

615-0214

Kenya

Technology Training

Pro Ag

FY 82

LIMITED SCOPE GRANT PROJECT AGREEMENT

Between the United States of America, acting through  
the Agency for International Development (AID)

AND

THE REPUBLIC OF KENYA  
(Grantee)

1. Project Title: Technology Training 2. AID Project Number: 615-0214

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

3. Amount of AID Grant: \$500,000 4. Grantee Contribution to the Project: See Annex A - Financial Plan

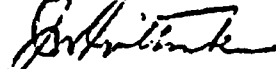
5. Project Assistance Completion Date: September 30, 1983

6. This Agreement consists of this title page and, a project description (Annex A), Special Provisions (Annex B), and Standard Provisions (Annex C)

7. For the Grantee  
Typed Name:  
J. W. Githuku

8. For the Agency for  
International Development  
Typed Name:  
Charles E. Costello

Signature



Signature



Title: Financial Secretary  
Office of the Vice President  
and Ministry of Finance

Title: Acting Director  
USAID/Kenya

Date: 30<sup>th</sup> September 1981

Date: 30 September 1981

Certified to be a True Copy of the Original Document executed  
by the above parties on September 30, 1981.



Gary B. Bisson  
Regional Legal Advisor  
REDSO/EA

16 Oct 1981

PROJECT DESCRIPTION

A. General Project Description:

This grant is an outgrowth of a high level U.S. science and technology mission to Kenya September 26-29, 1980, headed by President Carter's science advisor, Dr. Frank Press. The purpose of the 28-person mission was to forge closer ties between U.S. and African science and technology communities. The Mission identified areas of common interest and selected a limited number of activities in which the United States could be of direct assistance in strengthening LDC science and technology capabilities. Among documents signed at the conclusion of the Press visit on September 29, 1980, was a Memorandum of Understanding for Cooperation in Science and Technology in which the U.S. agreed to provide up to \$500,000 to finance cooperation in such fields as technical staff training, industrial research and/or commodities for technical training facilities in Kenya.

The Parties, following signature of the Memorandum Understanding, have identified six Harambee Institutes of Technology and the Kenya Industrial Research and Development Institute which require equipment for improving technical training and industrial research. The type of equipment to be provided to each institution is listed below:

- (a) Kaimosi College of Research and Technology - Food Technology
- (b) - Kiambu Institute of Technology - Radio, TV and Allied Equipment Repair and Maintenance
- (c) Muranga College of Technology - Mechanical and Electrical Engineering
- (d) Rift Valley Institute of Science and Technology - Electrical Engineering
- (e) Sangalo Institute of Science and Technology - General Agriculture
- (f) Western College of Arts and Applied Sciences Mechanical Engineering

(g) Kenya Industrial Research and Development  
Institute - Mechanical Engineering

The Grant will directly benefit some 4600 vocational training students and approximately 100 research and development specialist employed by the Kenya Industrial Research and Development Institute during the 10-year equipment life. Indirect benefits will accrue to rural areas, including market centers, following the grant period as HIT graduates provide needed technical skills in agriculture; machinery repair and maintenance including production of spare parts; food preservation; manufacture of simple machinery; and repair and maintenance of radios, televisions, calculators and similar electronic equipment. Medium-scale industry, with emphasis on agro-industries, will benefit from increased production of simple machinery and spare parts and the development or adaptation of new food processing and other industrial technologies.

The goal of the grant is to provide alternative sources of employment to rural Kenyans. The purpose of the grant is to improve vocational and technical skills of Kenyans by strengthening the capabilities of (a) Harambee Institutes of Technology to provide vocational training, and (b) the Kenya Industrial Research and Development Institute to assist the growth of Kenya's industrial sector and, in particular, agro-industry.

B. Contribution of parties to the Project

1. U.S. Agency for International Development:

The AID Grant of \$500,000, (Five hundred thousand) will be obligated upon signature by Parties of this Agreement. The Grant will be available for the purchase of commodities including spare parts in the U.S., procurement service agent fee, insurance and freight to a port of entry in Kenya.

2. Harambee Institute of Technology (HITs)

The HITs will provide adequate facilities to house the equipment, the cost of training each student which is not covered by the Grantee and the tuition fee, and teachers to provide training.

**3. Kenya Industrial Research and Development Institute (KIRDI)**

The KIRDI will provide adequate facilities to install equipment and the cost of clearing the commodities from the port of entry in Kenya and in-country transportation to the KIRDI's facility in Nairobi

**4. Grantee**

The Government of Kenya will provide the cost of clearing the goods from the port of entry in Kenya, in-country transportation to Harambee Institutes of Technology and scholarship assistance to the institutions.

**C. Implementation**

**1 Administrative Arrangements**

**a. U.S. Agency for International Development**

The Projects Division, supported by the REDSO/EA Regional Supply Management Officer and other offices, will have overall responsibility for monitoring the project.

**b. Grantee**

The executing agencies will be the Ministry of Higher Education for the Harambee Institutes of Technology and the Ministry of Industry for the Kenya Industrial Research and Development Institute.

The executing agencies will be responsible for transporting the equipment from Mombasa or other point of entry to the recipient institutions, and for providing adequate facilities (workshop, laboratories, storage) for the equipment; sufficient personnel at the appropriate technical level to operate the equipment and instruct others in the use; operating costs; maintenance; and inventory control.

**D. Procurement Procedures**

All equipment will be of U.S. source. The Kenya Industrial Research and Development Institute will purchase its items directly using procedures set forth in Handbook 11 Chapter 3. The equipment for the Harambee Institutes of Technology will be purchased by a U.S. procurement service agent appointed by the Ministry of Higher Education. Commodities for the Harambee

Institutes will be procured or shipped in six discrete lots based on the agreed upon equipment list for each recipient institution, thereby avoiding any possible delay, transfer to a wrong consignee or loss, were the equipment to be shipped in one lot for sorting in-country. Appropriate spare parts, which are not available locally, will be purchased along with the equipment.

**E. Evaluation**

An evaluation will be undertaken by USAID at the close of the grant period to determine that the equipment is being utilized as planned and it is being properly maintained, and, for the Harambee Institutes of Technology, that instructors are in place and the expected number of students are receiving training in the courses for which the equipment was requested.

**F. Disbursement**

AID will make disbursements directly to suppliers or the procurement service agent in accordance with the standard AID procedures.

**G. Financial Plan**

The following financial plan illustrates the AID, Harambee Institutes of Technology and Grantee contributions to the project. Changes in the figures contained in the plan may be made by agreement in writing by the Parties without formal amendment to the Agreement so long as such changes do not cause the AID contribution to exceed the amount set forth in Block 3 of this Agreement.

|   | <u>U.S. Dollars</u> |                                |               |              |
|---|---------------------|--------------------------------|---------------|--------------|
|   | <u>AID</u><br>(FX)  | <u>GOK</u><br>(Local Currency) | <u>HITs</u>   | <u>TOTAL</u> |
| Equipment and Spares                                      | 423,800             |                                |               | 423,800      |
| Harambee Institutes<br>of Technology                      | (336,800)           |                                |               |              |
| Kiambu  | (34,600)            |                                |               |              |
| Muranga   | (72,000)            |                                |               |              |
| Rift Valley   | 34,600)             |                                |               |              |
| Sangalo   | ,72,500)            |                                |               |              |
| Western College   | (36,600)            |                                |               |              |
| Kaimosi   | (86,500)            |                                |               |              |
| Kenya Industrial<br>Research and<br>Development Institute | (87,000)            |                                |               |              |
| In-Country Transportation<br>including port charges       |                     | 25,000                         | <sup>1/</sup> | 25,000       |
| New or Remodelled Facilities                              |                     |                                | 205,000       | 205,000      |
| Scholarship Assistance                                    |                     | 138,000                        | 621,000       | 759,000      |
| Procurement Service Fee<br>(7%) of FAS Cost               | 24,000              |                                |               | 24,000       |
| 12% Contingency and Inflation                             | 52,200              |                                |               | 52,200       |
| <b>Total:</b>   | 500,000             | 163,000                        | 826,000       | 1,489,000    |

1/Includes approximately \$5000 to be financed by KIRDI.

SPECIAL PROVISIONS

A. Conditions Precedent to Disbursement

Prior to disbursement under the grant, or to the issuance by AID of documents pursuant to which disbursement will be made for procurement of equipment for an institution under the Grant, Grantee will furnish to AID or cause to be furnished to AID, in form and substance satisfactory to AID, evidence that adequate facilities exist or are planned to house or otherwise support the equipment.

B. Covenant

The Grantee shall covenant that, except as AID and the Grantee may otherwise agree in writing, Grantee shall provide adequate operating and maintenance costs for the equipment financed under the Grant for five years beyond final disbursement of the Grant.

C. Source and Origin of Goods and Services

Except as provided, or as AID may otherwise agree in writing, goods and services financed by AID under the Project shall have their source and origin in the United States. Ocean shipping financed under the Project, shall except as AID may otherwise agree in writing, be financed only on flag vessels of the United States.



ANNEX C

PROJECT AGREEMENT

PROAG STANDARD PROVISIONS ANNEX

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

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

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

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

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

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

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

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

H. (1) Any property furnished to either party through financing by the other party pursuant to this Agreement shall, unless otherwise agreed by the party which financed the procurement, be used effectively for the purposes of the Project in accordance with this Agreement, and upon completion of the Project, will be used so as to further the objectives sought in carrying out the Project. Either party shall offer to return to the other, or to reimburse the other for, any property which it obtains through financing by the other party pursuant to this Agreement which is not used in accordance with the preceding sentence.

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

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

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

(2) If any personnel (other than citizens and residents of the cooperating country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with AID, the Grantee or any agency authorized by the Grantee, who are present in the cooperating country to provide services which AID has agreed to furnish or finance under this Agreement, are

under the laws, regulations or administrative procedures of the cooperating country, liable for income and social security taxes with respect to income which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes or personal property intended for their own use, or for the payment of any tariff for duty upon personal or household goods brought into the cooperating country for the personal use of themselves and members of their families (not including such personal or household goods as may be sold by any such personnel in the cooperating country) or if any firm, not normally resident in the cooperating country, is liable for income, receipts, or other taxes on work financed by AID hereunder, the recipient will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

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

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

L. The parties will 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 adequate to show, without limitation, the receipt and use of goods and services acquired under the Grant. The two parties shall have the right at any time to observe operations carried out under this agreement. Either party during the term of the Project and for three years after the completion of the Project shall further have the right (1) to examine any property procured through financing by the party under this Agreement, wherever such property is located, and (2) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this Agreement, wherever such records may be located and maintained. Each party, in arranging for any disposition of any property procured through financing by the other party under this Agreement, shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which did the financing.

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

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

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

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

Q. Unless AID otherwise agrees in writing, 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.

R. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(1) The Grantee will furnish to AID upon preparation, any plans, specifications, procurement 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 procurement service agents and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished AID on preparation.

(2) Documents related to the prequalification and selection of procurement service agents, and to the solicitation of bids or proposals for goods and services financed under the Grant will be approved by AID in writing prior to their issuance, and their terms will include United States standards and measurements.