories		xxx						
d. Planning/conduct of continuing education and outreach	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
9. Sabbatic faculty selected and arrive	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
10. Graduate scholars selected and arrive							x	xxx
11. Development of plan for library improvement		xxx						
12. Implementation of library plan					xx	xxx	xxx	xxx

V. ILLUSTRATIVE FINANCIAL PLAN

Of the estimated project cost of \$8,588,400, A.I.D. will contribute \$2,000,000, the Government of Kenya/Egerton College \$4,507,700, and the University of Illinois at Urbana-Champaign \$2,080,700. A.I.D. will furnish its total contribution to the five year project in 1986. The Government of Kenya/Egerton College will provide \$1,726,800 in the initial year, with the balance provided incrementally in subsequent project years. UIUC will also provide its contribution incrementally.

An illustrative financial plan delineating the sources and uses of the funds currently available is provided as Attachment 1 to this Annex. Changes may be made to the plan by the representatives named in Section 8.2 of this Agreement without formal amendment to the Agreement. Such changes must not cause A.I.D.'s contribution to exceed the amount specified in Section 3.1 of the Agreement or the Cooperating Country's contribution to be less than the amount specified in Section 3.2 of the Agreement. The mutual agreement of the parties will be required when any implementation changes result in an adjustment in any line item of the illustrative financial plan by ten percent or more.

The AID contribution will finance primarily foreign exchange costs. These include the following:

- Short term technical assistance by UIUC faculty and staff
- Degree and short term training of Egerton College faculty
- Microcomputers and associated software
- Teaching materials
- Vehicles
- Project coordination office operations
- Project evaluation (and/or audits as needed)
- International Travel (foreign exchange costs)

The GOK contribution will finance only local currency costs of the project. These include:

- Salaries and travel costs of Egerton College faculty and staff sent for training
- Personnel
- Printing, photographic, audio visual and copying equipment for the Educational Materials Center
- Construction of the Educational Materials Center
- Local currency costs of the faculty/student exchange program and the sabbatic research program
- Expendable supplies

Egerton College will also provide in-kind office space, secretarial support, and housing for visiting professors and students, and advisors.

The University of Illinois contribution will finance:

- 10 Tuition and fee waivers for Egerton College faculty per year at UIUC
- Salaries of faculty on sabbatic leave at Egerton College (approximately 10 per year)
- Faculty release time for counterpart training, liaison and linkage activities

Attachment 1 to Annex 1
 Institutional Development for Agricultural Training Project Agreement
 Project No. 615-0239

PROJECT FINANCIAL PLAN
 (Source and Application of Funding - \$'000's)

INPUT	SOURCE					PROJECT TOTAL (\$'000)
	AID Contribution (\$'000)	UIUC Contribution (\$'000)	1986 LC Equiv. (\$'000)	GOK Contribution Anticipated ('87-'91) LC Equiv. (\$'000)	Total LC Equiv. (\$'000)	
Technical Assistance	198.2	165.1	101.2	130.0	231.2	594.5
Training	768.8	419.5	500.1	681.3	1181.4	2369.7
Commodities	230.5	-	186.3	424.3	610.6	841.1
Construction	-	-	156.2	-	156.2	156.2
Sabbatic/Scholar	99.0	1242.0	526.0	1100.0	1626.0	2967.0
Coordination Offices	518.2	155.0	100.0	192.5	292.5	965.7
Evaluation	90.0	-	-	-	-	90.0
Subtotal	1904.7	1981.6	1569.8	2528.1	4097.9	7984.2
Inflation(5%FX;10%LC)	95.3	99.1	157.0	252.8	409.8	604.2
TOTAL	2000.0	2080.7	1726.8	2780.9	4507.7	8588.4

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ANNEX 2

PROJECT GRANT STANDARD PROVISIONS

Definitions:

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

ARTICLE A

Project Implementation Letters

To assist the Cooperating Country in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters, sequentially numbered, 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 consultants, contractors, or suppliers engaged on the Project, and other matters relating to the Project.

SECTION B.2. Execution of Project.

The Cooperating Country 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 a manner as to assure the continuing and successful achievement of the purposes of the Project.

SECTION B.3. Utilization of Goods and Services.

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

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

SECTION B.4. Taxation.

(a) This Agreement, and the Grant will be free from, and the Principal and interest will be paid free from, any taxation or fees imposed under laws in effect in the territory of the Cooperating Country.

(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 Cooperating Country, the Cooperating Country 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 Cooperating Country 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;

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(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 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 Cooperating Country confirms:

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

(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.

The Cooperating Country affirms that no payments have been or will be received by any official of the Cooperating Country 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 Cooperating Country.

SECTION B.8. Information and Marking.

The Cooperating Country 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.

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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 of the Cooperating Country 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 (and their personal effects) 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 Cooperating Country 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 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 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.

(d) Consulting firms used by the Cooperating Country 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 Cooperating Country 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 Cooperating Country 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 Cooperating Country 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 Government 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 Cooperating Country, 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 Cooperating Country 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 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 Cooperating Country may be financed under the Grant, 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 Cooperating Country (or government of Cooperating Country), 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 Cooperating Country 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 marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, the Cooperating Country 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 Cooperating Country 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 Cooperating Country for the replacement or repair of such goods. Any such replacement 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 Cooperating Country 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 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 Cooperating Country's country, are in a deliverable state and have not been offloaded in ports of entry of Cooperating Country'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 Cooperating Country 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 Cooperating Country 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 Cooperating Country to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

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

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

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Cooperating Country 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 Cooperating Country.

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 Cooperating Country agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Cooperating Country 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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