

No. 16255

**UNITED STATES OF AMERICA
and
SYRIAN ARAB REPUBLIC**

**Grant Agreement relating to economic development. Signed
at Damascus on 27 February 1975**

Authentic texts: English and Arabic.

Registered by the United States of America on 27 January 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE ARABE SYRIENNE**

**Accord de don relatif au développement économique. Signé
à Damas le 27 février 1975**

Textes authentiques : anglais et arabe.

Enregistré par les États-Unis d'Amérique le 27 janvier 1978.

GRANT AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE SYRIAN ARAB REPUBLIC

Dated: February 27, 1975

AGREEMENT and GRANT, dated February 27, 1975, between the GOVERNMENT OF THE UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT (“A.I.D.”), and the GOVERNMENT OF THE SYRIAN ARAB REPUBLIC (“Government”).

Article I. THE GRANT

Section 1.01. *Grant.* Upon the terms and conditions stated herein A.I.D. agrees to grant to the Government the sum of four million United States dollars (\$4,000,000) (the “Grant”) to finance the foreign exchange and local costs required to promote the economic development of the Syrian Arab Republic in accordance with the Program as described in article II.

Article II. PROGRAM

Section 2.01. *Program.* The funds provided by this Agreement may be utilized by the Government to:

- (a) finance the services of qualified technical experts, private firms, institutions and other organizations and consultants (hereinafter termed “consultants”) to conduct prefeasibility and feasibility studies, to conduct technical studies, to provide technical advisory services, and to prepare projects for implementation;
- (b) to finance the costs of short-term training for Government personnel (“trainees”);
- (c) to finance commodities and equipment required by the consultants;
- (d) to finance international travel costs of consultants and trainees.

Article III. CONDITIONS PRECEDENT

Section 3.01. *Conditions precedent to disbursement.* Except as A.I.D. and the Government may otherwise agree in writing, prior to the initial disbursement hereunder, the Government shall furnish in form and substance satisfactory to A.I.D.:

- (a) an opinion of the State Council of the Syrian Arab Republic that this Agreement has been duly authorized and/or ratified by and executed on behalf of the Government and constitutes a valid and legally binding obligation of Government in accordance with all of its terms;
- (b) a statement of the names of the persons holding or acting in the office of the Government specified in section 8.02 and a specimen signature of each such person specified in such statement.

Section 3.02. *Additional conditions precedent.* Prior to disbursement of any amount for a particular contract or training activity financed hereunder, the Government shall, except as A.I.D. and the Government may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D., a description of the proposed scope of work for the contract or a description of the training activity, including the goods to

¹ Came into force on 27 February 1975 by signature.

be obtained, the estimated cost, the proposed contribution of the Government, and a designation of the implementing agency of the Government.

Section 3.03. *Terminal dates for meeting conditions precedent to disbursement.* If all the conditions specified in section 3.01 shall not have been met within ninety (90) days from the date of this Agreement, or such later date as A.I.D. and the Government may agree in writing, A.I.D. at its option, may terminate this Agreement by giving written notice to the Government. Upon giving of such notice, this Agreement and all obligations of the Parties hereunder shall terminate.

Section 3.04. *Notification of meeting of conditions precedent to disbursement.* A.I.D. shall notify the Government upon determination by A.I.D. that the conditions precedent to disbursement specified in sections 3.01 and, in each case, 3.02 have been met.

Article IV. PROCUREMENT

Section 4.01. *A.I.D. Regulation 1.* Except as A.I.D. may otherwise agree in writing, the procurement and utilization of eligible goods, commodities, or equipment hereunder shall be subject to the terms and conditions of A.I.D. Regulation 1 as from time to time amended and in effect, which is hereby incorporated and made part hereof. If any provision of A.I.D. Regulation 1 is inconsistent with a provision of this Agreement, the provision of this Agreement shall govern.

Section 4.02. *Source of procurement.* Except as the Government and A.I.D. may otherwise agree in writing, disbursements made pursuant to article V shall be used exclusively to finance the procurement of goods and services having their source and origin in the United States or in Syria.

Section 4.03. *Eligibility date.* Except as A.I.D. may otherwise agree in writing, only goods and services otherwise eligible for financing hereunder which are contracted for after February 28, 1975, shall be eligible for financing under this Grant.

Section 4.04. *Shipping and insurance.* (a) Goods financed under the Grant shall be transported to Syria on flag carriers of any country included in Code 935 of the A.I.D. *Geographic Code Book* as in effect at the time of shipment, provided:

- (i) at least fifty percent (50%) of the gross tonnage of all commodities (computed separately for dry bulk carriers, dry cargo liners and tankers) financed hereunder which may be transported on ocean vessels shall be transported on privately owned United States flag commercial vessels;
- (ii) additionally, at least fifty percent (50%) of the gross freight revenue generated by all shipments financed hereunder transported to Syria on dry cargo liners shall be paid to or for the benefit of privately owned United States flag commercial vessels;
- (iii) compliance with the requirements of (i) and (ii) above must be achieved with respect to cargo transported from U.S. ports and also to cargo transported from non-U.S. ports, computed separately;
- (iv) within ninety (90) days following the end of each calendar quarter, or such other period as A.I.D. may specify in writing, the Government shall furnish A.I.D. with a statement, in form and substance satisfactory to A.I.D., reporting on compliance with the requirements of this section;
- (v) no such goods may be transported on any ocean vessel (or aircraft) (i) which A.I.D., in a notice to the Government, has designated as ineligible to carry A.I.D.-financed goods or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by A.I.D.

(b) If, in connection with the placement of marine insurance on shipments financed hereunder, the Government, by statute, decree, rule, or regulation, favors any marine

insurance company of any country over any marine insurance company authorized to do business in any state of the United States of America, goods procured from the United States and financed under the Grant shall, during the continuance of such discrimination, be insured against marine risk in the United States of America with a company or companies authorized to do marine insurance business in any state of the United States of America.

(c) The Government shall insure, or cause to be insured, all goods financed under the Grant against risk 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 have both their source and origin in the United States or Syria unless A.I.D. and the Government shall otherwise agree in writing and shall be otherwise subject to the provisions of this Agreement.

Article V. DISBURSEMENTS

Section 5.01. *Disbursements — Letters of Commitment to United States banks.* Upon satisfaction of conditions precedent, the Government may, from time to time, request A.I.D. to issue Letters of Commitment for specific amounts to one or more United States banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to consultants or suppliers through the use of Letters of Credit or otherwise, and for costs of services and goods procured in accordance with the terms and conditions of this Agreement. Payment by a bank to a consultant or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters. Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Government and may be financed under the Grant.

Section 5.02. *Other forms of disbursement.* Disbursement of the Grant may also be made through such other means and by such other procedures, as the Government and A.I.D. may agree in writing.

Section 5.03. *Terminal date for requests for Letters of Commitment.* Except as A.I.D. and the Government may otherwise agree in writing, no Letter of Commitment pursuant to section 5.01, or other commitment document which may be called for by another form of disbursement under section 5.02, or amendment thereto, shall be issued in response to requests received by A.I.D. after October 31, 1977.

Section 5.04. *Terminal date for disbursement.* Except as A.I.D. and the Government may otherwise agree in writing, no disbursements shall be made against documentation received by A.I.D. or any bank described in section 5.01 after February 28, 1978, and no Grant funds shall be disbursed after May 31, 1978.

Article VI. GENERAL COVENANTS AND WARRANTIES

Section 6.01. *A.I.D. approvals.* A.I.D. reserves the right to approve all consultants selected to perform services, the trainees, and all contracts and amendments thereto financed under this Grant, prior to the execution of such contracts or amendments. A.I.D.'s approval of the foregoing shall not be unreasonably withheld.

Section 6.02. *Execution of the Program.* The Government shall ensure that the consultants provided for under this Agreement shall be provided all necessary secretarial services, office space and equipment, and such other logistic support as may be required to ensure the effective utilization of such consultants. The Government shall provide

promptly as needed all funds in addition to those made available under the Grant needed for effective carrying out of the Program.

Section 6.03. *Continuing consultation.* The Government and A.I.D. shall cooperate fully to assure adequate communication between the Parties and that the purpose of the Grant will be accomplished. To this end, the Government and A.I.D. shall from time to time, within five days of delivery of a written request of either Party, exchange views through their representatives with regard to the progress of the Program, the performance by either Party of its obligations under this Agreement, the performance of the consultants, and other matters relating to the Program.

Section 6.04. *Taxation.* This Agreement shall be free from any taxation or fees imposed under the laws in effect within the country of the Government. Furthermore:

- (a) United States consultants financed hereunder, and any commodities or equipment relating to contracts with such consultants, shall be exempt from all identifiable taxes, tariffs, duties, fees and other levies imposed under laws in effect in Syria;
- (b) all imported commodities and equipment financed hereunder shall also be exempt as provided in subparagraph (a) above;
- (c) Syrian consultants shall not be exempt by reason of this Agreement from Syrian laws in force.

Section 6.05. *Utilization of goods and services.* Goods and services financed under the Grant shall be used exclusively for the Program except as A.I.D. and the Government may otherwise agree in writing.

Section 6.06. *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 this Agreement. Such books and records shall, without limitation, be adequate to show:

- (a) the receipt and use made of goods and services financed with funds disbursed pursuant to this Agreement;
- (b) the basis of the award of contracts and orders; and
- (c) the progress of the respective services financed hereunder.

Such books and records shall be regularly audited, in accordance with sound auditing standards, for such period and at such intervals as A.I.D. may require, and shall be maintained for five years after the date of the last disbursement by A.I.D.

Section 6.07. *Reports.* The Government shall furnish to A.I.D. such information and reports relating to the Grant and to the goods and services financed hereunder as A.I.D. may request.

Section 6.08. *Inspections and audits.* (a) A.I.D. or its authorized representative shall have the right at any time to observe operations carried out under this Agreement. A.I.D. shall, during the disbursement period of the Grant and within five years after completion of such disbursement period, further have the right to inspect and audit any reports and accounts with respect to funds provided by A.I.D., or any contract services procured through the financing by it under Grant, wherever such records may be located and maintained.

(b) The Government shall insert, or cause to be inserted in all contracts financed hereunder, a clause extending to A.I.D. the right to make inspections and audits in accordance with this section.

Section 6.09. *Relation to projects of other countries.* Except as A.I.D. and the Government may otherwise agree, no goods or services financed under the Grant shall be used to promote or assist a foreign aid project or activity associated with or financed by any country not included in Code 935 of the A.I.D. *Geographic Code Book* as in effect at the time of such use.

Article VII. TERMINATION AND REMEDIES OF A.I.D.

Section 7.01. *Termination.* Either Party may terminate its respective obligations under this Grant by giving notice in writing to the other Party not less than sixty (60) days prior to the date specified for termination, provided, that in the event A.I.D. exercises its right hereunder, such termination shall not be effective as to payments which it is committed to make pursuant to noncancellable commitments with respect to third-Party contracts including transportation costs for consultants or trainees to return to their own countries.

Section 7.02. *Termination of disbursement.* In the event that at any time:

- (a) Government shall fail to comply with any provision contained herein; or
- (b) an event has occurred which A.I.D. determines to be an extraordinary situation which makes it improbable that the purposes of the Grant will be attained or that the Government will be able to perform its obligations hereunder; or
- (c) any disbursement would be inconsistent with the legislation governing A.I.D.; or
- (d) a default shall have occurred under any other agreement between the Government or any of its agencies and the United States or any of its agencies;

then A.I.D. may decline (i) to make any further disbursements hereunder; or (ii) decline to make disbursements other than for outstanding commitments.

Section 7.03. *Refunds.* If A.I.D. determines that any disbursement is not supported by valid documentation in accordance with this Agreement, is in violation of the law governing A.I.D. or is made for an ineligible cost such as taxation, or that the services financed under this Agreement are not financed or used in accordance with the terms of the Agreement, the Government shall pay to A.I.D. in U.S. dollars within sixty (60) days after receipt of a request therefor, an amount not to exceed the amount of such disbursement. Refunds paid by the Government to A.I.D. resulting from violations of the terms of this Agreement shall be considered as a reduction in the amount of A.I.D.'s obligation under the Agreement, and shall not, unless A.I.D. agrees otherwise in writing, be available for reuse under the Agreement. A.I.D.'s right to require such a refund shall continue for three (3) years following the date of such disbursement, notwithstanding the fact that A.I.D. may have invoked its right to terminate the Agreement.

Section 7.04. *Waivers of default.* No delay in exercising or omission to exercise, any right, power, or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of such right, power, or remedy or any other right, power, or remedy hereunder.

Section 7.05. *Expenses of collection.* All reasonable costs incurred by A.I.D. (other than salaries of its staff) in connection with the collection of refunds due under this Agreement may be charged to Government and reimbursed as A.I.D. may specify.

Article VIII. MISCELLANEOUS

Section 8.01. *Communications.* Any notice, request, document, or other communication given, made or sent by the Government to A.I.D. pursuant to this Agreement shall be in writing or by telegram, cable or radiogram 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 to such Party by hand or by mail, telegram, cable or radiogram at the following addresses:

To Government:

Mail or cable address:

State Planning Commission
Damascus, Syrian Arab Republic

To A.I.D.:

Mail or cable address:

United States Agency for International Development
Embassy of the United States of America
Damascus, Syrian Arab Republic

Other addresses may be substituted for the above upon the giving of notice. 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 8.02. *Representatives.* For all purposes relative to this Agreement, the Government will be represented by the individual holding or acting in the office of Deputy Minister of State for Planning Affairs and A.I.D. will be represented by the individual holding or acting in the office of the A.I.D. Representative to Syria. 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 on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

Section 8.03. *Implementation Letters.* A.I.D. shall from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the implementation of this Agreement.

Section 8.04. *Interpretation.* This Agreement has been executed in both the English and Arabic languages. In the event a question of interpretation of this Agreement arises due to any inconsistency between the two versions, the English version shall prevail.

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

United States of America:

By: [Signed]
RICHARD W. MURPHY

Title: Ambassador

Syrian Arab Republic:

By: [Signed]
MOHAMMED ISSAM HILOU

Title: Deputy Minister of State for Planning Affairs