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DEPARTMENT OF STATE

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FROM - A.ID./Washington
SUBJECT - Project Agreement - M.O. 1333.1

REFERENCE -

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STATE

1. The component breakdown in blocks 8 and 9 of the Project Agreement face sheet as now formatted is at variance with cost component and method of implementation distribution required in the preparation of the E-1 Tables - Technical Assistance Project Budget (M.O. 1023.3 effective April 1, 1969); the planned and actual obligation and disbursement distribution of the Quarterly Technical Assistance Project Report (M.O. 756.1.8 effective July 1, 1969); and the obligation and cost distribution required in the Project Ledger (M.O. 732.2, paragraph II.B.l.g., effective July 1, 1969). In addition, the currently used Project Agreement format is not compatible with M.O. 712.4, which has been in effect since April 23, 1968.

2. Attached for your review and comment is a draft of M.O. 1333.2, revised to conform with the current programming, reporting and accounting M.O.s.

3. Mission comments will be appreciated. However, they should be cabled or pouched to reach C/ACC no later than October 10.

SEND TO:
Ankara Addis Ababa
Rawalpindi Bangkok
Tunis Seoul
Rio de Janeiro Santo Domingo

Attachment:
Draft M.O. 1333.1 (8 copies - one to each Mission circularized)

RICHARDSON

PAGE 1 OF 1 PAGES

| | | | | |
|-------------------------|----------------------|--------------------|-----------------|--------------------------------|
| DRAFTED BY FIMCELroy | OFFICE A/CONT/ACC | PHONE NO. 20048 | DATE 9-18-69 | APPROVED BY: J. E. Williams |
|-------------------------|----------------------|--------------------|-----------------|--------------------------------|

ADD AND OTHER CLEARANCES

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Att: AID70 Circ A-1993, 9/19/69

AID DIRECTIVES SYSTEM - REVIEW REQUEST

TYPE OF DIRECTIVE AND NO.

M.O. 1333.1

ADDRESSEES
NO. COPIES: NAME: ORGANIZATION: ROOM NO. & BLDG.

SUBJECT: Technical Assistance:
Project Agreement Forms and Standard Provisions

| | | |
|----------------------------|-------------------------------|---------------------------------|
| INITIATED BY: G/ACC/ASB | DATE SENT OUT: JUL 31 1969 | COMMENTS DUE BY: 17 AUG 1969 |
|----------------------------|-------------------------------|---------------------------------|

| | |
|--|---|
| DIRECTIVE(S) TO BE SUPERSEDED: M.O. 1333.1 (TL 12:4 and TL 12:69) | FORM(S) TO BE SUPERSEDED: AID 1330-1 and 1330-1A |
|--|---|

- 1 AA/A, LDwinell, 5883 NS
- 2 AG, EFTennant, 5899 NS
- 2 EXSEC, JPHummon, 5942 NS
- 3 GC, SBives, Jr., 6895 NE
- 3 AA/LPA, CVWoodward, 2895 NS
- 6 PPC/MGT, ACSlaughter, 3665 NS
- 3 PRR/MGT, HReben, 2925-B NS
- 3 WOH/MGT, KMDuckworth, C-605 SA-10
- 1 WOH/PES, HKLennon, 2941 NS
- 2 ENGR, LMHale, 4528 NS
- 2 OPS, LDEmerson, 2638 NS
- 2 LAB/PCD, JEDillon, 4527-A NS
- 6 OIT/AD, RLMcKinnell, 1119 SA-5
- 7 NES/MGT, JFVaughan, 19A04-A NS
- 6 ARA-LA/MS, GAPagano, 3252 NS
- 6 AFR/MGT, NJPappas, 4725 NS
- 10 EA/MGT, RJohnson, 3312 NS
- 12 VN/MGT, CIIrons, 820 RP
- 3 DSM/MGT/STD, SAWalker, 800 TC
- 5 A/CONT, MTNelli, 525 SA-12
- 10 A/PM, EJBarbour, 403 TC
- 1 AG/AUD, SMMoore, 507B SA-12
- 2 AG/SEC, MEFlynn, 1200 TC
- 2 A/AS, NDDriscoll, 2536-A NS
- 1 AG/IIS, EHill, 1103 TC
- 6 PROC/RSS, PJHazur, 1010 TC
- 1 A/GPR, ETCole, 1011-B TC

You are requested to review the attached proposed Directive. Please return this material with your comments or concurrence NO LATER THAN THE ABOVE DUE DATE. If not received by that date, your concurrence will be assumed, unless an extension has been requested and approved.

BACKGROUND AND PURPOSE OF PROPOSED DIRECTIVE (If a revision, explain salient points of difference from existing directive(s) on this subject)

This revised manual order changes the Project Agreement face sheet for compliance with the technical assistance obligation concepts in M.O. 712.4 and related program content of the E-1 table in M.O. 1023.3, Supplement 2 to Annex A (TL 9:147). The manual order gives effect to revised definitions and criteria for establishing technical assistance obligations for which funds are provided in the ProAg. The provisions are also in agreement with the underlying concepts in the PROP (M.O. 1025.1) and PIP (M.O. 1025.2) with emphasis on actions affecting funding of component project costs provided in the ProAg.

RETURN TO (Organization, Room No. & Bldg.)

G/ACC/ASB Rm. 628 SA-12
CONTACT PERSON(S) TELEPHONE CODE & EXT.

Mrs. M.Y. Tomkin, x 20042

COMMENTS (Check appropriate action below. Use additional page for comments if necessary)

If you disagree with any part of the attached material, indicate either on the attachment or by accompanying memorandum the exact language of any suggested change.

*9/23/69 Rec'd with AID70 CIRC A-1993
Comments due 10/10/69 in AID/W.*

| | | |
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MANUAL ORDER

AGENCY FOR INTERNATIONAL DEVELOPMENT

SUBJECT

EFFECTIVE DATE

ORDER NO.

Technical Assistance: Project Agreement Forms and Standard Provisions

TRANS. LETTER NO.

1333.1

PAGE NO.

1

SUPERSEDES

M.O. 1333.1 (TL 12:69)

I. GENERAL

A. As a document, the Project Agreement (ProAg) serves three primary functions within A.I.D. These are:

1. The ProAg is the agreement between the United States and a cooperating country under the terms of which ^{*certain clearly defined elements of*} a specific, discrete project ^{*are*} carried out, and it must therefore reflect the commitments agreed upon by both parties ^{*to fulfill their specified obligations*} stated targets ~~of the project~~ (For definition of a project, see M.O. ~~793.1~~ ^{*712.4*} - ~~Review and~~ ^{*(not a project)*} Observation of A.I.D.-Financed Assistance: Project-Type Assistance and M.C. 1301.1.1 - Projects as Units of Management of Technical Assistance.)
2. The ProAg, and specifically the face sheet(s), is the instrument which obligates A.I.D. funds - both dollars and/or U.S.-owned or controlled local currencies, as appropriate - in order to finance actions agreed upon.
3. The ProAg presents a meaningful, informative summary of the ^{*amount of the*} total project as related to the agreed United States and cooperating country aims and purposes ^{*financed by the funds it obligates*} (The ProAg is consistent with M.C. 1025.1 - Noncapital Project Paper (PROP) and Preliminary Project Proposal (PPP), which describes more specifically the relationship of U.S. objectives in the cooperating country as the basis for A.I.D. approval of a project; and M.C. 1025.2 - Joint Project Implementation Plan (PIP), which describes the planned scheduling of project inputs and outputs.)

B. The ProAg is as brief as practicable and consistent with requirements to fulfill the primary functions outlined above. The narrative is clear, direct and concise, not ambiguous. It makes explicit distinction between items included as matters of substantive agreement, commitment or obligation by each party to the ProAg, to distinguish them from items included as matters of general guidance, explanation or information. Special care must be exercised to assure that financial and funding data and other information are correctly and adequately shown. (In drawing up the ProAg and filling out the forms, Missions must observe the interrelationships and requirements of the financial elements which are covered below in the instructions for Blocks 5 through 10, inclusive, of the ProAg, form AID 1330-1.) The initial face sheet of the ProAg summarizes all the A.I.D. funds obligated and all cooperating country or other donor financing which is committed under the ProAg.

C. Other funding or support inherent to the specific project but not directly obligated or committed by the ProAg, per se, is detailed under Block 5 in the explanatory section of the ProAg Annex A, form AID 1330-1A. Additional (supplemental) face sheets are required whenever A.I.D. funds obligated by the ProAg carry a different allotment and/or appropriation or fund symbol, including obligations of U.S.-owned or controlled local currency funds, if any. The separate face sheets which are prepared for each type of funds obligated are then summarized on the initial face sheet, except that local currencies must be separately summarized. Separate face sheets to show different types of funds committed by the cooperating country are not required, except for cooperating country trust funds and counterpart (which are U.S.-controlled). The explanation required under Block 5 (Annex A) should show country contributions distributed, where appropriate, between counterpart (or other country-owned funds generated under U.S. assistance programs) and/or direct contributions from the host country's own

revenues and other resources. (See M.O. 1512.1 - Local Currencies Owned and Controlled in Part by the United States, General.) Any funding or support for the project which comes from other donors (e.g., third countries or other organizations should also be detailed and described in the ProAg Annex A).

II. OBLIGATION OF FUNDS

A. Bilateral Projects

1. As provided in M.O. 712.4 - Obligation Concepts: Technical Assistance, the ProAg obligates funds for specified elements of cost under bilateral technical assistance projects. As an obligating instrument, the ProAg is not used for unilateral (regional and interregional) projects and technical assistance support activities. (See M.O. 1331.1 - Implementation of Technical Assistance Projects, General for special-purpose use of the ProAg under technical assistance support activities.)

2. The ProAg also obligates funds for technical assistance-type Local Currency Activities which require bilateral agreements. (See M.O. 1513.1 - Local Currency Activities.)

3. The ProAg is not used for independently financed projects which are not directly supported by A.I.D. funds even though A.I.D. technical advice and backstopping are provided.

B. Elements of the Project Agreement

1. M.C. 712.4 sets forth the period and the specific requirements for which funds are obligated by a ProAg as a bilateral agreement, and delineates implementing action documents for procurement of services, commodities and related project inputs. Except for A.I.D. direct hire personnel and international travel, the ProAg obligates funds for all component costs of a project.

2. The ProAg obligates funds for personnel services of employees of another U.S. Government agency under a Participating Agency Service Agreement (PASA) as authorized by Section 625(f) of the Foreign Assistance Act of 1961, as amended (FAA). (See M.C. 1331.1.1 - Funding U.S. Participating Agency Technicians Beyond the Current Fiscal Year Through PASAs Pursuant to Section 625(f) of the FAA of 1961, as Amended. See also M.O. 732.2 - Mission Accounting for Technical Assistance Projects, paragraph II.B.1.g.(1) - Columns 7 and 8 - U.S. Personnel Costs for costs included in personnel services.)

Is this enough?
 3. Funds for ^{participant} ~~procurement of~~ ^{costs and} training services are also obligated by the ProAg, except that for specialized program projects the Project Implementation Order (Participants) (PIO/P) constitutes the obligating document as set forth in M.O. 712.4. (See also M.O. 1383.1 - Preparation of Project Implementation Order/Participants.)

III. PROJECT BUDGET AND TIME SCHEDULE

A. Funding Requirements

Planned resources for and other inputs to a project, for which funds are initially obligated by a ProAg and increased by additional ProAgS for incremental funding as required in succeeding fiscal years in accordance with M.O. 712.4, are stated in monetary equivalents in a project budget for each fiscal year of scheduled activity or performance. See paragraph IV. below for Block 5 - Project Description and Explanation (Annex A), subparagraph e.

B. Implementation Schedule

Amounts obligated by a ProAg and related incremental ProAgS in following fiscal years and additional requirements (A.I.D. direct hire and international travel costs) obligated by other implementing actions are reflected in the project budget in

consonance with the rate of accomplishment, planned outputs and other results provided in the implementation targets which determine the level of funding needed for each period. Coordination of project funding and scheduling is delineated as an integral part of the ProAg in connection with the completion of Block 5 below.

IV. INSTRUCTIONS FOR COMPLETING THE PROJECT AGREEMENT (ProAg) AND RELATED FORMS

A ProAg consists of the ProAg face sheet, form AID 1330-1, supplemented by the ProAg Annex A on the ProAg Continuation Sheet, form AID 1330-1A. (See Annex A, pages A-1 and A-2, respectively.) Agreements for Technical Assistance Projects and some Local Currency Activities are prepared on these forms as prescribed in paragraph II.A. above.

Instructions for completing these forms are detailed below.

Block for ProAg Title: Indicate in the space provided in the title block, the names of the appropriate cooperating government and agency.

Block for Annexes: Place an "X" in the appropriate boxes to indicate which Annexes apply and are attached to the agreement.

Block for Citation of Basic Agreements: Check the appropriate box and fill in the applicable date.

Block 1 - Project Number: Insert the project number as used on the related project description. (See M.O. 1095.2 - Coding of Projects and Project Documents.)

Block 2 - Project Agreement Number: The Mission uses a separate numbering system on agreements for internal control purposes and for orderly cross-reference to incremental funding ProAg's in succeeding fiscal years as required. The applicable number is entered in this block. (Missions inform A.I.D./W by airgram the basis of this numbering system.)

was optional

Block 3 - Original or Revision Number: Each Operational Year, the first agreement executed for each project is marked Original. Revisions of this document are numbered in sequence and the appropriate number entered in Block 3. An incremental ProAg for additional funding of the same project in a succeeding fiscal year is also executed as an Original.

Block 4 - Project Title: Fill in the complete project title as it appears on the related project description. (See M.O. 1095.2 and M.C. 1025.1.)

Block 5 - Project Description and Explanation (Annex A):

a. Project Description

Using the ProAg Continuation Sheet, form AID 1330-1A, the Mission must provide a concise description and explanation of the project. The basis of this narrative is the related sections of the PROP as approved by appropriate A.I.D. authority. (See M.C. 1025.1, M.O. 1025.3 - Project Authorization for Noncapital Projects and M.O. 1323.1 - Technical Assistance Activity Description, Review and Approval.) The narrative clearly describes specific results to ^{be} ~~the~~ achieved and the nature of the action and responsibilities of each party concerned with implementing actions. The relationship of the ProAg to the targets and objectives of the project are stated. It must clearly distinguish between commitments for action on the part of each of the cooperating parties and material included for explanatory purposes. This Annex makes specific reference to any special provisions in the bilateral and other basic agreements (as indicated on the ProAg face sheet) that relate to the ProAg.

b. Use of Funds

Annex A describes the use to be made of the funds shown on the ProAg face sheet. U.S.-owned funds are obligated by A.I.D. through the ProAg only to the extent shown in Block 8. In addition to the funds obligated, including as applicable

the costs of conducting participant training and of providing U.S. technicians under PASAs (M.C. 1331.1.1), projects frequently have elements which A.I.D. finances through other implementing procedures. Such additional elements include the costs of A.I.D. direct hire personnel and international travel, as provided in paragraph II.B. above, when related to the project. The ProAg Annex A, required by Block 5, includes a description and explanation both of the funds obligated by the ProAg as shown in Block 8, and of the additional elements, as noted above. The description of this additional financing is given in as great detail as would appear essential for necessary understanding and effective implementation purposes. Depending upon the particular circumstances in the cooperating country, A.I.D. dollar figures for these additional elements are included or omitted at the discretion of Mission officials.

T.B. says include ↗

c. Other Contributions

The description in ProAg Annex A also includes an adequate explanation of the contributions made by the cooperating country shown in Block 9 of the ProAg. This shows not only the uses to which such contributions are put, but also the sources of cooperating country funds (e.g., direct government revenues or financing; counterpart, other country-owned local currency funds generated as a result of U.S. assistance programs, or trust funds; and other resources). Any contributions in kind which the cooperating agency or other donors agree to make additional to those shown in Block 9 should also be identified and explained. Dollar-equivalent figures for these contributions are given in accordance with M.C. 1025.2, paragraph II.F.5.c. (See also M.O. 1514.1 - Financial Management of Local Currencies, General for the policies and criteria governing the financing or provision in kind of logistic support overseas to A.I.D.-financed services contractors.)

d. Action Responsibility

The narrative in Annex A briefly describes the total project

activities for the fiscal year covered by the agreement. It includes, where pertinent, provisions as to the manner in which dollar, local currency and/or other contributions are to be made, as well as the period and phasing of contributions, relating this to the responsibility for carrying out the actions.

e. Project Budget and Implementation Schedule

may or may not include direct hire + int. travel

(1) The project narrative and description are translated into monetary budgeted requirements for the life of the project and shown in schedules by fiscal year of implementation on the ProAg Continuation Sheet, Annex A, Block 5. These requirements are stated in U.S. dollars or dollar equivalents of inputs to the project for achieving the identified targets and outputs. The schedules reflect funding from the following sources:

(a) A.I.D. Funds (identified by A.I.D. code "72" in the appropriation or fund symbol for funds owned or controlled by the U.S. as set forth in M.O. 714.1.1 - Symbols and Titles of A.I.D. Appropriation Accounts and Related A.I.D. Allotment Coding and M.O. 714.1.2 - Foreign Currency Fund Codes):

- A.I.D. dollars \$ _____
- A.I.D. controlled local currency _____
- U.S.-owned _____
- Country-owned _____

(b) Other Sources

- Contributions of cooperating country \$ _____
- Counterpart _____
- Other _____
- Other donor contributions _____

Inclusion in the project budget of the costs of A.I.D. direct hire personnel and

why the historical approach? PROP has it

international travel is compatible with discretionary action available to the Mission as provided in Block 5, paragraph b. above.

(2) Budgeted project requirements to be financed from A.I.D. funds are projected by fiscal year from inception to estimated completion of the project. Costs obligated by the ProAg as prescribed in M.O. 712.4 are set forth in terms of the component elements required in M.O. 1023.3 - The Country Assistance Program (CAP) - Scope and Content of the CAP, Supplement 2 to Annex A (TL 9:147), and M.O. 732.2. Pertinent details supporting the component costs are included and may be adapted for this purpose from the analyses shown in the projections in the PIP as provided in M.C. 1025.2, attachment A.

(3) The project budget schedules also reflect essential elements of the specific budget plans prepared for each fiscal year and authorized for expenditure by the participating agency under the PASA. (See M.O. 243.1 - Participating Agency Service Agreements (PASAs).)

irrelevant (4) Availability of A.I.D. funds is established in each fiscal year in accordance with the Operational Year Budget (OYB) and Agency allotment procedures.

(5) The magnitude of yearly requirements during the scheduled implementation of the project is consonant with the results or accomplishments to be attributed to each year. The periodic input of monetary and other resources is based on the phased plan of activity toward fulfilling the project target with funding requirements relating to discrete segments of work to be done.

Blocks 6 and 7 - A.I.D. Appropriation Symbol and A.I.D. Allotment Symbol:

Insert the correct appropriation or fund and allotment symbols for the funds which are to be charged with the amounts shown in Block 8, in order to obligate the funds. These amounts relate only to funds provided in A.I.D. designated accounts bearing the Agency

code "72" as shown in the appropriation or fund symbol, except for foreign currency trust funds in the A.I.D. designated account 72FT800. Both amounts obligated against the foreign currency trust fund and amounts agreed with the cooperating country to be expended from counterpart (not controlled in a U.S. Treasury assigned account) are shown on separate face sheets which support a summary face sheet identified to the financing set forth in Block 9 - Cooperating Country Financing - Dollar Equivalent.

If the project is to be financed from more than one appropriation and allotment, insert "Multiple" in each of these two blocks on the summary face sheet of form AID 1330-1 and prepare additional supporting face sheets, distributing by appropriation or fund and allotment the aggregate amount shown in Block 8 (i.e., only one appropriation or fund and allotment symbol should appear on a face sheet). Similarly, separate face sheets are prepared to cover the obligation of U.S.-owned local currency. For contributions made by loan, the appropriation or fund symbol in Block 6 is followed by "LOAN." If the U.S. contribution is partly loan and partly grant, even though from a single appropriation, or if the U.S. contribution is partly dollars and partly local or other foreign currency, separate face sheets are prepared, as discussed above. U.S. dollar obligations, whether loan or grant, are summarized on the summary face sheet. U.S.-owned local currency obligations are summarized on a separate face sheet. The supporting appropriation face sheets are attached to the summary face sheet to which they relate. In preparing these additional sheets, only Blocks 1, 2, 3, 4, 6, 7 and 8 or 9 for U.S.-controlled local currency (trust funds and counterpart) need be filled in. Only the summary face sheets for U.S. dollar and U.S.-owned local currency obligations must be signed. All face sheets become a part of the project agreement.

Block 8 - A.I.D. Dollar and/or U.S.-Owned Local Currency Contribution:

Summarize by project elements, as indicated (to be consonant with E-1 distribution), the

Things change

A.I.D. funds obligated by the execution of the ProAg or revision. The local currency contribution is stated at the exchange rate prescribed in M.O. 1023.3. The Total to Date amount (Column D) must not exceed the amount approved for the project, including permitted flexibility, under the provisions of M.O. 1323.1, paragraph IV, subject to the implementation of these provisions by the regional or other responsible Assistant Administrators.

what if it just changes distribution
Columns (A) - Previous Total: Insert total amounts if any, obligated for this project by the Original ProAg during the current Operational Year from the appropriation(s) or fund(s) and allotment(s) as indicated in Blocks 6 and 7 only if this ProAg effects an increase in funding during the same fiscal year. If this is an Original ProAg, either as the initial agreement for the project concerned or an incremental agreement for additional funding in a succeeding fiscal year, do not complete this column.

Column (B) - Increase and (C) Decrease: Entries in these two columns are the increase(s) or decrease(s) in the sum(s) previously obligated for the project against the appropriation(s) or fund(s) and allotment(s) indicated in Blocks 6 and 7. Column (B) also reflects the amount obligated by the initial ProAg upon inception of the project or the amount obligated by each additional ProAg in subsequent Operational Years. Column (C) reflects downward adjustments against obligations reflected in Column (A).

Column (D) - Total to Date: The amounts to be inserted are the sum of columns (A) plus (B) or minus (C).

Lines (a) through (f): The total of the amounts obligated and/or net adjustments and the distribution thereof among the elements of project cost are shown on lines (a) through (f). The distribution is consistent with the cost components referred to in M.O. 1023.3 and defined in M.O. 732.2 to the extent that such costs are obligated by the ProAg in accordance with M.O. 712.4.

Items (b) and (d) include (1) the cost of personnel services obtained under contract, such as services of U.S. consultants, experts and technicians; (2) compensation for the services of personnel employed by other U.S. Government agencies under PASAs as authorized by Section 625(f) of the FAA; and (3) other costs of personnel services financed from U.S.-owned local currency for which amounts are obligated by the ProAg in accordance with M.O. 712.4.

Items (d), (e) and (f) reflect the costs of participant training, commodity procurement and other elements, as defined in M.O. 732.2, which are obligated by the ProAg in accordance with M.O. 712.4.

Block 9 - Cooperating Agency Financing: Use this block to summarize in total and by source of cooperating country-owned funds or other resources, the dollar-equivalent value of the firm cooperating country commitments, whether in cash or in kind, with respect to direct support of the project. Show the conversion rate used and the local currency unit. (For conversion rate, see M.O. 1023.3, attachment A, paragraph IV.A., and M.C. 1025.2, attachment A, paragraph II.F.5.c.) Cooperating agency financing does not include the obligation of U.S.-owned local currencies but includes U.S.-controlled local currencies, i.e., trust funds and counterpart, as well as budgetary and in-kind contributions. See paragraph I., above, and the instructions for Block 5.

Lines (a) through (d): These entries reflect, for each source of cooperating agency financing or other input, the aggregate costs of services which contribute to a direct manpower investment in the project; expenses necessary for the training shown for the project; all commodity and commodity-related inputs to the project; and other cooperating country contributions which are clearly within the scope of the project as

defined in the PROP. (See M.C. 1025.2, attachment A.) See Block 5 above, subparagraph c., for description in the ProAg Annex A of the contributions and sources of cooperating country contributions. The description includes an analysis of cost components, by source of funds, comparable to the elements set forth in M.O. 732.2 for A.I.D. financing

Block 10 - Special Provisions: Use the block, and additional ProAg Continuation Sheets (form AID 1330-1A), as necessary, to indicate any special provisions, terms or conditions applicable to this agreement, e.g., the Mission Director's waiver of the premature obligation of the ProAg. (See M.O. 712.4, paragraph III.A.3.a.) Such special provisions may include, where appropriate, agreed exceptions and/or modifications to the Standard Provisions Annex, form AID 1330-1B, or the Foreign Currency Standard Provisions Annex, form AID 1330-1C, if applicable. Where such exceptions or modifications have been authorized by the Mission Director, an explanation of the reason must be included in and become a part of all A.I.D. copies of the project agreement. This justification of any changes made in the standard provisions annexes may be treated as an internal A.I.D. document and may be forwarded to A.I.D./W as a separate annex to the ProAg. It need not be included with cooperating country copies of the signed ProAg. The Mission's justification is consonant with A.I.D. manual orders and A.I.D. Regulation 1, or is based on prior A.I.D./W approval. Attention is called to the fact that an exception to A.I.D. Regulation 1 or any of its provisions can be granted only by the Administrator of A.I.D., or his designee. (See M.O. 1456.1 for the text of A.I.D. Regulation 1 and M.O. 1456.3 - Administration of Waivers to A.I.D. Regulation 1.)

Projects Financed by Loan - For projects financed in whole or in part by

an A.I.D. loan, the loan agreement is the equivalent of the ProAg and provides for all applicable loan terms and conditions of repayment in accordance with statutory and regulatory requirements on dollar or foreign currency loans and related A.I.D. policy. (See M.O. 1052.1 - Dollar Loan Policies and M.O. 1500 series on local currency programs.) However, a ProAg face sheet is prepared for each technical assistance loan in accordance with these specifications for the ProAg form AID 1330-1, to the extent applicable without duplication of the contents of the loan agreement, in order to establish a uniform basis for documentation of the summary financial elements of a loan-financed project in accordance with these instructions. Form AID 1330-1 is an integral part of the loan agreement document for technical assistance loans. Completion of a ProAg Continuation Sheet, Annex D, on form AID 1330-1A, for detailed loan information is not required since the loan agreement provisions are all-inclusive. The ProAg Special Loan Provisions Annex, form AID 1330-1D, reflects illustrative provisions normally contained in technical assistance loans. To the extent that these provisions fulfill and meet the terms and arrangements agreed to between A.I.D. and the cooperating country for financing the project concerned on a loan basis, the provisions of form AID 1330-1D constitute the loan agreement documentation for the project, whether financed in whole or in part by a loan. Block 10 includes reference to and incorporates the specific loan agreement executed between A.I.D. and the cooperating country, either under the terms of the ProAg Special Loan Provisions Annex, form AID 1330-1D, or other agreement document, as follows:

" \$ (Amount of Loan) is hereby made available to (cooperating country) as a loan and is repayable in accordance with (specific agreement or ProAg Special Loan Provisions Annex) attached hereto and made a part of this Project Agreement."

Block 11 - Date of Original Agreement: Insert the date of execution of the Original agreement for the Operational Year. (The most recent prior fiscal year ProAg for the same project, if any, is referenced in Annex A under Block 5. Also, see Block 3 above.) When preparing the face sheet covering any Revision in the Operational Year, always complete this block. Incremental ProAgs for additional funding in succeeding fiscal years (new Operational Years) are dated as Original agreements.

Block 12 - Date of this Revision: If this is a ProAg Revision, insert the date of execution of the Revision as indicated in Block 3 above.

Block 13 - Final Contribution Date and Terminal Disbursing Date

a. Estimate of Completed Deliveries

The Final Contribution Date (FCD) is the date by which it is estimated that all those commodities and/or services financed by A.I.D. from U.S. dollar appropriations or funds or U.S.-owned local currencies for the ProAg shall have been delivered for use on the project. In the case of services, delivery means completion of the rendering of the services. For certain projects, this date may be earlier than the expected date of completion for the whole project since the commodities and services referred to are those which A.I.D. has actually agreed to contribute under the specific ProAg. The timing of the FCD does not depend upon such things as third country financing for the project, nor any commodities and services which A.I.D. may plan to contribute in future fiscal years in order to complete the project. Show the FCD in Block 13(a).

b. Limitation on Commitments

Section 635(h) of the FAA limits commitments of funds under a contract or agreement obligated against Technical Cooperation and Development Grants, Development Research, and the Alliance for Progress (except development loans) categories to periods of not more than 5 years. There is no similar statutory limitation on Development Loan and Supporting Assistance funds. (See M.O. 101 for the text of the Act.) Notwithstanding

the above, to facilitate careful programming and to avoid unnecessary accumulations of unexpended funds and unnecessary "pipeline" items for which deliveries have not been received and obligations liquidated, it is the policy of A.I.D. to limit the estimated Final Contribution Date to a date no later than 3 years from the date the ProAg or specific revision is signed. The three-year limitation applies to the date commencing with the signing of the initial ProAg upon inception of a project or revision thereto for obligating funds for the same fiscal year. The FCD is not dependent on additional input planned by A.I.D. in future fiscal years to complete the project. Hence, the three-year limitation does not apply to periods commencing with the signing of incremental ProAgs for additional financing of the same project or revisions thereto in subsequent fiscal years.

c. Extension of Estimated Final Contribution Date

The estimated FCD may be extended up to three years by a formal, signed revision of the initial ProAg which was executed upon inception of the project when additional time has been determined to be necessary to complete the undertakings covered by the Agreement, as noted below.

(1) The estimated FCD must be extended through a revision of the ProAg if all commodities and/or services for the project financed by A.I.D. funds obligated by the ProAg cannot be delivered within a six (6) months grace period extended beyond the estimated FCD. Failure to extend the estimated FCD prior to that date under these circumstances will not result in an automatic deobligation of funds but will prevent extension of implementation or action documents for procurement of necessary services and commodities under the ProAg until the estimated FCD has been extended. In this connection, any question which cannot be clearly resolved by the Mission must be referred to the appropriate regional or other responsible Assistant Administrator of A.I.D./W for his final decision.

(2) The estimated Final Contribution Date must not be extended to allow accomplishment of actions which represent a substantial alteration or expansion of the Original Agreement.

d. Termination of Fund Obligation

When the delivery of goods and services financed by funds obligated by the ProAg has been completed, funds not required to pay for services or goods delivered on or before the agreed FCD should be deobligated. Missions unilaterally deobligate such unused funds and advise the cooperating country of the action taken.

e. Loan-Financed Project Agreements

For loan-financed ProAg show, in addition to the FCD, the Terminal Date for Disbursement (TDD) under the loan as stipulated in the loan agreement. Extension of the TDD for loan-financed projects is compatible with A.I.D. policy as set forth in M.O. 712.7 - Obligations and Obligation Adjustments for A.I.D. Loan Programs. Performance under a loan-financed ProAg (deliveries of services and commodities) must be effected in sufficient time to permit payment therefor before the TDD, unless extended by the regional or other responsible Assistant Administrator. The FCD under loan-financed projects must be consistent with the provisions of paragraphs b. and c. above as well as within the TDD for the loan. Show the TDD in Block 13(b).

Blocks 14 and 15 - Signature Blocks - For the Cooperating Government or Agency and for the Agency for International Development: Use these spaces for the signatures and titles of properly authorized representative of the government of the cooperating country and for A.I.D. that of the Director of the Mission, or his authorized designee, as prescribed by a written delegation of authority. (See M.O. 712.4, paragraph III.A.)

V. PROJECT AGREEMENT REVISIONS

A. Whenever it is necessary to revise a ProAg (see M.O. 1332.1 - Technical Assistance: Project Agreement, Scope, Execution and Revision, paragraph VI.) a complete new face sheet (form AID 1330-1) is required, indicating in Block 3 the appropriate Revision number. The handling of Blocks 8 and 9 is self-evident since these blocks provide for changes in A.I.D. or cooperating agency contributions. With respect to all other Blocks on the face sheet, if the previous entry is not changed, repeat the previous entry; if there is a change, insert the changed entry and underline it to indicate that a change has been made. The revised face sheet must be countersigned by properly authorized representatives of both A.I.D. and the government of the cooperating country. (See M.O. 712.4, paragraph III.A.)

B. Revisions in the agreed amount of contributions by A.I.D. or the cooperating country effect a change or adjustment to the funding provided in either (1) the original ProAg executed upon inception of the project or (2) subsequent ProAgs executed in later Operational Years to complete the funding of the additional phases of the total scope of work to be performed during the life of the project. Thus, any funding adjustment effected by a Revision, where A.I.D. contributions are concerned, involves the same funds which were available for the obligation incurred under the related ProAg (initial or subsequent).

C. With respect to making Revisions of any annexes or attachments, two alternative methods may be used, or a combination of both. These methods are: (1) to provide a completely revised face sheet, inserting the appropriate revision number in Block 3, underlining the changed figures or language and indicating the deletions; or (2) instead of a completely revised face sheet, show only the changes thus - Add (and show the additions) or Delete (and show the deletions). To be valid, each revised face sheet must be

countersigned and dated by the properly authorized representative of both A.I.D. and the cooperating country or agency. (See M.O. 712.4, paragraph III.A.). Revised Annex sheets or other attachments are either initialed or signed by duly authorized person, as above, so that agreement with the cooperating country is recorded.

VI. PROJECT AGREEMENT ANNEXES

As indicated in Block 10, above, certain modifications to ProAg Annexes can only be made with prior approval of the Administrator of A.I.D., or his designee, or the appropriate regional or other responsible Assistant Administrators in A.I.D./W.

A. Standard Provisions Annex, Form AID 1330-1B

All ProAgs must incorporate by reference the provisions of the Standard Provisions Annex, as duly amended, if this is applicable. (Use ProAg Annex, form AID 1330-1A for this purpose.)

B. Foreign Currency Standard Provisions Annex, Form AID 1330-1C

All ProAgs which include provision for contributions of U.S.-owned or -controlled foreign currency must incorporate the provisions of the Foreign Currency Standard Provisions, as amended, if this is applicable. (Use ProAg Annex, form AID 1330-1A for this purpose.)

C. Special Loan Provisions Annex, Form AID 1330-1D

All ProAgs covering projects to which the U.S. contribution is made in whole or in part by loan must incorporate the provisions of the Special Loan Provisions, as amended, if this is applicable, or other specific loan agreement instrument which prescribes the rights, duties and obligations of the parties thereto as provided under Block 10 - Special Provisions, above. (Use ProAg Annex, form AID 1330-1A as suitable for this purpose.) See also Block 10 above.

AID 1330-1
(8-63)

PROAG

PROJECT AGREEMENT

BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND

AN AGENCY OF THE GOVERNMENT OF _____

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:

- Project Description Annex A Foreign Currency Standard Provisions Annex
- Standard Provisions Annex Special Loan Provisions Annex

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

- General Agreement for Technical Cooperation Date _____
- Economic Cooperation Agreement Date _____
- (other) _____ Date _____

1. Project ~~Agreement~~ No. _____

PAGE 1 OF _____ PAGES

2. ^{Project} Agreement No. _____

3. Original Revision No. _____

4. Project ~~Agreement~~ Title _____

5. Project Description and Explanation

(See Annex A attached)

6. AID Appropriation ^{Fund} Symbol _____

7. AID Allotment Symbol _____

| 8. AID FINANCING <u>U.S.-owned</u> | Previous Total (A) | Increase (B) | Decrease (C) | Total to Date (D) |
|--|--------------------|--------------|--------------|-------------------|
| <input type="checkbox"/> Dollars <input type="checkbox"/> Local Currency | | | | |
| (a) Total | | | | |
| (1) U.S. Personnel Costs: Total Direct | | | | |
| 2. PASA | | | | |
| 3. Contract | | | | |
| (2) Local & TCN Personnel Costs: Total Direct | | | | |
| 2. PASA | | | | |
| 3. Contract | | | | |
| (3) Participants | | | | |
| 1. A.I.D. Direct | | | | |
| 2. PASA | | | | |
| 3. Contract | | | | |
| (4) Commodities | | | | |
| 1. A.I.D. Direct | | | | |
| 2. PASA | | | | |
| 3. Contract | | | | |
| (5) Other Costs | | | | |
| 1. A.I.D. Direct | | | | |
| 2. PASA | | | | |
| 3. Contract | | | | |
| 9. COOPERATING AGENCY FINANCING Dollar Equivalent | | | | |
| \$1.00 = | | | | |
| (a) Total | | | | |
| (b) Counterpart | | | | |
| (c) Trust Funds | | | | |
| (d) Budgetary and In-Kind | | | | |

10. Special Provisions (Use Additional Continuation Sheets, if Necessary)

11. Date of Original Agreement 12. Date of This Revision 13. ^(a) Final Contribution Date 14. ^(b) Terminal Disclosure Date

14. For the Cooperating Government or Agency 15. For the Agency for International Development

AID 1330-1A

**PROJECT AGREEMENT
BETWEEN AID AND**

1. Project/Activity No.

PAGE ___ OF ___ PAGES

**PROAG
CONTINUATION
SHEET**

Project

2. Agreement No.

3. Original

Revision No. _____

ANNEX _____

AN AGENCY OF THE GOVERNMENT OF

4. Project/Activity Title



For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____

SIGNATURE: _____ DATE: _____

TITLE: _____

TITLE: _____

why?

AID 1330-1B (8-63)

**PROAG
STANDARD
PROVISIONS
ANNEX**

**PROJECT AGREEMENT
BETWEEN AID AND**

AN AGENCY OF THE GOVERNMENT OF

1. Project/Activity No.

2. ^{Project} Agreement No.3. Original Revision No.

A. As used herein, the term "AID" refers to the Agency for International Development, any component agency, or any successor agency. References to "this Project Agreement" shall mean the original Project Agreement as modified by any revisions which have entered into effect.

B. (1) AID will make available the amounts specified in Block 8 of this Project Agreement, as necessary for the project, for use for the designated purposes and as may be further described in Annex A, as required by Block 5 hereof. In addition, as may be further specified in Annex A, AID will, subject to the availability of funds and (where required by AID procedures) as provided for in Project Implementation Orders (PIOs) issued by AID in accordance with its procedures, make available funds (a) to pay costs of furnishing technical services to be performed by United States Government employees in connection with the project, (b) to pay a share of the costs of providing training outside the cooperating country in connection with the project for qualified persons from the cooperating country, and (c) to pay such additional costs as may be specified.

(2) The Cooperating Government Agency will make available the amounts specified in Block 9 of this Project Agreement, as necessary for the project, for use for the designated purposes and as may further be described in Annex A. The Cooperating Government Agency will also make, or arrange to have made, additional contributions of property, services, facilities and funds required for carrying out the project as may be specified in Annex A, or as may subsequently be agreed upon by the two parties.

C. AID and the Cooperating Agency may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Project Agreement. The two parties may agree to accept contributions of property, services, facilities and funds for purposes of this Project Agreement from other public and private agencies, and may agree upon the participation of any such third party in carrying out activities under this Project Agreement.

D. AID shall not be required to make any contribution after the expiration of six months following the estimated final contribution date (Block 13 of the Project Agreement form AID 1330-1) or any amended final contribution date specified herein. Except as otherwise specified herein or subsequently agreed

by the parties, all contributions of the Cooperating Agency pursuant to this Project Agreement shall be made on or before said estimated termination date, or amended date. A contribution of goods or services shall be considered to have been made when the goods or services, provided or financed by the contributing party, are delivered in accordance with commercial practice.

E. The procurement of commodities and contract services to be financed in whole or in part by AID may (where so required by AID procedures) be undertaken only pursuant to PIOs issued by AID in accordance with its procedures.

F. Unless otherwise specified in the applicable PIO, the procurement of commodities financed with the AID contribution referred to in Block 8 of this Project Agreement shall be subject to the provisions of AID Regulation 1.

G. Unless otherwise specified in the applicable PIO, title to all property procured through financing by AID pursuant to Block 8(c) of this Project Agreement shall be in the Cooperating Agency, or such public or private agency as it may authorize. This provision is inapplicable to any property which may be used in connection with the project but is not financed pursuant to said Block 8(c).

H. Any property furnished to either party through financing by the other party pursuant to this Project Agreement shall, unless otherwise agreed by the party which financed the procurement, be devoted to the project until completion of the project, and thereafter shall be used so as to further the objectives sought in carrying out the project. Either party shall offer to return to the other, or to reimburse the other for, any property which it obtains through financing by the other party pursuant to this Project Agreement which is not used in accordance with the preceding sentence.

I. (1) If AID and any public or private organization furnishing commodities through AID financing for operations hereunder in the cooperating country, is, under the laws, regulations or administrative procedures of the cooperating country, liable for customs duties and import taxes on commodities imported into the cooperating country for purposes of carrying out this Project Agreement, the Cooperating Agency will pay such duties and taxes unless exemption is otherwise provided by any applicable international agreement.

(2) If any personnel (other than citizens and residents of the cooperating country), whether United

Annex B to M.O. 1333.1

States Government employees, or employees of public or private organizations under contract with, or individuals under contract with, AID, the Cooperating Agency or any agency authorized by the Cooperating Agency, who are present in the cooperating country to provide services which AID has agreed to furnish or finance under this Project Agreement, are, under the laws, regulations or administrative procedures of the cooperating country, liable for income and social security taxes with respect to income upon which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes on personal property intended for their own use, or for the payment of any tariff or duty upon personal or household goods brought into the cooperating country for the personal use of themselves and members of their families (not including such personal or household goods as may be sold by any such personnel in the cooperating country), the Cooperating Agency will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

J. Any personnel (other than citizens and residents of the cooperating country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with, AID, the Cooperating Agency or any agency authorized by the Cooperating Agency, who are present in the cooperating country to provide services which AID has agreed to furnish or finance under this Project Agreement shall be subject to the approval of the Cooperating Agency and AID, and shall be under the general direction of the Director of the Mission to the cooperating country.

K. If any commodity is furnished to the Cooperating Agency, or any public or private agency authorized by the Cooperating Agency, on a grant basis through financing by AID pursuant to this Project Agreement under arrangements which will result in the accrual of proceeds to the Cooperating Agency or any authorized agency and if the applicable agreement between the two governments referred to on the first page of this Project Agreement does not provide for the establishment of a Special Account and the deposit therein of currency of the cooperating country, the Cooperating Agency will make such arrangements as may be necessary to establish a Special Account and to deposit therein currency of the cooperating country in amounts equal to such proceeds, in accordance with such terms and conditions as may be agreed upon. Funds in the Special Account may be used only as agreed upon by AID and the Cooperating Agency; provided, that such portion of the funds in the Special Account as may be designated by AID shall be made available to AID to meet the requirements of the United States.

L. The Cooperating Agency will make such arrangements as may be necessary so that funds intro-

duced into the cooperating country by AID or any public or private agency for purposes of carrying out obligations of AID hereunder shall be convertible into currency of the cooperating country at the highest rate which, at the time the conversion is made, is not unlawful in the cooperating country.

M. AID shall expend funds and carry on operations pursuant to this Project Agreement only in accordance with the applicable laws and regulations of the United States Government.

N. The two parties shall have the right at any time to observe operations carried out under this Project Agreement. Either party during the term of the Project and three years after the completion of the project, shall further have the right (1) to examine any property procured through financing by that party under this Project Agreement, wherever such property is located, and (2) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this Project Agreement, wherever such records may be located and maintained. Each party, in arranging for any disposition of any property procured through financing by the other party under this Project Agreement, shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which did the financing.

O. Upon completion of the project, a Completion Report shall be drawn up, signed by appropriate representatives of AID and the Cooperating Agency, and submitted to AID and the Cooperating Agency. The Completion Report shall include a summary of the actual contributions by both AID and the Cooperating Agency to the project, and shall provide a record of the activities carried out, the objectives achieved, and related basic data. AID and the Cooperating Agency shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.

P. The present Agreement shall enter into force when signed. Either party may terminate this Project Agreement by giving the other party 30 days written notice of intention to terminate it. Termination of this Project Agreement shall terminate any obligations of the two parties to make contributions pursuant to Blocks 8 and 9 of this Project 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 the Project Agreement. It is expressly understood that the obligations under paragraph H relating to the use of property shall remain in force after such termination.

Annex C to M.O. 1333.1

AID 1330-1C (8-53)

**PROAG
FOREIGN CURRENCY
STANDARD PROVISIONS
ANNEX**

**PROJECT AGREEMENT
BETWEEN AID AND**

AN AGENCY OF THE GOVERNMENT OF

1. Project/~~Activity~~ No.

Project

2. Agreement No.

3. Original Revision No.

A. As used herein, "AID" means the Agency for International Development, any component agency, and any successor agency. "Cooperating Agency" means the agency which is a party to this Project Agreement with AID and "Cooperating Country" means the country of the Cooperating Agency. "Local Currency" means currency originally issued by the Cooperating Country as a medium of exchange therein.

B. (1) AID will make available the amounts specified in Block 8 of this Project Agreement, as necessary for the project, for use for the designated purposes and as may be further described in Block 5 hereof.

(2) The Cooperating Agency will make available the amounts specified in Block 9 of this Project Agreement, as necessary for the project, for use for the designated purposes and as may further be described in Block 5 hereof. The Cooperating Agency will also make, or arrange to have made, additional contributions of property, services, facilities and funds required for carrying out the project as may be specified in Block 5 hereof or as may subsequently be agreed upon by the two parties.

C. AID and the Cooperating Agency may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Project Agreement. The two parties may agree to accept contributions of property, services, facilities and funds for purposes of this Project Agreement from other public and private agencies, and may agree upon the participation of any such third party in carrying out activities under this Project Agreement.

D. All contributions of AID pursuant to this Project Agreement shall be made within a six months grace period extending beyond the estimated final contribution date specified herein. Except as otherwise specified herein or subsequently agreed by the two parties, all contributions of the Cooperating Agency pursuant to this Project Agreement shall be made on or before that same date. A contribution of goods or services shall be considered to have been made when the goods or services, provided or financed by the contributing party, are delivered in accordance with commercial practice.

E. The procurement of commodities and contract services to be financed with an AID contribution of currency other than that of the United States or of the Cooperating Country shall be subject to all provisions of, and regulations governing, Foreign Currency Authorizations issued by AID.

F. AID reimbursements or advances shall, in general, not exceed the amount obtained by applying the ratio of AID to Cooperating Agency contributions specified in the Project Agreement to the amount currently contributed by the Cooperating Agency. For example, if the Project Agreement provides for total contributions of \$400,000 by AID and \$600,000 by the Cooperating Agency and if the Cooperating Agency has currently contributed \$6,000 then AID will, in general, reimburse or advance no more than \$4,000. Commodities and services financed with an AID contribution of local currency shall be subject to the following requirements:

(1) Reimbursement

As mutually agreed between AID and the Cooperating Agency, either of the following methods may be employed for reimbursement of local currency by AID to the Cooperating Agency:

(a) Direct Reimbursement

Once monthly or at such other intervals as may be mutually agreed between AID and the Cooperating Agency, AID will reimburse the Cooperating Agency for local currency expenditures made by the Cooperating Agency in the procurement of approved project requirements. Each such claim for reimbursement must be supported by the following documentation:

(i) Standard Voucher SF-1146, signed by the properly accredited representative of the Cooperating Agency, and embodying the following additional certification:

"The total amount claimed hereunder was expended for the purposes authorized in Project Agreement No. _____ and is supported by the documentation required by said Project Agreement on file in the Cooperating Agency."

(ii) A report in the format prescribed by the AID Controller, certified as true and accurate by the properly accredited representative of the Cooperating Agency, in support of each such claim for reimbursement.

(b) Advances

Once monthly or at such other intervals as may be mutually agreed upon between AID and the Cooperating Agency, AID may advance local currency to the Cooperating Agency for operating purposes. The

initial advance will be in an amount agreed upon between AID and the Cooperating Agency as necessary to cover estimated project expenditures for a specified time period, and will be supported by a budget developed and approved by both AID and the Cooperating Agency. When necessary to replenish the advance, the Cooperating Agency may be reimbursed for amounts actually expended by it by submitting claims for reimbursement of such amounts supported by the documentation prescribed in paragraph (a) (i) above. On the basis of such claims for reimbursement, AID may replenish the working fund in amounts equal to, but not in excess of, the actual expenditures of the Cooperating Agency as so reported, up to the total amount of the AID local currency contribution less the amount of the initial advance.

All expenditures made by the Cooperating Agency against such advances must be supported by the documentation prescribed in paragraph (a) (i) above and such documentation in support of the final expenditures of the Cooperating Agency must be submitted to AID not later than 90 days after the date of the final expenditure.

(2) Documentation

With respect to all AID contributed local currency made available to it, the Cooperating Agency agrees to maintain a separate set of accounts for all transactions financed or to be financed, and the Cooperating Agency further agrees to obtain and retain in its files, for inspection and review by AID at any time as requested by AID, the documents listed below in support of each transaction financed with such funds.

(a) Commodity Transactions:

- (i) Applicable contract or purchase order between supplier and purchaser;
- (ii) Supplier's detailed invoice and satisfactory evidence of payment;
- (iii) Ocean or inland bill of lading, or other document evidencing delivery to the purchaser;
- (iv) Such additional documentation (e.g. inspection certificate) as may be required from the supplier by the purchaser.

(b) Contract Services Transactions:

- (i) Applicable contract between contractor and purchaser;
- (ii) Contractor's detailed invoice and satisfactory evidence of payment;
- (iii) A certificate by the Cooperating Agency as follows: "The undersigned certifies that the services for which reimbursement is requested have been satisfactorily rendered and the costs thereof

are properly reimbursable in accordance with the terms of the contract."

(c) Payroll Costs:

One copy of certified payroll listings and vouchers, together with satisfactory evidence of payment. Each payroll listing must show for each employee at least the following data: name, applicable job title, salary or wage rate, period covered, and amount paid.

(d) Other Project Costs:

One copy of the appropriate authorization documents and invoices covering travel, utility costs, etc.

(3) Refund Provision:

With respect to AID-contributed local currency made available to the Cooperating Agency under the methods of financing herein described, the Cooperating Agency agrees to refund promptly to AID, upon demand by AID and pursuant to AID instructions, the entire amount of such currency expended by the Cooperating Agency (or such lesser amount as AID may demand) whenever AID determines that such expenditure was improper as being in violation of the terms and conditions of this Project Agreement and/or any applicable agreement or arrangement between AID and the Cooperating Agency.

G. Unless otherwise specified, title to all property procured through financing by AID pursuant to Block 8 of this Project Agreement shall be in the Cooperating Agency, or such public or private agency as it may authorize. This provision is inapplicable to any property which may be used in connection with the project but is not financed pursuant to said Block 8.

H. Any property furnished to either party through financing by the other party pursuant to this Project Agreement shall, unless otherwise agreed by the party which financed the procurement, be devoted to the project until completion of the project, and thereafter shall be used so as to further the objectives sought in carrying out the project. Either party shall offer to return to the other, or to reimburse the other for, any property which it obtains through financing by the other party pursuant to this Project Agreement which is not used in accordance with the preceding sentence.

I. (1) If AID and any public or private organization furnishing commodities through AID financing for operations hereunder in the Cooperating Country, is, under the laws, regulations or administrative procedures of the Cooperating Country, liable for customs duties and import taxes on commodities imported into the Cooperating Country for purposes of carrying out this Project Agreement, the Cooperating Agency will pay such duties and taxes unless exemption is otherwise provided by any applicable international agreement.

(2) If any personnel (other than citizens and residents of the Cooperating Country), whether United States Government employee, or employees of public or private organizations under contract with, or individuals under contract with, AID, the Cooperating Agency or any agency authorized by the Cooperating Agency, who are present in the Cooperating Country to provide services which AID has agreed to furnish or finance under this Project Agreement, are, under the laws, regulations or administrative procedures of the Cooperating Country, liable for income and social security taxes with respect to income upon which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes on personal property intended for their own use, or for the payment of any tariff or duty upon personal or household goods brought into the cooperating country for the personal use of themselves and members of their families (not including such personal or household goods as may be sold by such personnel in the Cooperating Country), the Cooperating Agency will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

J. Any personnel (other than citizens and residents of the cooperating country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with, AID, the Cooperating Agency be under the general direction of the Director of the AID Mission to the Cooperating Country.

K. If any commodity is furnished to the Cooperating Agency, or any public or private agency authorized by the Cooperating Agency, on a grant basis through financing by AID pursuant to this Project Agreement under arrangements which will result in the accrual of proceeds to the Cooperating Agency or any authorized agency and if the applicable agreement between the two governments referred to on the first page of this Project Agreement does not provide for the establishment of a Special Account and the deposit therein of currency of the Cooperating Country, the Cooperating Agency will make such arrangements as may be necessary to establish a Special Account to deposit therein currency of the Cooperating Country in amounts equal to such proceeds, in accordance with such terms and conditions as may be agreed upon. Funds in the Special Account may be used only as agreed upon by AID and the Cooperating Agency; provided, that such portion of the funds in the Special Account as may be designated by AID shall be made available to AID to meet the requirements of the United States.

L. In the event that currency of a country other than the United States or the Cooperating Country is introduced into the Cooperating Country by AID or any public or private agency for the purposes of carrying out obligations of AID hereunder, the Cooperating Agency will

make such arrangements as may be necessary to effect conversion of such currency into the currency of the Cooperating Country at the highest rate which, at the time the conversion is made, is not unlawful in the Cooperating Country. All uses of the currency of the Cooperating Country obtained by this conversion shall be subject to the requirements of paragraph F herein relating to local currency.

M. AID shall expend funds and carry on operations pursuant to this Project Agreement only in accordance with the applicable laws and regulations of the United States Government.

N. The two parties shall have the right at any time to observe operations carried out under this Project Agreement. Either party during the term of the Project and three years after the completion of the project, shall further have the right (1) to examine any property procured through financing by that party under this Project Agreement, wherever such property is located, and (2) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this Project Agreement, wherever such records may be located and maintained. Each party, in arranging for any disposition of any property procured through financing by the other party under this Project Agreement, shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which did the financing.

O. Upon completion of the project, a Completion Report shall be drawn up, signed by appropriate representatives of AID and the Cooperating Agency, and submitted to AID and the Cooperating Agency. The Completion Report shall include a summary of the actual contributions by both AID and the Cooperating Agency to the project, and shall provide a record of the activities carried out, the objectives achieved, and related basic data. AID and the Cooperating Agency shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.

P. The present Agreement shall enter into force when signed. Either party may terminate this Project Agreement by giving the other party 30 days written notice of intention to terminate it. Termination of this Project Agreement shall terminate any obligations of the two parties to make contributions pursuant to Blocks 8 and 9 of this Project 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 the Project Agreement. It is expressly understood that the obligations under paragraph H relating to the use of property shall remain in force after such termination.

AID 1330-1D (8-63)

**PROAG
SPECIAL
LOAN PROVISIONS
ANNEX**

**PROJECT AGREEMENT
BETWEEN AID AND**

AN AGENCY OF THE GOVERNMENT OF

1. Project/Agency No.

Project

2. Agreement No.

3. Original Revision No.

SECTION 1. Credit Fee. Borrower shall pay semi-annually to AID in United States dollars a credit fee on the unpaid Principal and on any credit fee due and unpaid of three-fourths (3/4) of one per cent per annum, computed on the basis of a 365-day year. The credit fee shall accrue from the effective date of the Project Agreement, the first such payment to be due and payable no later than six (6) months after such date on a date to be specified by AID. For purposes of computing the credit fee due hereunder the amount specified in Block 10 of the Project Agreement as reduced by Borrower's repayments, shall be regarded as the unpaid Principal of the loan. In the event the Borrower does not utilize the full amount of the Principal, the Borrower's obligation to pay any credit fee shall cease when Borrower has fully repaid all funds actually utilized.

SECTION 2. Repayment. Borrower shall repay the Principal to AID in United States dollars in _____ equal semi-annual/ annual installments, the first installment to be due and payable _____ years after the first credit fee payment is due.

SECTION 3. Application and Place of Payment. All payments shall be applied first to the payment of any accrued credit fee and then to the repayment of Principal. All payments shall be made to the Controller, Agency for International Development, Washington D.C. 20523.

SECTION 4. Prepayment. Borrower shall have the right to prepay, without penalty, on any date on which the credit fee is due, all or any part of the Principal. Any prepayment shall be applied first to the payment of any accrued credit fee and then pro rata to the remaining installments of Principal.

SECTION 5. Condition Precedent to Initial Financing. Prior to the first disbursement of funds under this Agreement, Borrower shall furnish AID in form and substance satisfactory to AID an opinion of the _____ of _____ (the Cooperating Country), or of other counsel satisfactory to AID, that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, Borrower and constitutes a valid and legally binding obligation of Borrower in accordance with its terms.

SECTION 6. Non-Taxation of Loan Agreement. This Agreement and the amount agreed to be lent hereunder shall be free from, and the Principal and credit fees shall be paid without deduction for and free from, any taxation or fees imposed under any laws in effect within the Borrowing Country.

SECTION 7. Renegotiation of Terms. Borrower agrees, that at any time or times when it is requested to do so by AID, but not sooner than six(6) months prior to the date when the first repayment of Principal is due, it will negotiate with AID acceleration of the repayment of the Principal. It is agreed that Borrower and AID will mutually determine to what extent repayment should be accelerated on the basis of one or more of the following criteria:

(a) Significant improvement in the internal economic and financial situation of the Borrowing Country;

(b) Favorable trends in the balance of payments and foreign exchange holdings of the Borrowing Country;

(c) Ability of the Borrowing Country to make future repayments of AID loans without interfering with the service of debts owing to any United States Government agency or any international organization of which the United States is a member.

SECTION 8. Events of Default; Acceleration. If any one or more of the following events ("Event of Default") shall occur:

(a) Borrower shall fail to pay in full any credit fee or installment of Principal when due;

(b) Borrower shall fail to comply with any other provision contained herein; or

(c) Any representation or warranty made by or on behalf of Borrower with respect to obtaining this loan or made or required to be made hereunder is incorrect in any material respect; then, AID, at its option, may declare all or any part of the unpaid Principal to be due and payable immediately, and upon any such declaration unless the default is cured within sixty (60) days thereafter, such Principal and all credit fees accrued thereon shall become due and payable immediately.

SECTION 9. Termination of Disbursements; Transfer of Goods to AID. In the event that at any time:

(a) An Event of Default has occurred;

(b) An event occurs which AID determines to be an extraordinary situation which makes it improbable that purposes of this loan will be attained or that Borrower will be able to perform its obligations hereunder;

(c) Any disbursement would be in violation of the legislation governing AID; or

(d) A default shall have occurred under any other agreement between Borrower or any of its agencies and the United States or any of its agencies; then AID, at its option, may (i) decline to make further

disbursements; and (ii) at AID's expense, direct that title to goods financed hereunder shall be transferred to AID, if the goods are from a source outside the Borrowing Country, in a deliverable state and have not been offloaded in ports of entry of the Borrowing Country. To the extent that any costs connected with the purchase and transportation of these goods have been financed hereunder, these amounts shall be deducted from Principal.

SECTION 10. Refunds. If AID determines that any disbursement is not supported by valid documentation in accordance with the terms of this Agreement, or is not made or used in accordance with the terms of this Agreement, or was at the time of disbursement in violation of the legislation governing AID, AID, at its option may, notwithstanding the availability of any other remedy provided for in Section 9 require Borrower to pay to AID within thirty (30) days after receipt of a

request therefor, an amount not to exceed the amount of such disbursement, provided that such request by AID shall be made not later than five (5) years after the date of the final disbursement hereunder. Any such refund received by AID shall be applied first to any accrued credit fee and then to installments of Principal in inverse order of their maturity.

SECTION 11. Waivers of Default. No delay in exercising or omission to exercise, any right, power or remedy accruing to AID under this Agreement shall be construed as a waiver of any of these rights, powers, or remedies.

SECTION 12. Expenses of Collection. All reasonable costs incurred by AID (other than salaries of its staff) after an Event of Default has occurred, in connection with the collection of amounts due under this Agreement may be charged to Borrower and reimbursed as AID shall specify.