

No. 17245

**UNITED STATES OF AMERICA
and
BANGLADESH**

**Project Agreement concerning feasibility studies of development projects (with annexes and related letter).
Signed at Dacca on 29 September 1976**

Authentic text: English.

Registered by the United States of America on 24 November 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
BANGLADESH**

**Accord de projet relatif à des études de faisabilité de projets de développement (avec annexes et lettre connexe).
Signé à Dacca le 29 septembre 1976**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 24 novembre 1978.

PROJECT AGREEMENT¹ BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID), AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND THE MINISTRY OF PLANNING, AN AGENCY OF THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

<p>The above-named Parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:</p> <p><input checked="" type="checkbox"/> PROJECT DESCRIPTION, ANNEX A <input type="checkbox"/> FOREIGN CURRENCY STANDARD PROVISIONS, ANNEX</p> <p><input checked="" type="checkbox"/> STANDARD PROVISIONS, ANNEX² <input type="checkbox"/> SPECIAL LOAN PROVISIONS, ANNEX</p>	1. Project/Activity No.: 388-0031			
	2. Agreement No.: 388-0031-1	3. <input checked="" type="checkbox"/> Original or Revision No. _____		
<p>This Project Agreement is further subject to the terms of the following Agreement between the two Governments, as modified and supplemented:</p> <p><input checked="" type="checkbox"/> GENERAL AGREEMENT FOR TECHNICAL COOPERATION³ DATE: May 21, 1974</p> <p><input checked="" type="checkbox"/> ECONOMIC COOPERATION AGREEMENT³ DATE: May 21, 1974</p> <p><input type="checkbox"/> (OTHER) DATE:</p>	4. Project/Activity Title: Project Development			
	5. Project Description and Explanation: (See annex A attached)			
	6. AID Appropriation Symbol: 72-11X1023	7. AID Allotment Symbol: 402-50-388-00-69-51		
8. AID Financing:				
<input checked="" type="checkbox"/> DOLLARS <input type="checkbox"/> LOCAL CURRENCY				
	Previous total (A)	Increase (B)	Decrease (C)	Total to date (D)
(a) Total		3,000,000		3,000,000
(b) Contract services		2,750,000		2,750,000
(c) Commodities		187,500		187,500
(d) Other costs		62,500		62,500

¹ Came into force on 29 September 1976 by signature.

² Not published herein. For the text of the annex, see United Nations, *Treaty Series*, vol. 1084, p. 111.

³ *Ibid.*, vol. 961, p. 59.

9. Cooperating Agency

Financing—Dollar

Equivalent:

\$1.00 =

(a) Total

(b) Technical and other services

(c) Commodities

(d) Other costs

10. Special Provisions (*use additional continuation sheets, if necessary*):11. Date of Original Agreement:
September 29, 1976

12. Date of this Revision:

13. Estimated Final Contribution Date:
June 1978

14. For the Cooperating Government or Agency:

[Signed]

Signature: EKRAM HOSSAIN

Date: 29/9/76

Title: Joint Secretary, Min. Planning

15. For the Agency for International Development:

[Signed]

Signature: JOSEPH S. TONER

Date: 29/9/76

Title: Director, USAID-Dacca

ANNEX A

I. PROJECT DESCRIPTION

A. *General*

Under this Project Agreement, the United States Government through the Agency for International Development (AID) agrees to provide Grant funds for the provision of technical services and vehicles for the conduct of feasibility studies, including project design and preliminary engineering. The studies will be of development projects for which, if determined to be feasible, financing may subsequently be provided by AID. The project will be administered by the External Resources Division of the Ministry of Planning.

B. *Sector goal*

The goal of the Government of the People's Republic of Bangladesh (Government) to which this project will contribute is successful implementation of high priority development projects in agriculture, rural development and related fields. It is expected that at least three such projects will be implemented successfully as a result of this project, assuming that they receive the continued full support of the Government throughout implementation, and that agriculture and rural development remain the Government's highest priorities for development activity.

C. *Project purpose*

The project's purpose is to identify, analyze and prepare for implementation, high priority projects in agriculture, rural development and closely related fields with particular emphasis on small cultivators and landless laborers. A minimum of four such projects will be addressed, of which it is expected at least three will be determined to be feasible and will accordingly be the subjects of follow-on financing by AID or other donors. End of project status will be achieved when a minimum of four studies have been completed, with at least three of them identifying feasible projects which conform to the priorities articulated in AID's Development Assistance Program (DAP) for Bangladesh and to those contained in the Government's Annual Development Plan.

D. *Project outputs*

Scopes of work for project studies prepared and agreed upon by the Government and AID; consultants selected to perform the scopes of work, and contracts signed and approved for AID financing; logistical and technical support required by the consultants provided at levels and on a timely basis sufficient to facilitate completion of the assignments. A minimum of four to six such scopes of work are expected to be prepared, and approximately twenty-three man-years of consultant services contracted for, depending upon the costs of individual studies. Housing, furniture, transportation, office space and equipment and technical coordination by counterparts will likewise be outputs.

E. *Project inputs*

AID

AID inputs will consist of assistance in drafting scopes of work, assistance in prequalification and selection of contractors and processing and execution of contracts and in procurement of vehicles for the project, and Grant financing for contract services and transportation, vehicles, operation, repair and maintenance of vehicles, including fuel, housing, furniture, appliances and project equipment, including contractors' local currency costs. It is estimated that six man-months will have to be provided by AID personnel in providing these inputs. Funds totalling \$3,000,000 will be available for contract and commodity costs.

Government

The Government will provide project proposals for study to be examined and developed in the course of the project, and will provide suitably qualified counterpart personnel to work with the consultants. It is expected that priority project proposals will lead to a minimum of four to six scopes of work; a total of approximately five man-years of counterpart manpower will be required. The External Resources Division (ERD) of the Ministry of Planning will select the proposals for study. ERD will also provide for or coordinate the assignment of professional counterpart personnel, office space (if not otherwise reasonably available), necessary transportation (in addition to vehicles included in the Project) and telephone costs. ERD will also monitor the performance of consultants and counterpart personnel, and maintain liaison with AID. In addition, the Government will arrange for complete exemption from all customs duties, income and other taxes with respect to all expatriate project personnel and all imported vehicles, equipment and other commodities.

II. ACTIVITY TARGETS

A. Completed studies which at a minimum have fully addressed the scopes of work developed for financing under this Agreement. These areas of study include but are not limited to:

1. Water and related land resources;
2. Foodgrains storage and transportation;
3. Tubewell and lowlift pump operation and maintenance;
4. Rural roads.

Additional studies may be undertaken in the areas of rural industries and market town development, the role of women, distribution of fertilizer, agricultural pricing and food management policy, increasing the use and effectiveness of agricultural inputs, availability of groundwater, crop diversification, or in such other areas as the Government and AID may agree.

B. Completed evaluations, scheduled to be conducted in August of each year of implementation. A final evaluation will occur in August of the year following project completion.

The evaluation will assess whether outputs are being achieved and the project purpose accomplished. Evaluation of goal achievement will be based on separate evaluation of projects undertaken as a result of the feasibility studies. Approximately one month prior to the evaluation, the AID staff will prepare a report based on the means of verification, specifying the levels of inputs provided, magnitude of outputs, and progress toward end of project status as of that date.

The report will also verify the important assumptions of the logical framework. It will be provided to ERD for comment and AID and ERD will jointly prepare an issues agenda for the evaluation review. The evaluation will be co-chaired by the Director, USAID Mission to Bangladesh, and the Secretary or Joint Secretary, ERD, or their designees. Line ministries and other operational units will be represented as appropriate.

III. COURSE OF ACTION

A. Responsibilities

1. Government

Principal responsibility for implementation of the project will reside with the External Resources Division (ERD) of the Ministry of Planning. ERD will determine which project proposals will be subject to study under this loan and developed as projects ready for funding.

The principal function of ERD will be direction, liaison and coordination—to ensure that studies performed are for high priority development needs, and that they do not duplicate other work, but rather address specific identified feasibility requirements. ERD will be the primary point of contact with AID, and with relevant BDG ministries and agencies. The major roles to be played by these other units of the BDG with respect to individual projects will be supportive—to provide records, background data, and counterpart personnel as determined by ERD. In order to assist the BDG to select, award and administer contracts, it is planned that such actions will be taken by the BDG through ERD with close AID assistance and cooperation.

2. AID

AID will provide assistance in the preparation of scopes of work for individual studies as proposed by ERD. This will be done by the USAID Mission engineering personnel, agricultural advisors, capital development personnel or other as appropriate. AID will in addition assist in all contracting procedures. Such assistance will be provided by USAID Mission personnel, including the Regional Legal Advisor.

Disbursements will normally be made either by the US/AID Mission through the issuance of United States dollar checks under direct reimbursement authority (DRA), directly to contracts, or by AID/Washington through direct letters of commitment. Such disbursement will cover contractors' eligible dollar costs as well as the dollar equivalent of their eligible local currency costs as defined in their respective contracts.

B. Implementation plan

September 76	Allotment of funds Requests for expressions of interest for studies published by AID/Washington Specifications for project vehicles finalized Execution of Project Agreement
November 76	Closing date for expressions of interest for consultants
December 76	Prequalification of consultant respondents completed Procurement of project vehicles advertised Requests for proposals cabled to prequalified firms
January 77	Vehicle procurement contracts executed Closing date for submission of technical proposals
February 77	Proposals evaluated; notification of selection for negotiation cabled to firms Draft standard contract terms provided to each selected firm, or to firm representatives arriving in Dacca for negotiations

April 77	Contract negotiations complete; contracts executed Project vehicles arrive in Chittagong Vehicles cleared through port and prepared for operation
May 77	Contract personnel arrive to begin studies.
August 77	Joint Government-AID evaluation of project implementation
March 78	Ten-month duration studies complete
May 78	Twelve-month duration studies complete
August 78	Joint Government-AID evaluation of project implementation
August 79	Joint Government-AID evaluation of project implementation

IV. FUNDING REQUIREMENTS

A. Total cost of the four studies planned is estimated at \$2,937,500. Adding a sum of \$62,500 for contingencies brings the total to \$3,000,000.

B. It is estimated that \$2,450,000 of this represents foreign exchange expenditures, and the balance, \$550,000, local currency.

C. One hundred percent of these expenditures will be financed under this Grant.

D. The Government will waive all customs duties, levies and taxes on vehicles imported for the project and on expatriate consultants.

E. The local currency component will cover the contractors' local currency costs such as housing, utilities, local per diem and transport, etc., to the extent not otherwise provided for above from ERD.

F. Summary cost estimate and financial plan (US \$000):

<i>Item</i>	<i>6/77</i>	<i>9/77</i>	<i>12/77</i>	<i>3/78</i>	<i>Total</i>
Vehicles	187.5	—	—	—	187.5
Consultants					
Water	212.5	212.5	212.5	212.5	850.0
Foodgrains	210.0	210.0	210.0	70.0	700.0
Tubewell LL	206.3	206.3	137.4	—	550.0
Roads	195.0	195.0	195.0	65.0	650.0
Contingency	21.5	17.5	16.1	7.4	62.5
TOTAL	1,032.8	841.3	771.0	354.9	3,000.0

V. SOURCE AND ORIGIN OF GOODS AND SERVICES PROVIDED UNDER THIS AGREEMENT

A. The consultants providing technical services under this Agreement will be institutions or other organizations of United States source and origin. Secondary services, however, such as micro-economic and social studies may be acquired by such consultants through joint ventures or sub-contracts with local firms, institutions or organizations. The costs of such local services may be financed under this Agreement. All such contracts, subcontracts and joint ventures must be approved in writing in advance by ERD and AID.

B. Project vehicles and any other equipment or materials procured under this Agreement will be of United States or Bangladesh source and origin only.

VI. CONDITIONS, COVENANTS AND TERMINAL DATES

A. *Initial conditions precedent to disbursement*

1. Legal opinion as to the binding character of this Agreement;
2. Designation of authorized representatives of the Government.

B. *Conditions precedent for each activity*

In addition to the above, the following conditions precedent will be met for disbursements for vehicle procurement and for each consultant contract, respectively:

1. Execution of contracts for purchase of project vehicles; such contracts shall be approved by AID;
2. Execution of consultant contracts and AID approval of such contracts.

C. *Covenants*

1. The Government agrees that AID funds under this Agreement shall not be used to pay taxes, duties or similar charges. With respect to tax and customs duty exemptions, the provisions of the Bilateral Agreement (Economic, Technical and Related Assistance Agreement between the Government of the People's Republic of Bangladesh and the United States of America, dated May 21, 1974) shall apply. In addition, the Government agrees to exempt project commodities from demurrage and storage charges, or in the alternative, to pay promptly such charges. Also the Government agrees to waive all customs duties and taxes on transactions, profit for income incurred under this Agreement, or to pay the same from its own resources.

2. The Government will carry out the project with diligence and efficiency, and in accordance with sound administrative and financial practices, and shall not take nor permit any action which would interfere with the effective implementation of the project.

3. The Government shall make available promptly as needed, the land, funds, facilities, services, personnel and other resources which are required, in addition to the proceeds of loan, for carrying out the project.

4. The Government will implement the project in such manner as to ensure the continuing and successful achievement of the project purposes.

5. The Government will consult with AID from time to time, at the request of either, with respect to the obligations accepted by the Government under the project and any questions related thereto.

D. *Terminal dates for conditions precedent to disbursement*

1. Initial conditions precedent to disbursement will be met within one month from the date of signing this Agreement.

2. Conditions precedent to disbursement for vehicle procurement and consultant contracts will be met within twelve months from the date of signing this Agreement.

3. The terminal date for financing requests for vehicle procurement and consultant contracts will be eighteen months from the date of signing this Agreement.

4. The terminal date for disbursements under the Grant will be 24 months from the date of signing this Agreement.

VII. IMPLEMENTATION PROCEDURES AND GUIDELINES

Specific requirements regarding contracting, procurements procedures, reports, etc., will be set forth in pertinent subobligating documents (PIO/Ts and PIO/Cs).

VIII. REPRESENTATIVES

For all purposes relative to this Agreement, the Government will be represented by the individuals holding or acting in the offices of Secretary and Joint Secretary, External Resources Division, Ministry of Planning. Such individuals shall have the authority to designate additional representatives by written notice. 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 AID. Until receipt by AID 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.

ANNEX B

WAIVER 388-0031

Project Agreement No. 388-0031-I, project development

September 29, 1976

The subject Agreement has been executed with substantive elements of the project having been defined and agreed to by both Governments. Selection of and negotiation for consultants to undertake the studies to be financed under this project have not as yet been completed. Likewise arrangements to procure project vehicles have not as yet been completed.

Accordingly, pursuant to the authority vested in me by 19 HB 1D2a(3)a, I waive the requirement to subobligate funds for technical services under this Agreement and extend the issuance date for PIO/Ts to March 31, 1977. Furthermore, I waive the requirement to subobligate funds for commodities under this Agreement and extend the issuance date for PIO/Cs to March 31, 1977.

[Signed]

JOSEPH S. TONER

Director

USAID/Bangladesh

RELATED LETTER

September 29, 1976

Dear Dr. Hossain:

I refer to the Project Agreement between the Government of the People's Republic of Bangladesh (hereinafter called Government) and the United States of America, A.I.D. Project No. 388-0031 dated September 29, 1976, providing for assistance to the People's Republic of Bangladesh for project development studies.

This is to confirm our understanding that the Government will use its best efforts to procure in the United States, during the disbursement period as set forth in section V.D.4 of the Project Agreement, goods and services of a value equivalent to the amount of U.S. dollars disbursed pursuant to section IV.E. of the Project Agreement. It is our further understanding that the Government will provide A.I.D. with annual reports as to the value of goods and services procured in the United States with the first such report to be due twelve months after date of the Project Agreement. In computing the value of such goods and services, goods and services procured with funds provided by A.I.D. shall not be included.

If the above accurately reflects our mutual understanding, please so signify by signing at the indicated place below.

Sincerely yours,

[Signed]
JOSEPH S. TONER
Director

[Signed]
Dr. EKRAM HOSSAIN
Joint Secretary, Ministry of Planning
Government of Bangladesh
Dacca

Date: September 29, 1976.

Dr. Ekram Hossain
Joint Secretary, Ministry of Planning
Government of Bangladesh
Dacca
