

No. 14261

**UNITED NATIONS
(UNITED NATIONS CAPITAL DEVELOPMENT FUND)
and
LESOTHO**

Grant Agreement—*Sanitation for Rural Schools* (with annexes). Signed at Maseru on 3 September 1975

Authentic text: English.

Registered ex officio on 3 September 1975.

**ORGANISATION DES NATIONS UNIES
(FONDS D'ÉQUIPEMENT DES NATIONS UNIES)
et
LESOTHO**

Accord relatif à un don en espèces—*Équipement sanitaire des écoles rurales* (avec annexes). Signé à Maseru le 3 septembre 1975

Texte authentique: anglais.

Enregistré d'office le 3 septembre 1975.

GRANT AGREEMENT¹

BETWEEN LESOTHO (THE GOVERNMENT)
AND UNITED NATIONS CAPITAL DEVELOPMENT FUND (THE UNCDF)

Project number: LES/74/C32

Project title: Sanitation for Rural Schools

Approved:

[Signed—Signé]²
For the Government

Ministry of Finance
Maseru, Lesotho
Date: 3 Septembre 1975

[Signed—Signé]³
For the UNCDF

UNDP
Maseru
Date: 3 September 1975

Article I. THE GRANT

Section 1.01. The UNCDF agrees to make a grant (hereinafter called the Grant) available to the Government, upon the terms and conditions set forth or referred to in this Agreement, in an amount of two hundred ninety-six thousand United States dollars (US \$296,000), as a financial contribution to the Sanitation for Rural Schools project (hereinafter called the Project) described in annex I of the present Agreement.

Section 1.02. (a) The UNCDF shall open a grant account (hereinafter called "the Grant Account") on its books in the name of the Government and shall credit thereto the amount of the Grant.

(b) The table below sets forth the categories of items to be financed out of the proceeds of the Grant and the allocation of the amounts of the Grant to each category:

<i>Category</i>	<i>Amount of the Grant allocated (in United States dollars)</i>
(1) Latrines and water supply facilities	\$255,000
(2) Vehicles, materials, equipment and supporting costs	\$ 41,000
TOTAL	<u>\$296,000</u>

(c) Disbursement shall be made from the Grant Account and from the proceeds of the Grant, and the Project shall be administered in accordance with the provisions and by the organizations set forth or referred to in an Administration Agreement to be agreed to and signed by UNCDF, the Government and the organizations carrying out the Project. A draft Administration Agreement, marked annex II, is attached to this Agreement.

¹ Came into force on 3 September 1975 by signature, in accordance with section 6.01.

² Signed by Khetla Thabo Joshua Rakheta—Signé par Khetla Thabo Joshua Rakheta.

³ Signed by Ahmad Kabbah—Signé par Ahmad Kabbah.

(d) Notwithstanding the provisions of paragraph (c) of this section, no disbursements shall be made in respect of:

- (i) any expenditures prior to the date of this Agreement;
- (ii) payments for taxes and other charges imposed under the laws of the Government or laws in effect in its territories on the sale or transfer of goods or services, or on the importation, manufacture, procurement, supply or ownership thereof; and
- (iii) any expenditures unless the conditions precedent referred to in paragraph (e) of this section 1.02 are satisfied.

(e) The conditions precedent to the initial disbursement from the Grant Account are set forth in annex III to this Agreement. UNCDF may, upon notification to the Government, declare this Agreement to be null and void if the said conditions precedent are not satisfied on or before December 31, 1975.

Section 1.03. If the UNCDF has reasonably estimated that the amount of the Grant then allocated to any category will be insufficient to finance the expenditures in that category, the UNCDF may, by notice to the Government, reallocate to such category such amounts then allocated to another category as in the opinion of the UNCDF are not needed to meet other expenditures.

Section 1.04. If the UNCDF shall have reasonably determined that the procurement of any item in any category is inconsistent with the procedures set forth or referred to in this Agreement, no expenditures for such item shall be financed out of the proceeds of the Grant and the UNCDF may, without in any way restricting or limiting any other right, power or remedy of the UNCDF under this Agreement, by notice to the Government, cancel such amount of the Grant as in the UNCDF's reasonable opinion represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Grant.

Section 1.05. The UNCDF may by notice to the Government terminate the right of the Government to disburse funds from the proceeds of the Grant any amount not disbursed by January 1, 1979, or by such other date as shall be agreed between the Government and the UNCDF.

Article II. GENERAL PROVISIONS CONCERNING THE EXECUTION OF THE PROJECT

Section 2.01. The Government shall carry out the Project or, if another Organization is designated for this purpose in annex II to this Agreement, cause the Project to be carried out by such Organization, with due diligence and efficiency and in conformity with appropriate administrative, technical and financial practices, and shall provide, promptly as needed, all funds, facilities, services and other resources required therefor.

Section 2.02. (a) Contracts for the goods and services required for the Project and to be financed out of the proceeds of the Grant shall be awarded under procedures agreed to between the Government and the UNCDF, or, if the Government shall so agree, between the Organization referred to in section 2.01 of the Agreement and UNCDF.

(b) The UNCDF may, in agreement with the Government, cause to be provided to the Government such assistance in the procurement of goods and services for the Project, as is consistent with the policy of the UNCDF.

Section 2.03. Except as the Government and the UNCDF shall otherwise agree, the Government shall cause all goods and services financed out of the proceeds of the Grant to be used exclusively for the Project.

Section 2.04. The Government undertakes to insure, or make adequate provision for the insurance of the imported goods to be financed out of the proceeds of the Grant, against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Government to replace or repair such goods.

Section 2.05. The Government shall: (a) maintain separate records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Grant, and to disclose the use thereof in the Project; (b) have such records audited every year and furnish to the UNCDF such records and the report of the audit thereof not later than six months after the end of the fiscal year of the Government; (c) enable the UNCDF's representatives to visit the facilities and construction sites included in, or relevant to, the Project, and to examine the goods financed out of such proceeds and any relevant records and documents; and (d) furnish to the UNCDF all such information as the UNCDF shall reasonably request concerning the Project, the expenditure of the proceeds of the Grant and the goods and services financed out of such proceeds.

Section 2.06. Except as the Government and the UNCDF shall otherwise agree, the Government shall not create or permit to be created, any encumbrance, mortgage, pledge, charge, lien or priority of any kind on the goods financed by the proceeds of the Grant, provided, however, that the foregoing provisions of this section shall not apply to any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property.

Article III. COOPERATION AND INFORMATION

Section 3.01. COOPERATION AND INFORMATION. (a) The Government and the UNCDF shall cooperate fully to assure that the purpose of the Grant will be accomplished. To that end, the Government and the UNCDF shall from time to time, at the request of any one of them:

- (i) exchange views through their representatives with regard to the progress of the Project, the benefits derived therefrom and the performance of their respective obligations under this Agreement and other matters relating to the purposes of the Grant; and
- (ii) furnish to the other party all such information as it shall reasonably request with regard to the progress of the Project, the benefits derived therefrom and the general status of the Grant.

(b) The Government and the UNCDF shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the progress of the Project, the accomplishment of the purposes of the Grant, or the performance by any one of them of its obligations under this Agreement.

(c) After the completion of the Project, the Government shall make available to the UNCDF all such information as UNCDF may reasonably request with regard to the benefits derived from the Project including information necessary or appropriate for the UNCDF to evaluate the Project or its assistance to the Government.

Article IV. SUSPENSION OR TERMINATION OF ASSISTANCE

Section 4.01. The UNCDF may by written notice to the Government suspend its assistance under this Agreement if in the judgment of the UNCDF any circumstance arises which interferes with or threatens to interfere with the successful completion of the Project or the accomplishment of its purposes. The UNCDF may, in the same or in a subsequent written notice, indicate the conditions under which it is prepared to resume its assistance under this Agreement. Any such suspension shall continue until such conditions are accepted by the Government and the UNCDF shall have given written notice to the Government that it is prepared to resume its assistance under this Agreement.

Section 4.02. If any situation referred to in section 4.01 shall occur and continue for a period of fourteen days after notice thereof shall have been given by the UNCDF to the Government, then, at any time thereafter during the continuance thereof, the UNCDF may by written notice to the Government terminate its assistance under this Agreement and require that the Government reimburse to the UNCDF the amount of the Grant disbursed from the Grant Account. The Government shall promptly reimburse such amount to the UNCDF upon receipt of such request.

Section 4.03. The provisions of this article shall be without prejudice to any other rights or remedies that UNCDF may have in the circumstances, whether under general principles of law, the laws in effect in the territories of the Government or otherwise.

Section 4.04. No delay in exercising, or omitting to exercise, any right or remedy of the UNCDF under this Agreement shall be construed as a waiver thereof.

Article V. INTERPRETATION AND SETTLEMENT OF DISPUTES

Section 5.01. The provisions of this Agreement shall be interpreted in keeping with the relevant resolutions and decisions of the appropriate organs of the United Nations and any relevant matter for which no provision is made in this Agreement shall be settled by the Parties thereto in keeping with the said resolutions and decisions, each Party giving full and sympathetic consideration to any proposal advanced by the other Party under this section.

Section 5.02. Any dispute between the Government and the UNCDF arising out of or relating to this Agreement which is not settled by negotiation or other agreed mode of settlement shall be submitted to arbitration at the request of either Party. Each Party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint a third arbitrator, who shall be the chairman of the arbitration tribunal. If within thirty days of the request for arbitration either Party has not appointed an arbitrator or if within fifteen days of the appointment of the two arbitrators, the third arbitrator has not been appointed, either Party may request the President of the International Court of Justice to appoint such as yet unappointed arbitrators, and the expenses of the arbitration shall be borne by the Parties as assessed by the arbitrators. The arbitral award shall contain a statement of the reasons on which it is based and shall be accepted as binding by the Parties to the dispute.

Article VI. ENTRY INTO FORCE; TERMINATION

Section 6.01. This Agreement shall enter into force on the date of signature by the Parties hereto.

Section 6.02. The obligations of the Parties under this Agreement, except under article III and except as provided for in annex II, shall terminate on a date four years after the date set forth in section 1.05 of this Agreement of four years after such later date as shall be agreed between the Government and the UNCDF in accordance with provisions of the said section.

Article VII. REPRESENTATIVES OF THE PARTIES; ADDRESSES

Section 7.01. [The] Director of Central Planning Office is designated as [the] representative of the Government for the purpose of taking any action required or permitted to be taken under this Agreement on behalf of the Government.

Section 7.02. The UNCDF may by notice to the Government designate a person or persons as representative of the UNCDF for the purpose of receiving any documentation which is to be furnished to the UNCDF or of performing any act required or permitted to be performed by the UNCDF in accordance with the terms of this Agreement.

Section 7.03. The following addresses are specified for the purpose of transmitting any notice or request required or permitted to be given or made under this Agreement.

For the Government:

Central Planning Office
Maseru, Lesotho

For the UNCDF:

United Nations Capital Development Fund
c/o Resident Representative of the United Nations Development Programme
UNDP
Maseru

IN WITNESS WHEREOF the Parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and on the respective dates first written above.

LES/74/C32

Lesotho: Sanitation for Rural Schools—\$296,000

ANNEX I

Only about 10% of the 1,067 primary schools have latrines, safe pipe water or hand pump wells. In order to improve sanitation standards in the country and reduce the high incidence of gastro-intestinal infections, a sanitation and water supply system will be built mainly by self-help labour and linked to an intestinal health education campaign in the 600 schools involved. The project takes into account the physical features of Lesotho, where run-offs of heavy rainfalls have etched deep channels into eroded mountainous terrain. Schools are usually located above the villages, and human waste deposited in the channels is washed into the villages during the rainy seasons. The seasonal nature of gastro-intestinal infections appears evident.

Approximately 4,200 latrines will be built at an average cost of US \$45.00 per unit and 80 to 90 water supply facilities at an average unit cost of \$750. The latter will include extensions of the village water supply, production and transportation of water from the near-by springs, roof catchments, etc. The cost estimates include a 10% annual cost escalation provision for three years. Vehicles, materials, equipment and supporting costs

to be financed by UNCDF amount to \$41,000. Construction will be undertaken in two phases, the first lasting one year and entailing approximately 40% of expenditures. This will permit adjusting if necessary the project's implementation in the light of early experience.

LES/74/C32

Lesotho: Sanitation for Rural Schools—\$296,000

ANNEX II

ADMINISTRATION AGREEMENT

This Agreement, among the Parties whose names appear below, is made pursuant to article I, section 1.02 (c), of the Grant Agreement between Lesotho (the "Government") and the United Nations Capital Development Fund (UNCDF) for sanitation for rural schools (Project), and in furtherance of the purposes of that Agreement. The responsibilities and procedures for execution of the Project are agreed to by the Parties as set forth herein.

A. *Resident Representative (Res. Rep.) of United Nations Development Programme (UNDP)*

The Res. Rep. shall disburse the funds from the Grant Account after determination by the Res. Rep. that the conditions precedent specified in annex III to the Grant Agreement have been satisfied and that all other provisions of the Grant Agreement relating to disbursement have been met. Disbursement shall be made by the Res. Rep. only upon receipt of documents certified by the Chief Health Inspector and the WHO sanitarian showing eligible expenditures for the Project.

B. *Ministry of Health of Lesotho*

1. *Responsibilities.* The Ministry of Health acting through its Chief Health Inspector will

- (i) organize and supervise the construction of latrines and water supply systems;
- (ii) provide other support by assigning 6 health inspectors and 22 assistants;
- (iii) construct in the first phase 1,400 latrines and 20 water supply systems;
- (iv) assess, with the WHO sanitarian, the results of the first phase with special reference to the effectiveness of the new latrines compared to the new water supply systems in reducing gastro-intestinal diseases; and
- (v) such further specific responsibilities in the second phase as may be agreed with UNCDF.

2. *Reports.* The following reports shall be made to the Res. Rep.:

- (a) schedules for procurement and construction semi-annually within 30 days after each six-month period, until the project is completed;
- (b) schedules showing procurement and construction completed semi-annually within 30 days after each six-month period, until the project is completed;
- (c) the report of assessment of the first phase and a report of assessment upon completion of the Project which shall include a statement on the effectiveness of the educational program conducted by the Ministry of Education;
- (d) an audited annual statement of expenditures for the Project within 90 days after the end of the calendar year.

C. *Ministry of Education of Lesotho*

The Ministry of Education shall conduct an educational program in sanitary practices.

D. *Ministry of Interior of Lesotho*

The Ministry of Interior shall organize self-help labour in collaboration with the Department of Community Development.

E. *WHO Sanitarian Provided by UNDP-LES/72/009*

The WHO sanitarian shall be responsible for:

- (1) day-to-day operations of the Project including supervision of the central warehouse in Maseru in close cooperation with the Chief Health Inspector of the Ministry of Health;
- (2) selection of sites for proposed construction; and
- (3) assisting the Chief Health Inspector of the Ministry of Health in assessing the first phase of the Project.

F. *Procurement*

All requests for disbursement by the Res. Rep. shall be accompanied by invoices and a certificate attached to each invoice and signed by the Chief Health Inspector and the WHO sanitarian in the form attached as Exhibit A in the case of procurement of vehicles, materials and equipment and in the form of Exhibit B in the case of all other procurement.

Approved:

Lesotho:

By [<i>Signed—Signé</i>] ¹	<i>Date:</i> 10 September 1975
United Nations Capital Development Fund:	
By [<i>Signed—Signé</i>] ²	<i>Date:</i> 11 September 1975
Res. Rep. UNDP	
Ministry of Health: By [<i>Signed—Signé</i>] ³	<i>Date:</i> 4 September 1975
Ministry of Education: By [<i>Signed—Signé</i>] ⁴	<i>Date:</i> 4 September 1975
Ministry of Interior: By [<i>Signed—Signé</i>] ⁵	<i>Date:</i> 4 September 1975
WHO Sanitarian UNDP Les/72/009: By [<i>Signed—Signé</i>] ⁶	<i>Date:</i> 4 September 1975

¹ Signed by S. Montši—Signé par S. Montši.

² Signed by A. T. Kabbah—Signé par A. T. Kabbah.

³ Signed by J. L. Molapo—Signé par J. L. Molapo.

⁴ Signed by P. L. Pitso—Signé par P. L. Pitso.

⁵ Signed by G. L. Ohobela—Signé par G. L. Ohobela.

⁶ Signed by John F. Blaeske—Signé par John F. Blaeske.

EXHIBIT A

CERTIFICATE OF CONFORMITY

We, the undersigned, do hereby certify that the procurement of the property described by the attached invoice was in conformity with the competitive bidding procedures normally used by the purchaser and that such procurement was made from the supplier making the lowest competitive bid unless otherwise noted below and that the invoice has been paid in full.

.....
Chief Health Inspector
Ministry of Health

.....
WHO Sanitarian
UNDP LES/72/009

EXHIBIT B

CERTIFICATE OF CONFORMITY

We, the undersigned, do hereby certify that the procurement of the property or services described by the attached invoice was made in conformity with the procurement procedures normally used by the purchaser and that the invoice has been paid in full.

.....
Chief Health Inspector
Ministry of Health

.....
WHO Sanitarian
UNDP LES/72/009

LES/74/C32
Lesotho: Sanitation for Rural Schools—\$296,000

ANNEX III

The conditions precedent to disbursement from the Grant Account referred to in article I, section 1.02 (e), which shall be met to the satisfaction of the Resident Representative of UNCDF, are:

- (1) annex II will have been approved by all the Parties;
- (2) the construction and other supporting services are available;
- (3) the WHO sanitarian referred to in annex II is available to the Project at least until year-end 1976; and
- (4) for the second phase, that the results of the first phase be satisfactory to UNCDF.