

No. 19860

**UNITED STATES OF AMERICA
and
PHILIPPINES**

**Project Grant Agreement for economic and social impact
analysis/Women in Development (with annexes). Signed
at Manila on 19 April 1978**

Authentic text: English.

Registered by the United States of America on 10 June 1981.

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

**Accord de don pour un projet relatif à l'analyse de l'impact
du développement économique et social, notamment à
l'égard des femmes des Philippines (avec annexes).
Signé à Manille le 19 avril 1978**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 10 juin 1981.

PROJECT GRANT AGREEMENT¹ BETWEEN THE REPUBLIC OF THE PHILIPPINES AND THE UNITED STATES OF AMERICA FOR ECONOMIC AND SOCIAL IMPACT ANALYSIS/WOMEN IN DEVELOPMENT

Dated: April 19, 1978

A.I.D. Project Number 492-0295

TABLE OF CONTENTS

PROJECT GRANT AGREEMENT

Article 1. The Agreement	Article 5. Special Covenants
Article 2. The Project	Section 5.1. Project Evaluation
Section 2.1. Definition of Project	Section 5.2. Continuation of Project Activities
Section 2.2. Incremental Nature of Project	Article 6. Procurement Source
Article 3. Financing	Section 6.1. Foreign Exchange Costs
Section 3.1. The Grant	Section 6.2. Local Currency Costs
Section 3.2. Grantee Resources for the Project	Article 7. Disbursement
Section 3.3. Project Assistance Completion Date	Section 7.1. Disbursement for Foreign Exchange Costs
Article 4. Conditions Precedent to Disbursement	Section 7.2. Disbursement for Local Currency Costs
Section 4.1. First Disbursement	Section 7.3. Other Forms of Disbursement
Section 4.2. Disbursement for Individual Components	Section 7.4. Rate of Exchange
Section 4.3. Notification	Article 8. Miscellaneous
Section 4.4. Terminal Dates for Conditions Precedent	Section 8.1. Communications
	Section 8.2. Representatives
	Section 8.3. Standard Provisions Annex

PROJECT GRANT AGREEMENT dated April 19, 1978, between the REPUBLIC OF THE PHILIPPINES ("Grantee") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

Article 1. THE AGREEMENT

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described herein, and with respect to the financing of the Project by the Parties.

Article 2. THE PROJECT

Section 2.1. DEFINITION OF THE PROJECT. The Project, which is further described in Annex 1, will consist of a series of studies, experiments, field tests,

¹ Came into force on 19 April 1978 by signature.

and training workshops aimed at developing, testing, and institutionalizing various methodologies and indicators for defining and measuring economic progress, social change, and the impact of development projects, including effects on Filipino women. The Project will be implemented in terms of four components. These are:

(a) MACRO Component—Developing Systematic Means for Measuring and Monitoring Progress Towards Development Goals;

(b) MICRO Component—Developing the Methodologies for Measuring and Analyzing Project Progress and Impact;

(c) REGION VI Component—Institutionalizing the Use of Project Progress and Impact Indicators; and

(d) WID Component—Women in Development Studies. The purpose of the Project is to help improve the measurement of economic progress, social change, and the impact of development projects, including the effects on women in their dual roles as agents and beneficiaries of development. Its goal is to help improve the economic and social well-being of the Philippine population, particularly the rural poor. Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2 without formal amendment of this Agreement.

Section 2.2. INCREMENTAL NATURE OF PROJECT. (a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

Article 3. FINANCING

Section 3.1. THE GRANT. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed One Million United States ("U.S.") Dollars (\$1,000,000) ("Grant"). The Grant may be used to finance foreign exchange costs, as defined in Section 6.1 and local currency costs, as defined in Section 6.2, of goods and services required for the Project.

Section 3.2. GRANTEE RESOURCES FOR THE PROJECT. (a) The Grantee agrees to provide or cause to be provided for the Project all funds in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by Grantee for the Project through December 31, 1978 will not be less than the equivalent of U.S. \$465,000, including costs borne on an "in-kind" basis.

(c) The Grantee's contribution to subsequent years of Project operation will be subject to availability of funds for this purpose and mutual agreement to proceed.

Section 3.3. PROJECT ASSISTANCE COMPLETION DATE. (a) The "Project Assistance Completion Date" (PACD), which is December 31, 1981, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1, not later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 4.1. FIRST DISBURSEMENT. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2 and of any additional representatives, together with a specimen signature of each person specified in such statement;
- (b) An implementation plan for the overall implementation of the Project;
- (c) The evaluation program referred to in Section 5.1;
- (d) Evidence that a Joint Project Advisory Committee has been organized;
- (e) Evidence that the Philippine Institute for Development Studies (PIDS) has been designated as the Overall Coordinator for the Project together with a statement of its responsibilities and powers with respect to the overall management and coordination of the Project;
- (f) A written statement that a Project Management Team has been organized within PIDS consisting of one Project Director, two Assistant Directors, and necessary technical and administrative support staff;
- (g) A copy of individual Memoranda of Agreement or similar agreements signed between the PIDS and the NEDA, University of the Philippines School of Economics (UPSE), Regional Development Council (RDC) of Region VI, and the Institute of Philippine Culture (IPC), which such agreements shall designate the NEDA Statistical Coordination Office (NEDA/SCO) as the Coordinator for the MACRO Component of the Project; the UPSE as the Coordinator for the MICRO Component; the RDC of Region VI as the Coordinator for the Region VI Component; and the IPC as the Coordinator for the WID Component; and

- (h) A written statement that initial staff needed to begin implementation of the Project have been identified and designated by the individual Coordinators of each Project component.

Section 4.2. DISBURSEMENT FOR INDIVIDUAL COMPONENTS. Prior to disbursement under the Grant, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made, for purposes of financing any individual component of the Project, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D. a detailed implementation plan for the individual component.

Section 4.3. NOTIFICATION. When A.I.D. has determined that the conditions precedent specified in Section 4.1 and 4.2 have been met, it will promptly notify the Grantee.

Section 4.4. TERMINAL DATES FOR CONDITIONS PRECEDENT. (a) If all of the conditions specified Section 4.1 have not been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Grantee.

(b) If all of the conditions specified in Section 4.2 have not been met within 120 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

Article 5. SPECIAL COVENANTS

Section 5.1. PROJECT EVALUATION. The Parties agree to establish an evaluation program as an integral part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter: (a) evaluation of progress toward attainment of the objectives of the Project; (b) identification and evaluation of problem areas or constraints which may inhibit such attainment; (c) assessment of how such information may be used to help overcome such problems, in this or other projects, and (d) evaluation, to the degree feasible, of the overall development impact of the Project.

Section 5.2. CONTINUATION OF PROJECT ACTIVITIES. The Grantee will take steps to ensure that the various methodologies and indicators developed under this Project for measuring economic progress, social change, and the impact of development projects, are used regularly in the development planning, monitoring, and evaluation activities of its various agencies. Towards this end, the Grantee agrees to exert its best efforts to progressively absorb during the implementation of this Project, the contractual technical staff of the Project into the regular personnel complement of NEDA and other agencies, subject to civil service and other applicable administrative rules and regulations of the Grantee and its agencies.

Article 6. PROCUREMENT SOURCE

Section 6.1. FOREIGN EXCHANGE COSTS. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or

contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1 (b) with respect to marine insurance.

Section 6.2. LOCAL CURRENCY COSTS. Disbursements pursuant to Section 7.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in the Republic of the Philippines ("Local Currency Costs"). To the extent provided for under this Agreement, "Local Currency Costs" may also include the provision of local currency resources required for the Project.

Article 7. DISBURSEMENT

Section 7.1. DISBURSEMENT FOR FOREIGN EXCHANGE COSTS. (a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

- (1) By submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or, (B) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or
- (2) By requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers, through Letters of Credit or otherwise, for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

Section 7.2. DISBURSEMENT FOR LOCAL CURRENCY COSTS. (a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained:

- (1) By acquisition by A.I.D. with U.S. Dollars by purchase; or
- (2) By A.I.D. (A) requesting the Grantee to make available the local currency for such costs, and (B) thereafter making available to the Grantee, through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Grantee or its designee, an amount of U.S. Dollars equivalent to the amount of local currency made available by the Grantee, which dollars will be utilized for procurement from the United States under appropriate procedures prescribed in Project Implementation Letters.

The U.S. dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b) (1) above, the amount of U.S. dollars required by A.I.D. to obtain the local currency, and in the case of subsection (b) (2) above, an amount calculated at the rate of exchange specified in the applicable Special Letter of Credit Implementation Memorandum hereunder as of the date of the opening or amendment of the applicable Special Letter of Credit.

Section 7.3. OTHER FORMS OF DISBURSEMENT. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

Section 7.4. RATE OF EXCHANGE. Except as may be more specifically provided under Section 7.2., if funds provided under the Grant are introduced into the Republic of the Philippines by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of the Republic of the Philippines at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the Republic of the Philippines.

Article 8. MISCELLANEOUS

Section 8.1. COMMUNICATIONS. Any notice, request, document or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee:

Mail Address:

National Economic and Development Authority
P.O. Box 1116
Manila

Alternate address for cables:

NEDAPHIL

To A.I.D.:

Mail Address:

United States Agency for International Development
c/o The American Embassy
Manila

Alternate address for cables:

USAID/AMEMB Manila

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

Section 8.2. REPRESENTATIVES. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the Office of the Director General, National Economic and Development Authority and A.I.D. will be represented by the individual holding or acting in the office of the Director of the United States A.I.D. Mission to the Philippines, each of

whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 8.3. STANDARD PROVISIONS ANNEX. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

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

United States of America:

[Signed]

By: PETER M. CODY

Title: Director, U.S. Agency for International Development

Republic of the Philippines:

[Signed]

By: GERARDO P. SICAT

Title: Secretary of Economic Planning (Director-General), National Economic and Development Authority

ANNEX 1

DESCRIPTION OF THE PROJECT

The goal of the Economic and Social Impact Analysis/Women in Development Project is to help improve the economic and social well-being of the Philippine population, particularly the rural poor who constitute the bulk of the population. The strategy for achieving this goal is to strengthen the planning and evaluation capabilities of the Government of the Philippines (GOP) through the development and testing of more effective systems and methodologies for measuring and monitoring progress towards the GOP's major development goals, and for assessing and analyzing the contributions of individual development projects towards the achievement of these goals.

The purpose of the Project is to help improve the measurement of economic progress, social change, and the impact of development projects, including the effects on women in their dual role as agents and beneficiaries of development. The project purpose shall be considered to have been achieved if the following conditions are present at the end of CY 1981:

1. The National Economic and Development Authority (NEDA) has in operation a system of macro-level indicators for measuring and monitoring progress towards national and regional development goals; and
2. NEDA and the GOP's line agencies regularly and systematically use tested methodologies, including valid indicators, for measuring, monitoring, and analyzing project progress and impact.

The Project has been conceived and will be implemented in terms of four components. The first component, which has been labeled the MACRO Component, is concerned with the creation and institutionalization of a system of macro-level indicators for measuring national and regional progress towards development goals. The second, or MICRO Component, aims to develop and test various methodologies, including indicators, for measuring and analyzing the progress and impact of development projects. The third, or REGION VI Component, is a limited effort at the regional level to promote and systematize the use of progress and impact measurement and analysis systems in selected projects in Region VI, which consists mainly of the four provinces located on Panay Island. The fourth, or WID

Component, is a special effort to develop indicators for measuring the degree to which women participate in and are benefited by development. The measurement of women's role in development will not, however, be limited to the fourth component. It is also an integral part of the first three components.

The Project will be implemented by various Philippine institutions with the assistance of AID-financed U.S. and local consultants (see Table 1 for the U.S. and local consultant requirements of the Project). After the Project Agreement is signed, NEDA will enter into an agreement with the Philippine Institute for Development Studies (PIDS) to serve as Overall Coordinator for the Project. The agreement between NEDA and PIDS will be subject to the written concurrence of USAID. PIDS will then enter into individual agreements with the following institutions to serve as Coordinators for the various components of the Project: (1) NEDA Statistical Coordination Office (NEDA/SCO)—MACRO Component; (2) University of the Philippines School of Economics (UPSE)—MICRO Component; (3) Regional Development Council (RDC) of Region VI—REGION VI Component; and (4) Institute of Philippine Culture (IPC)—WID Component. The individual agreements entered into by PIDS shall be subject to the written concurrence of NEDA and USAID.

A Joint Project Advisory Committee will be established by NEDA and USAID to provide policy guidance to the PIDS in the implementation of this Project. The Committee will be co-chaired by the NEDA Director-General and the USAID Director. The Committee will include as members on NEDA's side the Deputy Directors-General of the Statistical Coordination Office, Programs and Projects Office, and Policy and Planning Office, or their authorized representatives. USAID members will include the Program Economist, the Program Officer, and the Assistant Directors for Agriculture, Human Resources Development, Local Development, Regional Development, and Capital Development, or their authorized representatives.

Table 1

ECONOMIC AND SOCIAL IMPACT ANALYSIS/WOMEN IN DEVELOPMENT PROJECT

Consultant Requirements, FY 1978-81*
(in man-months)

	Total FY 1978-81		1978		1979		1980		1981	
	US	Local	US	Local	US	Local	US	Local	US	Local
I. MACRO Component	24	96	6	24	8	24	6	24	4	24
(PASA contracts with the US Bureau of Census and the HEW Department; contract with the Institute for Social Research, University of Michigan; Local contracts with the DAP, UPSE, UP Social Research Laboratory, UP Statistical Center, and other institutions)										
1. Audit of existing statistical system	2	8	2	8	—	—	—	—	—	—
2. Development of conceptual and statistical framework for the ESIA Indicator System	6	40	2	10	4	12	—	12	—	6
3. Improvement/design of surveys	16	48	2	6	4	12	6	12	4	18

	Total FY 1978-81		1978		1979		1980		1981	
	US	Local	US	Local	US	Local	US	Local	US	Local
II. MICRO Component	63	200	25	75	7	25	7	25	24	75
(Contracts with US firms/institutions such as the Development Alternatives, Inc. Harvard Institute for International Development, Yale Economic Growth Center. Contracts with local firms/institutions such as the Social Research Associates, DAP, UPSRL, Institute of Agricultural Development Administration, etc.)										
1. Design of project analytical frameworks	2	76	2	54	—	22	—	—	—	—
2. Design and implementation of project data collection systems	30	24	23	21	7	3	—	—	—	—
3. Impact measurement and data analyses	28	76	—	—	—	—	7	25	21	51
4. Development of manuals and training of GOP project planners	3	24	—	—	—	—	—	—	3	24
III. REGION VI Component . .	—	144	—	48	—	48	—	48	—	—
(Local contract with the Philippine Business for Social Progress, DAP, or a comparable local institution)										
1. Training of project planners from regional offices and local governments in Region VI . .	—	50	—	40	—	6	—	4	—	—
2. Conduct of baseline, midline, and impact studies, and supplementary surveys	—	36	—	8	—	14	—	14	—	—
3. Analysis of indicators usage	—	58	—	—	—	28	—	30	—	—
IV. TOTAL CONSULTANT REQUIREMENTS	87	440	31	147	15	97	13	97	28	99

* See Tables 1-4 of Attachment I for annual funding estimates for US and local consultant services. The full amount of the cost of consultant requirements is expected to be provided by A.I.D. The consultant requirements for the WID component are expected to be minimal.

PIDS will be responsible to the NEDA for the overall management and coordination of the Project. The major functions of PIDS as Overall Coordinator will be to: (1) plan and manage on a continuing basis the various activities of the component Coordinators; and (2) serve as the conduit through which project funds needed to defray the local costs of the Project are disbursed to the component Coordinators. In support of these functions, PIDS will develop a detailed overall implementation plan based on implementation plans to be prepared under its guidance by the component Coordinators. These plans will include financial plans showing on a quarterly basis the estimated costs and sources of financing of the proposed activities. The financial plans will also specify the arrangements for peso cost sharing between the NEDA and USAID. PIDS will also design and implement, subject to AID's approval, a reporting system for financial and other data generated under the Project and needed for effective management, and provide for the exchange of information across the various components.

The component Coordinators will be responsible to the PIDS for implementation and management of the research, survey, training and other activities to be undertaken under their respective components. Their functions will include: (1) formulation, under the guidance of PIDS, of detailed implementation plans including financial arrangements; (2) implementation, management, and coordination of the research, survey, training, and other activities to be undertaken under their respective components; (3) drafting of scopes of work and contracting of services of U.S. and local consultants needed to assist them in carrying out selected activities (the contracting process will be in accordance with AID procedures on host country contracting); (4) serving as liaison between PIDS and the agencies and institutions that will be implementing various research, survey, training, and other activities to be undertaken under their respective components; and (5) complying with the management, financial and other reporting requirements established by PIDS.

In support of the Project A.I.D. intends to provide, subject to the availability of funds for the purpose, in accordance with A.I.D. allotment procedures, \$2,500,000 in grant funds over the period U.S.G. FY 1978-1980. Of this amount, \$1,000,000 is obligated under this Agreement for CY 1978, the first operational year of the Project. The GOP, through the NEDA, intends to provide the equivalent of U.S. \$1,944,000 in cash and in kind over the period CY 1978-1981, of which \$465,000 will be provided in CY 1978.

Approximately \$125,000 of the A.I.D. grant obligated under this Agreement is earmarked for the procurement of audio-visual equipment from the U.S. This equipment will be installed in a monitoring facility to be established within the NEDA for regularly reporting and disseminating the results of the survey, research, and other impact assessment activities which will be undertaken under the Project.

The expected outputs of the Project will consist of a series of studies, experiments, field tests, and training workshops aimed at developing, testing and institutionalizing various methodologies and indicators for defining and measuring economic progress, social change, and the impact of development projects, including effects on Filipino women. The magnitude of these outputs is specified in the following general description of the various project components.

1. *MACRO Component—Developing Systematic Means for Measuring and Monitoring Progress Towards Development Goals*

This component is aimed at the development and institutionalization of a system of macro indicators, hereafter referred to as the ESIA Indicator System, for measuring and monitoring the degree of achievement of the economic and social development goals expressed in the GOP's Development Plans. To achieve this purpose, the NEDA/SCO with the assistance of U.S. and local consultants, will develop the conceptual and statistical framework for the proposed ESIA Indicator System; conduct a comprehensive audit of the existing statistical system; redesign existing surveys; and design new surveys and other statistical studies.

A Social Accounts Unit within the NEDA/SCO will be established to develop, maintain and administer the proposed system. At full strength, this unit will consist of

about 46 persons, including 38 technical personnel. Around 29 technical personnel of the Social Accounts Unit will undergo short-term training in various aspects of indicator development and social accounting operations.

The total cost of the MACRO Component has been preliminarily estimated at \$1,265,000 over the period CY 1978-81 (see Table 2 of Attachment I). The foreign exchange cost will include: (a) approximately 24 man-months of U.S. consultant services; and (b) short-term training in the U.S. of about 29 technical personnel of the NEDA/SCO.

AID assistance provided under this component is intended to finance the full amount of its foreign exchange cost and approximately \$401,000 of its local currency cost. The balance of the local cost will be provided by the NEDA.

The major outputs of the MACRO Component will include:

- (a) A series of studies developing the conceptual framework for the ESIA Indicator System, and assessing the existing statistical system relative to its data needs.
- (b) A statistical base to support the ESIA Indicator System. This will include the improvement of existing surveys such as the Integrated Survey of Households and the Family Income and Expenditure Survey; the conduct of new surveys such as a national health and nutrition survey; and the maximum utilization of administrative/regulatory data being collected by GOP agencies.
- (c) The establishment of a Social Accounts Unit within the Statistical Coordination Office of NEDA and some 29 personnel trained in various aspects of indicator system operation and social accounting.

2. *MICRO Component—Developing the Methodologies for Measuring and Analyzing Project Progress and Impact*

This component will involve the design and implementation of progress and impact measurement systems for at least 18 GOP development projects covering a broad range of sectors. About 7 of the selected projects will be studied intensively. For each of these projects, quantitative analytical models relating project inputs to outputs and outputs to the expected impact on various development goals will be formulated. In obtaining the data needed to test the models, various data collection options ranging from low-cost qualitative systems to high-cost quantitative systems will be examined and used.

Extensive analysis will be conducted on the remaining 11 projects. In this analysis, there will be no attempt to design analytical models or to experiment with different data collection systems. Instead, the intended impact of projects will be carefully specified based on *a priori* judgments of how they will contribute to the achievement of the various development goals. The best, low-cost, state-of-the-art data collection and analysis system will then be selected and applied to measure impact.

The experience gained from the foregoing analyses will be evaluated and documented in order to develop a series of manuals which will provide guidance on the design of similar impact information systems for other development projects. In order to promote the extensive use of these tested systems, short-term training programs based on these manuals will be organized by the UPSE or a comparable training institution, for an estimated 114 GOP project planners and evaluators.

The various activities to be carried out under this component will be managed and coordinated by the UPSE through a group of NEDA-based coordinators (1 per intensive project and 1 for 2 extensive projects), and project-based monitors (2 per intensive project and 1 per extensive project). To strengthen the capabilities of the NEDA to undertake impact assessment activities, about six of the NEDA-based project coordinators will participate in advanced short-term courses in survey design and project evaluation in the U.S.

The total cost of the MICRO Component has been preliminarily estimated at \$1,800,000 over the period CY 1978-81, of which about \$515,000 will be in foreign exchange

(see Table 3 of Attachment 1). The foreign exchange costs will include: (a) approximately 63 man-months of U.S. consultant services; and (b) short-term training in the U.S. of about six NEDA-based project coordinators.

A.I.D. assistance provided under this component is intended to finance the full amount of its foreign exchange cost and approximately \$461,000 of its local currency cost. The balance of the local cost will be provided by the NEDA.

The major outputs of the MICRO Component will include:

- (a) A series of studies on the measurement of progress and impact for at least 18 development projects. This will include intensive studies of the impact of seven development projects, and evaluative studies of the effectiveness of alternative data collection options;
- (b) A series of manuals on the design and implementation of project progress and impact measurement and analysis systems; and
- (c) Approximately 120 personnel of GOP agencies trained in project monitoring and evaluation.

3. *REGION VI Component—Institutionalizing the Use of Project Progress and Impact Indicators*

This component will examine the administrative and other feasibility issues involved in promoting the extensive use of project progress and impact measurement systems at the regional level. Region VI, which consists of the four provinces of Panay Island—Aklan, Antique, Capiz, Iloilo—and the province of Negros Occidental, has been selected as the study area for this purpose.

Under the REGION VI Component, the Regional Development Council (RDC) of Region VI will provide short-term training for about 70 project planners from different regional agencies and provincial governments involving the design of low-cost impact measurement systems for selected projects in Region VI. The planners will then implement the systems with continuing technical assistance from the RDC. Regular evaluation workshops will be conducted by the RDC to pinpoint problems and ensure continuity in carrying out the various impact measurement studies. The experience gained with the extensive use of impact measurement systems at the regional level will also be documented and feasibility issues identified for future use.

The total cost of the REGION VI Component has been preliminarily estimated at \$627,000 over the period CY 1978-80 (see Table 4 of Attachment 1). No foreign exchange cost will be involved. AID assistance provided under this component will be used to finance approximately \$264,000 of the total cost. The balance will be provided by the NEDA.

The major outputs of the REGION VI Component will include:

- (a) An estimated 70 people from different regional agencies and local governments in Region VI trained in designing and implementing project progress and impact measurement systems; and
- (b) Some 25 project progress and impact measurement systems designed and implemented;
- (c) At least 1 study identifying and documenting the feasibility issues involved in implementing on a broad scale at regional level the use of indicators for more effective project planning and implementation.

4. *WID Component—Women in Development Studies*

The WID Component will consist of a series of surveys and studies aimed at measuring the degree and extent of the participation of Filipino women in development. Women's participation will be measured in two ways; as contributors to and beneficiaries of development.

The research studies are expected to result in the development of indicators that can be used to measure the degree and extent of women's participation. The approach will be two-pronged: (1) a small pilot survey will be conducted in order to test and refine experimental WID-related indicators, following which the refined indicators will be measured on a broader scale through a larger survey in selected areas; and (2) special studies will be undertaken to fill gaps in the existing knowledge of women's activities.

The experimental WID indicators will relate to household and market productivity of women, their participation in decision-making processes, and their access to and use of various community services. Special studies will cover: (1) the attitudinal and behavioral aspects of women's participation, such as perceived quality of life and attitudes toward working wives; (2) a special study of market activities where large numbers of women are employed, such as teaching, domestic help, farm work, etc., and (3) an in-depth study of existing women's organizations, particularly grass-roots organizations.

The total cost of the WID Component has been preliminarily estimated at \$400,000 over the period CY 1978-1979 (see Table 5 of Attachment 1). No foreign exchange cost will be involved. A.I.D. assistance provided under this component will be used to finance approximately \$360,000 of the total cost. The balance will be provided by NEDA.

The major outputs of the WID Component will include:

- (a) Two surveys directly aimed at developing and testing indicators of women's participation in development; and
- (b) Four intensive studies on selected aspects of women's participation in development.

ANNEX 1

Attachment 1

FINANCIAL PLAN

1. General

Table 1 shows the current estimates of the annual costs and sources of financing for the Project as a whole. It is based on Tables 2-5 which show the current estimates of the annual costs and sources of financing for each of the Project components. Tables 1-5 may be updated from time to time as necessary by written agreement of the NEDA Director-General and the USAID Director.

Within the overall annual budget ceilings (foreign exchange plus local currency costs) established in Table 1, Project resources, both cash and non-cash, may be transferred by the PIDS from one component to another with the written concurrence of the NEDA Director-General and the USAID Director, or their designees. Within the annual budget ceilings established in Tables 2-5 for each component, transfer of resources from one cost category to another may be made by the Coordinators with the written concurrence of the PIDS Project Director and the USAID Project Officer.

2. Foreign Exchange Costs

All foreign exchange costs of the Project shall be borne by A.I.D. Section 6.1 of the Agreement specifies the source and origin requirement for goods and services which will be paid in foreign exchange. Payments for goods and services eligible under Section 6.1 shall be in accordance with procedures described in Project Implementation Letters.

3. Local Currency Costs

An initial advance of A.I.D. funds may be made to PIDS to finance local currency expenditures estimated for the period June to September, 1978. An initial advance shall only be made upon satisfactory completion of all conditions precedent stipulated in Section 4.1 of the Agreement. The estimated expenditure level for the period June to Sep-

tember, 1978 shall be contained in the Project implementation plan to be furnished to and approved by A.I.D. under Section 4.1(b) of the Agreement.

Subsequent advances may be made by A.I.D. to PIDS on a quarterly basis and shall be contingent upon the timely submission of financial and performance reports. The format and content of these reports shall be described in Project Implementation Letters to be issued under the Agreement. The Letters will also describe procedures, including the appropriate documentation, for requesting and liquidating any A.I.D. advances.

4. *PIDS Project Accounts*

The PIDS shall establish project accounts to which cash and non-cash resources contributed by both NEDA and A.I.D. will be credited and from which local currency expenditures of the Project will be paid. A.I.D. contributions and related expenditures shall retain their identity in these accounts. For each operational year, NEDA and A.I.D. contributions to the PIDS project accounts shall be at the respective levels shown in the current version of Table 1. (The current version of Table 1 is defined as the most recent updated version of Table 1 on which both NEDA and A.I.D. have written agreement.) To the extent practical, project expenditures from NEDA and A.I.D. resources should maintain approximately the same relationship as the respective contributions. Any unexpended balances of NEDA or A.I.D. contributions remaining at the end of an operational year may be carried forward for funding project activities in the succeeding year. The PIDS project accounts shall be subject to the records, inspection, and audit requirements of Section B.5 of Annex 2 of this Agreement. The PIDS project accounting system shall be structured so that the local currency costs of the Project can be identified at the component (budget line item) level.

5. *Coordinator Project Accounts*

Each of the four Coordinators of the Project shall establish similar project sub-accounts to which resources contributed by NEDA and A.I.D. through the PIDS will be credited and from which local currency expenditures of the individual component will be paid. The project sub-accounts shall be subject to the same procedures and requirements set forth above.

April 1978

Vol. 1230, I-19860

Table 1
ECONOMIC AND SOCIAL IMPACT ANALYSIS/WOMEN IN DEVELOPMENT PROJECT
Illustrative summary cost estimate and financial plan, CY 1978-81
(\$000)

	<i>Total, CY 1978-81</i>			<i>CY 1978</i>			<i>CY 1979</i>			<i>CY 1980</i>			<i>CY 1981</i>		
	<i>AID</i>		<i>GOP</i>	<i>AID</i>		<i>GOP</i>	<i>AID</i>		<i>GOP</i>	<i>AID</i>		<i>GOP</i>	<i>AID</i>		<i>GOP</i>
	<i>FX</i>	<i>LC</i>	<i>LC</i>	<i>FX</i>	<i>LC</i>	<i>LC</i>	<i>FX</i>	<i>LC</i>	<i>LC</i>	<i>FX</i>	<i>LC</i>	<i>LC</i>	<i>FX</i>	<i>LC</i>	<i>LC</i>
1. Project personnel	—	614	690	—	155	155	—	280	169	—	179	198	—	—	168
Administrative	—	8	88	—	4	23	—	4	23	—	—	23	—	—	19
Technical	—	606	602	—	151	132	—	276	146	—	179	175	—	—	149
2. Consultancy services	517	159	—	218	56	—	198	64	—	101	39	—	—	—	—
US consultants (87 mm) ..	517	—	—	218	—	—	198	—	—	101	—	—	—	—	—
Local consultants (440 mm)	—	159	—	—	56	—	—	64	—	—	39	—	—	—	—
3. Training	178	57	137	48	28	32	74	15	27	56	14	19	—	—	59
US training (35 participants)	178	—	66	48	—	17	74	—	17	56	—	19	—	—	13
Local training (185 participants)	—	57	71	—	28	15	—	15	10	—	14	—	—	—	46
4. Data collection and processing	—	380	600	—	131	69	—	176	141	—	73	141	—	—	249
5. Local travel and allowances	—	55	71	—	23	18	—	32	19	—	—	18	—	—	16
6. Equipment, supplies, rent, printing and sundry	—	121	304	—	48	163	—	73	26	—	—	26	—	—	89
7. Contingency	55	100	54	24	39	8	21	44	12	10	17	10	—	—	24
TOTAL—ALL COMPONENTS..	750	1,486	1,856	290	480	445	293	684	394	167	322	412	—	—	605
8. Other equipment	125	—	—	125	—	—	—	—	—	—	—	—	—	—	—
9. PIDS Project Management Team	—	74	88	—	40	20	—	23	11	—	11	23	—	—	34
10. Project evaluation	50	15	—	50	15	—	—	—	—	—	—	—	—	—	—
OVERALL TOTAL	925	1,575	1,944	465	535	465	293	707	405	167	333	435	—	—	639

Table 2

MACRO COMPONENT—MEASUREMENT AND MONITORING OF PROGRESS TOWARDS DEVELOPMENT GOALS

Illustrative summary cost estimate and financial plan, CY 1978-81
 (\$000)

	Total CY 1978-81			CY 1978			CY 1979			CY 1980			CY 1981		
	AID		GOP	AID		GOP	AID		GOP	AID		GOP	AID		GOP
	FX	LC	LC	FX	LC	LC	FX	LC	LC	FX	LC	LC	FX	LC	LC
1. SCO/NEDA Project personnel	—	255	209	—	77	21	—	111	31	—	67	60	—	—	97
Administrative	—	—	61	—	—	15	—	—	15	—	—	15	—	—	16
Technical	—	255	148	—	77	6	—	111	16	—	67	45	—	—	81
2. Consultancy services	72	24	—	18	6	—	33	11	—	21	7	—	—	—	—
U.S. consultants (24 mm) ...	72	—	—	18	—	—	33	—	—	21	—	—	—	—	—
Local consultants (96 mm) ..	—	24	—	—	6	—	—	11	—	—	7	—	—	—	—
3. Training	148	—	54	38	—	13	64	—	13	46	—	15	—	—	13
U.S. Training (29 participants)	148	—	54	38	—	13	64	—	13	46	—	15	—	—	13
Local training	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Data buildup	—	100	200	—	—	19	—	60	56	—	40	61	—	—	64
Improvement of surveys ...	—	—	101	—	—	19	—	—	23	—	—	28	—	—	31
Initiation of new stat. activities	—	100	99	—	—	—	—	60	33	—	40	33	—	—	33
5. Local travel and allowances ..	—	—	6	—	—	1	—	—	2	—	—	2	—	—	1
6. Equipment, supplies, rent, printing, and sundry	—	—	138	—	—	82	—	—	17	—	—	17	—	—	22
Sub-total	220	379	607	56	83	136	97	182	119	67	114	155	—	—	197
7. Contingency	15	22	22	4	6	3	8	9	5	3	7	5	—	—	9
TOTAL	235	401	629	60	89	139	105	191	124	70	121	160	—	—	206

April 1978

Table 3

MICRO COMPONENT—METHODOLOGIES FOR MEASURING AND ANALYZING PROJECT PROGRESS AND IMPACT

Illustrative summary cost estimate and financial plan, CY 1978-81
(\$000)

	Total CY 1978-81			CY 1978			CY 1979			CY 1980			CY 1981		
	AID		GOP	AID		GOP	AID		GOP	AID		GOP	AID		GOP
	FX	LC	LC	FX	LC	LC	FX	LC	LC	FX	LC	LC	FX	LC	LC
1. Project personnel	—	250	144	—	31	20	—	119	24	—	100	29	—	—	71
Administrative (2 persons)	—	—	12	—	—	3	—	—	3	—	—	3	—	—	3
Technical	—	250	132	—	31	17	—	119	21	—	100	26	—	—	68
UPSE sub-coordinating team (3 persons)	—	—	(49)	—	—	(17)	—	—	(10)	—	—	(10)	—	—	(12)
Project coordinators (12 persons)	—	(81)	(27)	—	(10)	—	—	(38)	(4)	—	(33)	(5)	—	—	(18)
Project-based Monitors (25 persons)	—	(169)	(56)	—	(21)	—	—	(81)	(7)	—	(67)	(11)	—	—	(38)
2. Consultancy services	445	75	—	200	30	—	165	33	—	80	12	—	—	—	—
U.S. consultants (63 mm) ...	445	—	—	20	—	—	165	—	—	80	—	—	—	—	—
Local consultants (200 mm) .	—	75	—	—	30	—	—	33	—	—	12	—	—	—	—
3. Training	30	—	83	10	—	19	10	—	14	10	—	4	—	—	46
U.S. training (6 participants)	30	—	12	10	—	4	10	—	4	10	—	4	—	—	—
Local training*	—	—	71	—	—	15	—	—	10	—	—	—	—	—	46

4. Data collection and processing	—	110	370	—	80	45	—	30	60	—	80	—	—	185
Surveys	—	110	290	—	80	35	—	30	45	—	65	—	—	145
Computer time	—	—	80	—	—	10	—	—	15	—	15	—	—	40
5. Local travel and allowances ..	—	—	60	—	—	15	—	—	15	—	15	—	—	15
6. Equipment, supplies, rent, printing, and sundry	—	138	—	—	57	—	—	7	—	—	7	—	—	67
Sub-total	475	435	795	210	141	156	175	182	120	90	112	135	—	384
7. Contingency	40	26	29	20	11	4	13	9	6	7	6	4	—	15
TOTAL	515	461	824	230	152	160	188	191	126	97	118	139	—	399

* Local training costs shown for FY 78 and FY 79 will cover the costs of training personnel of projects to be studied under the MICRO Component in data collection, processing, and reporting. Costs shown for FY 81 will cover the costs of training 115 project planners from GOP sectoral agencies in the design and implementation of impact measurement methodologies which will be developed and tested under the MICRO Component.

Table 4

REGION VI COMPONENT—INSTITUTIONALIZING THE USE OF PROJECT PROGRESS
AND IMPACT MEASUREMENT SYSTEMS*Illustrative summary cost estimate and financial plan, FY 1978-80*
(\$000 in local currency costs)

	Total CY 1978-80		CY 1978		CY 1979		CY 1980	
	AID	GOP	AID	GOP	AID	GOP	AID	GOP
1. Project personnel	36	327	12	109	12	109	12	109
Administrative (7 persons)	—	15	—	5	—	5	—	5
Technical	36	312	12	104	12	104	12	104
RDC Region VI sub-coordinating team (11 persons)	(36)	(21)	(12)	(7)	(12)	(7)	(12)	(7)
Project evaluators (70 persons)	—	(291)	—	(97)	—	(97)	—	(97)
2. Local consultants (144 mm) .	60	—	20	—	20	—	20	—
3. Local training (70 participants)	57	—	28	—	15	—	14	—
4. Data collection and processing	96	—	24	—	39	—	33	—
5. Local travel and allowances ..	—	5	—	2	—	2	—	1
6. Equipment, supplies, rent, printing and sundry	—	28	—	24	—	2	—	2
Sub-total	249	360	84	135	86	113	79	112
7. Contingency	15	3	7	1	4	1	4	1
TOTAL	264	363	91	136	90	114	83	113

April 1978

Table 5

WID COMPONENT—WOMEN IN DEVELOPMENT STUDIES

*Illustrative summary cost estimate and financial plan, CY 1978-79**
(\$000 in local currency costs)

	Total CY 1978-79		CY 1978		CY 1979	
	AID	GOP	AID	GOP	AID	GOP
1. Project personnel	73	10	35	5	38	5
Administrative	8	—	4	—	4	—
Technical**	65	10	31	5	34	5
2. Data collection and processing	74	30	27	5	47	25
3. Local travel and allowances	55	—	23	—	32	—
4. Equipment, supplies, rent, printing, and sundry	121	—	48	—	73	—
Sub-total	323	40	133	10	190	—
5. Contingency	37	—	15	—	22	—
TOTAL	360	40	148	10	212	30

* Covers the costs of the pilot and macro surveys and four (4) special WID studies.

** Includes \$2,000 for consultation meetings with WID research authorities.

ANNEX 2

PROJECT GRANT STANDARD PROVISIONS ANNEX

Definitions. As used in this Annex, the "Agreement" refers to the Project Grant Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

Article A. PROJECT IMPLEMENTATION LETTERS

To assist Grantee in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project in Annex 1.

Article B. GENERAL COVENANTS

Section B.1. CONSULTATION. The parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors or suppliers engaged on the Project, and other matters relating to the Project.

Section B.2. EXECUTION OF PROJECT. The Grantee will: (a) Carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules or other arrangements, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

(b) Provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

Section B.3. UTILIZATION OF GOODS AND SERVICES. (a) Any resources financed under the Grant will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

Section B.4. TAXATION. (a) This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in the territory of the Grantee.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Grant, and any property or transaction relating to such contracts and (2) any commodity procurement transaction financed under the Grant, are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the territory of the Grantee, the Grantee will, as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Grant.

Section B.5. REPORTS, RECORDS, INSPECTIONS, AUDIT. The Grantee will:

(a) Furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

- (b) 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 to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Grant. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders and the overall progress of the Project toward completion; and
- (c) Afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed by such Party, and books, records and other documents relating to the Project and the Grant.

Section B.6. COMPLETENESS OF INFORMATION. The Grantee confirms:

- (a) That the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;
- (b) That it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

Section B.7. OTHER PAYMENTS. Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except fees, taxes, or similar payments legally established in the country of the Grantee.

Section B.8. INFORMATION AND MARKING. The Grantee will give appropriate publicity to the Grant and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

Article C. PROCUREMENT PROVISIONS

Section C.1. SPECIAL RULES. (a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums for marine insurance placed in the territory of the Grantee will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

(c) Any motor vehicles financed under the Grant will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

(d) Transportation by air, financed under the Grant, of property or persons (and their personal effects) 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.

Section C.2. ELIGIBILITY DATE. 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 the date of this Agreement, except as the Parties may otherwise agree in writing.

Section C.3. PLANS, SPECIFICATIONS, AND CONTRACTS. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Grantee will furnish to A.I.D. upon preparation,

- (1) Any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Grant,

including documentation relating to the pre-qualification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation;

- (2) Such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services which, though not financed under the Grant, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a)(2) will be identified in Project Implementation Letters;
- (b) Documents related to the pre-qualification of contractors, and to the solicitation of bids or proposals for goods and services financed under the Grant will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States standards and measurements;
- (c) Contracts and contractors financed under the Grant for engineering and other professional services, for construction services, and for such other services, equipment or materials as may be specified in Project Implementation Letters, will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution; and
- (d) Consulting firms used by the Grantee for the Project but not financed under the Grant, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Grantee for the Project but not financed under the Grant, shall be acceptable to A.I.D.

Section C.4. REASONABLE PRICE. No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Grant. Such items will be procured on a fair and, to the maximum extent practicable, on a competitive basis.

Section C.5. NOTIFICATION TO POTENTIAL SUPPLIERS. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Grant, the Grantee will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

Section C.6. SHIPPING. (a) Goods which are to be transported to the territory of the Grantee may not be financed under the Grant if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which A.I.D., by written notice to the Grantee has designated as ineligible; or (3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Grant, if such goods or persons are carried: (1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs," without prior written A.I.D. approval; or (2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or (3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately-owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, (1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately-owned United States-flag commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed by A.I.D. and transported to the territory of the Grantee on dry cargo liners shall be paid to or for the benefit of privately-owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

Section C.7. INSURANCE. (a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Grantee may be financed as a Foreign Exchange Cost under this Agreement provided (1) such insurance is placed at the lowest available competitive rate, and (2) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency. If the Grantee (or government of Grantee), by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Grantee financed by A.I.D. hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, the Grantee will insure, or cause to be insured, goods financed under the Grant imported for the Project against risk incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Grantee under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Grantee for the replacement or repair of such goods. Any such replacements will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

Section C.8. U.S. GOVERNMENT-OWNED EXCESS PROPERTY. The Grantee agrees that wherever practicable United States Government-owned excess personal property, in lieu of new items financed under the Grant, should be utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

Article D. TERMINATION; REMEDIES

Section D.1. TERMINATION. Either Party may terminate this Agreement by giving the other Party 30 days written notice. Termination of this Agreement will terminate any obligations of the Parties to provide financial or other resources to the Project pursuant to this Agreement, except for payments which they are committed to make pursuant to non-cancellable commitments entered into with third parties prior to the termination of this Agreement. In addition, upon such termination A.I.D. may, at A.I.D.'s expense, direct that title to goods financed under the Grant be transferred to A.I.D. if the goods are from a source outside Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of Grantee's country.

Section D.2. REFUNDS. (a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed under the Grant are not used effectively in accordance with this Agreement, A.I.D. may require the Grantee to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

(c) The right under subsection (a) or (b) to require a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to A.I.D. from a contractor, supplier, bank or other third party with respect to goods or services financed under the Grant, which refund relates to an unreasonable price for or erroneous

invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the cost of goods and services required for the Project, to the extent justified, and (B) the remainder, if any, will be applied to reduce the amount of the Grant.

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Grantee under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S. Dollars by the Grantee.

Section D.3. NONWAIVER OF REMEDIES. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

Section D.4. ASSIGNMENT. The Grantee agrees, upon request, to execute an assignment to A.I.D. 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 A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.
