

No. 14743

**UNITED STATES OF AMERICA
and
ETHIOPIA**

**Ethiopia Drought Recovery Program Grant Agreement
(with annexes). Signed at Addis Ababa on 20 February
1975**

**Amendment to the above-mentioned Grant Agreement.
Signed at Addis Ababa on 17 April 1975**

Authentic texts: English.

Registered by the United States of America on 7 May 1976.

**ÉTATS-UNIS D'AMÉRIQUE
et
ÉTHIOPIE**

**Accord de don au titre du Programme éthiopien de réparation
des dommages causés par la sécheresse (avec
annexes). Signé à Addis-Abeba le 20 février 1975**

**Amendement relatif à l'Accord susmentionné. Signé à
Addis-Abeba le 17 avril 1975**

Textes authentiques : anglais.

Enregistrés par les États-Unis d'Amérique le 7 mai 1976.

ETHIOPIA DROUGHT RECOVERY PROGRAM GRANT AGREEMENT^{*} BETWEEN THE GOVERNMENT OF ETHIOPIA AND THE UNITED STATES OF AMERICA

Agreement Number: 663-F-611*

Amount: U.S. \$4,000,000

Date: February 20, 1975

ETHIOPIA DROUGHT RECOVERY PROGRAM GRANT AGREEMENT

Agreement, dated February 20, 1975, between the Government of Ethiopia ("Government") and the United States of America acting through the Agency for International Development ("A.I.D.");

Whereas, Ethiopia has recently suffered and is continuing to suffer a disaster in the form of drought of major proportions which has caused and continues to cause widespread damage and human suffering; and

Whereas, the Government has undertaken a program of drought recovery and rehabilitation; and

Whereas, it is apparent that the magnitude of the Government's drought recovery and rehabilitation efforts are beyond the financial resources of the Government; and

Whereas, the United States of America in a spirit of friendship and cooperation with the people of Ethiopia desires to assist the Government's efforts in the arduous task of recovery and rehabilitation;

Now therefore, the parties hereto agrees as follows:

Article I. THE GRANT

Section 1.1. PURPOSE OF THE GRANT. A.I.D. hereby agrees to grant to the Government, subject to the conditions hereinafter set forth, an amount not to exceed four million U.S. dollars (U.S. \$4,000,000) ("Grant") to assist the Government in carrying out the Program referred to in Section 1.2 ("Program") for drought recovery and rehabilitation in Ethiopia.

Section 1.2. THE PROGRAM. The Program shall consist of particular relief and rehabilitation activities ("Activities") undertaken or caused to be undertaken by the Government in the following areas:

- (a) Livestock and water,
- (b) Agriculture and settlement,
- (c) Crop protection,
- (d) Rural roads.

The Program is more fully described in Annex A, attached hereto, which Annex may be modified in writing by issuance of an Implementation Letter pursuant to Section 7.5.

* Should read "663-F-601".

¹ Came into force on 20 February 1975 by signature, in accordance with section 7.6.

Section 1.3. ELIGIBLE ACTIVITIES. Goods and services required to carry out listed Activities in Annex A, attached hereto, may be financed under this Grant subject to the restrictions indicated elsewhere in this Agreement and in any Implementation Letter issued pursuant to Section 7.5.

Article II. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 2.1. CONDITIONS PRECEDENT TO DISBURSEMENT. Prior to the first disbursement to the Relief and Rehabilitation Commission ("Commission"), the Government shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) The name of the person or persons designated as the representative or representatives of the Government pursuant to Section 7.4 and a specimen signature of each such person;
- (b) Such other documents as A.I.D. may reasonably request.

Section 2.2. CONDITIONS PRECEDENT TO DISBURSEMENT FOR ACTIVITIES. Prior to the first disbursement by the Commission for any specific Activity, the Government shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

- (a) A description of the Activity, chosen from those Activities illustrated in Annex A, to be undertaken or caused to be undertaken by the Government and supported in whole or in part of this Grant;
- (b) A budget and projected work plan for that Activity and an estimate of the time required to carry it out; and
- (c) Identification of the proposed administrative and implementing agency for the Activity.

Section 2.3. NOTIFICATION OF MEETING OF CONDITIONS PRECEDENT. A.I.D. shall notify the Government in writing when the Conditions Precedent to Disbursement specified in Sections 2.1 and 2.2 have been met.

Section 2.4. SIGNING OF ACTIVITY IMPLEMENTATION LETTER. Upon meeting Conditions Precedent to Disbursement specified in Sections 2.1 and 2.2, an Activity Implementation Letter shall be signed between the USAID/Ethiopia Mission and the designated Implementation Agency with concurrence by the Relief and Rehabilitation Commission. Such Letter will be in a format as shown in Annex B, attached hereto.

Article III. GENERAL COVENANTS AND WARRANTIES

Section 3.1. COVENANTS. The Government, in consideration of this Grant, hereby covenants and agrees that:

(a) The Government explicitly recognizes that A.I.D. is providing supplemental financing for the Programs for which the Government assumes responsibility for successful execution and completion.

(b) The Government shall use its best efforts to carry out or cause to be carried out the Activities financed hereunder with due diligence and efficiency and in conformity with sound engineering, financial and administrative practices.

(c) The Government and A.I.D. shall cooperate fully to assure that the purpose of the Grant will be accomplished. To this end, the Government and A.I.D. shall from time to time, at the request of other party, exchange views through their representatives with regard to the progress of the Program and the implementation of Activities financed by this Grant.

(d) If A.I.D., or any public or private organization furnishing commodities through A.I.D. financing for operations hereunder in Ethiopia, is under the law, regulations or administrative procedures of Ethiopia, liable for customs duties and import taxes on commodities imported into Ethiopia for purposes of carrying out this Agreement, the Government will pay, with funds other than those provided under this Grant, such duties and taxes on those commodities unless exemption is otherwise provided.

(e) If any personnel (other than citizens and residents of Ethiopia), whether United States Government employees, or employees of public or private organizations under contract with A.I.D., the Government or any agency authorized by the Government, who are present in Ethiopia to provide services which A.I.D. has agreed to finance under this Agreement, are under the laws, regulations, or administrative procedures of Ethiopia, (i) liable for local income or social security taxes with respect to income upon which they are obligated to pay income or social security taxes to the Government of the United States, or (ii) liable for property taxes on personal property, or any tariff or duty upon personal or household goods brought into Ethiopia for their personal use, the Government shall pay, with funds other than those provided under this Grant, such taxes, tariffs, or duties unless exemption is otherwise provided.

(f) The Government shall make such arrangements as may be necessary so that funds introduced into Ethiopia by A.I.D. hereunder shall, be convertible into the currency of Ethiopia at the highest rate which, at the time conversion is made, is not unlawful in Ethiopia.

Article IV. RECORDS, REPORTS AND INSPECTION

Section 4.1. MAINTENANCE AND AUDIT OF RECORDS. The Government shall maintain, or cause to be maintained, in accordance with sound accounting principles and practices consistently applied, books and records relating to the Program and this Agreement. Such books and records shall be adequate to show:

(a) The receipt and disposition made of goods and services acquired with funds disbursed pursuant to this Agreement; and

(b) The current status and progress of the Program.

Such books and records shall be regularly audited, or cause to be audited, by the Government in accordance with sound auditing standards and shall be maintained for three years after the date of the last disbursement by A.I.D.

Section 4.2. REPORTS. The Government shall furnish, or cause to be furnished, to A.I.D. such information and reports relating to the Grant as A.I.D. may request.

Section 4.3. INSPECTIONS. The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Activities carried out under the Program, the utilization of all goods and services financed under the Grant, and such books, records and other documents relating to the Program and the Grant as may be maintained by the Government, the Government's designated disbursing agent and/or implementing agency. The Government shall cooperate with A.I.D. to facilitate such inspections and shall permit representatives of A.I.D. to visit any part of Ethiopia for any purpose relating to the Grant.

Article V. PROCUREMENT

Section 5.1. SOURCE AND ORIGIN. Except as A.I.D. may otherwise agree in writing, disbursements made pursuant to Section 6.1 shall be used exclusively to finance the procurement for the Program of goods and services, ocean shipping and marine insurance, as follows:

- (a) Except as may be authorized by the Mission Director, USAID/Ethiopia for reasons of program exigencies, and on a case-by-case basis for (i) procurement of shelf items in Ethiopia without restriction, and for (ii) off-shore United States procurement from countries included in Code 941 of the A.I.D. geographic code book as in effect at the time of such procurement.
- (b) For local costs (in addition to commodities) in support of the Program, as follows:
 - (1) Operating expenses of host country institutions involved, including general administration, office rental, office supplies, salaries, POL, utilities and similar expenses;
 - (2) Budget support for program costs including construction contracts, labor, fuel, POL, supervision, engineering, repairs, maintenance, surveys, studies, transportation and similar expenses.
- (c) Procurement of goods and services financed under this Grant Agreement shall be in accord with A.I.D. manual order No. 1454.3.1, AID commodity eligibility listing, and with the usual and customary legal and administrative practices of the Government. To assure timely implementation, the Mission Director, USAID/Ethiopia, may approve negotiated procurement, proprietary procurement and waiver of advertisement requirements. Individual activities to be financed by this Grant with a capital component in excess of the amount of Dollars 1,000,000 shall be subject to review by USAID/Ethiopia.

Section 5.2. ELIGIBILITY DATE. Except as A.I.D. may otherwise agree in writing, 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 November 20, 1974.

Section 5.3. REASONABLE PRICE. The Government shall exert its best efforts to assure that no more than reasonable prices shall be paid for any goods and services financed, in whole or in part, under this Grant.

Section 5.4. INFORMATION AND MARKETING. The Government will cooperate with A.I.D. in its efforts to disseminate appropriate information concerning the Program and shall comply with such reasonable instructions with respect to the marketing of goods financed under the Grant as A.I.D. may issue from time to time.

Section 5.5. INSURANCE. Except as A.I.D. may otherwise agree in writing, the Government shall insure, or cause to be insured, all goods financed under the Grant against risks incident to their transit to the point of their use in the Program. Such insurance shall be issued upon terms and conditions consistent with sound commercial practice, shall insure the full value of the goods, and shall be payable in the currency in which such goods were financed. Any indemnification received by the Government under such insurance shall be used to replace or repair any material damage or any loss of the goods insured or shall be used to reimburse the Government for the replacement or repair of such goods. Any such replacements shall be of local, United States or other Code 935 source and origin and otherwise subject to the provisions of this Agreement.

Section 5.6. UTILIZATION OF GOODS AND SERVICES. (a) Goods and services financed under the Grant shall be used for the Program, except as A.I.D. may otherwise agree in writing. The Government's accountability to A.I.D. for the use of such goods and services shall extend to the completion of the Activity or to such other time as A.I.D. may specify in Implementation Letters.

(b) Goods or services financed under the Grant may be used in concert with the drought related projects and activities of any other donor to assist in meeting the purposes of the Program.

Article VI. DISBURSEMENTS

Section 6.1. DISBURSEMENTS FOR THE PROGRAM. Upon satisfaction of conditions precedent, the Commission may request disbursements by A.I.D. to finance costs of goods and services for the Program. The Commission will make expenditures authorized under this Grant and furnish A.I.D. with such information, reports and other disbursement documentation, relating to Activities financed under this Agreement, as A.I.D. may reasonably request for purposes of reimbursement. At the request of the Commission and upon the written agreement of A.I.D., the Commission may be issued a reasonable advance to cover initial costs and the time element required to process reimbursement requests. Disbursement procedures shall be more fully prescribed in Implementation Letters.

Section 6.2. OTHER FORMS OF DISBURSEMENT. Disbursement of the Grant may also be made through such other means as the Government and A.I.D. may agree in writing.

Section 6.3. TERMINAL DATE FOR DISBURSEMENT. Except as A.I.D. may otherwise agree in writing, no disbursement shall be made against documentation received by A.I.D. later than twenty-four (24) months after the date of execution of this Agreement.

Section 6.3. REFUNDS. If A.I.D. determines that any disbursement (a) is not supported by valid documentation in accordance with this Agreement and the Letters of Implementation, or (b) is inconsistent with the purposes of the Agreement, A.I.D. at its option may, notwithstanding the availability of any other remedy provided for under the Agreement, require the Government to refund such amount to A.I.D. within thirty (30) days after receipt of a request therefore, provided that such request by A.I.D. shall be made not later than three (3) years after the date of final disbursement hereunder. Any refunds paid by the Government to A.I.D. pursuant to this Section shall be considered as a reduction in the amount of A.I.D.'s obligation under this Agreement and shall not be available for reuse under the Agreement. Notwithstanding the fact that A.I.D. may have invoked its right to terminate the Agreement, the rights to A.I.D. set forth in this Section shall remain in force after such termination.

Article VII. MISCELLANEOUS

Section 7.1. WAIVER OF DEFAULT. No delay in exercising, or omission to exercise, any right accruing to A.I.D. under this Agreement shall be construed as a waiver of any of its rights, powers or remedies hereunder.

Section 7.2. COMMUNICATIONS. Any notice, request or communication given, made or sent by the Government or A.I.D. pursuant to the Agreement shall be in writing and shall be deemed to have been duly given, made or sent to the party to which it is addressed when it shall be delivered by hand or by mail, telegram, cable, or radiogram to such other party at the following address:

To the Government:

Mail Address Provisional Military Government
 of Ethiopia, Chief Commissioner
 Relief and Rehabilitation Commission
 P.O. Box 5686
 Addis Ababa

Cable Address: Rehab, Addis Ababa

To A.I.D.:

Mail Address: Director
USAID, Ethiopia
P.O. Box 1014
Addis Ababa

Cable Address: Am-Emb-AID
P.O. Box 1014
Addis Ababa

Section 7.3. Other addresses may be substituted for the above upon giving of notice as provided herein. All notices, requests, communications and documents submitted to A.I.D. hereunder shall be in English, except as A.I.D. may otherwise agree in writing.

Section 7.4. REPRESENTATIVES. For all purposes relative to this Agreement, the Government will be represented by the individual holding or acting in the office of Chief Commissioner, Relief and Rehabilitation Commission, and A.I.D. will be represented by the individual holding or acting in the office of the Director, USAID/Ethiopia. Such individuals shall have the authority to designate by written notice additional representatives. In the event of any replacement or other designation of a representative hereunder, the Government shall submit a statement of the representative's name and specimen signature in form and substance satisfactory to A.I.D. Until receipt by A.I.D. of written notice of revocation of the authority of any of the duly authorized representatives of the Government designated pursuant to this Section, it may accept the signature of any such representative or representatives as conclusive evidence that any action effected by such instrument is duly authorized.

Section 7.5. IMPLEMENTATION LETTERS. A.I.D. may from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the implementation of this Agreement.

Section 7.6. TERMINATION. The present Agreement shall enter into force when signed. Either party may terminate this Grant Agreement by giving the other party 30 days' written notice of intention to terminate it. Termination of this Agreement shall terminate any obligation of A.I.D. to make disbursements pursuant to Section 6.1 or 6.2 except for disbursements which A.I.D. or the Government is committed to make pursuant to non-cancellable commitments entered into with third parties prior to the termination of the Grant Agreement. It is expressly understood that the obligations under Sections 5.6 (a) and 6.4 shall remain in force after such termination.

IN WITNESS WHEREOF, the Government and A.I.D., each acting through its respective duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the date and year first written above.

Government of Ethiopia:

[Signed]

Name: SHIMELIS ADUGNA

Title: Chief Commissioner
Relief and Rehabilitation
Commission (RRC)

United States of America:

[Signed]

Name: PARKER D. WYMAN

Title: Chargé d'affaires, a.i.
Embassy of the United States
of America

ANNEX A

AUTHORIZED SECTOR LEVELS AND ILLUSTRATIVE ACTIVITIES TO BE CARRIED OUT UNDER THE GRANT

1. *Authorized Sectors and Levels*

<i>Sector</i>	<i>Level (US\$000)</i>
A. Livestock and Water	\$1.250
B. Agriculture and Settlement700
C. Crop Protection	1.250
D. Rural Roads	4.600
TOTAL	\$7.800

2. *Illustrative Activities*

- A. Pastoralist Surface Water Development—Construction of water catchment points and access track to reduce livestock concentration and overburden in critical rangeland areas in Sidamo Province.
- B. Small Farmer Crop Protection—Establishment of an early pest warning system country-wide through farmer training and information and formulation, delivery and application of pesticides in all drought affected areas.
- C. Accelerated Food Production—Provides assistance in resettlement, agricultural training and equipment for 35,000 nomads in immediate non-livestock food production in Harrarghe/Bale Provinces.
- D. Rural Access Roads—Construction of more than 800 kilometers of minimum standard critical access roads in isolated population concentration areas to permit delivery of relief and recovery assistance in Bale/Harrarghe, Sidamo and Gemu Gofa Provinces.
- E. Voluntary Agency Well Construction in Sidamo/Bale Provinces—Drilling and equipping additional well sites for human survival support in critical, water short drought areas.

ANNEX B

OUTLINE FOR ACTIVITY IMPLEMENTATION LETTERS

Activity Name:
Activity Number:
Country: Ethiopia
Original or Revision No.:
Date:

INTRODUCTION

Pursuant to Section 2.4 of the Grant Agreement between the Government of Ethiopia and A.I.D., the purpose of this Letter is to set forth for activity number such descriptive, budgetary and administrative information as is considered sufficient to satisfy the condition of Section 2.2.

1. *Description of the Activity*

A brief description of the total activity, its cost, purpose and relation to drought recovery and rehabilitation, and identification of the specific portion of the activity to be financed under the Grant Agreement.

2. *Implementing Agency*

Identification of the implementation agency and its representative(s); clear definition of responsibilities of all parties concerned with carrying out the activity; names of the person or

persons whose signatures will be accepted for required certifications in connection with disbursement requests, procurement, reporting, etc. (NOTE: The general thrust with respect to activities involving voluntary agencies should be to have as much implementing authority as possible delegated to the VOLAGS; e.g., to [the] extent the Government, A.I.D. and the VOLAG can agree, the Christian Relief Committee (CRC) should be designated as the agency to certify for disbursement, rather than having to secure such certification from a government representative each time disbursement is requested.)

3. *Implementation Schedule*

General work plan for total activity and an implementation schedule for portion to be financed under Grant Agreement. To the extent possible and appropriate that schedule should project physical as well as financial progress of the activity.

4. *Objectives/Targets*

Indications of the results expected to be achieved by completion of the activity (vix. 500 ton storage warehouses completed in; or pasture land re-seeded in an area of 35 square miles around water holes A, B, C, and D). The objectives and targets should be defined with sufficient specificity to permit evaluation of the effectiveness of the provision and utilization of the resources provided under the Grant Agreement as well as the achievement and relevance of the total activity.

5. *Budget*

Line-item budget identifying each component or major item of equipment to be financed by the Grant, together with estimated costs (foreign exchange and local currency). NOTE: This budget is extremely important since it will provide the disbursement agent with an identification of the components and major items eligible for financing, the total amount authorized for disbursement for this activity and the amount authorized for disbursement for each item.

6. *Non-A.I.D. Inputs*

General description of other non-A.I.D. inputs essential to the execution of the activity.

7. *Reporting Requirements*

Specification of progress and completion reports to be submitted to A.I.D. by the Government and/or the implementing agent.

8. *End-Use Accountability*

Establishment of a date beyond which the Government is no longer accountable to A.I.D. for the goods and services provided in connection with this activity. This may be the completion of the activity or such other time as may be considered appropriate (e.g., receipt and acceptance by A.I.D. of a final report, if one is required).

9. *Modification of the Activity*

If necessary, to be accomplished by the issuance of additional implementation letters.

Signed on behalf
of the Implementing Agency:

By:
Signature:
Title:

Countersigned on behalf of the Relief
and Rehabilitation Commission (RRC)

By:
Signature:
Title:

Signed on behalf
of A.I.D.:

By:
Signature:
Title:

AMENDMENT¹ TO GRANT AGREEMENT NO. 663-F-601²—GRANT
AGREEMENT BETWEEN THE GOVERNMENT OF ETHIOPIA AND
THE UNITED STATES OF AMERICA

Total Amount of Grant: U.S.\$7,800,000.00

Date: April 17, 1975

Amendment Number: 663-F-601

Amendment Addition: U.S.\$3,800,000

Appropriation: 72-11X1031

Allotment: 431-61-698-00-53-51

Authority: State 283668

State 052592

ETHIOPIA DROUGHT RECOVERY PROGRAM

AMENDMENT A TO GRANT AGREEMENT NO. 633-F-601

This Amendment is made and entered into this day of April 17, 1975, between the Government of Ethiopia ("Government") acting through the Relief and Rehabilitation Commission ("Commission") and the United States of America acting through the Agency for International Development ("A.I.D.").

Whereas, the Government of Ethiopia has undertaken a program of drought recovery and rehabilitation by and through the establishment of an autonomous Relief and Rehabilitation Commission; and

Whereas, the magnitude of the Government's drought recovery and rehabilitation efforts is beyond the financial resources of the Government, including those funds initially provided under the grant agreement; and

Whereas, the Government of the United States of America, in a continued spirit of friendship and cooperation with the people of Ethiopia desires to further assist the Commission's effort in the arduous task of recovery and rehabilitation;

Now, therefore, the parties hereto agree to amend Grant Agreement Number 663-F-601, dated February 20, 1975, as follows:

1. Under Article I of said Grant Agreement, in lieu of the existing Section 1.1 substitute in its entirety a new section as follows:

"Section 1.1. PURPOSE OF THE GRANT. AID hereby agrees to grant to the Government, subject to the conditions hereinafter set forth, an additional amount of U.S. \$3,800,000.00, to a new total amount not to exceed seven million, eight hundred thousand U.S. dollars (U.S. \$7,800,000) ("Grant") to assist the Government in carrying out the Program referred to in Section 1.2 ("Program") and, more specifically, in these authorized sectors and levels outlined in Annex A, paragraph 1".

2. All other provisions of the original Grant Agreement shall remain in effect and unchanged.

¹ Came into force on 17 April 1975 by signature.

² See p. 100 of this volume.

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

For the Government
of Ethiopia:

[Signed]

Name: SHIMELIS ADUGNA

Title: Chief Commissioner,
Relief and Rehabilitation
Commission (RRC)

For the Government
of the United States of America:

[Signed]

Name: ARTHUR W. HUMMEL

Title: Ambassador of the United
States of America