

**Development Objective Agreement**

USAID Development Objective Agreement No. 669-DOAG-DO2-12-00

DEVELOPMENT OBJECTIVE AGREEMENT

BETWEEN THE

UNITED STATES OF AMERICA

AND

THE REPUBLIC OF LIBERIA

FOR

USAID DEVELOPMENT OBJECTIVE 2: SUSTAINED, MARKET-DRIVEN  
ECONOMIC GROWTH TO REDUCE POVERTY

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## DEVELOPMENT OBJECTIVE AGREEMENT

Dated: September 17, 2012

Between

The United States of America, acting through the United States Agency for International Development ("USAID")

and

The Republic of Liberia (hereinafter referred to as the "Grantee")

### **Article 1: Purpose.**

The purpose of this Development Objective Agreement (the "Agreement") is to set out the understanding of the Parties named above (the "Parties") in connection with the Objective described below.

### **Article 2: Development Objective and Results.**

Section 2.1. **Development Objective.** In order to further the Development Objective "Sustained, Market-Driven Economic Growth to Reduce Poverty" articulated by the Government of the United States of America in the USAID/Liberia Country Development Cooperation Strategy 2013-2017, the Parties hereto agree to work together by focusing on activities in the areas of Infrastructure, Agriculture, Private Sector Competitiveness and Environment.

Section 2.2. **Intermediate Results.** In order to achieve the Objective, the Parties agree to work together to achieve the following Intermediate Results:

- Food security enhanced;
- Natural resources managed sustainably;
- Enabling environment supports private enterprise growth.

Within the limits of the definition of the Development Objective in Section 2.1, this Section 2.2 may be changed by written agreement of the authorized representatives of the Parties without formal amendment of this Agreement.

Section 2.3. **Annex 1, Amplified Description.** Annex 1, attached, amplifies the above Development Objective and describes the Intermediate Results, Sub-results and Indicators that will be used to measure the progress and achievement of the Objective. Within the limits of the definition of the Development Objective set forth in Section 2.1, Annex 1 may be changed by written agreement of the authorized representatives of the Parties without formal amendment of this Agreement.

### **Article 3: Contributions of the Parties.**

#### **Section 3.1. USAID Contribution.**

(a) **The Grant.** To help achieve the Objective set forth in this Agreement, USAID, pursuant to the Foreign Assistance Act of 1961, as amended, hereby grants to the Grantee under the terms

of the Agreement an amount not to exceed THIRTY-SEVEN MILLION TWO HUNDRED AND SEVENTY-SIX THOUSAND United States Dollars (\$37,276,000).

(b) Total Estimated USAID Contribution. USAID's total estimated contribution to achievement of the Objective will be TWO HUNDRED AND TEN MILLION NINETY-FIVE THOUSAND TWO HUNDRED AND FORTY-FOUR United States Dollars (\$210,095,244), which will be provided in increments. Subsequent increments will be subject to the availability of funds to USAID for this purpose and may be provided by USAID upon written notice to the Grantee. The Parties agree that each such incremental contribution provided, if any, shall cumulatively increase the total amount of the Grant set forth in Section 3.1 and consequently may increase the Grantee's contribution under Section 3.2. The Grantee further agrees to acknowledge by written notice to USAID each such incremental contribution, if any.

(c) If at any time USAID determines that its contribution under Section 3.1(a) exceeds the amount which reasonably can be committed for achieving the Objective during the current or next U.S. fiscal year, USAID may, upon written notice to the Grantee, withdraw the excess amount, thereby reducing the amount of the Grant as set forth in Section 3.1(a). Actions taken pursuant to this subsection will not revise USAID's total estimated contribution set forth in 3.1(b).

(d) The Parties agree that USAID's contribution may be disbursed through mechanisms including grants, cooperative agreements, and contracts with non-governmental organizations and private companies in order to carry out the activities described in Annex 1 of this Agreement or described in Implementation Letters issued in accordance with Section A.2 of Annex 2 of this Agreement. The parties further agree that any such implementing partner carrying out activities in furtherance of the Objective shall receive all of the rights, privileges, and other benefits set forth in this Agreement.

#### Section 3.2. Grantee Contribution.

(a) The Grantee agrees to provide or cause to be provided all funds, in addition to those provided by USAID and any other donor identified in Annex 1, and all other resources required to complete, on or before the Completion Date, all activities necessary to achieve the Development Objective. The basis for determining the Grantee's contribution and the nature of the contribution will be further described in an Implementation Letter.

(b) The Grantee's financial contributions to the achievement of the Development Objective of this agreement, based on USAID's contribution in Section 3.1(a), will not be less than the equivalent of twenty-five percent of the portion of the Grant that is used to support activities that either directly provides substantial benefit to the Government of the Republic of Liberia or involves the direct and substantial involvement of the Government of the Republic of Liberia in the administration, control or management of such assistance, provided that such amount may be reduced with the written consent of USAID. The Grantee's financial contributions may include either cash or in-kind contributions or both. The dollar equivalent amount of the Grantee's contribution shall be set forth in an Implementation Letter and shall be subsequently included in the Illustrative Financial Plan included in Annex 3 of this Agreement. The amount of the Grantee's contribution shall be adjusted upon any incremental increase in the amount of the Grant set forth in Section 3.1(a), in accordance with the formula described in the first sentence of this paragraph, and the precise amount of such adjustment shall be indicated in an Implementation Letter. The Grantee agrees to maintain a record of its contributions under this Agreement for a period of three years after the Completion Date and will report at least annually in a format to be agreed upon with USAID on its cash and in-kind contributions.

A handwritten signature in black ink, appearing to read "J. Wilson", is located in the bottom right corner of the page.

**Article 4: Completion Date.**

- (a) The Completion Date, which is September 30, 2017, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all the activities necessary to achieve the Objective will be completed.
- (b) Except as USAID may otherwise agree to in writing, USAID will not issue or approve documentation that would authorize disbursement of the Grant for services performed or goods furnished after the Completion Date.
- (c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, are to be received by USAID no later than nine (9) months before the Completion Date, or such other period as USAID agrees to in writing before or after such period. After such period USAID, at any time or times, may give notice in writing to the Grantee and reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, were not received before the expiration of such period.

**Article 5: Conditions Precedent to Disbursement.**

Section 5.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by USAID of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to USAID in form and substance satisfactory to USAID:

- (a) An opinion of counsel acceptable to USAID that (i) this Agreement has been duly authorized or ratified by, and executed on behalf of the Grantee, (ii) this Agreement constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms, and (iii) all internal actions and approvals necessary to give effect to this Agreement have been obtained by or on behalf of the Grantee; and
- (b) A signed statement in the name of the person holding or acting in the office of the Grantee specified in Section 7.2, which designates by name and title any additional representatives each of whom may act pursuant to Section 7.2.

Section 5.2. Notification. USAID will promptly notify the Grantee when USAID has determined that a condition precedent has been met.

Section 5.3. Terminal Dates for Conditions Precedent.

- (a) The terminal date for meeting the conditions specified in Section 5.1 is 60 days from the date of this Agreement or such later date as USAID may agree to in writing before or after the above terminal date. If the conditions precedent in Section 5.1 have not been met by the above terminal date, USAID, at any time, may terminate this Agreement by written notice to the Grantee.

**Article 6: Special Covenants.**

Section 6.1 The Grantee, in conjunction with the appropriate Government of Liberia Ministries, Agencies and Commissions, hereby covenants and agrees to adopt and implement policies, procedures and systems which are consistent with the Development Objective and conducive to the effective implementation of assistance projects supported by this Grant.

Section 6.2 In addition, the Grantee, in conjunction with the appropriate Government of Liberia Ministries, Agencies and Commissions, covenants and agrees to issue, renew and/or extend free of charge and in a timely manner all official permits, visas, exemptions and any other permissions (including all approvals as may be required from time to time to ensure full access to information, project sites and relevant offices) for the Applicable Persons (as defined below) carrying out activities financed by USAID under this Agreement (collectively, the "Required Documents"). For purposes of these provisions, Applicable Persons is defined as: (1) employees and consultants of any contractors, grantees and other organizations carrying out activities financed by USAID under this Agreement and (b) members of such employees' and consultants' households. Any renewals or extensions of such Required Documents that are required, or become required, in order for such employees, consultants and dependent family members to legally reside in the Republic of Liberia and undertake the activities contemplated by and financed under this Agreement shall also be issued free of charge.

**Article 7: Miscellaneous.**

Section 7.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing and will be deemed duly given or sent when delivered to such Party at the following address:

To USAID:  
Mail Address:  
Mission Director  
United States Agency for International Development  
c/o American Embassy  
502 Benson St.  
Monrovia, Liberia

To Government of Liberia  
Mail Address:  
Minister  
Ministry of Finance  
Monrovia, Liberia

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

Section 7.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the Office of the Minister of Finance and USAID will be represented by the individual holding or acting in the Office of the Mission Director, USAID/Liberia, each of whom, by written notice, may designate additional representatives for all purposes other than signing formal amendments to the Agreement or exercising the power under Sections 2.2 or 2.3 to revise the results to be achieved. The names and titles of the additional representatives of the Grantee will be provided pursuant to Section 5.1(b)

to USAID, which may accept as duly authorized any instrument signed by such additional representatives (or any individuals subsequently holding or acting in the office of such representatives) in accordance with this Section 7.2, until receipt of written notice of revocation of their authority.

Section 7.3. Standard Provisions. A "Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

Section 7.4. Language of Agreement. This Agreement is prepared in English only.

IN WITNESS WHEREOF, the United States of America and the Grantee, 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

REPUBLIC OF LIBERIA

By:

By:

Patricia Rader

Sebastian M. Muah

Name: Patricia Rader  
Title: Mission Director

Name: Sebastian Muah  
Title: Deputy Minister for Budget/  
Acting Minister of Finance

Date: 9/29/12

Date: September 29, 2012

## Annex 1 Amplified Description

### I. Introduction.

This Annex describes the activities to be undertaken and the progress and achievements to be made with the funds obligated under this Agreement. Nothing in this annex shall be construed as amending any of the definitions or terms of the Agreement.

### II. Development Objective and Intermediate Results

#### *Development Objective 2: Sustained, Market-Driven Economic Growth to Reduce Poverty*

*Hypothesis:* The development hypothesis underlying DO2 is that fostering market-driven, private sector-led agricultural development and food security, strengthening natural resource management, improving rural road infrastructure and increasing renewable energy supplies, and improving the business enabling environment will create the conditions for sustained economic growth that reduces poverty. If Liberian farmers and entrepreneurs are able to increase their productivity, diversify their products, add value to the commodities they produce, and gain better access to input and output markets through the private sector, then rural incomes will increase and fewer Liberians will live in poverty. In order to be sustainable, market-driven growth must create remunerative employment along value chains in rural areas and it must address actual and potential impacts on soil fertility and biodiversity.

An important element of the development hypothesis for this DO is that targeting assistance in the Government of Liberia's (GOL) designated priority development corridors will attract additional investment from the public and private sectors, including other donors, in infrastructure, smallholder forestry, and agricultural production, processing, and marketing that will accelerate, increase, and broaden overall impact. In addition, this geographic focus will capture synergies from co-located USAID investments in health and education that could increase adoption rates for new techniques, improve nutrition behaviors, and promote more effective management of individual and community-based enterprises.

Given the scope of challenges faced and the extensive range of needs in order to achieve results in this sector, USAID assistance must focus, in coordination with the GOL, the private sector, and other donors, on an integrated set of interventions to include:

- Strengthening agricultural commodity value chains for staples in rice and cassava, dietary and income diversification in vegetables and goats, and forest-based products to raise incomes through increased productivity, quality, and commercialization.
- Addressing availability, access, and utilization of more and better quality food for Liberians, including explicit investment in both marketing and behavior change approaches to nutrition behaviors that promote improved food utilization.
- Promoting effective governance, sustainable economic use, and wise stewardship of renewable forest and soil resources to enhance the ecosystem services they provide.
- Rehabilitating rural infrastructure to facilitate transport services and access to markets, by improving the technical and managerial capacity of Liberian private sector contractors to construct and maintain that infrastructure.
- Providing accessible and affordable energy, especially to rural agri-business and in particular using scalable, renewable energy technologies.

- Expanding the availability of credit for micro, small and medium-scale enterprises (MSMEs), to increase competitiveness and facilitate access to profitable markets.
- Expanding the knowledge base and building the skills of the large and growing young workforce to support growing private-sector agricultural production, processing and marketing, road construction, and rural energy supply.

*Approach:* Consistent with the overall strategic approach of this strategy, USAID/Liberia will take a two-track approach in pursuing DO2. Capacity development assistance will concentrate on supporting GOL reforms to the delivery of extension, market development services, and infrastructure development to rural farmers and forest-based communities, to revitalize agricultural and agro-forestry research, and to provide more effective and updated training for its professional cadres. USAID will also assist to develop the private sector in rural communities to better meet needs in linking farmers to markets, including expanding the pool of local firms capable of building and maintaining critical infrastructure. At the policy level, USAID will provide support for reforms needed to promote a more business-friendly enabling environment.

In parallel with these longer-term capacity-building efforts, USAID will also provide direct services and other immediate support to market-driven enterprises in high-priority value chains (rice, cassava, vegetables goats, and forest products), and to public and private partners who deliver improved nutritional products and services. Investments will expand access to improved technologies and market information, introduce improved pre- and post- harvest crop management techniques and better storage, enhance public and private provision of extension services to increase horticulture supplies and quality, and introduce better animal husbandry practices to increase supply in rural and urban markets. These investments will be complemented by improving access to credit and expanding road, energy, and communication networks to support market access. A coordinated set of focused nutrition interventions will address availability, access, and utilization of more and better quality food.

Economic growth activities under this DO will focus in the six counties selected as priorities for the USAID/Liberia strategy: Bong, Lofa, Nimba, Grand Bassa, Montserrado, and Margibi. These counties are home an estimated 75% of all Liberian households; more than two-thirds of all farming households; and nearly 70% of the country's population living below the poverty line. Additionally, they are the counties offering the greatest potential for agricultural development, including Liberia's "breadbasket" counties of Bong, Lofa, and Nimba, which are also focus counties for USAID/Liberia's health portfolio, offering important synergies with DO 2 nutrition interventions.

Together, these six priority counties constitute a critical mass of economic potential as regional development corridors within Liberia. By serving as a focus for new investment, USAID expects these corridors to help create demand for a volume and diversity of goods and services that local and international entrepreneurs will strive to fill, thus generating a dynamic of growth that will be self-sustaining.

As a key organizing principle, all activities will focus on increasing opportunities for women and women-headed households, including in labor-based rural infrastructure. USAID will also make special efforts to engage the participation of youth in economic growth activities. Assistance will leverage the power and collective numbers of producers' associations to ensure new and innovative technologies and inputs can be applied at a level that will foster real change and significant increases in income.

## **Intermediate Results**

### ***Intermediate Result 2.1: Food Security Enhanced***

***Sub IR 2.1.1 - Nutrition enhanced***

***Sub IR 2.1.2 - Agriculture sector growth supported***

### ***Intermediate Result 2.2: Natural Resources Managed Sustainably***

***Sub IR 2.2.1 - Forest management systems improved***

***Sub IR 2.2.2 - Sustainable forestry management enterprises strengthened***

### ***Intermediate Result 2.3: Enabling Environment Supports Private Enterprise Growth***

***Sub IR 2.3.1 Agricultural sector infrastructure improved and maintained***

***Sub IR 2.3.2 Improved economic policies implemented***

## **III. Funding**

Financial Plan. The financial plan for the activities under this Agreement is set forth in the attached Illustrative Financial Plan, Annex 3 to the Agreement. Changes may be made to the Illustrative Financial Plan by representatives of the Parties without formal amendment to the Agreement, if such changes do not cause (1) USAID's contribution to exceed the amount specified in Section 3.1 of the Agreement, or (2) the Grantee's contribution to be less than the amount specified in Section 3.2 of the Agreement.

## **IV. Roles and Responsibilities of the Parties.**

### **USAID/Liberia**

USAID/Liberia will manage and monitor the planned activities in compliance with USAID regulations and procedures. Technical expertise within USAID to advise and direct these efforts will be funded under this Agreement. Additional expertise will be provided in the form of short-term assistance as needed and with the use of funds obligated under this Agreement. USAID in collaboration with the Government of Liberia will lead the selection of the primary implementing partners.

Portfolio review meetings will be held once a year to review objectives, results and activities. Meetings are expected to include the Government of the Republic of Liberia officials, other implementing partners and donors.

### **Government of Liberia**

The Government of Liberia's Ministry of Finance coordinates all activities and is USAID's lead partner in the design and monitoring of activities.

The Liberia Electricity Corporation will be USAID's partner in implementing energy infrastructure activities including providing insights into the selection and management of USAID's direct implementers. The Ministry of Land, Mines and Energy will identify personnel to be trained in policy and regulatory practices, business management systems and technical aspects of energy provision to enhance the capacity of this Ministry to coordinate and oversee

needed changes in the policy and regulations regarding Liberia's energy sector. The longer term aim of these efforts is to help rebuild the energy network, restore electricity infrastructure and supply in urban areas, expand electricity supply to rural areas and increase access to affordable energy supplies throughout the country.

USAID's road and institutional infrastructure activities are implemented in accordance with priorities and targets outlined in collaboration with the Ministry of Public Works, the Liberian Reconstruction and Development Committee, and selected Universities and other institutions. The large number of youth in urban and peri-urban areas who are unemployed or who have received training but not follow-on work are to be targeted to rehabilitate or construct physical infrastructure. This effort will create jobs as well as a workforce trained to maintain USAID-funded infrastructure.

USAID will work closely with and support the Ministry of Agriculture to rebuild the infrastructure, develop critical human resources, foster the enabling policy environment and reinstitute a customer-service oriented culture to rebuild Liberia's economy. The Ministry of Agriculture will identify personnel to be trained in policy and regulatory practices, business management systems and technical aspects of agricultural production to enhance the capacity of this Ministry to coordinate and oversee needed changes in policy and regulations regarding Liberia's agriculture sector.

The Government of Liberia's Forestry Development Authority will identify personnel to work with USAID to be trained in policy and regulatory practices, business management systems and natural resource management (biodiversity conservation and sustainable agriculture) practices to enhance forest management and build capacity in community forestry.

#### V. Monitoring and Evaluation

Except as the Parties may otherwise agree in writing, the Parties stipulate that:

- a) USAID and its implementing partners will systematically monitor and report progress on performance indicators during the Agreement period; illustrative indicators are described in the table below;
- b) Each contract, grant or cooperative agreement awarded under this Agreement will include a performance and monitoring plan that identifies indicators and targets; the USAID team managing this Agreement will review the data collected from implementing partners and the GOL for inclusion in that plan;
- c) Independent audits will be funded under each activity according to regulations set forth in the respective agreements with implementing partners;
- d) Funds made available under this Agreement may be used for monitoring and evaluation purposes;
- e) The strategy baseline survey conducted by USAID at the beginning of this Agreement will serve as a baseline for measuring progress under this Agreement; and
- f) The Grantee will ensure that public sector agencies associated with the Agreement undertake reasonable efforts to produce and/or obtain and provide to USAID all data needed to measure performance of activities under the Agreement.

#### VI. Indicators

USAID will use the following indicators to measure the impact of programs under this Agreement and track progress towards the goal of "Sustained, Market-Driven Economic Growth to Reduce Poverty". As a group, the indicators capture the intended impact of the development

strategy and how this impact will be achieved. Where available USAID will collect baseline values with the assistance of the GOL.

## DO2: Sustained, Market-Driven Economic Growth to Reduce Poverty

- Change in household income in target areas
- Proportion of Liberians living below Liberian-defined poverty threshold in target areas

Intermediate Results		IR Indicators
IR 2.1	Food Security Enhanced	Prevalence of underweight children under 5
		Household dietary diversity score
		Gross margin per unit of land, kilogram, or animal of selected product (crops/ animals/ fisheries)
SubIR 2.1.1	Nutrition enhanced	Household hunger score
		Proportion of children aged under two years receiving a minimum acceptable diet
SubIR 2.1.2	Agricultural sector growth supported	% increase in yields of crops in target value chains
		Value of incremental sales (collected at farm- level) attributed to FTF implementation
IR 2.2	Natural Resources Managed Sustainably	% decrease in deforestation rate in target areas
SubIR 2.2.1	Forest management systems improved	Number of hectares of biological significance and/or natural resources under improved natural resource management as a result of USG assistance
SubIR 2.2.2	Sustainable forestry management enterprises strengthened	Number of people with increased economic benefits derived from sustainable natural resource management and conservation as a result of USG assistance
IR 2.3	Enabling Environment Supports Private Enterprise Growth	Number of beneficiaries with improved modern energy services as a result of USG assistance
		Km rural roads maintained by GOL/private sector
		No. of laws and policies implemented to support private enterprise growth thru USG assistance
SubIR 2.3.1	Agricultural sector infrastructure improved and maintained	Kilometers of roads constructed or repaired through USG assistance
SubIR 2.3.2	Improved economic policies implemented	Numerical score on policy matrix

USAID, working with its implementing partners, will identify baseline data, and regularly monitor data on each indicator or track progress and make adjustments as necessary. Specific performance measurements will be identified for achieving targets of each contracting

mechanism and a monitoring and evaluation schedule will be set at the time of the award or at a subsequent amendment to the agreement.

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## Standard Provisions

### **Article A:** Definitions and Implementation Letters.

Section A.1. **Definitions.** As used in this Annex, the "Agreement" refers to the Development Objective 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.

Section A.2. **Implementation Letters.** To assist the Grantee in the implementation of the Agreement, USAID, from time to time, will issue implementation letters ("Implementation Letters") that will furnish additional information about matters stated in this Agreement. The Parties may also issue jointly agreed-upon Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Implementation Letters can also be issued to record revisions or exceptions which are permitted by the Agreement.

### **Article B:** General Covenants.

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

Section B.2. **Execution of Agreement.** The Grantee will:

- (a) Carry out the Agreement and the activities required to be undertaken directly (or caused to be undertaken) by the Grantee, or cause the Agreement and such activities 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 USAID 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 activities financed under the Agreement, and, as applicable for continuing activities, cause those activities to be operated and maintained in such manner as to assure the continuing and successful achievement of the Objective and Program Elements under the Agreement.

Section B.3. **Utilization of Goods and Services.**

- (a) Any goods and services financed under this Agreement, unless otherwise agreed in writing by USAID, will be devoted to the Agreement until the completion or termination of the Agreement, and thereafter (as well as during any period of suspension of the Agreement) will be used to further the Objective of the Agreement or as USAID may direct in Implementation Letters.
- (b) Goods or services financed under this Agreement, except as USAID 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 USAID Geographic Code 935 as in effect at the time of such use.

Section B.4. Taxation.

(a) General Exemption. The Agreement and the assistance thereunder are free from any taxes imposed under laws in effect in the territory of the Grantee.

(b) Except as provided otherwise in this provision, the General Exemption in subsection (a) applies to, but is not limited to (1) any activity, contract, grant or other implementing agreement financed by USAID under this Agreement; (2) any transaction or supplies, equipment, materials, property or other goods (hereinafter collectively "goods") under (1) above; (3) any contractor, grantee, or other organization carrying out activities financed by USAID under this Agreement; (4) any employee of such organizations; and (5) any individual contractor or grantee carrying out activities financed by USAID under this Agreement.

(c) Except as provided otherwise in this provision, the General Exemption in subsection (a) applies to, but is not limited to, the following taxes:

(1) Exemption 1. Customs duties, tariffs, import taxes, or other levies on the importation, use and re-exportation of goods or the personal belongings and effects (including personally-owned automobiles) for the personal use of non-national individuals or their family members. Exemption 1 includes, but is not limited to, all charges based on the value of such imported goods, but does not include service charges directly related to services performed to transfer goods or cargo.

(2) Exemption 2. Taxes on the income, profits or property of all (i) non-national organizations of any type, (ii) non-national employees of national and non-national organizations, or (iii) non-national individual contractors and grantees. Exemption 2 includes income and social security taxes of all types and all taxes on the property, personal or real, owned by such non-national organizations or persons. The term "national" refers to organizations established under the laws of the Grantee and citizens of the Grantee, other than permanent resident aliens in the United States.

(3) Exemption 3. Taxes levied on the last transaction for the purchase of goods or services financed by USAID under this Agreement, including sales taxes, value-added taxes (VAT), or taxes on purchases or rentals of real or personal property. The term "last transaction" refers to the last transaction by which the goods or services were purchased for use in the activities financed by USAID under this Agreement.

(d) If a tax has been levied and paid contrary to the provisions of an exemption, USAID may, in its discretion, (1) require the Grantee to refund to USAID or to others as USAID may direct the amount of such tax with funds other than those provided under the Agreement, or (2) offset the amount of such tax from amounts to be disbursed under this or any other agreement between the Parties.

(e) In the event of a disagreement about the application of an exemption, the Parties agree to promptly meet and resolve such matters, guided by the principle that the assistance furnished by USAID is free from direct taxation, so that all of the assistance

furnished by USAID will contribute directly to the economic development of the country of the Grantee.

Section B.5. Reports and Information, Agreement Books and Records, Audits, and Inspections.

- (a) Reports and Information. The Grantee shall furnish USAID accounting records and such other information and reports relating to the Agreement as USAID may reasonably request.
- (b) Grantee Agreement Books and Records. The Grantee shall maintain accounting books, records, documents and other evidence relating to the Agreement, adequate to show, without limitation, all costs incurred directly by the Grantee under the Agreement, the receipt and use of goods and services acquired by the Grantee under the Agreement, agreed-upon cost sharing requirements, the nature and extent of solicitations of prospective suppliers of goods and services acquired by the Grantee, the basis of award of contracts and orders made directly by the Grantee, and the overall progress of the Agreement toward completion ("Agreement books and records"). The Grantee shall maintain Agreement books and records in accordance with generally accepted accounting principles prevailing in the United States, or at the Grantee's option, with approval by USAID, other accounting principles, such as those (1) prescribed by the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) or (2) prevailing in the country of the Grantee. Agreement books and records shall be maintained for at least three years after the date of last disbursement by USAID or for such longer period, if any, required to resolve any litigation, claims or audit findings. For the avoidance of doubt, this Section B.5(b) applies solely to Grant funds expended directly by the Grantee.
- (c) Grantee Audit. If \$300,000 or more of USAID funds are expended directly by the Grantee in its fiscal year under the Agreement, the Grantee shall have financial audits made of the expenditures in accordance with the following terms, except as the Parties may otherwise agree in writing:
  - (1) With USAID approval, the Grantee shall use its Supreme Audit Institution or select an independent auditor in accordance with the "Guidelines for Financial Audits Contracted by Foreign Recipients" issued by the USAID Inspector General ("Guidelines"), and the audits shall be performed in accordance with the Guidelines; and
  - (2) The audit shall determine whether the receipt and expenditure of the funds provided under the Agreement are presented in accordance with generally accepted accounting principles agreed to in subsection (b) above and whether the Grantee has complied with the terms of the Agreement. Each audit shall be completed no later than nine months after the close of the Grantee's year under audit.
- (d) Sub-recipient Audits. The Grantee, except as the Parties may otherwise agree in writing, shall submit to USAID, in form and substance satisfactory to USAID, a plan for the audit of the expenditures of "covered" sub-recipients, as defined below, that receive funds in connection with a direct contract or agreement entered into directly with the Grantee pursuant to the activities contemplated by this Agreement.

- (1) A "covered" sub-recipient is one who expends \$300,000 or more in its fiscal year in "USAID awards" (i.e., as sub-recipients under USAID strategic objective and other grant agreements with foreign governments).
  - (2) The plan shall describe the methodology to be used by the Grantee to satisfy its audit responsibilities for covered sub-recipients. The Grantee may satisfy such audit responsibilities by relying on independent audits of the sub-recipients; expanding the scope of the independent financial audit of the Grantee to encompass testing of sub-recipients' accounts; or a combination of these procedures.
  - (3) The plan shall identify the funds made available to covered sub-recipients that will be covered by audits conducted in accordance with other audit provisions that would satisfy the Grantee's audit responsibilities. (A nonprofit organization organized in the United States is required to arrange for its own audits. A for-profit contractor organized in the United States that has a direct contract with USAID is audited by the cognizant U.S. Government Agency. A private voluntary organization organized outside the United States with a direct grant from USAID is required to arrange for its own audits. A host-country contractor should be audited by the Grantee's auditing agency.)
  - (4) The Grantee shall ensure that covered sub-recipients under direct contracts or agreements with the Grantee take appropriate and timely corrective actions; consider whether sub-recipients' audits necessitate adjustment of its own records; and require each such sub-recipient to permit independent auditors to have access to records and financial statements as necessary.
- (e) **Audit Reports.** The Grantee shall furnish or cause to be furnished to USAID an audit report for each audit arranged for by the Grantee in accordance with this Section within 30 days after completion of the audit and no later than nine months after the end of the period under audit.
  - (f) **Other Covered Sub-recipients.** For "covered" sub-recipients who receive funds under the Agreement pursuant to direct contracts or agreements with USAID, USAID will include appropriate audit requirements in such contracts or agreements and will, on behalf of the Grantee, conduct the follow-up activities with regard to the audit reports furnished pursuant to such requirements.
  - (g) **Cost of Audits.** Subject to USAID approval in writing, costs of audits performed in accordance with the terms of this Section may be charged to the Agreement.
  - (h) **Audit by USAID.** USAID retains the right to perform the audits required under this Agreement on behalf of the Grantee by utilizing funds under the Agreement or other resources available to USAID for this purpose, conduct a financial review, or otherwise ensure accountability of organizations expending USAID funds regardless of the audit requirement.
  - (i) **Opportunity to Audit or Inspect.** The Grantee shall afford authorized representatives of USAID the opportunity at all reasonable times to audit or inspect activities financed

under the Agreement, the utilization of goods and services financed by USAID, and books, records and other documents relating to the Agreement.

- (j) Sub-recipient Books and Records. The Grantee will incorporate paragraphs (a), (b), (d), (e), (g), (h) and (i) of this provision into all sub-agreements with non-U.S. organizations which meet the \$300,000 threshold of paragraph (c) of this provision. Sub-agreements with non-U.S. organizations, which do not meet the \$300,000 threshold, shall, at a minimum, incorporate paragraphs (h) and (i) of this provision. Sub-agreements with U.S. organizations shall state that the U.S. organization is subject to the audit requirements contained in OMB Circular A-133.

Section B.6. Completeness of Information. The Grantee confirms:

- (a) that the facts and circumstances of which it has informed USAID, or caused USAID to be informed, in the course of reaching agreement with USAID on the Agreement, are accurate and complete, and include all facts and circumstances that might materially affect the Agreement and the discharge of responsibilities under this Agreement; and
- (b) that it will inform USAID in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Agreement 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 Agreement, 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 Agreement as a program to which the United States has contributed, identify Agreement activity sites, and mark goods financed by USAID, as described in Implementation Letters.

**Article C:** Procurement Provisions.

Section C.1. Source and Nationality.

C.1. Source and Nationality.

(a) Except as noted herein, or in a sub-agreement issued by USAID, Grant funds will be used to finance the cost of goods and services required for the Agreement in accordance with 22 C.F.R. 228 and having their source, and with respect to suppliers of goods and services, their nationality, in countries included in Geographic Code 937 as in effect at the time orders are placed or contracts entered into for such goods or services except as USAID may otherwise agree in writing and as follows:

- (1) Ocean transportation costs shall be financed under the Agreement only on vessels under flag registry of countries included in Code 935. Also see Section C.6 on use of U.S. flag vessels.
- (2) The country of the Grantee is an eligible source for foreign exchange cost for marine insurance, if otherwise eligible under Section C.7(a).

(3) Any motor vehicles financed under the Agreement will be of United States manufacture, except as USAID may otherwise agree in writing.

(b) 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.

(c) Provisions concerning restricted and ineligible goods and services may be provided in an Implementation Letter.

(d) Transportation by air of property or persons financed under this agreement will be on carriers holding United States certification, to the extent service by such carriers is available under the Fly America Act. This requirement may be further described by USAID in Implementation Letters.

Section C.2. Eligibility Date. No goods or services may be financed under the Agreement 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 USAID upon preparation:

(1) any plans, specifications, procurement or construction schedules, contracts, or other documentation between the Grantee and third parties, relating to goods or services to be financed under the Agreement, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished USAID on preparation; and

(2) such documentation will also be furnished to USAID, upon preparation, relating to any goods or services, which, though not financed under the Agreement, are deemed by USAID to be of major importance to the Agreement. Aspects of the Agreement involving matters under this subsection (a)(2) will be identified in Implementation Letters or Bilateral Project Agreements.

(b) Documents related to the prequalification of contractors, and to the solicitation of bids or proposals for goods and services financed under the Agreement will be approved by USAID in writing prior to their issuance, and their terms will include United States standards and measurements;

(c) Contracts and contractors financed under the Agreement for engineering and other professional services, for construction services, and for such other services, equipment, or materials as may be specified in Implementation Letters, will be approved by USAID in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by USAID prior to execution; and

(d) Consulting firms used by the Grantee for the Agreement but not financed under the Agreement, the scope of their services and such of their personnel assigned to activities financed

The attached copy of the Development Objective Assistance Agreement Number 669-DOAG-DO2-12-00 between the United States Agency for International Development (USAID) and the Government of Liberia, is a true copy of the original signed by USAID/Liberia Mission Director Patricia Rader and the Acting Minister of Finance Sebastian Muah.



**Djenaba A. Kendra**  
**Consul**  
**U.S. Embassy Monrovia**



**Original seen and compared  
by a Consular Officer  
American Embassy Monrovia**