

Strategic Objective Grant Agreement (SOAG)

SOAG Principal Text

USAID Grant Agreement No. SOAG-306-05-00 for
USAID Strategic Objective No. 306.005

STRATEGIC OBJECTIVE GRANT AGREEMENT
BETWEEN THE
UNITED STATES OF AMERICA
AND
THE ISLAMIC REPUBLIC OF AFGHANISTAN
FOR
THE STRATEGIC OBJECTIVE OF A THRIVING ECONOMY LED BY THE PRIVATE
SECTOR

Dated: September 19, 2005

APPN:
BPC:
RCN:

Strategic Objective Grant Agreement

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STRATEGIC OBJECTIVE GRANT AGREEMENT

Dated: September 19, 2005

Between

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

and

The Islamic Republic of Afghanistan, acting through the Ministry of Finance (hereinafter referred to as the "Grantee")

Article 1: Purpose.

The purpose of this Strategic Objective Grant Agreement ("Agreement") is to set out the understanding of the parties named above (the "Parties") regarding their mutual objective to have a thriving economy lead by the private sector in Afghanistan as further described below.

Article 2: Strategic Objective and Results.

Section 2.1. Strategic Objective. The strategic objective (the "Objective") of the development program described in this Agreement is a thriving economy led by the private sector.

Section 2.2. Results. In order to achieve the Objective, the Parties agree to work together to achieve the following six results (each a "Result"):

- (a) Accelerated market-led growth in agriculture;
- (b) Accelerated broad-based, sustainable rural economic development in ways that provide new opportunities for the Afghan population to seek livelihoods in the licit economy;
- (c) Increased incomes through economic growth;
- (d) Stabilized energy services and that are more affordable and accessible
- (e) Expanded and improved access to transportation; and
- (f) Expanded access to water supplies and sanitation.

Within the limits of the definition of the 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 to the Agreement.

Section 2.3. Annex 1, Amplified Description. Annex 1, attached, further describes the above Objective and Results. Within the limits of the above definition of

the Objective 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 not to exceed TWO MILLION FOUR HUNDRED FIFTY THOUSAND United States ("U.S.") Dollars (\$2,450,000) (the "Grant").

(b) **Total Estimated USAID Contribution.** USAID's total estimated contribution to achievement of the Objective will be U.S. \$2,788,150,868, which will be provided in increments. Subsequent increments will be subject to the availability of funds to USAID for this purpose and the mutual agreement of the Parties, at the time of each subsequent increment, to proceed.

(c) **Unilateral Deobligation.** 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 or Results or activities 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), or amend Annex 1 to shift USAID funding among Results or activities. Actions taken pursuant to this subsection will not revise USAID's total estimated contribution set forth in Section 3.1(b).

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 Results.

(b) The Grantee's contribution, based on USAID's contribution in section 3.1(a), will not be less than the equivalent of U.S. \$23,900,000, including in-kind contributions. The Grantee's Total Estimated Planned Contribution to the Objective will not be less than the equivalent of U.S. \$262,900,000, including in-kind contributions, subject to availability of funds to the Grantee for this purpose, the mutual agreement of the Parties, at the time of each subsequent increment, to proceed, and USAID providing the total estimated amount in Section 3.1(b). The Grantee will report at least annually in a format to be agreed upon with USAID on its cash and "in-kind" contributions.

Article 4: Completion Date.

(a) The Completion Date, which is December 31, 2010, 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 and Results will be completed.

(b) Except as USAID may otherwise agree to in writing, USAID will not issue or approve documentation which 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 following 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 this Agreement has been duly authorized or ratified by, and executed on behalf of the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms; and

(b) A statement in the name of the person holding or acting in the office of the Grantee specified in Section 7.2, and of any additional representatives, together with a specimen signature of each person specified in such statement.

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

Section 5.3. Terminal Dates for Conditions Precedent. The terminal date for meeting the conditions specified in Section 5.1 is ninety (90) 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 affirms that the Objective and Results agreed to in this Agreement and amplified in Annex 1 reflect the national priorities of the Grantee.

Section 6.2. The Parties affirm that eight core values shall govern the objectives, strategies, approaches, results and activities described in this Agreement: sustainability,

responsiveness, conflict mitigation, gender equity, local context, results orientation, collaboration, and transparency and accountability.

(a) Sustainability. All activities under this Agreement will be designed so that Afghan institutions, communities and individuals "own" the principles, processes and benefits introduced. Projects that will entail construction of infrastructure, reform of processes and procedures, and provision of services will have components that help ensure that Afghans have the capacity needed to carry them on, once USAID assistance is complete.

(b) Responsiveness. USAID is actively engaged in the Grantee's process of policy formation and planning for the sectors covered by this Agreement. USAID uses systematic means to listen to the Grantee and beneficiary communities in designing and implementing strategies such as those under this Agreement. USAID will seek to send clear messages to beneficiaries about why it is doing the various activities under this Agreement.

(c) Conflict Mitigation. This Agreement recognizes the overriding importance of transforming Afghanistan's leadership culture into one of conflict prevention, mitigation, and resolution. Conflict mitigation is a cross-cutting objective, built into all activities and results under this Agreement.

(d) Gender Equity. Gender-equity elements are to be built into every aspect of the activities under this Agreement. Strategies and activities will take into account an analysis of how they affect both men and women, girls and boys, and it make extra efforts to improve the status of women in many communities and institutions.

(e) Local Context. Special effort will be made by the Parties to ensure programming under this Agreement that integrates the delivery of services at the provincial level. The Parties will use all means available including the involvement of sector specialists, USAID Field Program Staff (in Provincial Reconstruction Teams) and other implementation partners working at the local level to ensure that activities reach beneficiaries at the local, provincial level:

(f) Results Orientation. The Parties agree to work together to use systems and structures that help staff and partners manage programs effectively and efficiently. An ability to adjust systems and structures when appropriate will enable the Parties to achieve results within agreed-upon schedules.

(g) Collaboration. Close collaboration with development partners will enable the Parties to reach their mutual goals and objectives under this Agreement. This includes working with donor and lender agencies and organizations in Afghanistan.

(h) Transparency and Accountability. The Parties agree to follow standards and regulations that ensure transparency and accountability. The Parties will endeavor to work in an honest, open, and direct manner with all partners.

Section 6.3. Subcommitting, Subobligating and Disbursing Grant Funds. With respect to disbursements made under this Agreement, after satisfaction by the Grantee

of the Conditions Precedent set forth in Section 5.1, the Grantee hereby agrees that USAID may subcommit, subobligate and disburse Grant funds available under Section 3.1(a), whether such use covers Foreign Exchange or Local Currency Costs described in Annex 2 ("Standard Provisions") hereof or otherwise, so long as such actions and disbursements are consistent with the terms and conditions of Annex 1 ("Amplified Description") hereof without any further approval or concurrence. USAID shall periodically inform the Grantee of all disbursements directly made by USAID under this Agreement, providing the Grantee with the amount(s) and purpose(s) of such disbursement(s). Prior approval of the Grantee, however, shall be required, for all disbursements of Grant funds made directly to the Grantee for, by way of example and not limitation, financing host country contracts let by the Grantee to achieve the Objective and Results.

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 or by telegram, telefax or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To USAID:

Mail Address:

Office of the Director
United States Agency for International Development
Compound Across from the U.S. Embassy
Great Masood Road
Kabul, Afghanistan

To the Grantee:

Mail Address:

Chief of Staff Office
Ministry of Finance
Pashtunistan Maidan
Kabul,
Islamic Republic of Afghanistan

Fax: 0093-20-2103258

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

Section 7.2. Representatives. (a) 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. The authority of the Minister of Finance shall not be delegated outside of the Ministry of Finance with respect to amendments to the SOAG as well as other responsibilities set forth for the Ministry of Finance in Annex 1. Within ninety (90)

days from the date of this Agreement, or such later date as agreed to in writing by USAID, the Grantee shall designate the Ministry or Ministries and responsible officers within such Ministries responsible for coordinating with USAID on specific technical implementation matters related to each of the six Results listed in Section 2.2 of this Agreement. USAID will be represented by the individual holding or acting in the Office of Director, USAID/Afghanistan. Each representative, by written notice, may designate additional representatives for all purposes for which such representative is responsible.

(b) The names of the representatives of the Grantee, with specimen signatures, will be provided to USAID, which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

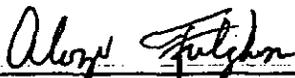
Section 7.3. Standard Provisions Annex. A "Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

Section 7.4. Language of Agreement. This Agreement is prepared in both English and Dari. In the event of ambiguity or conflict between the two versions, the English language version will control.

IN WITNESS WHEREOF, the United States of America and the Grantee, each acting through its duly authorized representatives, 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

ISLAMIC REPUBLIC OF AFGHANISTAN

By: 
Name: Alonzo L. Fulgham
Title: Director, USAID Mission to Afghanistan

By: 
Name: Anwar al-Haq Ahady
Title: Minister of Finance